

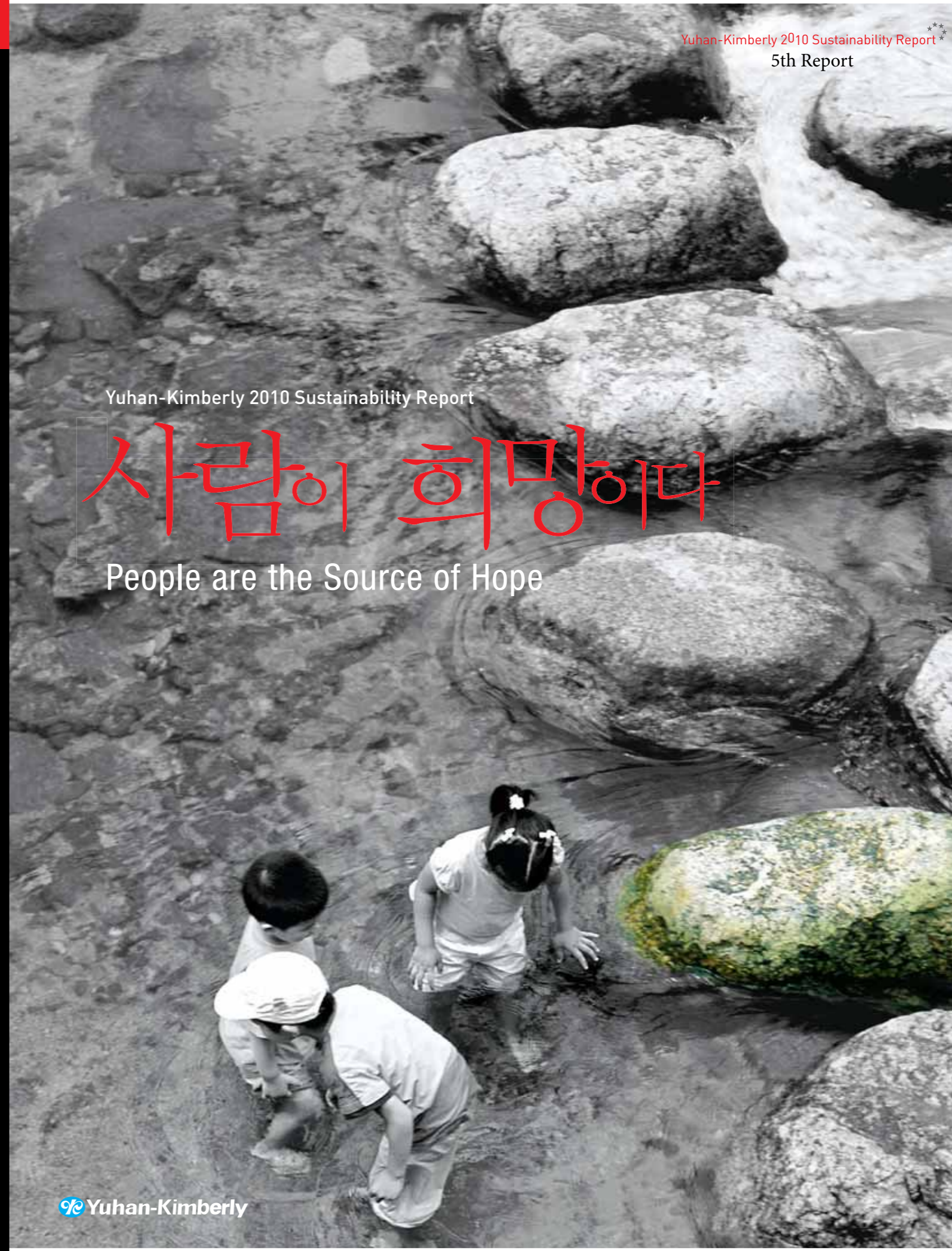


Yuhan-Kimberly 2010 Sustainability Report People are the Source of Hope

Yuhan-Kimberly 2010 Sustainability Report

사람이 희망이다

People are the Source of Hope



“Being sustainable means being able to chase two hares at once.
It is necessary to have ‘creativity’ if you want to chase two hares at the same time.
In this regard, Yuhan-Kimberly has chased two hares at once by generating stable profits,
while also planting trees, as strategy that might have seemed strange to others.
I would like to talk about ‘the culture of creation’ as the area that
Yuhan-Kimberly needs to work on to achieve sustainable development...”

- Excerpt from the interview with Lee, O-Young, Korea's First Minister of Culture,
page 25 of November 2009 edition, Yuhan-Kimberly Family Magazine -



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Fax +82-2-528-1086 | Published October 2010 | Designed by intoGraphic

Yuhan-Kimberly



Yuhan-Kimberly 2010 Sustainability Report

사람이 희망이다

People are the Source of Hope

'People are the Source of Hope' is an English version of the fifth annual report published by Yuhan-Kimberly, which reports on its overall status of our corporate responsibility and social promises in the aspects of economy·society·environment.

Overview

Standards and Criteria BEST(Business Ehtics Source of Top performance) Sustainability Reporting, GRI(Global Reporting Initiative) G3

Reporting Period January 2009 to May 2010

Reporting Base Fiscal year. Data provided at least 3 year time series. Environmental performances are presented with 13-year time series data.

Context and Scope Based on all business & operating sites in Korea (including export performance), The currency used in this report is the Korean Won(KRW)

Reporting Cycle Published the report annually

Disclosure Principle Disclosed on www.yuhan-kimberly.co.kr

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For further details, the web report of the 2010 Sustainability Report can be found at www.yuhan-kimberly.co.kr

Full Text Available Yuhan-Kimberly's Code of Conduct | Code of Ethics on Advertising | Future Company Charter | CEO Pledge of Ethics | Status on Group and Association Membership | Award and Recognitions

2010 Overall Critical Issues

2010 New Issues Compared to the Previous Year In 2010, six issues are included as new items, namely, responding to climate change, management leadership, work process innovation, fair compensation system, prohibition of discrimination, and complying with consumer related laws and regulations. Based on major issues, Yuhan-Kimberly identified the stakeholders' interest and priority to make an intensive report. In 2010, 19 out of a total of 64 issues were identified as major reporting items and are marked with an icon(210).

Classification of 2010 major issues of Yuhan-Kimberly – Sustainability, Economic, Social, and Environmental Issues



01

Overall Sustainability

Yuhan-Kimberly was selected as the Most Admired Company in Korea for the seventh consecutive year in 2010.

We will do our best to become a company that creates more sustainable values in the future.

CEO Message Overall Sustainability Commitment to The 10 UN Global Compact Principles Overall Product & Business

2010 Material Issues Identification Process [IPS Materiality Test Model™]



Beginning with respect for life and focus on people

Hoping for a Healthy Future!

Preparing for Creative Change

2010 is the year of the fortieth anniversary of Yuhan-Kimberly's foundation. The age of forty for a person is almost half of one's entire life, and it is time for us to look back on our position instead of just going forward. It is the same with companies. Also, for the next 40 years, we will look back on what the driving forces were behind the sustainability that developed Yuhan-Kimberly and prepare for the future.



Dear respected stakeholders:

All companies, including Yuhan-Kimberly, experienced the global financial crisis, and we are seeking new ways to survive as there is increasing uncertainty about the global economy. Yuhan-Kimberly is at a crucial point where it needs to redesign the future for sustainability, and we feel a strong sense of responsibility to achieve this.

This report allows you to take a look at the efforts undertaken by Yuhan-Kimberly to make responsible changes in the areas of economy, society and the environment while looking into the future.

Met with the stakeholders to secure the health of the company

First, the most inspiring good news for 2010 is that Yuhan-Kimberly was selected as one of the Most Admired Company in Korea. We are especially pleased and proud to have been selected for the seventh consecutive year. We will do our utmost to develop Yuhan-Kimberly into healthier company that lives up to such expectations from society.

As part of these efforts, we held a Stakeholder Committee meeting for the first time in March since the foundation of the company to listen closely to what we lack and the areas in which we need to do better. Also, we came up with initiatives that we needed to work on, including the stakeholders' survey, meeting with internal R&D leaders to develop sustainable products, and employees meeting with various classes of people. It was a valuable period for us to listen to the opinions of the stakeholders.

Based on this, we made the preparations to establish Vision 2020 to achieve healthy growth. We will take the opportunity to introduce this in more detail in the report for 2011.

Continue to make business growth compared to the previous year despite the difficulties

Next, we would like to briefly report on what we have achieved from the financial sides during the past year. Last year, Yuhan-Kimberly faced the following difficult conditions: the overall downturn of the domestic market; the decrease of the baby and child care market due to a long-term low birth rate; the penetration of Japanese diapers and sanitary napkins into the domestic market; and competitive prices in the markets of sanitary napkins and bathroom tissue.

However, Yuhan-Kimberly was able to achieve two-digit sales growth of 11% again compared to the previous year with the strategy of premium products, the increase in new growth business, the entry into new markets, and the company-wide efforts to reduce costs. Also, despite the high burden of production costs resulting from rising global pulp prices and raw material price increases of diapers and sanitary napkins, we were able to achieve growth with the efforts to improve diaper productivity and make innovative cost reductions and company-wide cost reductions. Additionally, there was special profit from selling the Seongnam warehouse.

If you compare the previous year by business area, the baby and child care product business dominated the diaper premium pants market to achieve a growth of 13%, the feminine care products launched differentiated new products like the sanitary napkins of White Secret Hole to achieve a growth of 9%, the tissue business introduced premium products to achieve a growth of 10%, and the B2B business that had a supply increase through the launch of new hand sterilizer products had a growth of 20%.

The new growth business recorded a growth of 22% by expanding the target of the skin care market from babies to children, and through the supply increase in wet tissues, kitchen towels, adult diapers and health care products. Also, we established a foothold for sales growth in the future by entering into the new area of women's skin care business. We also exported diapers and sanitary napkins to China and Northeast Asia, Central Asia, Eastern Europe and the Middle East to establish ourselves abroad by achieving a growth of 2% compared to the previous year. Additionally, 2009 was a year where we worked to establish a foundation for future growth. Since the foundation of the company, we expanded into new business by entering into the women's skin care market for the first time with our brand 'Maybreeze' in October, 2009. It was also the period when we received approval for the construction of a new mill in Chungju. Based on this, we made the preparations

to establish Vision 2020 to achieve healthy growth. We will take the opportunity to introduce this in more detail in the report for 2011.

Enter into new business and construct a new mill in Chungju to establish the foundation for future growth

Yuhan-Kimberly is aware of the difficult business environment facing us in 2010. We expect to see more difficulties in the domestic market due to the downturn in the domestic market, which is caused by increases in the value of the Korean won, increases in price and interest rates, and the low birth rate. Also, the increase of the value of the won Korean will bring the price decline of imported products. It will be a huge challenge for us especially since we will have to compete with the Japanese imported products in our main business in the diaper market.

Since 2010 is when the baby-boom generation (born between 1955 and 1963) retires at 55 years old, we need to prepare for the future because the size of the adult care products will increase. There will be both difficulties and opportunities for us. Besides this, we have experienced unpredicted situations like the emergence of new infectious diseases like the swine flu (H1N1) and climate change, which created new business opportunities for us last year. Therefore, unlike in the past, we are faced with the challenge of how to adapt to the rapidly changing environment so that we can achieve healthy growth, while respecting our value of respect for life and a focus on people.

Yuhan-Kimberly will do our utmost to make 2010 a year of achieving our targets through the premium products in the existing domestic market, the expansion of the skin care business for teenagers and women, the entry into the baby & child care accessory market, the acceleration of the developing kitchen towel and adult diaper markets, and the diversification of exporting regions. In March, 2010, we entered into the baby care accessory market for the first time since the company's foundation with the new brand 'Double Heart' through a strategic alliance with Japan's Pigeon Corporation. Also, we entered into the industrial safety product market with the brand 'Jackson Safety' in May. One of the initiatives for this year is the construction and transfer of operations to the new mill in Chungju, which was the largest investment since the company's foundation, and the improvement of operating the hydroknit facility. The construction of the new mill was built as a world-class manufacturing mill exclusively for feminine care products, which will establish the manufacturing ability and quality needed to prepare for the market in the future. It is expected that some of the lines will be operated in Chungju starting from the second half of this year. As you know, there are limits to gaining global competitiveness by yourself when there's endless competition, which is why Yuhan-Kimberly will seek strategic alliances with companies that can help us develop core capabilities and enter into new markets.

Continue to respond to climate change with business partners

If we look at the environmental management side, we have taken a step forward to take an interest in responding to climate change and to prepare for the future accordingly. Yuhan-Kimberly has had a tradition of planting trees since 1984 to respond to climate change. Moreover, in 2009, we have found potential factors related to carbon emission from the overall manufacturing process of Yuhan-Kimberly products (including our business partners) and have begun to establish low-carbon management systems to apply management activities to the supply chain that seek environmental sustainability and profitability at the same time. Also, the greenhouse gas inventory system was established in the Taejon mill and logistics area to accurately manage greenhouse gas emissions. Additionally, this year we made a positive outcome in our efforts to reduce secondary packaging during product design to reduce environmental load. Green mileage products, which weren't sold in the first year of launching, showed lots of possibility by achieving 11% sales in total sanitary napkins in the fourth quarter of 2009.

However, there are still many challenges we have to overcome. Even though the CO₂ emission that occurs in producing one ton of product has decreased in 2009, the total emissions have increased compared to the previous year because of the increase in total production. Therefore, we will do our utmost to resolve these challenges in 2010.

2010 Yuhan-Kimberly's Management Performance and Mid-to-long-term Initiatives

Evaluation ● Satisfactory ○ Fair ◌ Unsatisfactory

Goal		2009 Major Achievements	Evaluation	2010 Goal and Mid-to-long-term Initiatives
Economic Goals	1. Strengthening domestic markets	Existing business 12% growth from the previous year	●	<ul style="list-style-type: none"> Revitalize existing business 5% growth from the previous year Strengthen new business 43% growth from the previous year Develop new business Expanded into the skincare market and launched baby & adult care accessory products, and industrial safety products Continue cost and expenses reduction efforts
		New business 23% growth from the previous year (including new business)		
		New business development Launched women's skin care 'Maybreeze'		
		Cost & expenses reduction 33.4 billion won	●	
	2. Expanding exports	Achieved export target Increased 2% from the previous year		<ul style="list-style-type: none"> Export target 8% growth from the previous year Innovate to increase export growth Diversify export items, expand exporting regions
		Driver for export growth Introduced export system, increased export net profit		
3. Attracting investments	Made successful investments Received approval on new mill construction investment	●	<ul style="list-style-type: none"> Continue investment Successful transfer of operations to the new mill in Chungju 	
Environmental Goals	4. Responding to climate change	Responded to climate change – greenhouse gas reduction CO ₂ emission per product-ton (unit) reduced by 16% (compared with 2005) and increased by 3% (compared with the previous year)		<ul style="list-style-type: none"> Respond to climate change – greenhouse gas reduction Introduce supply chain carbon footprint system, establish greenhouse gas emission inventory, participate in carbon labeling Reduce secondary packaging Participate in the three-year voluntary agreement
		Reduced secondary packaging Increased the sales of green mileage products (11% of total share)		
Social Goals	5. Leading corporate social responsibility	Continued to maintain social trust and reputation of the company Selected as the Most Admired Company in Korea for the 7th consecutive years	●	<ul style="list-style-type: none"> Continue to maintain social trust and reputation of the company Continue to conduct Keep Korea Green campaign Implement planting of 50 million trees in stages until 2013 Expand family-friendly management efforts Expand consumer complaints management system Develop new channels like text message consultation, etc. Continue to enhance supplier relations Continue to comply with social commitments
		Keep Korea Green campaign 2010~2013		
		Fostered family-friendly social environment Developed Yuhan-Kimberly family-friendly examples and introduced to the outside		
		Systemized consumer complaints management system Unified on-line customer support	●	
		Executed activities to enhance relationship with suppliers Trained 296 people from 60 companies		
		Complied with UN Global Compact Principles, etc.		

Develop both the Keep Korea Green campaign and family-friendly management

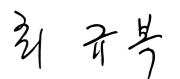
A company develops together with society, and it has to be responsible for society. All employees of Yuhan-Kimberly planted trees instead of holding an event to celebrate the foundation on its 40th anniversary, which gave us time to think about our social responsibility and our future. Yuhan-Kimberly has planted or nurtures more than 39 million trees through the Keep Korea Green campaign from its beginning until now, and we have the vision to plant 50 million trees, which equals the Korean population, by 2013 when it will be the 30th year since we started this campaign. We believe that we can achieve this vision. Also, along with activities to make the forest greener, we will make contributions to society through family-friendly management by preparing for a low birth rate and an aging society.

Yuhan-Kimberly will prepare for the next 40 years by continuously developing differentiated value while also making challenging efforts and creative changes. Here, we would like to ask for your encouragement and your support for the company. Thank you.

August 2010

Choe, KyooBok

President and CEO, Yuhan-Kimberly



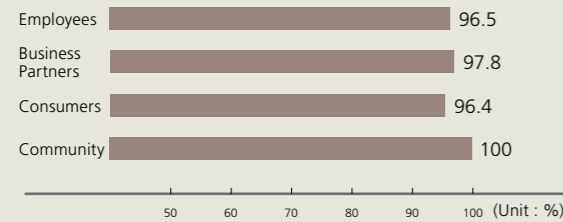
Yuhan-Kimberly's Overall Sustainability

Company Profile

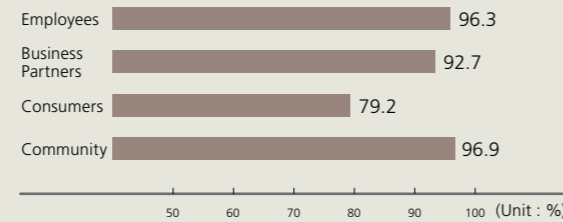
Company Yuhan-Kimberly / **Incorporation** March 30, 1970 / **Business** Manufacturing / **CEO** Choe, KyooBok / **Revenue** 1,134 billion(2009) / **Major Brands** HUGGIES®, KOTEX® White, KLEENEX®, POPEE®, etc. / **Business Areas** Consumer packaged goods, professional products, healthcare products / **Worksite** Seoul Headquarters, Anyang mill, Taejon mill, Kimcheon mill / **Target Markets** Individuals, corporations, research centers, public buildings, restaurants, hospitals, schools, etc. / **Main Products** Diaper, feminine sanitary napkins, bathroom tissue, facial tissue, nonwoven fabric, paper towel, wet wipes, mask, protective work wear, professional wipers, oil absorbent, surgical drape, gowns, sterilization wrap, skincare, etc.

2010 Stakeholder Survey Result

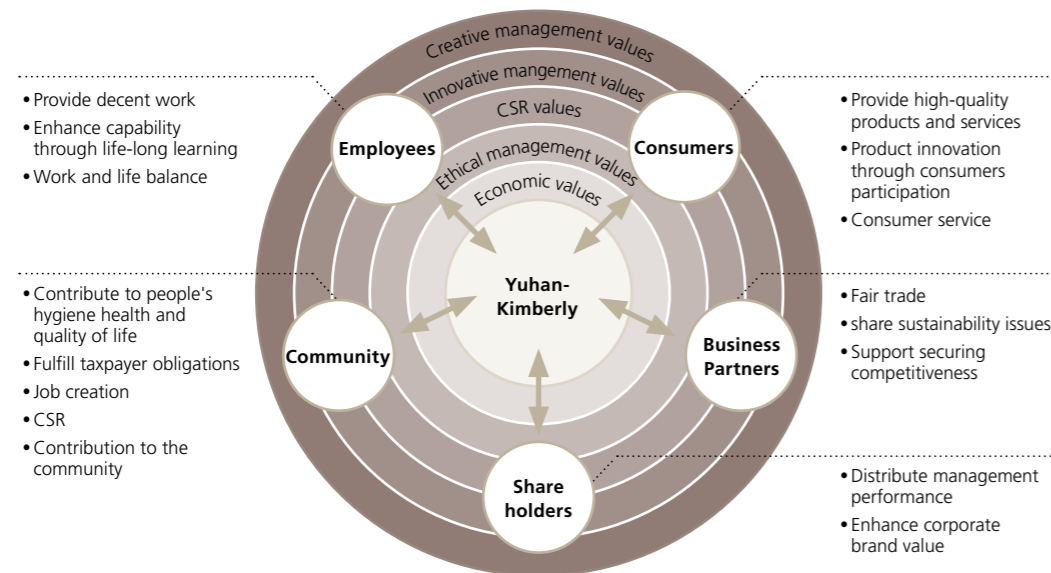
“Yuhan-Kimberly will be an enduring company”



“Yuhan-Kimberly is an ethical company”



Direct and indirect impacts on stake holders



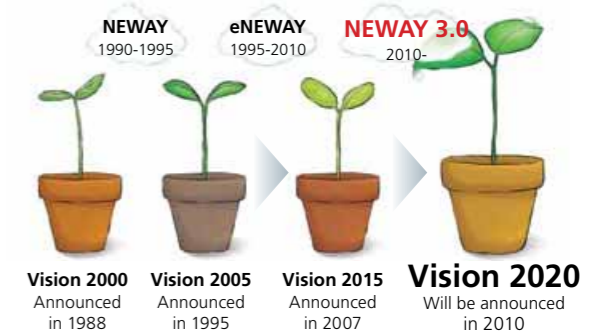
Mission

Provide consumer preferred products and services, lead development of hygienic life-style and contribute to the health and welfare of people

Vision 2015

The Most Admired Company in Asia

Yuhan-Kimberly has established and worked towards this vision since 1988. Along with the 40th anniversary of the foundation in 2010, the project to establish vision 2020 has started to look farther into the future and prepare for a bigger sustainable future as society and markets are changing rapidly. As a result, our vision, strategies, and core values will be re-established.



Strategies

Global Competitiveness

- Achieve high performance, high value added and highly sophisticated system in all business areas
Implement development plans for processes, organization, and talent
- Rationalize mills through state-of-the-art technology and large-scale growth projects
- Maximize growth synergy by integrating professional products, healthcare products and nonwoven fabric into one B2B business

Transformation to Export-Oriented Company

- Accelerate overseas market development by strengthening global management capacity

New Business Development

- Create global-scale new businesses in the fields of feminine products, healthcare products and environment
- Accelerate new business and market development through technological innovation

Corporate Social Responsibility

- Maximize social capital

5 Management Policies

Valuing People, Customer Satisfaction, Contribution to Society, Creating Value, Leading Innovation

10 Principles of the UN Global Compact

Human Rights, Labor Standards, Environment, Anti-Corruption

Sustainability Organization

Yuhan-Kimberly has organizations in charge of economy, society and environment that work closely together to overlook the overall sustainability management under its management. The maintenance, creative, and innovative functions of these organizations are as follows.

Category	Economy	Society	Environment
Sustenance Organization	Business, Sales, Crisis Management, HR, Finance, Logistics, Purchasing	CSR, Win-Win Relationship, Fair Trade Self-regulating Organization	Environmental Management, SM
Innovation Organization	Sales Innovation, R&D, Marketing Research, SKU Rationalization TFT	Family-friendly Management Committee, Consumer Complaints Management System	EHS Excellence Team
Creation Organization	New Business Team, New Technology Project Team, New Mill TFT, Vision Design Team, Sustainability Report TFT		

CEO's ethical management pledge and vow to practice fair trade compliance program¹⁾

Yuhan-Kimberly has based its sustainability management on ethical management. The President & CEO of Yuhan-Kimberly, Choe, KyooBok signed the pledge as the CEO in March, 2010 to take the lead in ethical management. For the seventh consecutive year since 2004, the CEO of Yuhan-Kimberly is taking the lead in corporate ethical management by participating in the pledge through the BEST (Business Ethics and Sustainability Management for Top Performance) Forum. Also, 160 employees signed the ethical management compliance pledge and they are making efforts for fair trade compliance through training their logistical and sales employees.

Yuhan-Kimberly clearly defines and implements bribe and corruption prevention, confidentiality protection and information protection policies, illegal political contribution and support prevention, and fair trade compliance within its code of conduct. In 2009, we held two sessions of mandatory code-of-conduct training sessions. According to the 2010 survey, the employees of Yuhan-Kimberly had a high understanding of the code of conduct at 94%.

Code of conduct violation reporting tel 02-528-1084 e-mail HoYun.Choi@y-k.co.kr

Operate the accounting system and internal control system for transparent culture

Yuhan-Kimberly operates a transparent accounting system through a company-wide resource management system. Also, the work procedure manuals, the delegation of duties regulation, and the limit of contract approvals are introduced through the internal control sites of the company intranet so that the employees can refer to them at any time. About 546 work procedures were improved on internal procedures and seven cases of new procedure registration, 25 Q&As and 85 code of conduct training diaries were openly communicated through the company intranet. Also, the system was upgraded in February, 2010 to make it more convenient for the employees.

Established integrated crisis management system and continuous improvement

Yuhan-Kimberly has a crisis management team to protect the reputation of the company and its products. Also, it operates the Issue and Information website through the intranet to prevent and manage crises. We published and shared a total of 31 issue reports (25 in 2009, 6 in the first quarter of 2010, 527 cases of information) to monitor potential crises and social trends. In December, 2009, we did a survey on potential risks to focus on and manage fourteen items, including product pollution and raw material safety. The crisis management manual was revised in February, 2010 to reflect changes in the social and corporate environment.

Additionally, we are holding training on the prevention of potential risks and issues. In 2009, we announced social issues to the executives four times (March, May and September, 2009, February, 2010, Executive Meeting), and held training on the prevention of issues for business partners (May, 2009), the workshop on issue management for worksites (September, 2009, manager, all mills), activities on prevention and management of swine flu crisis (September - December, 2009), training to deal with shift issues (November, 2009), and training to inform about crisis management manual and potential risk evaluation (January, 2010).

¹⁾ Fair Trade Compliance Program : Korea's compliance system operated for companies' voluntary compliance of fair trade related laws. This includes overall laws legislated for competition promotion and orders of fair trade such as Act on Monopoly Regulations and fair Trade, Act on the Fair Expression-Advertisement, Fair Transactions in Subcontracting Act, Regulations on Standardized Contract Act, Fair Franchise Business Act, Act on the Consumer Protection in the Electronic Commerce Transaction etc.

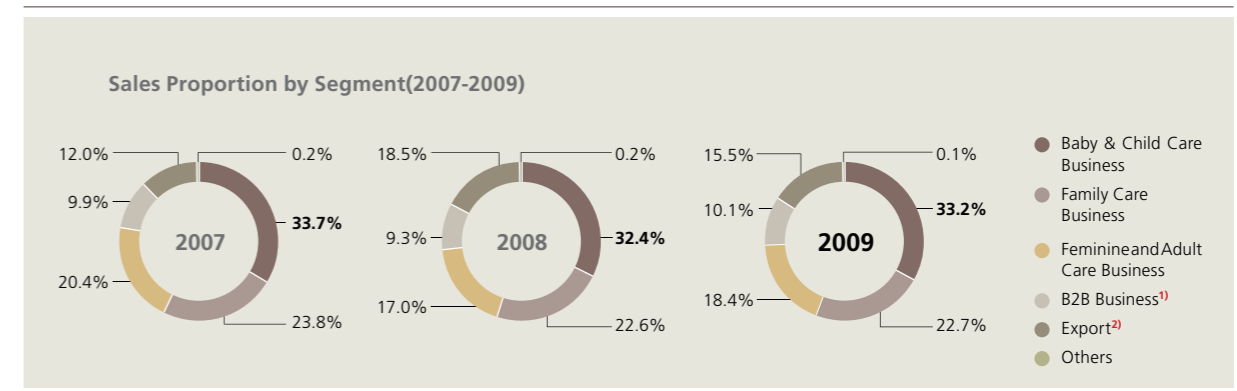
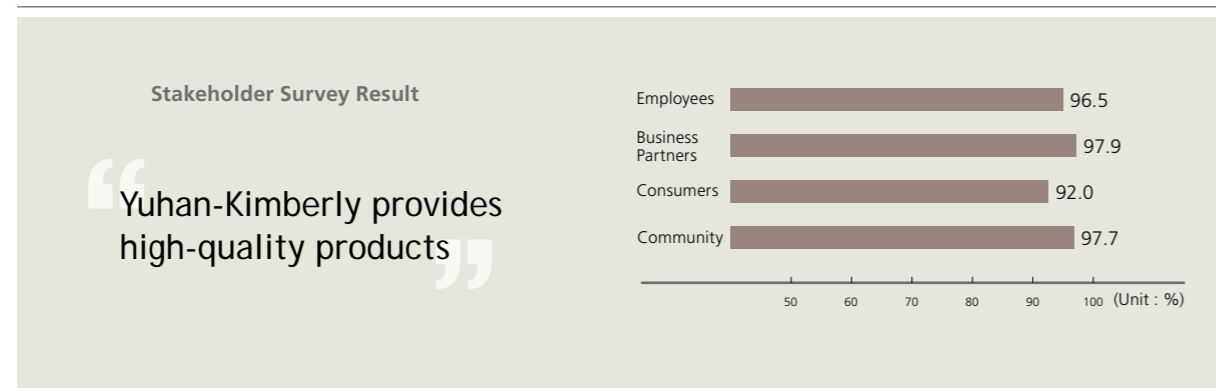
Yuhan-Kimberly's Commitment to the 10 UN Global Compact Principles

Yuhan-Kimberly complies with the 10 principles by joining the UN Global Compact since 2007, and we submit our Communication on Progress (COP) annually. In March, 2010, we won the Outstanding COP Award from the UN Global Compact Korean Association.

Category	Principle	Yuhan-Kimberly Regulations/Online Disclosure	2009 Performance	GRI	Report Page
Human Rights	1. We support and respect the protection of internationally proclaimed human rights.	Human Rights Protection <ul style="list-style-type: none"> Management Policies [Respect for People] Article 35, Personnel Rules and Regulations [Status Guarantee] Code of conduct[Considerations for Employees] www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Training on Code of Conduct (twice a year) 	[Economy] EC5 [Labor Standards] LA7 LA8 LA9 LA13 LA14 [Human Rights] HR3 HR4 HR5 HR6 HR7 HR8 HR9 [Society] SO5 PR1 PR2 PR8	12, 27, 62, 69
	2. We make sure that we are not complicit in human rights abuses.	Prevention of Human Rights Violations <ul style="list-style-type: none"> Guidelines on Selecting Business Partners [Ethical Soundness of Organization] Evaluation Items of Business Partners [Wage and Employment] www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Regular evaluation conducted on business partners in the field of human rights Human rights training conducted on 131 employees of security service provider. 	[Human Rights] HR1 HR2 HR3 HR4 HR5 HR6 HR7 HR8 HR9 [Society] SO5	62, 69
Labor	3. We uphold the freedom of association and the effective recognition of the right to collective bargaining	Freedom of Association <ul style="list-style-type: none"> Article 10, Chapter 2, CBA [Guarantee of Union Activities] Article 11, Chapter 2, CBA [Prohibition of Unfair Labor Practices] Article 66, Chapter 7, CBA [Labor Management Committee, Grievance Committee Members and Grievance Committee] Article 75, Chapter 9, CBA [Bargaining Principles] www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Labor union membership of 84.6% Labor-Management Committee held every quarter, total of 20 times Collective bargaining on wage negotiation held once every year (June, 2009) 	[Labor Standards] LA4 LA5 [Human Rights] HR1 HR2 HR3 HR5 [Society] SO5	27, 62
	4. We eliminate all forms of forced and compulsory labor	Prohibition of Compulsory Labor <ul style="list-style-type: none"> Article 40, Chapter 4, CBA [Maternity Leave]Pregnant women labor union members shall not work overtime 	<ul style="list-style-type: none"> Pregnant employees are prohibited to be stationed in hazardous and dangerous work zone for health reasons Flexible working hours to do night shift prohibited from being applied to pregnant employees 	[Human Rights] HR1 HR2 HR3 HR7 [Society] SO5	62, 64-66
	5. We effectively abolish child labor	Prohibition of Child Labor <ul style="list-style-type: none"> Article 21-2, Chapter 3, Rules of Employment [Work]Minors under 18 years of age shall not be subject to the provisions on overtime 	<ul style="list-style-type: none"> No employees under 18 years of age 	[Human Rights] HR1 HR2 HR3 HR6 [Society] SO5	62
	5. We eliminate discrimination in respect of employment and occupation.	Prohibition of Discrimination <ul style="list-style-type: none"> Article 89, Chapter 9, Rules of Employment [Prohibition of Gender Discrimination] Article 45, Chapter 5, CBA [Wage] Offer equal pay for work of equal value Chapter 2, Code of Conduct [Considerations for Employees] www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Training on prevention of sexual harassment Female ratio (office workers: 33.7 %, executives: 16.2%) Starting wage of entry level employees (male and female identical) 	[Economy] EC7 [Labor Standards] LA2 LA13 LA14 [Human Rights] HR1 HR2 HR3 HR4 [Society] SO5	62
Environment	7. We support a precautionary approach to environmental challenges	Environmental Precaution <ul style="list-style-type: none"> Procurement Philosophies[Support for Environmentally-friendly Raw Material Purchase and Product Productions] Environmental Management Policies [Minimizing Environmental Load] Environmental Management Policies [Fundamental Prevention on Environmental Accident] www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Environmentally-friendly products launched Green purchasing of 100 billion (KRW) Environmental management training held for employees (1,755 employees) 	[Economy] EC2 [Society] SO5 [Environment] EN18 EN26 EN30	28-32, 86, 88-95
	8. We undertake initiatives to promote greater environmental responsibility	Environmental Responsibility <ul style="list-style-type: none"> Management Policies[Social Contribution]Spearhead environmental preservation campaigns Chapter 2, Code of Conduct [Environmental Protection] Procurement Philosophies [Realizing Mutual Benefits through Collaborative Partnership] Environmental Management Policies[Leadership role in environmental protection campaign] www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> The "Keep Korea Green" campaign conducted The 13-year trend on environmental accomplishments is managed 	[Society] SO5 PR3 PR4 [Environment] EN1 EN2 EN3 EN4 EN5 EN6 EN7 EN8 EN9 EN10 EN11 EN12 EN13 EN14 EN15 EN16 EN17 EN18 EN19 EN20 EN21 EN22 EN23 EN24 EN25 EN26 EN27 EN28 EN29 EN30	28-32, 38-44, 76-80, 87, 88, 90-93
	9. We encourage the development and diffusion of environmentally friendly technologies	Environmentally-friendly Development <ul style="list-style-type: none"> Procurement Philosophies [Support for Production of Superior Products through Technological Innovation] Environmental Management Policies[Continuous Environmental Improvement]-reduction, reuse, recycling efforts regulations www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Bio-degradable environmentally-friendly materials developed to product 94% recycling of waste from production process 	[Society] SO5 [Environment] EN2 EN5 EN6 EN7 EN10 EN18 EN26 EN27 EN30	28-32, 88, 90-94
Anti-Corruption	10. We work against corruption in all its forms, including bribery.	Anti-Corruption <ul style="list-style-type: none"> Chapter 2, Code of Conduct [Guidelines on Gifts and Entertainments] Chapter 2, Code of Conduct [Prohibition Against Giving Gifts to Public Officials] Article 11, Rules of Employment [Prohibition] Against Accepting Rewards, Gifts, or Entertainment from Business Partners www.yuhan-kimberly.co.kr Sustainability Management	<ul style="list-style-type: none"> Signing of voluntary compliance of code of ethics and fair trade by 160 related executives and employees 	[Society] SO2 SO3 SO4 SO5 SO6	12

Overall Product & Business

Target Market	Household and personal		Hospitals, industries, R&D center, public buildings, restaurants, schools	
Major Brand	Huggies®, Green Finger®, DoubleHeart	Popee®, Kleenex®, Viva®, Scott®	Kotex®White*, Kotex®Goodfeel*, Kotex®Anyday®, Poise®, Depend®, Freshday, Maybreeze	Kimcare*, Kimtech*, Kleenguard® Wipe All, Kleenex®, Popee®, Scott®, Jacksonsafety
Department	Baby & Child Care Business	Family Care Business	Feminine and Adult Care Business	
Major Product	Baby & Child Care Diaper(Huggies Magic Pants, Nature Made, Gold, Bosong Bosong, Kleen BeBe, etc.) DoubleHeart SkinCare Lotion, cream, bath, shampoo, lip balm, sun lotion, etc. (Green Finger Baby, Green Finger My Kids)	Family & Kitchen Care Bathroom tissue, facial tissue, paper towel, cleaning products, Napkin, wetwipe (Popee, Kleenex, Viva, Scott etc.)	Feminine Care Feminine sanitary napkin, White, Goodfeel, etc.) panty liner (Anyday, Tini, etc.) Feminine wetwipe (Freshday) Adult Care Feminine pad for ages over 35 Feminine pad (Poise 35+, etc.) hygiene panty, hygiene pad, etc. (Depend) Adult wetwipe (Depend)	
				Professional Products Professional Protective work wear, Professional wipe, hand towel for public restroom liquid soap, etc. (Kimcare, Kleenguard, etc.), Jacksonsafety Health care Surgical drapes surgical gown, mask, globe, etc.



¹⁾ B2B business (Business to Business) : including industrial hygiene products, industrial safety products, hospital hygiene products and textile products.

²⁾ Exported items include diapers, sanitary napkins, tissues and raw subsidiary materials. Please refer to page 32 for more details.

Highlight

Corporate

Selected as the Most admired Company in Korea for the seventh consecutive year (Korea Management Association, 2010)

Selected as the Best Company by the members of the National Assembly in Korea

Ranked third as the best company to work for (Korea Management Association Consulting, 2009)

Selected as 'the Favorite Company for Job Transfer' and 'the Most Attractive Company' by Inruit, and 'the Most Socially Responsible Company' and 'the Best Company with Good Corporate Image' by the Hankyoreh Economic Research Institute.

Joined the 2009 sustainability management hall of fame

Yuhan-Kimberly registered as the first private enterprise to join the hall of fame in November, 2009 for receiving the sustainability grand prize three times.

Product

Selected as the Most admired Company in Korea for Product

Selected as No.1 Korean brand power for 12th consecutive year for Huggies, 10th consecutive year for White, and 8th consecutive year for Poppee.

(Korea Management Association Consulting, Korea Brand Power Index)

Selected as one of the top 1000 Korean brands that moved the Korean economy since liberation for Huggies, White, Good Feel, Anydays, Kleenex and Poppee

In a joint survey with CJ Economic Research Institute and Brand & Company, the Economist selected six brands of Yuhan-Kimberly as top Korean brands that moved the economy.

Selected as a super brand for the 7th consecutive year for Poppee and Kleenex

In a survey on the first brand that comes to mind among three thousand consumers between 20 and 60 years old in Korea, each brand was selected as number one, and we received the award on November 24, 2009. (Hosted by the Institute for Industrial Policy Studies)

Won the Korean Marketing Frontier Award for reusable Scott towels

The reusable Scott towel won the Korean Marketing Frontier Award in March, 2010 for high recognition of its hygiene and economics.

Selected as 2009 Best Brand Award for Green Finger

Green Finger was selected as the best brand in baby skin care based on the survey result by the Korea Herald in December, 2009.

Won the 2009 LOHAS Outstanding Management Award

Yuhan-Kimberly won the LOHAS management award from the Green Fund for its sustainability and social responsibility efforts in October, 2009.

For reference, it won the awards for 2004, 2006, 2007 and 2008.

Recognized as the Best Communication on Progress (COP)

Yuhan-Kimberly's sustainability report recognized as the best COP from the UN Global Compact in March, 2010 for faithfully executing the performance reporting.

Selected as 2009 bestseller for the sanitary napkin Good Feel

From the joint survey result of Donga Weekly and convenience stores (consolidated data of 14,012 convenience stores in Korea), Good Feel was selected as the Most Loved Product of convenience stores in 2009.

Selected as the Best Brand by consumers for the second consecutive year for the sanitary napkin Good Feel

According to the brand preference survey conducted by the Consumer News, GoodFeel was selected as number one for the second consecutive year in sanitary napkins.

Acquired the Well-being Certification for the fourth consecutive year for the panty liner Anydays

Anydays acquired the well-being certification from the KMAR in March, 2010.

Selected as No.1 Korean Consumer Well-being Index for the third consecutive year for Kleenex and No.1 for Huggies (3rd year for Huggies and 1 year for Huggies Gold)

Kleenex and Huggies were selected in the Korean consumer well-being index survey by the Korean Standards Association in August, 2009. 98,600 consumers participated in the survey for 154 products and services.

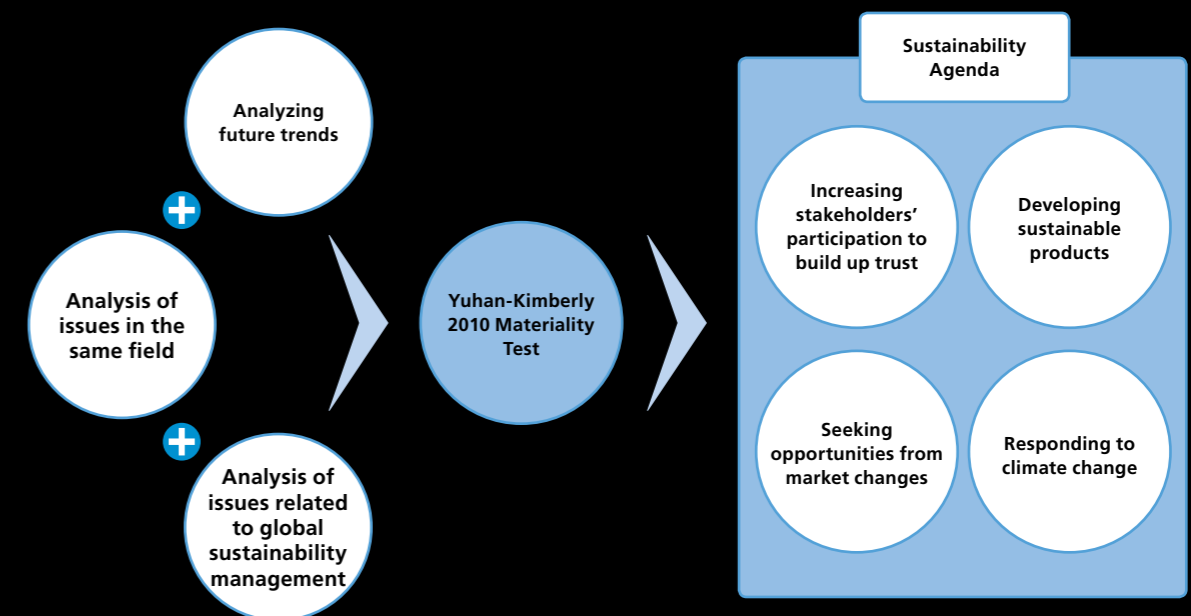


Sustainability Agenda

Yuhan-Kimberly's four agendas for sustainability

Yuhan-Kimberly has established four agendas for sustainability to report on the achievements in environmental change and major challenges

Increasing Stakeholders' Participation to Build up Trust Developing Sustainable Products
 Responding to Market Changes Responding to Climate Change



AGENDA 1

Increasing Stakeholders' Participation to Build up Trust

How does Yuhan-Kimberly communicate and build up trust with the Stakeholders

Yuhan-Kimberly has been carrying out the stakeholder survey and seeking professional consultation and assurance in the report for the past five years, and we are receiving the analysis results from a third party to enhance the credibility of the report. In March 2010, we held our Stakeholder Committee for the first time since the foundation of the company to increase the stakeholders' participation, and in April and May, we held dialogue programs on future design between the CEO and the employees. We came up with many tasks we need to resolve for sustainability by increasing the stakeholders' participation.

Method of establishing four agendas for sustainability

After analyzing the issues in three stages, including the analysis of major changes for analyzing future trends, Yuhan-Kimberly's analysis of issues in the same field, and the analysis of issues related to global sustainability management, the results derived reflects the result of the materiality test.

Increasing stakeholders' participation to build up trust <small>Page 19</small>	<p>Our Environment After the global financial crisis, there are increasing uncertainties about the future. Also, society's confidence in the market and companies fell, so it has become more important to communicate with the stakeholders for continuous growth. Along with crisis management, communicating with various stakeholders will provide new growth opportunities.</p> <p>Yuhan-Kimberly We have various communication channels with the stakeholders. Also, we listened to the opinions gathered through the stakeholder surveys carried out every year for the past five years. Especially, Yuhan-Kimberly celebrates the 40th anniversary of its foundation in 2010 by actively expanding stakeholders' participation for future development, and we share the results in this report.</p>
Developing sustainable products <small>Page 28</small>	<p>Our Environment It has become important to produce sustainable products for sustainable consumption. The interests and requests for the economic, environmental and social aspects of products have especially increased.</p> <p>Yuhan-Kimberly We have strived to provide sustainable products from the stage of product design. These efforts and the thoughts of the R&D leaders who developed the actual products are shared in this report.</p>
Seeking opportunities from market changes <small>Page 33</small>	<p>Our Environment The increasing trends of low birth rate and aging population in Korean society are problems that need to be resolved by the country and by companies. In relation to these changes, companies are keenly aware that it is necessary to create new markets for sustainable growth.</p> <p>Yuhan-Kimberly We have strived to enter into new businesses and new market areas to prepare for the reduction in the market. Also, we are making an effort to create new opportunities through exports to overseas markets.</p>
Responding to climate change <small>Page 38</small>	<p>Our Environment Due to environmental threats from climate change and the disturbance of the ecosystem from environmental pollution, the market topography that surrounds the companies today are getting more complicated. Climate change is now more than an environmental problem, because it has an impact on the economic and social environments.</p> <p>Yuhan-Kimberly Since 1984, we have implemented and made people aware of the importance of tree planting for neutralizing the amount of carbon through our 'Keep Korea Green' campaign, which is a forest and environmental protection campaign. Also, we are taking the lead in implementing the reduction of carbon internally.</p>

The contents of Yuhan-Kimberly's stakeholders' opinions reflected in the 2010 sustainability report

Category	Methodology (No. of Persons)	Period	Stakeholders (No. of Persons)
Overall Sustainability	Printed Questionnaires 6,030	January ~ February 2010	Employees (481), Business Partners (138), Communities (130), Consumers (5,281)
	Held the 1st Stakeholders' Committee 6	March, 2010	Yoon, EunKey (President, Central Officials Training Institute) Park, HeeJu (Research Fellow, Korea Consumer Agency) Lee, WonJae (President, Hankyoreh Economic Research Institute) Lee, BoEun (Director, Korean Women's Environmental Network) Jeon, EuiChan (Professor, Sejong University) Kim, JeongIn (Professor, Chung-Ang University)
	Held a Sustainability meeting with the R&D and marketing leaders 6	March, 2010	R&D and marketing leaders
	Held a meeting between the CEO and the employees 85	April, 2010	Four groups of employees from the headquarters (new employees, acting managers, female employees, senior manager)
	Held a focus group interview 39	April ~ May, 2010	A total of seven groups – production (Anyang Mill, Taejon Mill, Kimcheon Mill), production management, management support, sales & marketing, regional coordinator
Sustainability Report	Professional Consultation & Assurance 5	June ~ July, 2010	Cho, DongSung (Professor, Seoul National University) Shin, CheolHo (Professor, Sungshin Women's University) Lee, JongUk (Professor, Seoul Women's University) Park, SungPil (Professor, Seoul School of Integrated Sciences and Technologies) Lee, DongWon (Professor, Inha University)
	2009 Sustainability Report Feedback 471	July 2009 ~ March 2010	Reader Opinions on the Report
Total	6,641		

What is needed for Yuhan-Kimberly to become a long-lasting company as it celebrates its 40th anniversary? 'Diverse viewpoints are needed'

Yuhan-Kimberly held the First Stakeholder Committee to increase the stakeholders' participation in March, 2010. We were able to hear professional advice on sustainable growth in various fields in Korea from the Committee. The advices that were given included: improve product safety; diversify environmentally-friendly products; apply health values; implement strong vitality and active visions; continue with corporate social responsibility activities; re-establish better relationship with stakeholders; respond promptly to the crisis and improve the systems. Some of the contents are introduced below.

ISSUE 1

There's a saying that "time can make a company grow, but it can also make it old."

What is the crisis that Yuhan-Kimberly might face as it celebrates the 40th anniversary?

Lee, EunWook Vice President Yuhan-Kimberly It's nice to meet you all. As Yuhan-Kimberly celebrates the 40th anniversary of its foundation, we realize the importance of stakeholders and we have provided this opportunity to listen to your opinions from various fields. Please give us good suggestions.

Yoon, EunKey President Central Officials Training Institute (COTI) It is important to know how we can seek development and balance in the company and how we can seek common value in the future, while also reflecting the relationship between the company and the shareholders as well as the diversity of the stakeholders. This will be an opportunity to discuss the future of Yuhan-Kimberly that goes further than forty years. The first agenda is how Yuhan-Kimberly should deal with any crisis that occurs in order to become a long-lasting company. The biggest concern for the individual and the company should be sudden death. In the case of Toyota, even though there was one fatal flaw in their product, the company didn't recognize the flaw and faced the crisis of sudden death because everything else was working well. It is necessary to view the company from diverse perspectives to deal with crisis.

Park, HeeJu Team Leader A failing company deals with a crisis through passive methods when there are requests from the outside, and as a result, it unable to identify the company's problems beforehand. An American professor in business administration said that the great empires like Rome didn't end slowly, but collapsed all of a sudden one day. How the company deals with a crisis determines the sustainability of the company.

“The biggest concern for the individual and the company should be sudden death. In the case of Toyota, even though there was one fatal flaw in their product, the company didn't recognize the flaw and faced the crisis of sudden death because everything else was working well. It is necessary to view the company from diverse perspectives to deal with crisis. **Yoon, EunKey** President”



Shareholders' Committee 1. **Yoon, EunKey** (President, Central Officials Training Institute) 2. **Kim, JeongIn** (Professor, Chung-Ang University) 3. **Lee, WonJae** (President, Hankyoreh Economic Research Institute) 4. **Jeon, EuiChan** (Professor, Sejong University) 5. **Park, HeeJu** (Research Fellow, Korea Consumer Agency) 6. **Lee, BoEun** (Director, Korean Women's Environmental Network)

Yuhan-Kimberly 7. **Lee, EunWook** (Vice President, Comm., CSR, PR & CS)

Kim, JeongIn Professor The crisis that need to be managed by Yuhan-Kimberly largely includes climate change, a win-win relationship with the community, and the acquisition and development of outstanding talents. The diversification of environmental regulations can especially have an impact on Yuhan-Kimberly. Since Yuhan-Kimberly's overseas sales are increasing, it needs to pay more attention to strengthening its compliance with producers' responsibility system, global environmental regulations and FSC certification. Also, Yuhan-Kimberly needs to think about how it will establish a win-win relationship with the communities in the four work sites.

Lee, WonJae President Consumers have an image of a mother when it comes to Yuhan-Kimberly, because of the products it sells. If a company like a mother faces a crisis, then what kind of a crisis will it be? There will probably be a crisis arising in HR (human resources), which hasn't done a lot to defend itself. Yuhan-Kimberly has fulfilled lots of innovative achievements and made lots of efforts in the HR management area, such as creating four shifts, but compared to this, there were less efforts made in responding to the climate change.

Lee, BoEun Secretary General Yuhan Kimberly sells products that come close to the body in the way that clothing does. In this regard, Yuhan-Kimberly has always stood on top of any crisis. It is necessary to respond promptly in the aspects of product safety. According to the result of a 2003 series of blood tests done in the U.S., there were about 400 synthetic compounds in the blood, and among them, about fifty were carcinogenic substances. In addition, according to the 2009 national cancer statistics, the number of female cancers, especially endocrine disturbances (thyroid cancer, breast cancer, uterine cancer, etc.), increases substantially for the population younger than forty. From this

perspective, Yuhan-Kimberly should keep in mind that it always has the risks that come from the product itself.

Jeon, EuiChan Professor The biggest advantage of Yuhan-Kimberly is trust. This is why it has such high market share. However, it needs to have 'something that shines along with its strength' to prepare for the speed of change. Yuhan-Kimberly needs to seek potential risks and establish a system that can manage them so that it can respond through quantitative and scientific data.

Lee, WonJae President Business partners have to all operate their business in the same method as Yuhan-Kimberly to be able to manage any crisis in the future. It is necessary to strengthen the corporate social responsibility of business partners to raise their standards.

ISSUE 2

What should Yuhan-Kimberly consider most important for it to become a long-lasting company?

Facilitator Yoon, EunKey President I agree with the view that there seems to be lack of dynamism. Recently, Hyundai Motors came up with the vision that it will compete with Benz and BMW by 2020. Yuhan-Kimberly also needs to suggest a future vision to notify everyone inside and outside of the company of its dynamic efforts.

“A smart consumer chooses environmentally-friendly products that are beneficial to health to avoid consumption that already exists. It is necessary to change one's perception to communicate with such consumers. Through the transformation of one's way of thinking, it is necessary to make the effort to accelerate sustainable consumption. On the other hand, you need to be cautious about diversifying products. Instead of taking the approach that there are substances that are good for health, it would be better to advertise the opposite concept that harmful substances are not included. **Lee, BoEun** Secretary General”

Jeon, EuiChan Professor The safety of the product is the most important. Also, it is necessary to diversify environmentally-friendly products when expanding the business. Especially, since the products are mostly for children and women, the safety of the product will become even more important. Next, it is necessary for Yuhan-Kimberly to change its conception. It needs to make a transformation so that the confidence of the society can be even stronger.

Lee, BoEun Secretary General I also want to emphasize the importance of product safety. A smart consumer chooses environmentally-friendly products that are beneficial to health to avoid consumption that already exists. It is necessary to change one's perception to communicate with such consumers. Through the transformation of one's way of thinking, it is necessary to make the effort to accelerate sustainable consumption. On the other hand, you need to be cautious about diversifying

“Products of Yuhan-Kimberly are known for their “convenience”, but as people become more concerned about the environment, the products of Yuhan-Kimberly will not be able to keep their ground in the market. Therefore, it is necessary to focus on health and environment aspects when manufacturing products in order to go in the direction of becoming a long-lasting company.

Lee, WonJae President”

products. Instead of taking the approach that there are substances that are good for health, it would be better to advertise the opposite concept that harmful substances are not included.

Lee, WonJae President It is first important to continue Yuhan-Kimberly's corporate social responsibility activities. If you think about forty years in the future, the crisis of Toyota will not be the crisis of sustainable management for one company, but it will be a crisis of an automobile industry. This shows that the safety standard of automobiles that can be accepted by people has been raised. Likewise, Products of Yuhan-Kimberly are known for their “convenience”, but as people become more concerned about the environment, the products of Yuhan-Kimberly will not be able to keep their ground in the market. Therefore, it is necessary to focus on health and environment aspects when manufacturing products in order to go in the direction of becoming a long-lasting company.

Facilitator Yoon, EunKey President As society changes rapidly and becomes globalized, the risks are getting bigger. In order to respond promptly to the communication speed of the stakeholders, Yuhan-Kimberly needs to think about the active communication methods with diverse stakeholders and the relationship with the stakeholders. I think that until now the stakeholders have been nice and didn't look carefully because Yuhan-Kimberly attempted to carry out the corporate social responsibility first through the 'Keep Korea Green' campaign. Yuhan-Kimberly should also respond flexibly to the new changes.

Kim, JeongIn Professor Yuhan-Kimberly must keep the customer satisfaction and product safety. It also needs to think about other things it can do besides this. This can be the value and philosophy of 'health'. It is right to win over the children and women, but there should be thoughts on what concepts to use to win them over. I think it is a good idea to enter into the medical field. Additionally, it is necessary to provide communication strategies that can implement sustainability in our everyday life, such as using a handkerchief.

Facilitator Yoon, EunKey President Many multinational companies have a diversity management committee. They recognize and respect the differences and they think about how to live by using these differences. This is because if the differences are linked with discrimination, it can cause conflict or risks. A future risk can occur when diversity isn't managed properly. Yuhan-Kimberly should pay attention to managing diversity if it wants to become a long-lasting company.

Lee, EunWook Vice President Thank you all for your suggestions. I agree that Yuhan-Kimberly needs to be a more dynamic company. We will consider this in our management.

The above contents are summaries of the meeting held at the Conference room on the 13th floor of the company headquarters on March 15, 2010.

2010 Stakeholder Survey Results

What are the conditions for Yuhan-Kimberly to become a long-lasting company?

‘It needs to secure product safety and customer satisfaction management’

Yuhan-Kimberly carries out a stakeholder survey every year and reports on the results (2006-2010). The change in the factors needed for a long-lasting company during the past five years showed key areas more clearly. All stakeholders who participated in the 2010 survey considered securing product safety and customer satisfaction management as the priority factors for Yuhan-Kimberly to become a long-lasting company. Compared to the previous year, the new factors to become a long-lasting company according to the stakeholder were the development of new products and new businesses for employees and business partners and the compliance with environmental laws and regulations for the community.

The change trend of Yunan-Kimberly sustainable company factors by stakeholders

Stakeholders	2006	2007	2008	2009	2010
Employee	1 Customer Satisfaction Management	Customer Satisfaction Management	Product Safety	Management Leadership	Customer Satisfaction Management
	2 CEO Leadership	CEO Leadership	New Market Development	New Market Development	Product Safety <small>NEW</small>
	3 Product Responsibility	Ethical and Transparent Management	Management Leadership	Ethical and Transparent Management	Management Leadership
	4 Ethical and Transparent Management	Strong Brand Development	Customer Satisfaction Management	Product Safety	New Market Development
	5 Strong Brand Development	Product Responsibility	Product R&D Innovation	Customer Satisfaction Management	New Products(New Market) Development <small>NEW</small>
Business Partner	1 Ethical and Transparent Management	Customer Satisfaction Management	Product Safety	Customer Satisfaction Management	Product Safety
	2 Environmental Management	Product Responsibility	Customer Satisfaction Management	Ethical and Transparent Management	Customer Satisfaction Management <small>NEW</small>
	3 Strong Brand Development	Strong Brand Development	Product R&D Innovation	Product Safety	Product R&D Innovation
	4 CEO Leadership	CEO Leadership	New Business and Product Development	Management Leadership	Ethical and Transparent Management
	5 Corporate Social Responsibility	Ethical and Transparent Management	Win-win Relationship with Business Partners	Product R&D Innovation	New Products(New Market) Development <small>NEW</small>
Consumers <small>*Started in 2009</small>	1 -	-	-	Product Safety	Product Safety
	2 -	-	-	Customer Satisfaction Management	Customer Satisfaction Management <small>NEW</small>
	3 -	-	-	Environmentally-friendly Product Development	Environmentally-friendly Product Development
	4 -	-	-	Culture of Respect for Life and Children	Culture of Respect for Life and Children
	5 -	-	-	Compliance with Environment Laws	Compliance with Environment Laws
Community	1 Ethical and Transparent Management	Product Responsibility	Environmentally-friendly Product Development	Product Safety	Ethical and Transparent Management
	2 Environmental Management	Customer Satisfaction Management	Product Safety	Ethical and Transparent Management	Environmentally-friendly Product Development
	3 Strong Brand Development	CEO Leadership	Ethical and Transparent Management	Management Leadership	Product Safety <small>NEW</small>
	4 CEO Leadership	Nurturing Talents	Customer Satisfaction Management	Customer Satisfaction Management	Customer Satisfaction Management <small>NEW</small>
	5 Corporate Social Responsibility	Strong Brand Development	Compliance with Environment Laws	Environmentally-friendly Product Development	Compliance with Environment Laws <small>NEW</small>

NEW indicates new sustainable factors entered in 2010 from previous years. (The consumer survey was carried out for the first time in 2009)

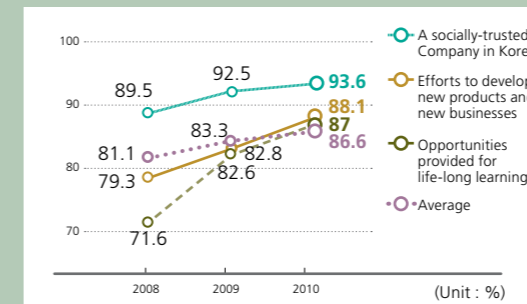
Management leadership factor was substituted for CEO leadership factor since 2008 survey.

Three-Year Comparison of 2008-2010 Stakeholder Survey Results

What are the conditions for Yuhan-Kimberly to become a long-lasting company?

‘It needs to make more social contributions and communication’

The average scores of the survey questions has improved steadily for the past 3 years (2008-2010) (81.1 83.3 86.6). Especially, the average score of the satisfaction on ‘opportunities provided for life-long learning’ has increased by about 16 point compared to three years ago. Also, after 2008, the ‘efforts to develop new products and new businesses’ improved because of the new businesses, including Green Finger, Maybreeze and Double Heart. On the other hand, the employees were aware that Yuhan-Kimberly needs to make more efforts than now to become a socially-trusted company.

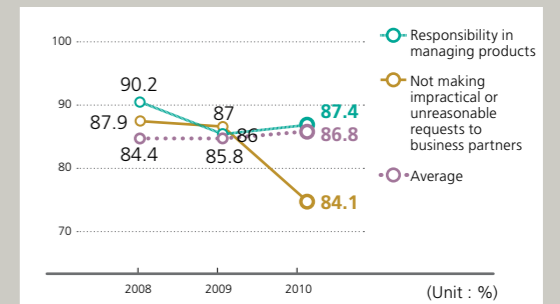


Implications

Needs to make the effort to become a socially-trusted company

Employee

The average score of the survey have improved during the past three years. (2008-2010) (84.4 85.8 86.8). When you compare the product responsibility with the previous year, there has been a small increase in 2010. We will continue to strengthen product responsibility in the future. In the case of “not making impractical or unreasonable requests to business partners”, there has been a decrease during the past three years. We will establish plans for a responsible and fair supply chain management along with the product responsibility.

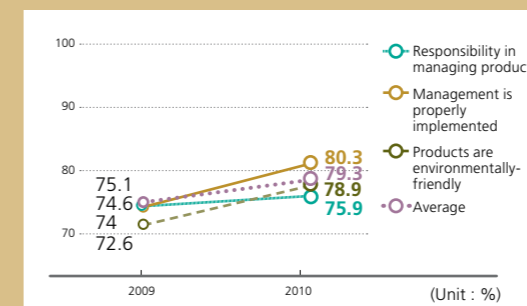


Implications

Needs to make the effort to provide a more responsible supply chain management

Business Partner

Since the consumer survey was carried out for the first time in 2009, the average score has improved by about 4.2 point compared to the previous year (75.1 79.3). However, compared to the other stakeholder groups, there needs to be more communication because understanding about the company is low on the average.

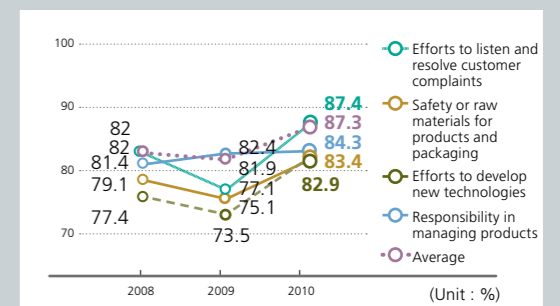


Implications

Needs to make the effort to inform the consumers about the activities of Yuhan-Kimberly

Consumers

The average score for three survey questions has improved by about 5.4point in 2010 compared to the previous year. ‘The safety of raw materials for products and packaging’, ‘the efforts to develop new technologies’, and ‘the efforts to listen and resolve customer complaints’ all fell in 2009 and then improved in 2010, which shows that they are consolidated results.



Implications

Needs to make the effort in the areas that are lower than the overall average

Community

How does Yuhan-Kimberly communicate with each stakeholder?

Category	Details	How we communicate with stakeholders
Shareholders	1926 Yuhan Corporation	Regular shareholders' meetings, Regular BOD meetings, Meetings for establishing strategy and vision Business sites benchmarking, Operational reports www.yuhan-kimberly.co.kr, webmaster.korea@y-k.co.kr, Sustainability report
	1872 Kimberly-Clark (Founding years to show longevity)	
Employees	1,688 Employees	Public presentation of management performance, Video magazines, Intranet, Family magazines, Surveys, Regular labor-management councils & workshops, Public presentations on management information, an Ombudsman system, Issue reports, Sales marketing strategy meetings, quality control meetings, safety and healthcare committees, Employee assistance program (EAP), www.yuhan-kimberly.co.kr, webmaster.korea@y-k.co.kr, Sustainability report
Business Partners	2,150 1,323 actual business partners	Periodic seminars, Regular meetings, Newsletter, Online communication (SMA, WMA), Consultation services for direct trading partners, Program operation (SEQ College, SCM College, Reading remote education, product training, etc.), www.yuhan-kimberly.co.kr, webmaster.korea@y-k.co.kr, Sustainability report
Consumers	28,350 Customers involved in product innovation	Corporate image surveys, Product development surveys, Customer satisfaction surveys, Customer complaints and feedback systems Corporate website, Products website, Woorisop website, Sex education, On-line communications, www.yuhan-kimberly.co.kr, webmaster.korea@y-k.co.kr, Sustainability report
Government & Communities	4 Domestic worksites 53 Export markets 238 NGOs and organizations	Corporate Social Responsibility - Collaborative programs with civil society, Fixed donation, Community request handling, Cooperate with government policy, Volunteering by employees and their families, Partnership with communities, Seminars, Symposiums, Issue monitoring, www.yuhan-kimberly.co.kr, webmaster.korea@y-k.co.kr, Sustainability report



Case Study (How does Yuhan-Kimberly communicate with employees?)

Employees are the internal customers that are appointed to communicate with the company. It is the basic condition of corporate development to make transparent notification of the company's situation and share accurate management information with employees. Yuhan-Kimberly will strive to achieve this.

Regular communication with the CEO

Yuhan-Kimberly's CEO has explained the management of the company and shared the management performance with employees through the internal media of video magazines published altogether six times in 2009. The team leaders and the team members had discussions about topics suggested by the video magazine and they shared opinions through the intranet. Besides this, the employees receive news about the company through the intranet and the email service, and the CEO sent the messages directly regarding investment and other important matters. These communication efforts strengthened mutual trust and established the foundation for the company's development.

Implemented communication program for establishing new visions

Yuhan-Kimberly implemented a future design together with the CEO, which is a communication program where the President & CEO, Choe, KyooBok, met with the employees at the stage prior to establishing visions for sustainable growth in celebration of the 40th anniversary of the company's foundation in 2010. Also, the opinions of the employees were listened to through an in-depth interview method, which were utilized as the basic data of survey results for all employees (April 13 - May, June, 2010, a total of 124 employees). These results were reported to the management two times, and they are utilized as the data for establishing visions.

Held regular dialogue between the management and the labor to seek a partnership relationship

Yuhan-Kimberly's labor union (established on May 3, 1994 and currently headed by Jo, WonGab) belongs to the national chemical industries of the Federation of Korean Trade Unions and there are the labor union's headquarters (Kimcheon) and four other branches (Kimcheon, Gunpo, Gwangju, Taejon). The labor union operates the central labor-management council and the mill labor-management council, and there are workshops related to management held by the labor union's executives and the management twice a year in the spring and winter. The labor-management relation had a win-win relationship based on trust for the past thirteen years (1997 - 2009) without any labor disputes, and they are showing an exemplary partnership relationship. In the case of the labor-management relation in Taejon mill, there is a team for achieving common goals (six teams, including safety, quality, mill innovation, welfare, service, and cost innovation) that organizes teams to execute common goals through joint training for labor-management executives held every year, and the outstanding team is encouraged to achieve the goals by providing incentives.

Listened to complaints

Yuhan-Kimberly listens to complaints through the appointment of a complaint management person (one each from labor and management), the operation of consultation, the management of the labor union's homepage, and the dialogue with the labor branch's presidents. The results of the consultation need to be referred back to the person who filed the complaint within ten days as a principle. The number of complaints that were received in 2009 is a total of 41 cases, which included the establishment of an exclusive parking lot for pregnant women and for bicycles. As a result of these efforts, the number of cases where unfair labor action was reported was zero for the past eight years.

Vitalized the employees' opinion surveys

Yuhan-Kimberly has held the surveys listed below to listen to the diverse requests of the employees.

- Code of conduct survey (Dec., 2009)
- Employee satisfaction survey on Anyang mill's job training (July/Dec., 2009), Survey on safety consciousness and health management (Dec., 2009)
- Stakeholder survey on sustainability report (Mar., 2010)
- Survey on the Kimcheon mill's restaurant service and the establishment of vacation spots for summer vacation (April, 2010)

AGENDA 2

Developing Sustainable Products

How can Yuhan-Kimberly achieve realizing the 'core values of sustainability'?

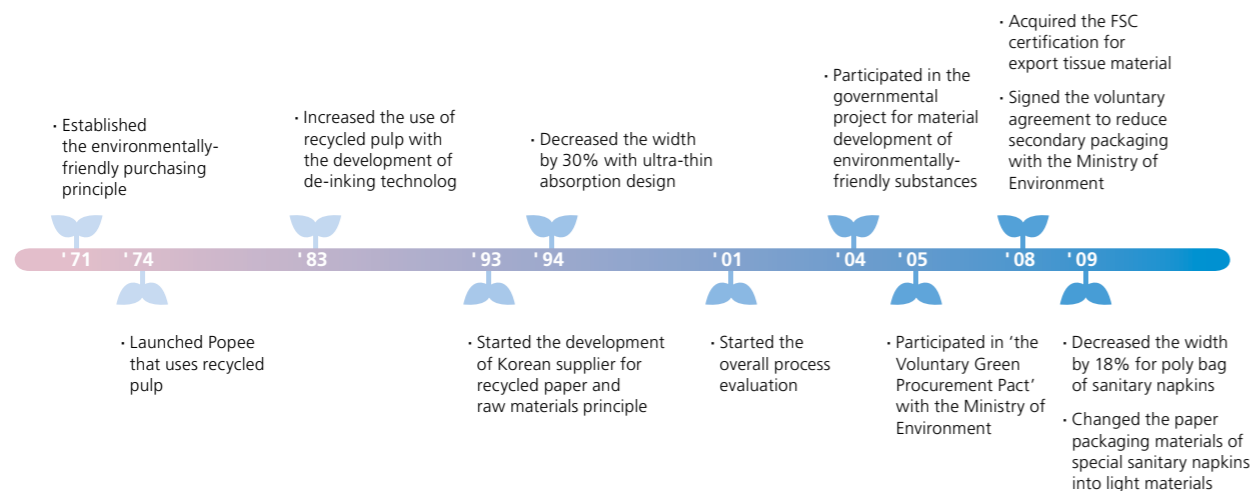
| Sustainability meeting with the R&D and marketing leaders

A company grows together with the society. Products are not simply made to be sold, but they are the results of endless dialogue that identifies and reflects the values wanted by the consumers and the requests of the society. The leaders that develop products and identify the customer's requests gathered together to talk about the values that Yuhan-Kimberly needs to provide to the customers in order to become a sustainable company.



Participants 1. **Kim, SungHoon** Director, Family Care Business 2. **Kim, HaeSook** Director (Facilitator), Corporate Communications
3. **Kim, HyungByum** Senior Manager, R&D of Feminine and Adult Care Business 4. **Yun, Taell** Senior Manager, R&D of B2B Business
5. **Chang, YangSoon** Director, Marketing research 6. **Chin, JaeSeung** Director, R&D of Baby and Child Care Business

History of the development of sustainable products



ISSUE 1

Let's evaluate the efforts or standards that Yuhan-Kimberly has made in providing sustainable values through the products.

Facilitator Thank you for participating in today's meeting. You are the leaders for R&D of products and we would like to hear what values Yuhan-Kimberly's products provides to the customers and what values you think are needed to become a sustainable company. First, I would like to look back on whether or not Yuhan-Kimberly is too slow in providing sustainable values through its products. What do you think about this?

Kim, SungHoon Director Our society asks us to make changes rapidly instead of making improvements. For example, we were praised for meeting the standards for environmental hormones in the past, but now we have to be innovative to have an 'almost zero' standard, which means that we can't fall behind on those areas.

Yun, Taell Senior Manager If it seems like we are slow, it could be because of the corporate culture. We spend a lot of time on consumer surveys or product development to be cautious and also it takes a long time for us to change something after the product is launched.

Chang, YangSoon Director Yuhan-Kimberly's diapers and sanitary pads were able to achieve continuous development, because we continued to develop products to meet the needs of the consumers, but also there were areas where the needs of the consumers didn't change quickly. Recently, if you look at diapers, mothers are getting their information through the internet since they have little experience with child birth, which has changed the needs quickly and it is necessary for us to respond to the needs more quickly.

Chin, JaeSeung Director I think the company needs two things. One is to be fast and the other is to be slow. I think it is obvious that the company should respond fast to the needs that changes quickly. For example, if the consumers might have wanted soft colors until now, but it is necessary to respond promptly when the consumers want brighter colors or products. However, the philosophy and values of the company should remain the same.

ISSUE 2

What are the consumer's perceptions on sustainable products?

Facilitator What do you think are the consumer's perceptions on sustainable products? As we become more sensitive about environmental pollution or safety, the consumers are interested on what has been taken out instead of what good things have been added. Don't you think that consumers prefer advertisements that promote products with no coloring or chemical substances? What do you think about this?

Yun, Taell Senior Manager Of course, we are playing the game of removal. For example, when making the deodorant that will be launched, we didn't add any chemical substances made artificially. If there are substances that are included, we use natural substances and we removed other things so that we can say that it is 100% natural. All business units are making the effort to change to natural substances and if there are harmful substances, they are removed so that there are no controversies.

Kim, SungHoon Director We are not just removing things, but shouldn't we remove anything that is unnecessary or harmful to us? From my view, the biggest part is the chemical substances. We put in chemical substances, but they are functional substances that are good to humans and it would be even better if they are natural.

Kim, HyungByum Senior Manager There is talk that the chemical substances we use are not environmental, but it doesn't measure the huge effect that this technology has made in reducing pulps. I think the focus is on only one thing. It is like we don't know what kind of artificial sweetener is included in diet coke when we drink it. There might be no sugar, but it could be traded with another thing.




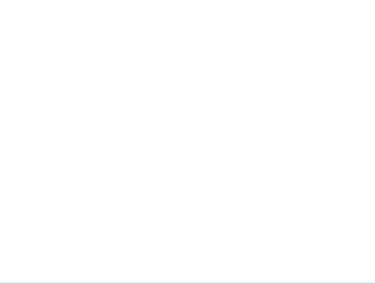



Chang, YangSoon Director I carried out numerous surveys while developing environmentally-friendly diapers, and consumers were very favorable to things that were helpful to their health or their family's health. Most of them didn't go as far as to be interested in preserving the future environment and passing down a clean earth. The consumers were interested on how this diaper is really soft and how it would be really good for the babies.

ISSUE 3 Is our core value changing?

Facilitator Recently Yuhan-Kimberly has entered into many new businesses. In relation to this, do you think we need to change the core values that we seek?

Kim, HyungByum Senior Manager When you think about how the consumers are using sanitary pads made by Yuhan-Kimberly when they can use the ones made from fabrics, I think the biggest value has to be convenience. If you take it a step further, it is comfort. I think we shouldn't harm how we improve the quality of life for consumers and the convenience that removes the scent and improves the absorption. I think it is necessary to think about how we are going to improve the quality of life for our consumers.

Sustainable products

						
Being Implemented since 1986	Launched in 2008	Between 2008 ~ 2010	Launched in 2009	Since 2009	Being implemented in 2010	Launched in 2010
<ul style="list-style-type: none"> Huggies Diaper <p>The absorption function has been strengthened while the weight of the diapers has been decreased, which has reduced the use and waste of raw materials. Especially, the development of absorption technology in 1986 and the ultra-thin design in 1994 has decreased the width by 30% compared to existing diapers.</p>	<ul style="list-style-type: none"> Huggies NatureMade <p>Environmentally-friendly diapers. The inside covers were made from corn starches, and they are made to be naturally environmentally-friendly by adding lotions with phytoncide substances.</p>	<ul style="list-style-type: none"> Green Mileage packaging <p>In 2008, secondary packaging was banned and additional discount benefit was included in primary packaging. The sales of relevant products increased in the 4th quarter of 2009 due to the 18% decrease of the thickness of the poly bag (55gsm → 45gsm), the change of packaging materials (paper 120g → plastic 9g), and continuous advertisement.</p>	<ul style="list-style-type: none"> Kleenex Eco-friendly <p>'Kleenex Eco-friendly' is a product that minimizes printing by using packaging made from recyclable materials and one-color design.</p>	<ul style="list-style-type: none"> Popee Carbon Cash Bag <p>When you buy Popee (3-layered Deco Plus, Popee Plus, 3-layered tissue), you get carbon points, which can be used as cash at allied merchants.</p>	<ul style="list-style-type: none"> Implementing Carbon Labeling <p>Yuhan-Kimberly attaches green house emission information on products in the form of carbon labeling with the purpose of securing carbon transparency and encouraging low-carbon green consumption from the consumers. The carbon labeling certification is being implemented with the goal of certification in Dec., 2010. The products included in the certification are Huggies Gold, Magic Panty, Nature-Made, and babies' wet tissues and lotions.</p>	<ul style="list-style-type: none"> Huggies Softcare Babies' Wet Tissue <p>By using natural pulp, only about one third of the water was used in the manufacturing process compared to the general wet tissue, which uses spun lace fabric, to reduce the soil and air pollution.</p>

Chang, YangSoon Director If providing health for the consumers is the basic core value, another core value would be the happiness that we bring. Until now, we started from sanitation and tried to bring happiness through health. Skincare seeks happiness through healthy skin. For example, if atopic dermatitis becomes a serious social problem, the mother feels satisfaction only when the baby's skin is in a comfortable and good state. I think we need to continue to maintain our core value of protecting the health from infection and bringing health and happiness through our products.

ISSUE 4 How do you resolve problems that arise from conflicting with the values?

Facilitator What kind of efforts does Yuhan-Kimberly make when the customers' values conflict with our values?

Kim, SungHoon Director In the past, we provided value by making tissue products, but now the world is interested in how we can use less raw material. Therefore, we need to develop products that use less raw material by improving its values. For example, there might have been 2% air in 20 grams of tissue in the past, but now they are made to be 10% more air bubbles so that they feel softer to the consumers and the actual weights are reduced.

Yun, Taell Senior Manager For example, the use of wood is reduced and more recyclable textile is used, which can reduce the absorption and strength that meet the consumer's request compared to using natural pulp. However, we are able to make up the balance by developing products that can increase the absorption by increasing the layers.

Kim, HyungByum Senior Manager There are consumers who prefer non-woven cloth covers, while there are those who prefer film covers. The trend is leaning towards non-woven cloth, but we are faced with a challenge because there are still no technologies that can integrate both the advantages. Therefore, as a secondary option, we are developing dual-cover products that utilize both advantages.

Chin, JeaSeung Director If we got rid of the products that we are developing because they were not immediately made into products and only focused on the ones that are made into products, then the success rate of our products will have decreased. For example, if we got rid of environmentally-friendly materials from the beginning because of their prices, then we wouldn't have been able to launch Huggies NatureMade diapers made from environmentally-friendly materials.

Chang, YangSoon Director Consumers are very objective. If we believe ourselves to be Korea's No.1 company and if we think that we can do anything right now, we could end up having the consumers turn their backs on us, which is why we need to pay more attention to the consumers and make the effort to improve.

Facilitator Thank you.

The above contents are summaries of the meeting held at the Blue Ocean Room on the 17th floor of the company headquarters on March 17, 2010.

AGENDA 3

Responding to Market Changes

What efforts are made to respond to market changes?

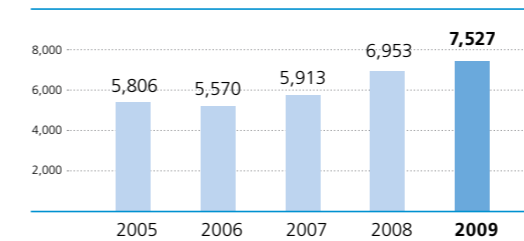
Yuhan-Kimberly is identifying the needs and requests of customers quickly, and based on this, we are creating new opportunities through continuous innovation and creation of products and technologies.

R&D Market Survey to Respond to Market Changes

Strengthening R&D on products to enter into new markets

Yuhan-Kimberly has invested about KRW 7.5 billion in research and development in 2009 for product and technology innovation. This is an increase of 8.2% compared to the previous year. This is because there has been new R&D product development and research compared to the previous year as a result of the entry into the skincare market in 2009.

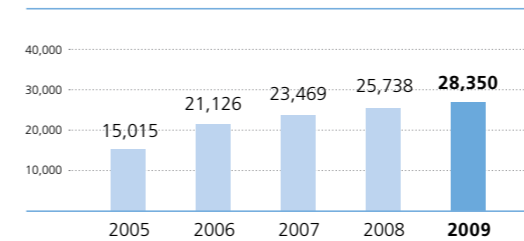
Trend of R&D investment (Unit : million won)



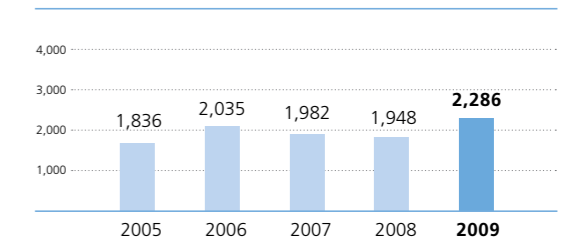
Carry out customer survey for product innovation

Yuhan-Kimberly carried out 134 surveys in 2009 with a total of 28,305 people participating to reflect the requests of the consumers in product development. Among them, the opinions of a total of 11,040 consumers were included in 49 projects for studying new businesses and overseas markets that might be a growth engine for the company. The survey cost was KRW 22.86 million in 2009, and the ratio of the customer survey cost was 78.6% for existing business, 11.0% for new business, and 10.6% for the overseas market.

Customers who participated in the survey for product innovation (Unit : person)



Cost for identifying the needs of the consumers (Unit : million won)



Entry and expansion for new businesses and new markets

DoubleHeart

DoubleHeart entered into the baby accessory market to become a comprehensive childcare company

Yuhan-Kimberly has agreed to a strategic alliance with Japan's Pigeon Corporation to create a new brand 'Double Heart', which entered into the childcare product market in March, 2010. The major products are characterized by an ergonomic design that considers the different stages of child development. The products include nursing products (feeding bottles, nursing pads, etc.), baby home healthcare products (nail scissors, nose run inhaler, etc.), products that help with child growth (teeth development device, pacifiers, etc.), and child birth products (massage creams for pregnant women, etc.). We are trying to take this opportunity to expand our position in the domestic market by becoming a comprehensive childcare product company and entering into the overseas market in the future. The brand 'DoubleHeart' has the meaning of the baby's closeness and warm love with the hearts of the mother and the baby combined as one.



Maybreeze™

Maybreeze™ entered into the women's skincare market for the first time since the company's foundation

Yuhan-Kimberly entered into the women's skincare market in October, 2009 for the first time since its foundation to secure its growth engine. The brand name of the new women's skincare business is called 'Maybreeze'. It was launched after two years of R&D based on vegetable raw materials and hypo-allergenic materials. Especially, 'Natural Vital Plex™', which we have applied for a patent, has been developed for the skin of Korean women, and it has no sticky feeling and excellent moisture made from vegetable raw materials.



Jackson Safety

Jackson Safety entered into the safety protection product market used on the industrial sites

Yuhan-Kimberly entered into the safety product business in May, 2010 to safely protect workers from industrial accidents. The brand name is Jackson Safety. Through this, we hope to become a company that sells not only industrial sanitation products, but also products like safety products. We plan to launch diverse safety products of more than 80 types by the end of 2010.



Kimcare

Launched the hand sterilizer named 'Kimcare' to prevent diseases

Yuhan-Kimberly launched the premium gel type hand sterilizer 'Kimcare' in March, 2009 that can remove 99.9% of major germs, which are the cause of various diseases and infections, by sterilizing the hands without any soap. As there is an increasing interest on personal hygiene, we have been preparing for the development of this product in 2008 to reflect the trend, and it is meaningful that we were a step ahead in dealing with the new influenza epidemic that broke out in the second half of 2009. Yuhan-Kimberly will continue to develop products that protect the sanitation and safety of individuals.

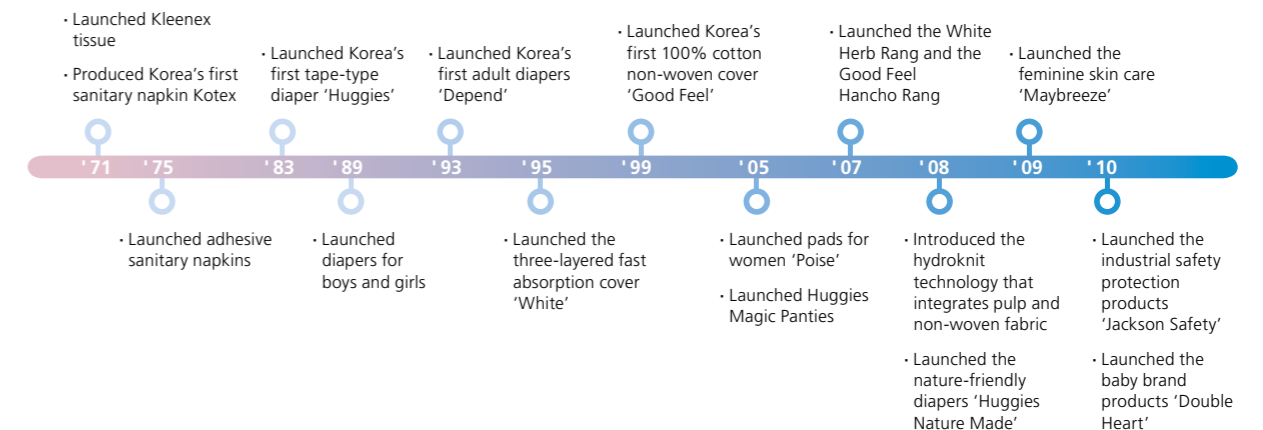


Medical Device

Expanded into the market for medical devices in hospitals

Yuhan-Kimberly began the medical device business in October, 2009. Until now, we have mainly dealt with hospital products like surgical drapes and gowns, which were disposable, but we will expand the business further. In December, 2009, we launched the internal feeding tube as the first product, which can safely supply food and nutrients to patients.

History of the development of Yuhan-Kimberly's new products and new technologies



Entry and expansion for export market

Export accounts for 15.5% of total sales

Yuhan-Kimberly's export in 2009 accounted for about 15.5% (176.2 billion won) out of total sales. Among exporting countries, we helped with sales in the Japanese and Mongolian regions and developed the market together with the local employees by sharing their KPI, which led to the growth of 70% and 60% for each region, respectively, compared to the previous year. Also, instead of going through the customs house every quarter for the number of export inventories, the SKU rationalization and the return of tariffs, we introduced an export system which we can handle directly every month to increase the net profit. Also, in order to strengthen our trade competitiveness, we are aiming to acquire the Authorized Economic Operator (AEO) certification on logistical audit system in the second half of 2010.

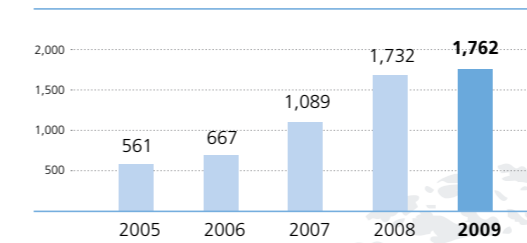
Status of participation in major national projects (Unit : Number of Countries)

Item	Diaper	Pants	Sanitary Napkin	Wet Wipes	Family Care Product	Non-woven	Healthcare Product	DTP	Hygiene Pad, Raw and Subsidiary Materials
Number of Exporting Countries	12	4	24	5	4	14	2	6	23
Overall Exporting Countries(53)	South Africa, Taiwan, Russia, Lebanon, Malaysia, Mexico, Morocco, Mauritius, Maldives, Mongolia, USA, Venezuela, Vietnam, Bolivia, Brazil, Saudi Arabia, Senegal, Singapore, Argentina, Angola, Ecuador, U.K., Jordan, Ukraine, Israel, Italy, Egypt, Indonesia, India, Japan, China, Chile, Costa Rica, Columbia, Kenya, Thailand, Turkey, Peru, Philippine, Australia, Hong Kong, Switzerland, Kazakhstan, Azerbaijan, Georgia, Armenia, Uzbekistan, Turkmenistan, Tadjhikistan, Kyrgyzstan, Tanzania, New Zealand, Bahrain								

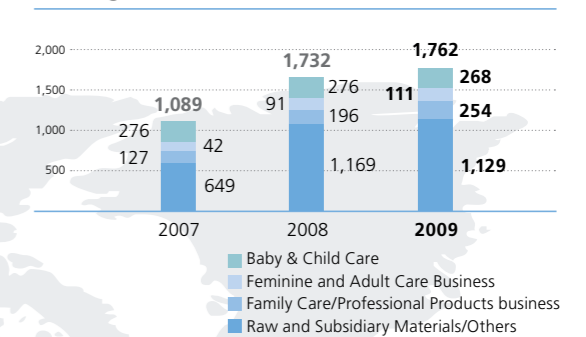
Major exporting regions are in the order of China, the Middle East and Russia

Yuhan-Kimberly's diapers and sanitary napkins are exported to a total of 53 countries (52 countries in 2008, started to export to Tanzania in 2009). The major exporting regions are China, the Middle East and Russia; and these three regions take up 87% of the total export. This is because the market share of the existing export goods increased and led to an increase in sales. The major export goods consists of finished products (diapers, sanitary napkins, baby wet wipes, B2B products, and hospital products) and raw materials (non-woven and tissue fabric, diaper material, etc.). The largest portion of export is diapers (63.8%) and sanitary napkins (13.8%). The export of sanitary napkins increased about 26% compared to the previous year.


Export Volume (Unit : 100 million won)



Proportion Change Trend of Categories (Unit : 100 million won)

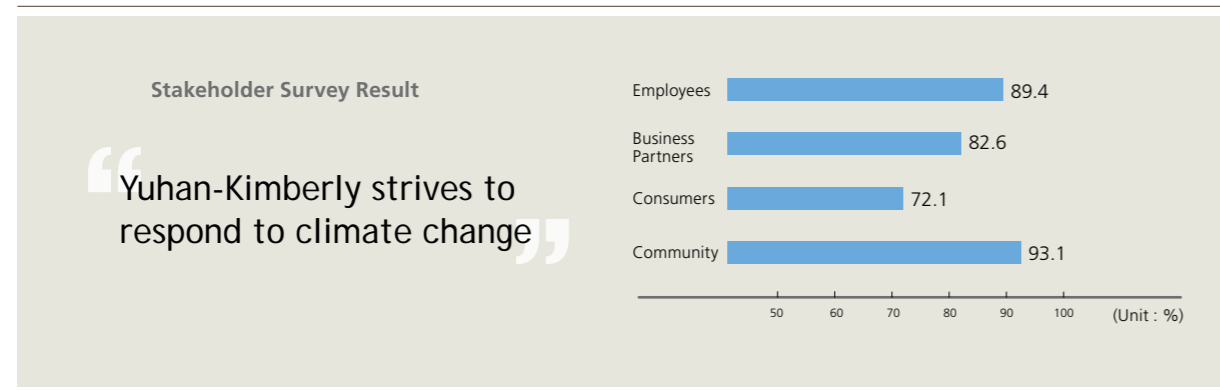


AGENDA 4

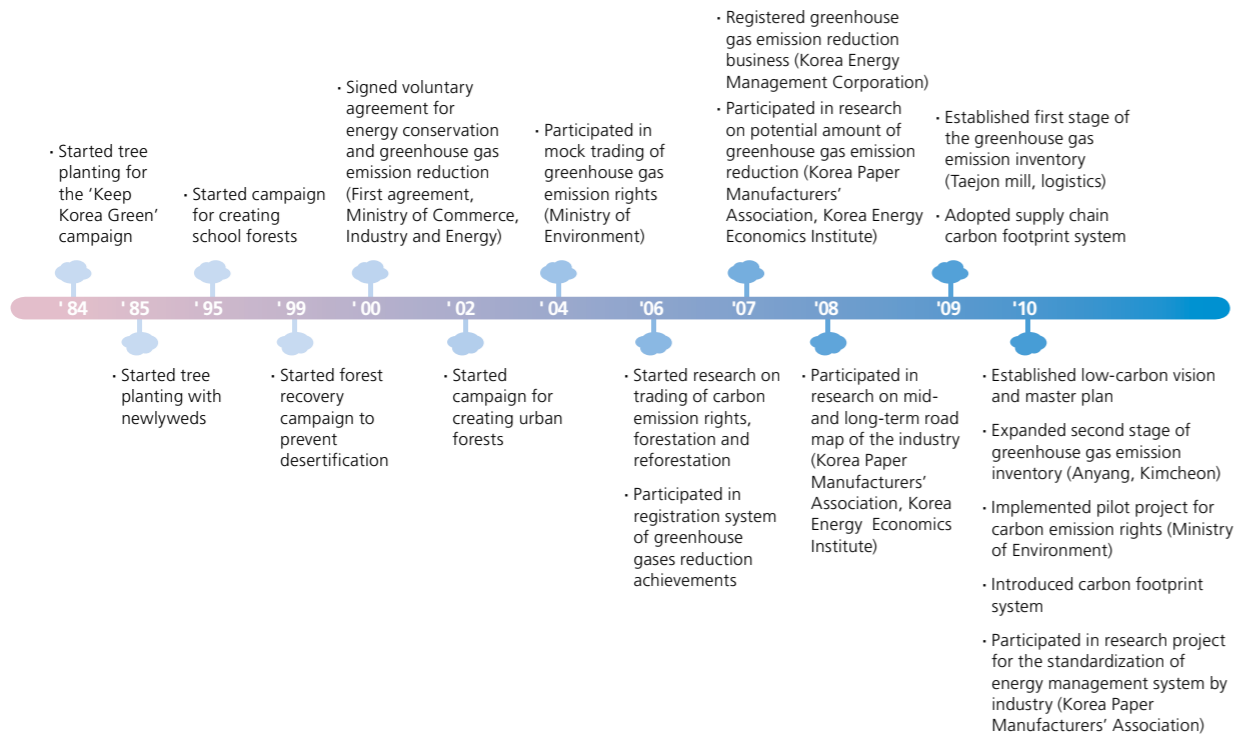
Responding to Climate Change  2010 Material Issues

How are we dealing with climate change?

In order to deal with respond to climate change, it is important to produce high value-added products by clearly analyzing and measuring greenhouse gas emissions and reducing energy consumption through improving the facilities. Also, besides changing production structure into a low energy consumption type, it is necessary to make efforts to plant trees and reduce carbon emissions.



Efforts to reduce greenhouse gases



Efforts to reduce greenhouse gases



Efforts to reduce greenhouse gases from the product design stage

Aiming to acquire the carbon labeling certification in 2010

Yuhan-Kimberly will share its greenhouse gas emission data on products to make everything transparent. We are analyzing the emission amount (carbon footprints) of our manufacturing mill with the raw material companies to acquire the carbon labeling certification in 2010 (Sep., 2009 - Dec., 2010). The products subject to carbon labeling certification are Huggies Gold diapers, Huggies Magic Pants, Huggies Nature Made, Huggies Babies wet wipes and lotions. We will strive to reduce carbon emission by expanding the certified products in the future.

Reduction efforts through life cycle assessment (LCA)

We are reviewing from the product design stage and also carrying out the LCA (Life Cycle Assessment) for efficient reduction. We will strive to make reasonable reductions by reviewing the environmental impact.

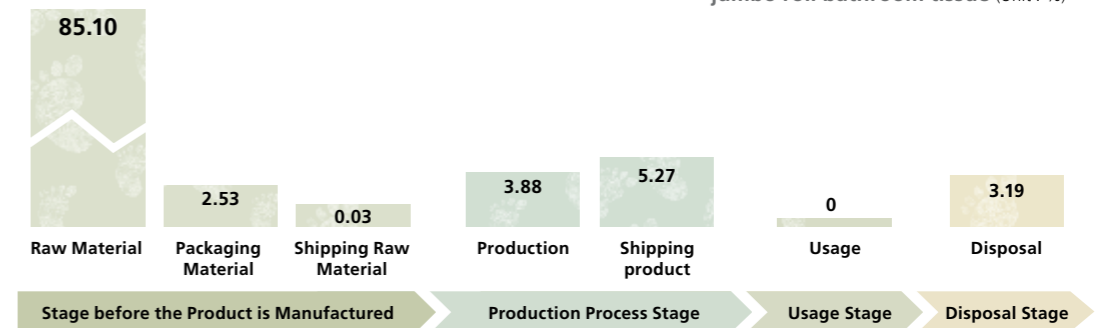
Life cycle assessment by year (2001~2008)

Year	Item	Yuhan-Kimberly's reduction efforts for LCA
2001	Tissue LCA	Strengthened purchasing policy from imported recycled paper to domestic recycled paper to reduce the environmental load during the transportation process.
2003	DTP LCA	Proposed objective environmental-friendly policy by comparing existing dyeing method with digital dyeing method.
2003	Diaper LCA	Moved and expanded Yuhan-Kimberly's environmental management methods and clean production technology to suppliers.
2007	Environmentally-friendly diaper LCA	Proved environmental improvement of nature-friendly diapers compared to existing diapers in numbers. Based on this, the new product 'Huggies Nature Made' was launched.
2008	Sanitary napkin LCA	Through comparison analysis between the existing sanitary napkins and eco-design sanitary napkins, the development strategy for sanitary napkins was established. The results will be reflected when developing the environmentally-friendly panty liner in the future.

Tip Assessment for the carbon labeling certification of jumbo roll bathroom tissue

Yuhan-Kimberly is implementing the assessment for carbon results starting with the jumbo roll bathroom tissue to achieve carbon labeling certification in 2010. The carbon emission of one box of 500m jumbo roll bathroom tissue is 87.66%, which is emitted in the stage before the product is manufactured. Among them, the manufacturing process of bathroom tissue material had the highest emission amount (17.65kg, 85.10%), and the energy consumption amount in the material manufacturing process was 17.5kg, which accounted for 84.4% of total emission. For your reference, the carbon footprint of the product refers to the carbon dioxide emission of the total amount of greenhouse gas emission that is generated directly and indirectly from the life cycle of the product.

The ratio of carbon dioxide emitted on each stage for jumbo roll bathroom tissue (Unit : %)



Product design

Process efficiency

Low-carbon supply chain

Reduction activities through process efficiency

Establishing greenhouse gas inventory

Yuhan-Kimberly is establishing a greenhouse gas inventory¹⁾ system for the Taejon mill and the logistical area in 2009 as part of the basic stage to calculate and certify the greenhouse gas emission more clearly (May-October, 2009). The data collection period was between 2005 and 2008, and the period for calculating the annual emission amount was from January 1 to December 31. Through this, Yuhan-Kimberly plans to investigate the opportunities to reduce greenhouse gases and decide on the proper reduction goals and priorities. Also, we will establish a foundation for trading emission rights and participating in greenhouse gas programs as well as providing opportunities to respond to requests from the stakeholders asking for more information. Also, we will establish the greenhouse gas inventories for all work sites in 2010.

CO₂ Emission Intensity (Unit : CO₂ ton/Product)

Classification		2005	2006	2007	2008	2009
Taejon Mill	Total Emission (tCO ₂ e)	26,854	27,737	32,415	37,354	34,399
	CO ₂ Emission Intensity (CO ₂ ton/product)	0.533	0.540	0.470	0.464	0.434
Logistics	Direct-indirect Emission (tCO ₂ e)	262	260	291	403	385
	Shipping Emission (tCO ₂ e)	9,399	9,885	9,721	9,554	9,885

Logistics covers distribution centers under direct management

Seek future initiatives for reducing environmental impact in logistical area

Yuhan-Kimberly reassessed the reduction of environmental impact in logistical area to come up with future initiatives (May - Dec., 2009)

Classification	Existing major activities	New initiatives and activities
Green Alliance	Cooperative activities with teams related to sustainability Vision Alignment, Sustainability Report	Environmental monitoring on logistical policies Monitor and share monthly/quarterly data Strengthen cooperation with logistical division of business partners Seek ways to transport together with large-sized distribution companies
Green Competence	Greenhouse gas reduction efforts Eco-driving campaign for drivers, gas reduction device and cleaning, CVO, large vehicles, on-site release, no return agreement, waste management, participation in developing LNG/CNG vehicles, etc.	Greenhouse gas reduction efforts Hi-pass, electronic documentation of delivery orders, installation of fuel reduction devices, environmental volunteer works
	Energy reduction efforts Use electric heater and fans, reduce lighting, natural lighting, bicycle riding, participation in car pools	Energy reduction efforts Use reduction devices
Green Partnership	Environmentally-friendly logistical materials Use recyclable products (copying paper, wrapping materials, toner, gloves, uniforms, name cards, etc.), individual cups, environmentally-friendly paints, first priority of purchasing energy efficiency grade 1 products	Strengthen win-win relationship with large logistic companies / transportation companies Make improvement through joint development of diagrams, develop joint transportations, share Yuhan-Kimberly's program, review eco-tires. Establish environmentally-friendly distribution center LED, dimming of warehouse lighting, toilets that do not use water, installation of photocells, green outside walls, power conservation during nighttime, bicycle parking spaces, use of reduction devices, and lighting collectors

¹⁾ Green House Gas Inventory: A greenhouse gas statistics system that collects, records, calculates and manages the emission and absorption

Initiatives and achievements of greenhouse gas reduction

– Registration and implementation of greenhouse gas emission reduction projects

Yuhan-Kimberly's Kimcheon Mill set an example for eco-efficiency by making a sales profit of about 63 million won for purchase according to the government's greenhouse gas reduction guidelines, because the amount of greenhouse gases that has been reduced in 2009 was 12,662 ton CO₂-eq. This is the result of the Kimcheon Mill implementing a boiler fuel replacement project (The Kimcheon Mill submitted the business plan in November 2006, B/A LNG) and the machinery burner fuel replacement project (submitted the business plan in 2007, light oil LNG) as part of its greenhouse gas reduction project, and received the government's certification in 2008 for both of them. The Kimcheon Mill is expected to be evaluated and generate profits every year from the government as it has registered for the 5-year greenhouse gas reduction project until 2012.

Taejon Mill participated in the trading of carbon emission rights

Yuhan-Kimberly's Taejon mill established the greenhouse gas inventory by quantifying the emission amounts by the source of emission for greenhouse gases to participate in the pilot project on trading of carbon emission rights (2010-2012, hosted by the Ministry of Environment). The participants included local authorities, the council of the environmental-friendly companies, and the Korea Chain Stores Association. For your reference, the trading of carbon emission rights provides the standard emission amounts for greenhouse gases by work site (standard emission for Taejon mill: 28,804 ton CO₂/year), and you can buy or sell the greenhouse gas emission rights in the trading market for the amount you have exceeded or saved based on the standard.

Reduced greenhouse gases by 16% (Compared to 2005)

Yuhan-Kimberly reduced the CO₂ emission generated from producing one ton of product by about 16% in 2009 (compared to 2005), but the total CO₂ emission amount has increased by about 24 million tons compared to the previous year. This is because new towel manufacturing machines have been installed in the Kimcheon mill to increase total production. For your reference, the major direct source of greenhouse gas emission for Yuhan-Kimberly is combusted LNG and the indirect source of emission is the electricity and steam purchased from outside.

CO₂ Emission Intensity (Unit : tCO₂/Product ton)

Classification	2005	2005	2005	2005	2005
Gunpo Mill	0.704	0.688	0.682	0.670	0.626
Kimcheon Mill	1.119	0.986	0.984	0.983	1.075
Taejon Mill	0.542	0.527	0.441	0.431	0.402
Total	0.879	0.800	0.742	0.720	0.741

Total emission of CO₂ (Unit : Thousand tCO₂-eq/Year)

Classification	2005	2006	2007	2008	2009
Direct Source of Emission	68,541	58,545	53,922	53,763	49,087
Indirect Source of Emission	99,257	97,801	101,538	107,454	114,540
Total	167,798	156,346	155,461	161,217	163,627

Carbon Dioxide emission from electricity usage TC (Ton C) – Used 0.424 tCO₂(ton CO₂)/Mwh calculated by the Korea Energy Economics Institute in 2005
Some previous date has been revised due to standardized data collection in each business site.



Seek low-carbon supply chain system

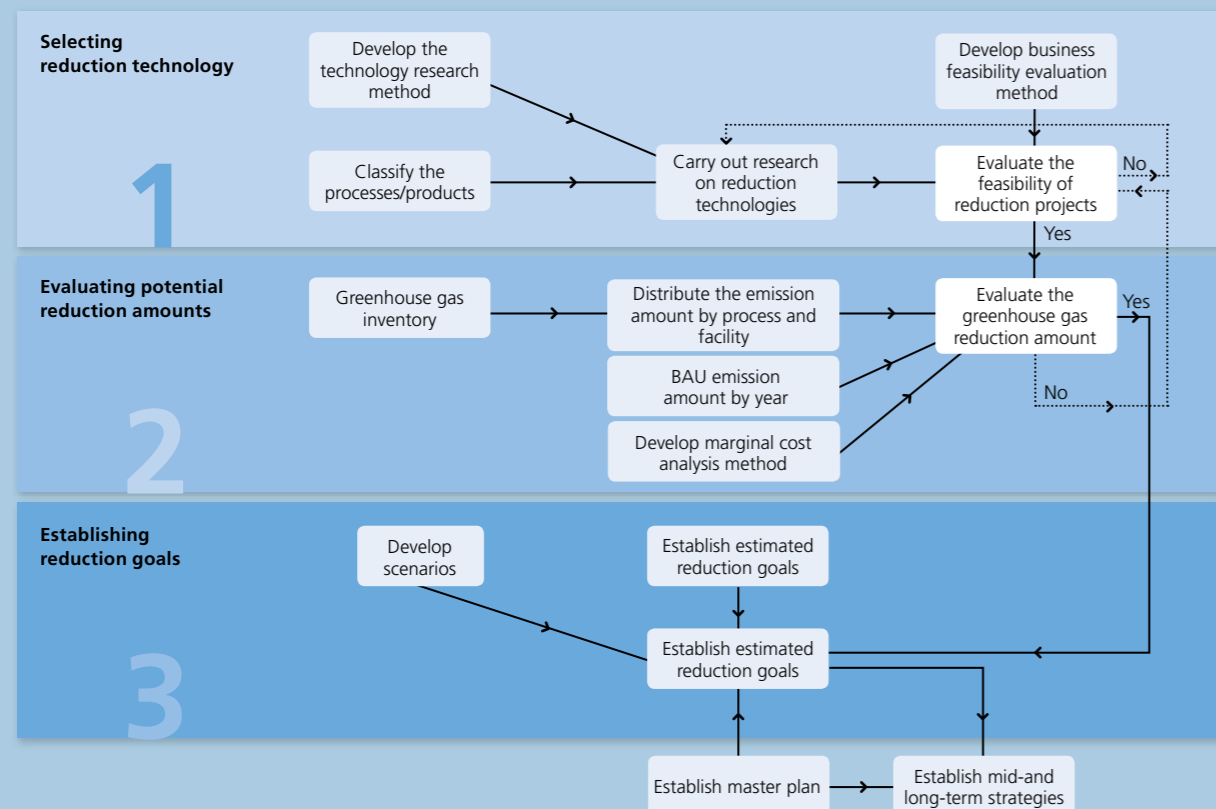
Yuhan-Kimberly participated in the low-carbon green consumption campaign with the retailers

Yuhan-Kimberly participated in the low-carbon green consumption campaign (Oct. 8-14, 2009) to provide Popee and green mileage sanitary napkins that are applied with carbon cash back for a 15% discount. This is carried out by the retail company Homeplus at 112 branches, and it was provided with the objective to provide benefits of environmentally-friendly consumption and expand the green consumption culture.

Expansion of Supply Chain Carbon Management

Yuhan-Kimberly implemented the Supply Chain Environmental Management (SCEM, 2003-2006) with the National Clean Production Support Center under the Ministry of Knowledge Economy to build a foundation of a supply chain for environmental management. Based on this, we plan to establish a project on supply chain low-carbon management system with 17 business partners. This will minimize the risk factors of carbon emission while spreading management activities that seek environmental sustainability and profitability at the same time through economic opportunities. In the first year, the analysis and improvement of energy, the establishment of greenhouse gas inventories, the reduction of greenhouse gases in logistics, the establishment of low-carbon management systems and the evaluation of potential greenhouse gas reduction were implemented. We also plan to carry out the initiatives of carbon performance indication system and SME-type low-carbon master plan. For your reference, Yuhan-Kimberly showed that a great deal of carbon emission produced in raw materials and packaging.

Besides this, we have established the process to collect and select reduction technology information, which allows selecting the applicable domestic and overseas reduction technology and select voluntary reduction goals to ensure continuous management.



Case Study

Yuhan-Kimberly's STOP CO₂ Campaign through the 'Keep Korea Green' advertisement (2002-2010)

Tree is a Carbon Storage!

Introduction of best way to reduce CO₂, the main cause of global warming



'Tree is a carbon storage' episode

In 2002, the advertisement had the theme that the forests had the ability to store CO₂ and can allow humans to breathe.

2002 is the year when Korea ratified the Kyoto Protocol and there was widespread interest on CO₂ in the society, but the recognition level wasn't that high. This advertisement suggests how trees have the effect of absorbing carbon dioxide.

'Tree is a carbon storage' episode

After the Kyoto Protocol came into effect in 2005, there has been a world-wide effort to reduce carbon dioxide. Yuhan-Kimberly emphasizes the importance of forests in reducing CO₂ since our forests are a huge absorber of carbons with 72 million tons per year.



'Green methods to reduce CO₂' episode

After the launch of the Kyoto system in 2008, the greenhouse gas reduction will be implemented for the next five years from 2008 to 2012 according to the Kyoto Protocol. This advertisement let the public realize the seriousness of climate change by showing the changes that might occur in our daily lives, which have a huge impact on actually disturbing the ecosystem, but which isn't easy to determine.

'Reasons why we are thankful to forests' episode

After the Copenhagen UN Climate Change Conference 2009, there are world-wide efforts made to curb climate change. We recognized the importance of tree planting and the seriousness of climate change by establishing how many of trees need to be planted to offset the amount of CO₂ discharged in our daily lives.



'Tree is a carbon storage' episode

After the enforcement of the basic act on low-carbon green growth in 2010, the reduction goal for greenhouse gas emission has been set at 30% until 2020.

We can emphasize the importance of tree planting by closely linking the fact that trees absorb the carbons that we discharge in our daily lives.

Employees' voluntary participation in energy reduction

Participated in the event of no employee cars day

Yuhan-Kimberly's headquarters participated in Seoul government's no car day held on September 22, 2009 where about 84.3% of employees drive cars. We made voluntary participation in the campaign not to drive cars for one day in a year.

Continue Taejon employees' bicycle riding campaign

Yuhan-Kimberly's Taejon mill employees saved 118,154 km in 2009 through the campaigns of carpool system (started in 1998), bicycle riding campaign (started in 2005) and no driving on a day of week system (started in 2007).

Status of employees's bicycle riding and carpool in Taejon Mill

	Classification	Participants (Person)	Distance Saved (km)	Converted to Number of Tree
2006	Carpool	253	25,944	2,282
	Bicycle Riding	175	22,498	1,985
2007	Carpool	224	30,356	2,678
	Bicycle Riding	174	28,466	2,511
2008	Carpool	162	85,495	7,274
	Bicycle Riding	234	48,367	4,115
2009	Carpool	167	53,954	4,590
	Bicycle Riding	261	64,200	5,462



Economic Values

Report on Performance of Sustainable Management-Economic Performance

We would like to focus more on innovative and creative efforts to achieve sustainable growth.

Economic Performance DMA (Disclosure on Management Approach) Economic Value Creation and Effective Asset Management Management Index by Numbers Distributed Economic Values Innovative Management · Marketing&Sales · Logistics&Management · Work Process Creative Management · New Product Technology and New Business Development

Economic Value

Vision

To achieve economic performance foreseen in Vision 2015 (KRW 3 trillion in total), through the sustainable growth of the company

Policy

- Accelerate foreign market development
- Rationalize plants by adopting state-of-the-art technologies
- Maximize growth synergy through business integration
- Accelerate new business & market development through technology innovation
- Implement five management innovation initiatives (employee & management, process, system, organizational structure, market development)
- Execute Integrated management information

Organization

Finance & ITS, Baby & Child Care, Feminine & Adults Care, Family Care, New Products, B2B, Sales

Major Achievements

Based on the color of evaluation

● higher than evaluation standard Meeting the standards requiring more effort

Category	2009			2010	
	Achievements	Evaluation	Page	Goal	
Financial Performance	Net Sales (KRW 100 Mil)	11,340		49	11,400
	Net Profit Margin (%)	13.1		49	11
Investments (KRW 100 Mil.)	518		48	750	
Business	Proportion of export out of total sales 15.5%		36	Proportion of export out of total sales 15.4%	
	New business growth 22%	●	47	New business growth 43%	
	New business launch – Launching of Maybreeze		34	New business launch-Double Heart accessories for babies, Industrial safety products (Jackson Safety), skin care for teenagers	
Managerial Innovation	Executed the lean six-sigma pilot project for production innovation		54	Execute the lean six sigma pilot project for production innovation	
Transparency	Issued the 2009 Sustainability Report	●	-	Issue the 2010 Sustainability Report	

2010 Economic Performance Materiality Test

[IPS Materiality Test Model™]

Innovative management performance (Product R&D, work process innovation, logistics & management, marketing and sales innovation) and creative management performance (product & new technology, new business development) were identified as major issues.



Is 'Yuhan-Kimberly's financial position sound?

Economic Value Creation and Effective Asset Management

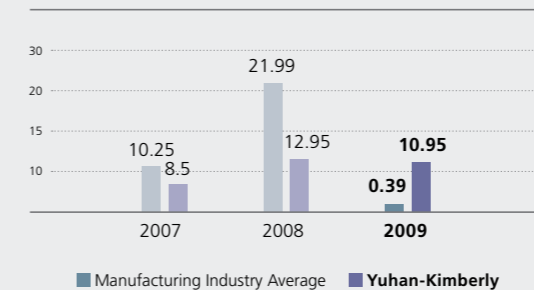
Achieved two-digit growth in sales in 2009

Despite the difficult business environment of 2009 caused by a sluggish domestic market, reduction in the baby and child market, aggravation from Japanese products' infiltration into the Korean market, and worsening of price competition, the results of a financial ratio analysis showed that our financial soundness is above the average of those in the same industry (large-sized companies) and manufacturing industries in general (large-sized companies).

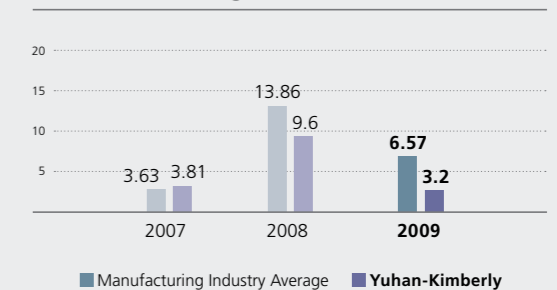
Growth

In 2009, Yuhan-Kimberly's sales grew by 10.95 % from the previous year and, with extraordinary profits created from the sell-off of a warehouse, our net income grew by 29.3% from the previous year. We grew in the existing domestic market through product sophistication, new product launch and cost-saving efforts, and also achieved 22% growth in new growth businesses, such as skin care for kids, wet wipes, kitchen towels, health care products, etc, through volume growth. In exports, we also achieved growth that is above the average of the manufacturing industry.

Growth Rate of Sales (Unit : %)



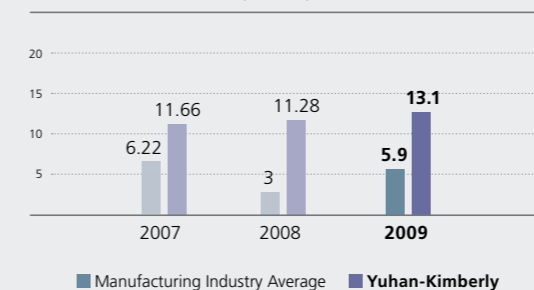
Growth Rate of Tangible Assets (Unit : %)



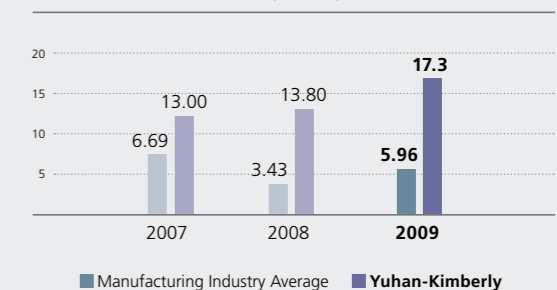
Profitability

Understanding the importance of cash in grasping continuous growth opportunities, Yuhan-Kimberly implemented cost-saving projects across the company. We also endeavored to save costs through production innovation, such as diaper productivity improvement. As a result, all of our profitability indexes stand above the averages of those in the same industry and manufacturing industries in general.

Net Income to Sales (Unit : %)



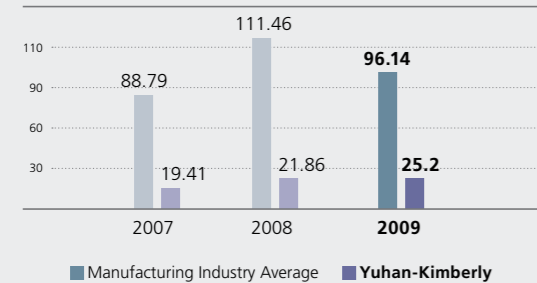
Return on Total Assets (Unit : %)



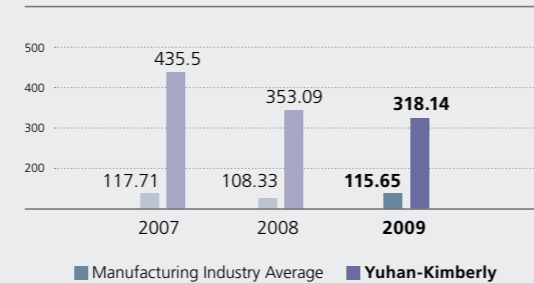
Stability

With a stable operating cash flow and unleveraged business, Yuhan-Kimberly is maintaining our current ratio, debt ratio, quick ratio, etc, at stable levels. Our debt ratio was on the rise in 2009, but our financial stability is higher than the average of manufacturing industries in general.

Debt Ratio (Unit : %)



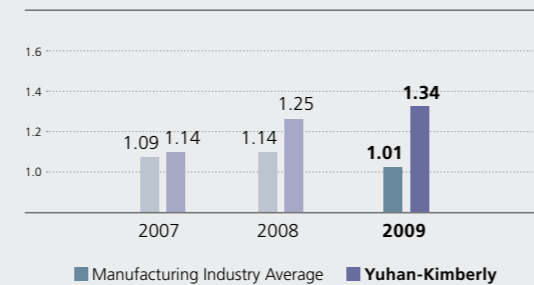
Current Ratio (Unit : %)



Activity

Yuhan-Kimberly's activity indexes, such as total assets turnover, receivables turnover, inventory turnover, and tangible assets turnover, all show sound performance. It means that our assets are effectively used for sales creation.

Total Assets Turnover (Unit : Number of times)



Cash Flow

Yuhan-Kimberly showed the soundness of allocating profits generated from operating activities back to investment and financial activities. In particular, our investment activity increased in 2009 with the construction of the Chungju mill.

Cash Flow (Unit : KRW 100 Million)

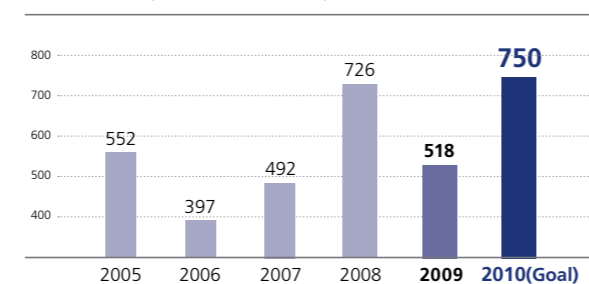
Category	2005	2006	2007	2008	2009
Operating Activities	95,458	161,632	133,861	133,218	225,682
Investing Activities*	(34,039)	(68,381)	(76,037)	(19,241)	(89,414)
Financing Activities	(56,000)	(50,380)	(70,000)	(110,000)	(145,000)
Cash, end of year	5,419	41,871	(12,176)	3,977	(8,732)

* Investment activities : Amount that subtracted the amount is distributed to stakeholders from sales. Rent, depreciation expenses, etc., are included. () refers to minus.

Continuous investment in facilities for future growth

In order to secure a foundation for long-term growth, Yuhan-Kimberly invested a total of KRW 51.8 billion in 2009 to increase exports. It included more production lines for diapers, installation and operation of machinery for the first-ever reusable paper towel fabric in Korea, and for the construction of the Chungju mill.

Investment (Unit : KRW 100 Million)



Management Index by Numbers

Balance sheets and Income Statements (Unit : KRW 100 million)

Category	2005	2006	2007	2008	2009	
Balance Sheet	Current Assets	4,282	4,831	4,984	4,793	4,965
	Non-current Assets	2,686	2,958	3,086	3,507	3,613
	Total Assets	6,968	7,789	8,070	8,300	8,579
	Current Liabilities	883	1,135	1,144	1,357	1,561
	Non-current Liabilities	303	251	168	132	166
	Total Liabilities	1,186	1,386	1,312	1,489	1,727
	Capital	2,000	2,000	2,000	2,000	2,000
	Capital Surplus	625	625	625	625	625
	Retained Earnings	3,157	3,778	4,133	4,186	4,227
	Total Stockholder's Equity	5,782	6,403	6,758	6,811	6,852
Total Liabilities & Stockholder's Equity	9,968	7,789	8,070	8,300	8,579	
Income Statement	Net Sales	7,743	8,340	9,050	10,221	11,340
	Cost of Goods Sold	4,863	5,272	5,612	6,350	7,102
	Gross Profit	2,880	3,068	3,438	3,871	4,238
	Selling and G/A Expenses	1,780	1,996	2,134	2,397	2,552
	Operating Profit	1,100	1,072	1,304	1,474	1,686
	Non Operating Income	147	245	209	442	457
	Non Operating Charges	44	67	64	304	211
	Income before Income Taxes	1,203	1,250	1,449	1,612	1,932
	Income Tax Provision	310	344	394	459	442
	Net Income	893	906	1,055	1,153	1,490

Financial Data

Category	Key Financial Index	Yuhan-Kimberly			Other Companies Average in the same field			Manufacturing Industry Average in Korea		
		2007	2008	2009	2007	2008	2009	2007	2008	2009
Growth Ratio	Growth Rate of Sales (%)	8.50	12.95	10.95	2.66	20.84	3.18	10.25	21.99	0.39
	Growth Rate of Tangible Assets (%)	3.81	9.60	3.20	-4.92	8.05	7.59	3.63	13.86	6.57
	Growth Rate of Net Income (%)	16.28	9.33	29.30				21.45		97.64
Profitability Ratio	Operating Income to Sales (%)	14.41	14.42	14.90	2.22	4.98	9.40	6.82	6.58	6.54
	Net Income to Sales (%)	11.66	11.28	13.10	-1.07	-1.45	5.19	6.22	3.00	5.90
	Return on Total Assets (ROA, %)	13.00	13.80	17.30	-0.28	-1.38	4.57	6.69	3.43	5.96
Stability Ratio	Return on Equity (ROE, %)	16.03	17.00	21.82	-0.56	-3.06	9.84	12.40	6.88	12.14
	Current Ratio (%)	435.50	353.09	318.14	118.23	97.40	114.13	117.71	108.33	115.65
	Quick Ratio (%)	362.30	266.81	251.98	83.34	63.26	83.54	88.10	80.38	90.05
	Debt Ratio (%)	19.41	21.86	25.20	105.06	138.50	100.94	88.79	111.46	96.14
Activity Ratio	Non-current Assets to Non-current Liability & Equity (%)	44.56	50.52	51.49	92.62	101.45	94.64	91.53	95.38	92.04
	Total Assets Turnover	1.14	1.25	1.34	0.84	0.95	0.88	1.09	1.14	1.01
	Receivables Turnover	9.73	9.44	9.66	6.51	6.81	6.57	8.86	9.19	7.81
	Inventory Turnover	11.14	10.18	10.29	8.88	8.46	8.66	11.63	11.67	10.82
Tangible Assets Turnover		3.12	3.30	3.44	1.42	1.72	1.63	2.79	3.09	2.81

* Basis of Comparable Data : Averages of the same industry and manufacturing industries for 2007, 2008, 2009 are the average of 'C17. Pulp, Paper and Paper Product' Industry (Large-Sized) and Manufacturing Businesses (Large-Sized) from the '2009 Financial Statements Analysis' issued by the Bank of Korea on June 30, 2010. As a health & sanitary products manufacturer, Yuhan-Kimberly used the average of manufacturing businesses (large-sized companies) for more effective comparison.

* Basis of Number Data : All indexes are calculated based on the Annual Report of Yuhan-Kimberly.

How is distributed economic values being realized?

Contribution to the country and the society

Yuhan-Kimberly is fulfilling our responsibilities as a member of the community through faithful tax payment, fair trade, and community services. In 2009 in particular, Yuhan-Kimberly used 68.2% of our corporate social responsibility fund for reforestation and environment preservation. Through this, we are fully committed to considering and resolving sustainability issues of our society.

Key Financial Performance Data – Economic Value Distributed (Unit : KRW 100 Million)

Stakeholders	Category	2005	2006	2007	2008	2009	
						Amount	Rate(%)
Shareholders	Dividends	1,660	504	700	1,100	1,450	12.6
Employees	Salary & benefits	1,157	1,393	1,491	1,616	1,710	14.8
Business partners *	Raw material costs	5,248	5,586	5,921	6,943	7,490	65.3
Community	Government	364	390	443	514	557	4.8
	Communities	34	57	57	57	58	0.5
Others	Others***	143	137	257	132	188	1.6
Retained Earnings	Changes in Retained Earnings	- 767	404	355	53	41	0.4
Net Sales		7,839	8,471	9,225	10,416	11,494	100%

<Basis for reports>

*Business partners : Calculated based on purchasing costs paid to partners providing products and services.

**Social contribution activities : Calculated based on funds contributed to the local community through collaboration with the government and NGOs .

***Other costs : Amount that subtracted what is distributed to stakeholders (shareholder, employees, business partners, consumers, community) from sales. Rent, depreciation expenses, etc., are included.

Correction of misstatement : Cost of social contribution activities is misstated in the 2009 Report (KRW 5 billion) and has been corrected to KRW 5.7 billion.

Status of participation in major national projects (Unit : KRW 1 Million)

Project Name	Government Agency	Period	2005	2006	2007	2008	2009
SME Job Training Consortium	Ministry of Labor	2003.01–2010.12	1,192	1,147	1,464	765	707
High Efficiency, High Sensible DTP Ink Development Project	Ministry of Knowledge Economy	2008.07–2010.06	-	-	-	285	285
Energy and Resource Circulation Technology Development and Distribution Project	Ministry of Knowledge Economy	2008.12–2010.11	-	-	-	265	350

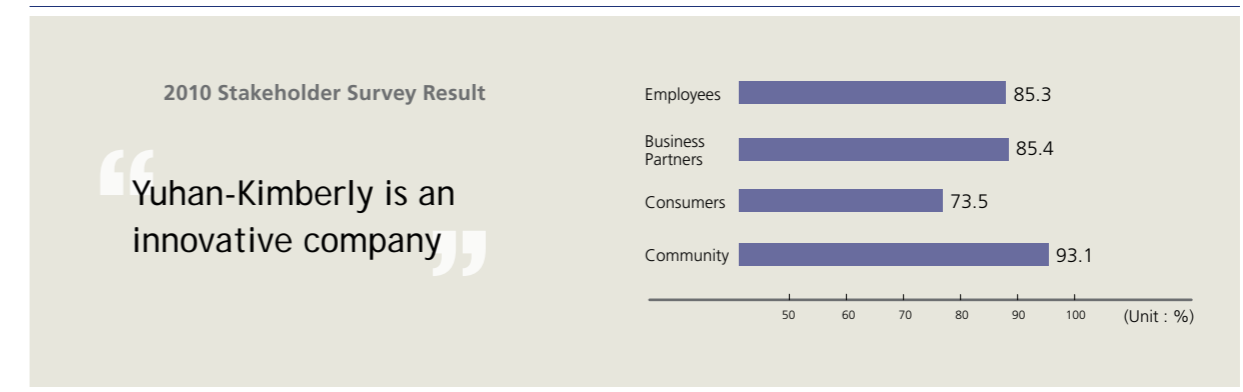
The Ratio of Locally Hired Employees in Taejon Mill



* Kimcheon mill had no new recruits in 2009 and Anyang mill is located in the metropolitan area, and thus has no relevance in this purpose.

How is innovative management being realized?

Realizing innovations in marketing & sales · logistics & management · cost and expenses · process



Marketing and Sales Innovation

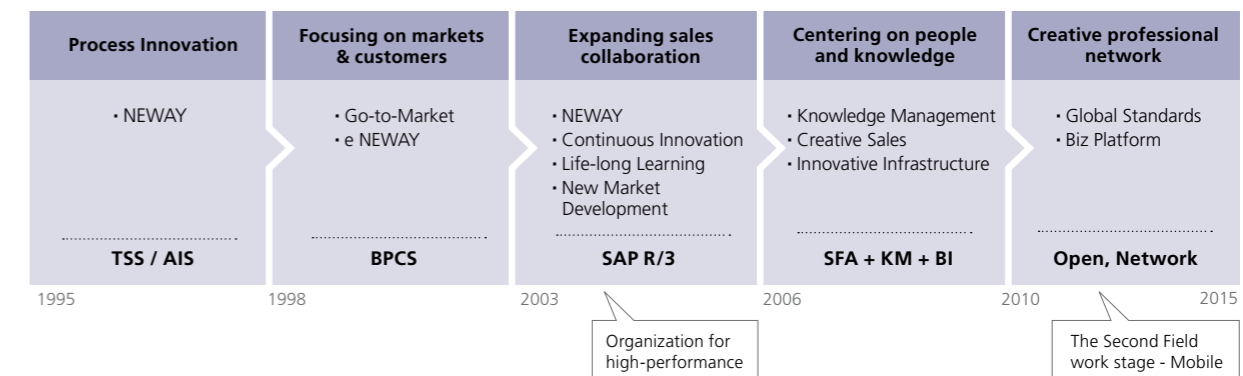
Opening of a special agency to prepare for an aging society

With the rising number of people aged over 65 and the increase in number of elderly welfare facilities, in May 2009, Yuhan-Kimberly spun off the agency specializing on adult sanitary products from our existing agencies. Also, we assigned professional resources to enhance efficiency in sales and management. Through this organizational innovation, the sales volume of adult sanitary products agencies grew by 38% from the previous year and it served as an opportunity to lay the foundation for a new business in the long-term.

Establishing the Knowledge Management System in sales

Yuhan-Kimberly's daily supplies sales division established the Knowledge Management System (KCAMP, Knowledge, Customer And Merchandising Portal), an integrated system for sales process automation, knowledge management and the management information system (2009.6 - 2010.2). As the processes related to information-knowledge management, sales forecasts, promotion services, as well as customer data and schedule management, etc., are integrated into and managed through one system, we expect to enter a new era of enhanced work efficiency, cost saving and knowledge management.

Innovation Process of the Consumer Sales Division



Logistics and Management Innovation

Reducing the logistics cost and the environmental load through innovation of the logistics delivery system

Since 2009, Yuhan-Kimberly's logistics started direct delivery service to distribution centers of our clients, E-Mart and Samsung-Tesco. This direct delivery system reduced the traveling distance by eliminating delivery stages, and thus, it led to better customer service, cost saving and reduction in the environmental load created during delivery. Since February 2010, we embarked on the Primary Distribution Project with our client, Samsung-Tesco. It has the effect of reducing the logistics cost (KRW 26 million/year) and the greenhouse gas emission (51TCO₂/year).

Enhancing the customer service by standardizing pallets

In 2009, Taejon mill of Yuhan-Kimberly completed the change of pallets to the standard pallet (1.1x1.1m) that allows batch delivery from production to distribution. This will expand to all business units by 2010. With time saving and reduced packaging, this innovation saves around KRW1.5billion in logistics costs per year and allows better service for our clients.

Reduction of Operating Cost with Palette (Unit : KRW 1 million/Year)

Classification	Before the Product Specification Change	Cost Saving after the Specification Change	Total Operating Cost Saved
Feminine & Adult Care Business	148	-446	-298
Baby & Child Care Business	342	-899	-557
Family Care Business	713	-1,193	-480
B2B	161	-297	-136
Others	29	-68	-39
Total	1,392	-2,903	-1,511

Developing joint collaboration activities between the manufacturer and major retailer clients

Yuhan-Kimberly's consumer sales department engaged in collaborations with five major retailers for performance enhancement. Also, for greater efficiency in collaboration activities, we established and are implementing the collaboration process, roles and responsibilities of each function and basic processes.

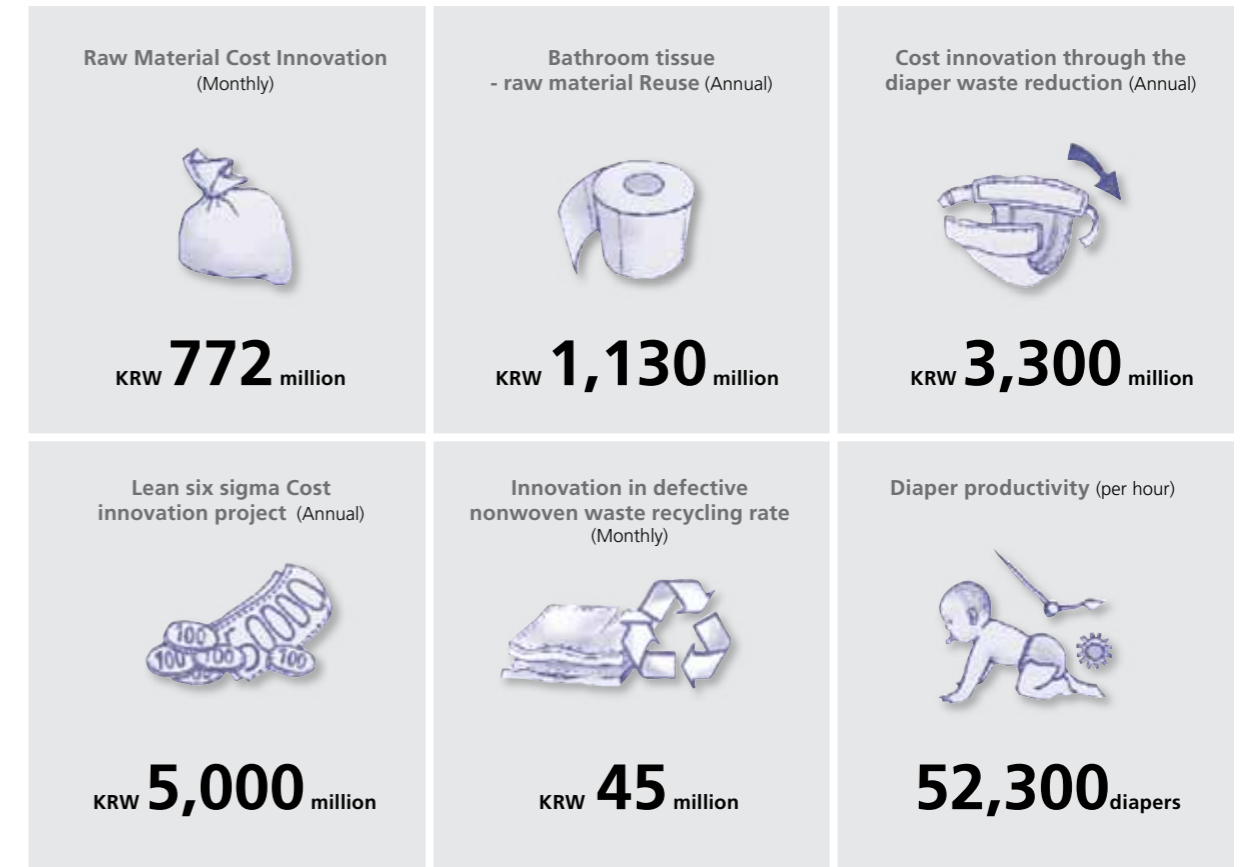
Collaboration Activities with Major Retailer Clients

Collaboration Type	Distributor	Time	Major Contents & Achievements
*JBP Joint Business Plan	E-Mart	2009 Q1 2010 Q1	Collaborative planning and agreement on growth
	Lotte Mart	2010 Q3 (planned)	Collaborative planning and agreement on key tasks
	GS Retail	2009 Q1	Agreement on joint objectives and detailed programs (selected as the Best Partner of 2009)
**T2T Top To Top	Home Plus	2010 Q2	Mutual cooperation and agreement on key executions
	Nonghyup	2009 Q2	Agreement on mutual understanding and cooperation

* JBP : refers to an effort to promote partnership by developing and executing joint objectives and programs between the manufacturer and the retailer client.

**T2T : Less concrete compared to JBP. It is just a meeting aimed at confirming the joint awareness.

Cost Reduction and Expenses Innovation



Achieved 60% above target through cost reduction and expenses innovation efforts across the company

In order to secure competitiveness, Yuhan-Kimberly implemented 334 Cost Innovation Programs (FORCE) in 2009, saving around KRW 33.4 billion¹⁾. As a result, we exceeded our cost saving target by 60% in 2009.

Saved an average of KRW 772 million per month by using domestic materials

In 2009, Yuhan-Kimberly achieved a cost innovation of average KRW 772 million per month by reducing the raw and subsidiary materials needed in products. We achieved this by using domestic materials instead of imported materials, developing and diversifying suppliers and optimizing design with thorough analysis on cost saving opportunities.

Reduced raw materials cost by optimizing the bathroom tissue process

The Kimcheon mill engaged in process improvement efforts to maintain the quality of bathroom tissue while reducing the excessive use of raw materials in the manufacturing processes. As a result, in 2009, we achieved a savings of KRW1.13 billion by optimizing the use of raw materials.

¹⁾ The results are based on the calculation of cost innovation program (FORCE) and the calculation method is monthly and dollar-based. The cost innovation amount in 2009 was \$30,101,416 and the amounts are calculated at exchange rate of \$1 to KRW 1,000.

Cost innovation through diaper waste reduction

In 2009, the Taejon mill implemented the production innovation to eliminate waste factors created during production, in order to secure cost competitiveness. Major activities included the training and technical support for suppliers to reduce material quality defects, and we reduced materials waste created during production processes by improving machinery and equipment and by enhancing the graphic design of diapers.

Defective nonwoven wastes recovery of up to 99%

The Taejon mill changed the defective nonwoven wastes recycling system into the latest system (April - Nov 2009, invested around KRW 700 million), bringing up the recovery rate from around 64% to as high as 99%. Through this, we added to our recycling volume by around 30 tons every month and achieved the cost-saving effect of around KRW 45 million per month. It also enhanced production efficiency by providing better convenience for operators.

Fully equipped with production capacity of 52,300 diapers per hour

In 2009, The Taejon mill achieved a production capacity of 52,300 diapers per hour with the average diaper productivity increased by 12% from the previous year as a result of enhanced machine speed and reduction in delay time created during replacements (average of four major diapers). This is the highest productivity among all businesses around the world that are using the same diaper production facility. This allowed us to meet the increased export volume without additional installations at existing facilities.

Work Process Innovation

Introduction of the electronic tax invoice system in 2010

The Financial Service Center of Yuhan-Kimberly has innovated its processes to issue electronic tax invoices instead of the paper tax invoices from January 2010. As such, all transaction records are immediately sent to the National Tax Service when the tax invoice is approved and the tax invoice maintenance period has shrunk from three months to one month.

Innovation of agency's risk management process

In order to protect against natural disasters and commercial risks, Yuhan-Kimberly implemented its risk management program from March 2009 on agencies with the sales volume of below KRW 150 million. Also, in order to prevent the loss of agencies caused by bankruptcy of the second line business partners, we are helping them join the account receivable insurance of the Korea Credit Guarantee Fund since May 2009. In December 2009, recognizing that agencies have difficulty joining the insurance as their inventories have high risk of fire, we got a consulting service to bring up the application rate up to 90%.

Minimized process loss with the lean six sigma project

Since July 2009, three production mills of Yuhan-Kimberly are implementing lean six sigma activities to improve productivity. Here, the concept of lean stands for business process optimization by minimizing losses, referring to the 'loss eliminating management.' Pilot projects were executed on eight machineries in three mills to bring up the production facility utilization index by as much as 14% (July 2009 - Feb 2010). This had the impact of cost reduction in the short term, and in the long term, it allowed flexible response to a sharp rise in demand without new investment in machineries. The first project had the cost reduction effect of around KRW 5 billion and the second project is planned for 2010.

How is creative management being realized?

New Product Technology



New Product Technology Development

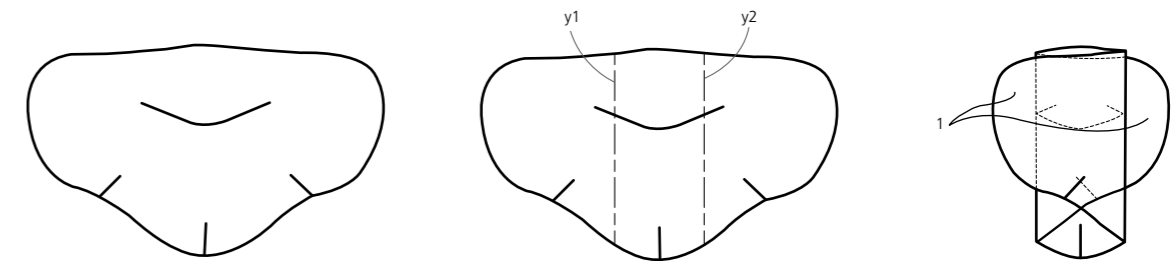
New technology development for feminine sanitary napkins and woman's skin care products

To launch new products and new businesses, Yuhan-Kimberly applied for four patents relating to female sanitary products in 2009. Our patent on feminine napkins was for the oval-shaped absorbing hole applied to the new feminine napkin, White Secret Hole Patent. Our patent for woman's skin care related to a cosmetic composition with great effects of hydration and dermal enhancement. The key technology of this patent is Natural Vitalplex™ applied on Maybreeze which was launched in the new market in October 2009. Also, the utility model on woman's skin care of Yuhan-Kimberly was on a sheet mask which used 100% cotton cellulose fabric for a superb contact with the skin and is folded in Z-shape for convenient use.

Status of Patent Applications

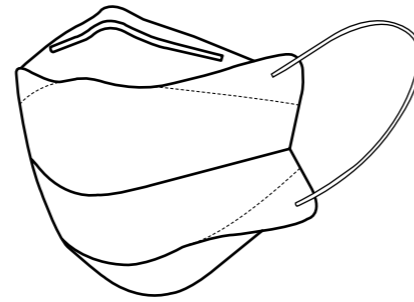
- **Patent on feminine sanitary napkins** Application No. 10-2009-0104382
- **Cosmetic composition with great effects of hydration and dermal enhancement** Application No. 10-2009-0085314
- **Mask sheet for neck area** Application No. 20-2009-0004820
- **Mask sheet folded in Z-shape** Application No. 20-2009-0004819

Mask sheet for woman's skin care folded in Z-shape, a utility model



Core technology development for a yellow dust protection mask and a wet wipes dispenser

In 2009, Yuhan-Kimberly applied for two patents related to a mask and a wet wipes dispenser. The patent on the mask was the core technology used in the yellow dust protection mask KF80. Its key characteristics are the filter area that protrudes to the front to secure maximum filtering space and to minimize the area that contacts with the user's cheek, and thus enhanced the dust filtering performance. In January 2010, Yuhan-Kimberly launched the yellow dust protection mask by applying this patent. The patent on the container was on a dispenser set used for producing wet wipes and the method used to produce wet wipes with this dispenser. Its key characteristic is that users can make wet wipes when they need them.



Patented Yellow Dust Protection Mask of Yuhan-Kimberly

Status of Patent Applications

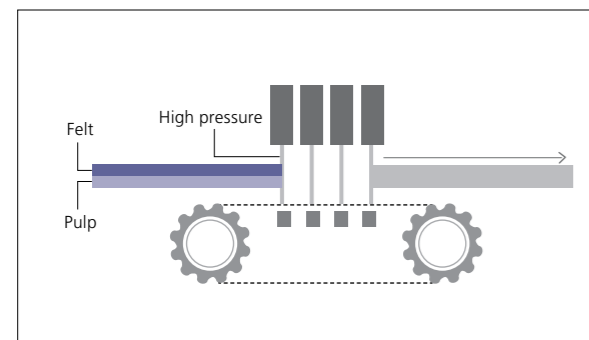
- **Patent for yellow dust protection mask** Application No. 10-2009-0891701
- **Patent for wet wipes dispenser** Application No. 10-2009-0074290

Development of fabric with ultra absorbent strength by combining pulp and felt

The HYDROKNIT fabric of Yuhan-Kimberly has combined pulp and felt together for greater absorbent and strength. 'Scott®Reusable Kitchen Towel' and 'Scott®Convenient Dishwashing Towel' are the first generation products that used the Hydroknit base sheet. Yuhan-Kimberly's Kimcheon mill has installed the required paper machine in June 2009 to equip itself with the Hydroknit base sheet production system.

In the second half of 2009, we developed the Stapleknit base sheet, which upgraded the softness, volume and absorbency of the Hydroknit base sheet. This fabric is very soft with the volume improved by 25% and the absorbency improved by 30% compared with the Hydroknit base sheet, and can be applied in various areas, such as wet wipes, sport towels, etc.

Hydroknit process



Development of 3D Solid Design for Huggies Gold Nature Made

In March 2010, Yuhan-Kimberly launched a new product that changed the design of the hip and the thigh areas to be more solid (3D solid design) and designed the magic tape that holds the waist area in line with the body curve for better comfort in wearing.



Social Values

Report on Performance of Sustainable Management - Social Performance

We believe that we can become a sustainable company if we make a return for the people and the society that helped develop the company.

Social Performance DMA (Disclosure on Management Approach)

Shareholders

Employees

- How do we protect human rights and prevent discrimination?
- How do we nurture talented people and compensate them?
- How do we encourage a balance between work and life?
- How do we realize a safe workplace?
- How do we implement labor-management communications?

Business Partners

- Do we have a fair relationship with business partners?
- Do we effectively provide support business partners?

Consumers

- What efforts do we make to ensure product safety?
- What activities we are engaged in to resolve consumer complaints?

Community

- Corporate social responsibility

Disclosure on Management Approach

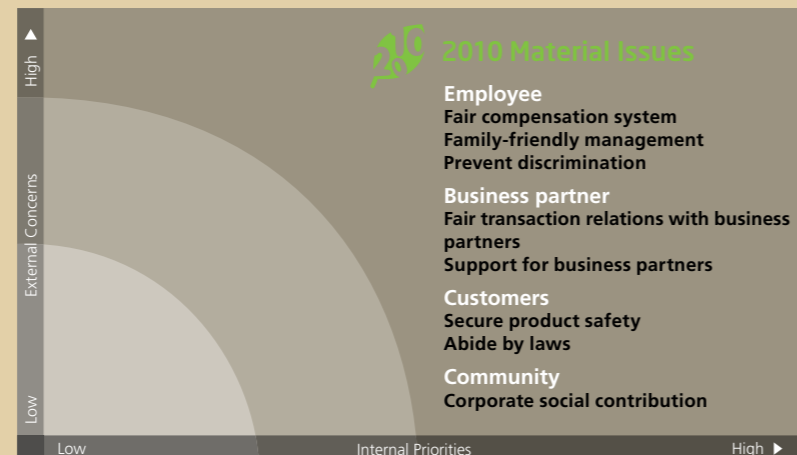
Social Value

Social Values Management System

Category	Vision	Policy	Organization
Employees	Family-friendly company providing satisfactory working environment	Safety first, job security, lifelong learning, talent nurturing, win-win relationship with partners, respect for humanity, fair compensation, work-life balance, striving for gender equality, open-door communication	Innovation of HR and management, communication, family-friendly environment, safety, labor-management relationship
Business Partners	Establishing a win-win model enabling growth of large corporation and Small & Medium sized Enterprises (SMEs) through mutual cooperation	<ul style="list-style-type: none"> Fair selection and evaluation Compliance with UN Global Compact's principles Continuous support for business partners in areas of finance, safety, health, compliance with product related laws, social responsibility through SAT (Supplier Assessment Tools) on a regular basis Expansion of business partners subject to win-win cooperation, delivering environmentally friendly and ethical management, diversification of win-win program Establishment of interactive communication channel 	Win-win cooperation, strategic purchase, distribution, quality, safety, and environment of sales branches, voluntary compliance with fair trade
Consumers	Reliable and exemplary health and hygiene products provider	<ul style="list-style-type: none"> Giving utmost priority to consumer satisfaction and product safety Providing products and services which contribute to the social development, create value, and are environment-friendly Developing differentiated high-quality products 	Product development, marketing, production and product quality, crisis management, consumer support, sustainable management
Community	Admired company executing corporate social responsibility as a corporate citizen	<ul style="list-style-type: none"> Placing utmost emphasis on respecting humanity when engaged in any activity Maintaining purity and authenticity to pursue public good instead of private interest Prior cooperation with various realms of society for social dissemination Publication of all activities and their outcome in a transparent manner 	Corporate Communications, PR & Corporate Social Responsibility

2010 Social Performance Materiality Test

[IPS Materiality Test Model™]



Major Achievements

Based on the color of evaluation
 ● higher than evaluation standard
 Meeting the standards
 requiring more effort

Category	2009			2010
	Results	Assessment of results	Reference page	Objectives
Employees	Talent	• Number of employees attended training (1,268)	63	<ul style="list-style-type: none"> 2,062 employees Zero industrial disaster rate Further development of family friendly management systems
	Lifelong learning	• Introduction of a program on developing performance and capability	63	
	Safety first	• Zero industrial disaster rate	67	
	Family-friendly	• Expanded the scope of cafeteria welfare system – reinforcing family-friendly management committee	65	
Business Partners	Win-win training	• 5,000M/H of training at the Win-Win Academy Improved information sharing system	70	<ul style="list-style-type: none"> Four rounds of on-site experts nurturing course and working level training course annually Increased number of participating business partners (around 80) 11 partners 3 partners 17 partners participated
	Cooperation on product quality, safety, environment	• Product quality and management innovation support for 20 partners • Diagnosis of energy reduction for 9 partners	68 70	
	Low carbon management	• 17 partners participated in the Supply Chain Carbon Management (SCCM) program	70	
Consumers	Product safety	• Tightened review of product safety (Cosmetics products)	72	<ul style="list-style-type: none"> Pre-document review and safety test of hospital supplies and medical equipment Huggies brand : top-of-mind awareness higher than 80% White brand : top-of-mind awareness higher than 40% Kleenex brand: top-of-mind awareness higher than 60% Expanding communication channels (SMS communication/ online communication)
	Product competitiveness	• Huggies brand : top-of-mind awareness higher than 80%	-	
		• White brand : top-of-mind awareness higher than 40%	-	
	Consumer complaints	• Introduced Consumer Satisfaction Academy	73	
Community	Activities of forests and environment protection	• Set an objective to plant 50 million trees by 2013	● 77	<ul style="list-style-type: none"> Forestation and tree breeding on 289ha of public property Selection and providing sponsorship for 10 new school forests Holding the Green camp (3 nights and 4 days on two rounds) Exploring and protecting new forests and implementing restoration project for 'Baekdudaegan' Managing chestnut tree complex in a tree nursery of Mt. Kumkang, forestation of Mongolia (1,200,000 trees) Expansion of women leader nurturing program in the community Developing Management as assessment index for the 2nd year Running a campaign program to overcome low birth rate (twice) Establishment of Peter Drucker innovation prize and holding an essay contest Holding an international symposium and thesis contest Developing a content for translation of Korea's traditional ideals (on moderation) Holding a Korean folk music contest Holding hand washing campaign and a seminar on anti-infection
		• Newly selected and provided sponsorship for school forests for 15 schools and for 6-7 neighborhoods	● 77	
		• Held Green Camp for the youth (168 schools, 174 students)	● 78	
		• Discovered 16 beautiful forests and 9 natural and cultural heritage sites	● 78	
	External activities of family friendly management system (caring for women and the elderly)	• Provided support for reforestation of a tree nursery in North Korea and forestation in Mongolia (960,000 trees)	● 78	
		• Selected social caring model and initiated caring for women and the elderly for the first time in 2009	● 81	
	Lifelong learning	• Introduced a program on overcoming low birth rate (held twice, 57 married couples participated)	● 81	
		• Held programs on improving rights of women and the elderly (woman leadership training for 73 people from two universities)	● 82	
	Literature	• Held an international symposium in celebration of 100th anniversary of Peter Drucker's birth	● 83	
		• Began to develop cultural contents of Korea, China, and Japan, and held international symposium	83	
• Developed contents for translation of Korea's traditional ideals (on filial duty and on education)		83		
Health and hygiene campaign	• Held Korean folk music contest	83		
	• Held hand-washing campaign and a seminar on anti-infection	83		

Shareholders representing corporate governance

2 Joint Venture

Yuhan-Kimberley's nature of corporate governance – shareholder composition

Yuhan-Kimberley is a joint venture of Yuhan Corporation (which owns 30% of the company) and Kimberly-Clark Trading LLC (which owns 70% of the company). Yuhan-Kimberley is not listed on the stock market. Yuhan-Kimberley's total number of shares is 40,000,000 with KRW 200 billion paid in capital, and no changes were made to corporate governance in 2009.

Composition of the Board of Directors

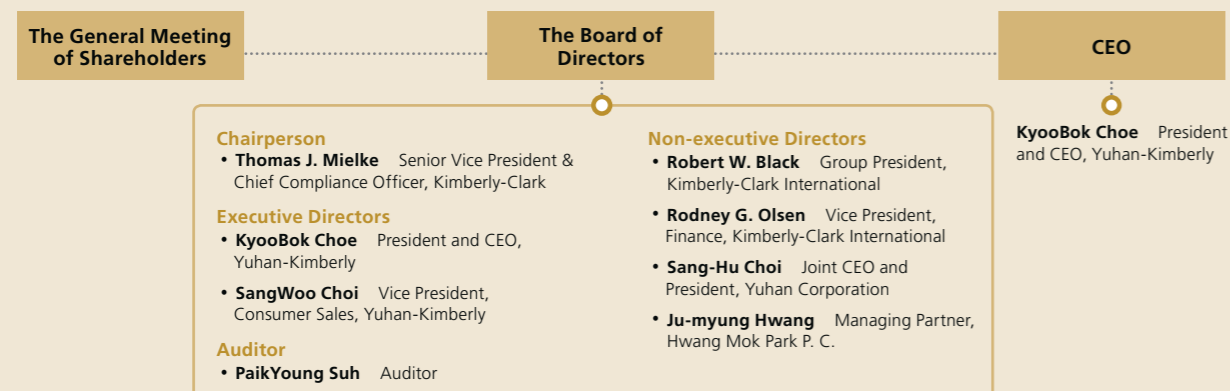
The Board of Directors at Yuhan-Kimberley is the highest decision-making body. The non-executive directors consist of four directors representing the two shareholders and one outside director. Executive directors are composed of two managers of Yuhan-Kimberley including the CEO of the company. Directors are elected at the general meeting of shareholders. In the 40th ordinary general shareholders meeting held on March 5, 2010, seven directors and one auditor were appointed under the articles of incorporation and the proposal of shareholders. On the same day, Mr. Choe, KyooBok was newly appointed the President and CEO of Yuhan-Kimberley. Seven rounds of board of directors meetings and shareholder's meetings were held from January 2009 to May 2010, and in that period, three directors were replaced attributable to a change in the personnel of shareholding companies. Directors are working to enhance the long term value to shareholders and to promote the rights and interests of stakeholders. The board of directors abides by the commercial code of the Republic of Korea applied to corporations. Decisions on major investment and new business launches requiring the approval of shareholders are made by majority vote, and the business operation is delegated to professional management, and the President and CEO.

The decisions made at the board of directors meetings and the general meeting of shareholders can be found on the website [www.yuhan-kimberley.co.kr].

Compensation for directors and an auditor

Yuhan-Kimberley provides compensation to its directors and an auditor within the compensation limit approved by the shareholder's meeting. Yuhan-Kimberley provides its management yearly salary and incentives based on financial and non-financial evaluation results. In the 2010 shareholder's meeting, Yuhan-Kimberley approved the limit on the yearly salary for directors and an auditor not to go over KRW 5 billion for executives.

Corporate Governance of Yuhan-Kimberley



The main source of corporate competitiveness, employees

1,688 The number of employees as of 2009

Job types of Yuhan Kimberly's employees comprise 51.8% factory workers, 21.9% office workers, 11.9% engineers, 8.2% sales representatives, 2.1% executives, and 4.2% others. The turnover rate is 0.1%, which is far lower than the industry average (2.2%, Statistics Korea, 2007).

* Year 2007's turnover rate data was used as the turnover rate of local manufacturers since 2008 was not made public at the time of publication of this report due to a change in the aggregation method of the Labor Ministry.

Yuhan-Kimberley's Employment Status

Category		2005	2006	2007	2008	2009
Employment	Employees (person)	1,680	1,706	1,695	1,689	1,688
	Employment of the disabled (%) ¹⁾	1.9	2.0	2.1	2.2	2.2
	Contracted employees (person)	19	24	19	9	2
	Job creation rate (%) ²⁾	4.9	1.5	-0.6	-0.4	-0.24
	Average length of service (year)	11.8	12.6	13.3	14.0	13.9
	Average working hours per month (hour)	184	182	183	184	181
	Average number of days absence (day)	5	11	5	1	0
Labor Union	Employee turnover rate (%) ³⁾	0.2	0.2	0.2	0.1	0.1
Female employment	Percentage of female in total workforce (%)	15.5	15.7	15.7	16.0	15.6
	Percentage of female at senior management level (%)	3.5	3.4	15.7	17.1	16.2
	Percentage of female in total office employees (%)	40.4	39.4	39.9	40.1	33.7
	Percentage of female in new recruits (%)	21.0	29.4	48.0	31.0	20
Maternity/Childbirth	Maternity leave usage rate (%)	100	100	100	100	100
	Maternity leave users (person)	18	21	25	33	31
	Return to work rate post maternity leave (%)	100	100	100	100	100
	Baby care leave users (person)	1	1	5	15	17⁴⁾
	Female employee baby care leave usage rate (%)	0.0	4.8	20.0	45.4	54.8
	Return to work rate post baby care leave (%)	100	100	100	92.3	100
	Parental Leave usage rate (%)	100	100	100	100	100
Parental Leave users (person)	63	103	108	83	71	

¹⁾ **Employment of the disabled** : Average number of the disabled employed per month x 12, Korean Employment Promotion Agency for the Disabled

²⁾ **Job creation rate** : (Total number of employees this year – Total number of employees in the prior year) / Total number of employees in the prior year x 100

³⁾ **Turnover rate** : (Monthly average number of employees leaving the company/ monthly average number of employees) x 100

⁴⁾ One male employee was included in the number of parental leave users in 2009

How do we realize the protection of human rights?



Guarantee of fair compensation and evaluation without gender discrimination

Based on the Code of Conduct and Rules of Employment (Article 89-90), Yuhan-Kimberly promotes equal opportunity employment, respect for human rights, and elimination of discrimination based on gender, age, religion, nationality, and physical disability. According to the Collective Bargaining Agreement (Article 45), we operate an identical compensation scheme without gender discrimination to offer equal pay for work of equal value. Also, we run an annual salary system (except for mill employees), and provide compensation and promotion based on the level of personal work responsibility, role, and performance according to a personnel evaluation and promotion policy. The evaluation is based on performance and professional conduct.

Training on preventing sexual harassment and protecting human rights

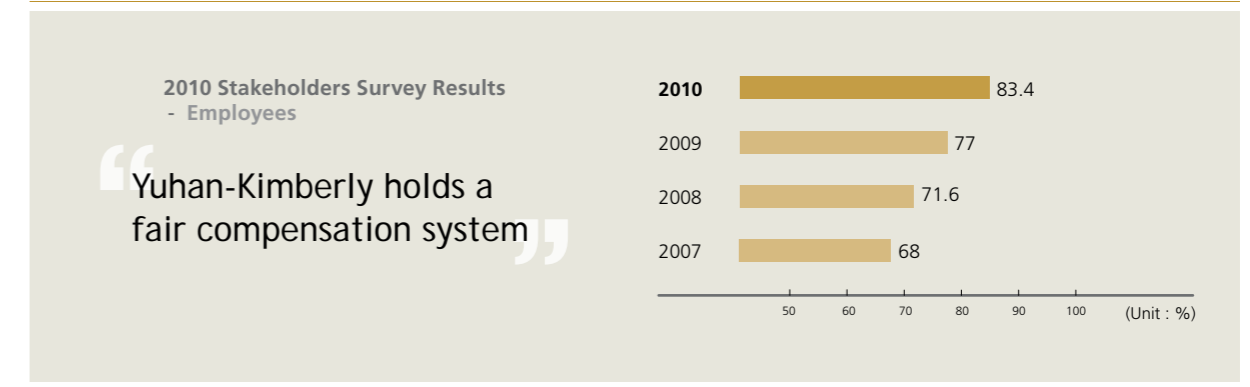
Yuhan-Kimberly defines working conditions to protect human rights through the hiring policy and Collective Bargaining Agreement. For effective implementation, Yuhan-Kimberly provides training on the code of conduct four times a year. In 2009, 1,431 employees (participation rate: 84.8%) attended the sexual harassment prevention training. From 2010, the training was changed into an online format for easier access.

Compliance with provision on the prohibition of restructuring, freedom of association, and the elimination of child and compulsory labor

Yuhan-Kimberly does not conduct physical or forced restructuring, and respects freedom of association. Yuhan-Kimberly complies with Article 8 of the Collective Bargaining Agreement which stipulates that negotiations are conducted with labor unions in advance regarding the split or merger of a company, the transferring of partial or entire businesses, downsizing, outsourcing, and more. In addition, we respect the rights to freedom of association and comply with regulations on prohibiting child and compulsory labor. We, also, prevent pregnant employees from working overtime and working at night for the protection of such employees and comply with the 90 days of maternity leave required. No cases of related violation were found in 2009.

* Please refer inquiries or complaints to the Hotline [02-528-1084] or to [HoYun.Choi@y-k.co.kr]

How do we nurture talented people and how do we compensate them?



Fair evaluation and compensation

Yuhan-Kimberly operates a performance evaluation process (Global Performance Management, or GPM) for continuous improvement of performance. Every performance target is set through a consultation between a team leader and team members at the beginning of each year. They set objectives for the company, division, and their team, and check their progress through a review and consultation three times a year to come up with appropriate feedback and coaching. In particular, for fair and objective evaluation, each employee is subject to multi-dimensional feedback from team members, coworkers, and clients on his/her leadership ability at the end of each year. A team leader first evaluates each employee, and the final evaluation is made by the evaluation committee. The leadership ability consists of six parts: visionary management, consumer satisfaction management, innovative management, judgments and decisions, team and organization management, and talent management. The leadership ability sets out a behavior model for a team member, team leader, and leader of leaders.

Active training for nurturing talented employees

Yuhan-Kimberly nurtures our employees' talents with life-long learning programs that are based on flexible work systems. In particular, factory employees are working on four-group two-shift systems based on four working days (12 hours at night), four off-days, four working days (12 hours daytime), 3 off-days, and 1 day of training at workplace which is counted as a paid overtime work. We provide an annual training schedule in advance, implement training for multi-functioning, and extensively provide elective courses to encourage creative activities and the healthy lives of employees. Each factory employee at Yuhan-Kimberly was provided 306 hours of training on average annually.

Please refer to the Yuhan-Kimberly website for annual training hours and paid training for life-long learning

Aggressively carrying out training programs to develop employees' competitiveness

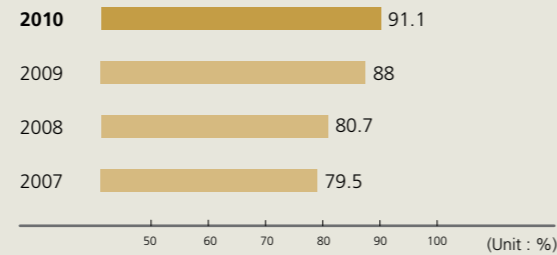
We earnestly carried out training programs to help develop the strengths of employees who are subject to performance evaluation management in 2009. We established development objectives and their schemes for the strength and areas of improvement discussed in the consultation on performance evaluation. We also provided training for team leaders to review team members' achievements and the development of their abilities and to more proactively support team members for successful implementation of objectives. At the same time, we published and distributed a guideline on training programs as a reference for establishing a plan for improving performance and developing abilities.

Employee training programs to develop their competitiveness can be found on the website [www.yuhan-kimberly.co.kr].

How do we encourage a balance between work and life?

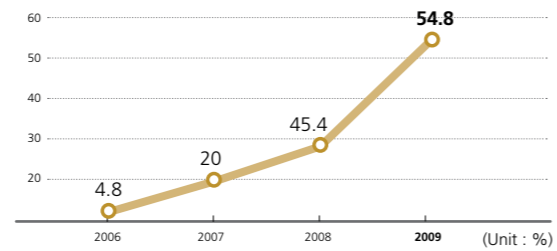
2010 Stakeholders Survey Results - Employees

“Yuhan-Kimberly supports employees to maintain a balance between work and life”



2010 parental leave users rate

“The number of parental leave users is on the rise at Yuhan-Kimberly”



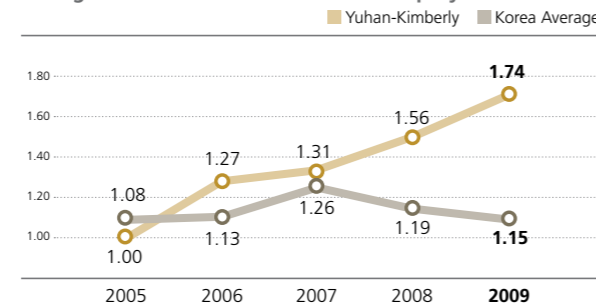
Characteristics of family-friendly management system at Yuhan-Kimberly—Ever-evolving based on flexible work system

In an endeavor to be a corporate role model in today's society marked by low birthrates and aging, Yuhan-Kimberly has implemented a family-friendly management system under which our employees enjoy a balance between work and life. In particular, the satisfaction of our employees with our family-friendly management system which is deeply rooted in the respect for human beings is becoming higher every year as the system has evolved continuously including flexible working hours through innovation (introduction of four-group working system of mill employees in 1993, flexible working hours of office workers in 1994, and on-field work of sales representatives without having to go to the office in 1999), providing childcare support across the lifecycle, family support, employee support, and a family-friendly program to establish a family-friendly culture.

Developing policies through the family-friendly management committee and securing data through carrying out a survey

In order to develop the family-friendly management more systematically, Yuhan-Kimberly operates a family-friendly management committee participated in by various divisions including HR, personnel, and communications, and the details are made open on the company intranet all year-round. From 2009, the number of its ordinary meetings has been increased to four rounds to make efforts to nourish a family-friendly corporate culture through research on the change in

Changes in the birth rate of female employees



the family-friendly system, the development of policy, and operating the family-friendly management system.

Celebrating birth giving and the use of parental leave increasingly taking root as a part of corporate culture

At Yuhan-Kimberly, as a culture friendly to giving birth successfully took root, 54.8% of female employees who gave birth in 2009 benefited from parental leave, and its users are on the rise. In May 2009, a male employee even applied for the leave. In October 2009, the 3rd roundtable meeting with pregnant employees was held simultaneously in our head office and three mills. Pregnant team members and their team leaders participated in the event for the first time to celebrate the birth giving, shared policies on birth giving, and learned suggestions to encourage a birth-giving culture.

Actively providing professional counseling program to employees and their families to help resolve life concerns

Our professional counseling program (the EAP, Employee Assistance Program) has taken the lead in providing counseling to help our employees and their families resolve various life issues since 2002. As a result of our efforts, Yuhan-Kimberly was selected as an excellent EAP provider by the Seoul District Labor Office and the Korea EAP Association on November 5, 2009.

Yuhan-Kimberly's pension system

We at Yuhan-Kimberly provide our employees both short and long term financial support based on a progressive pension program (since 1978) and an interim pension pay system. Currently, our pension program (since 2005) is managed by Samsung Fire & Marine Insurance (28%), Samsung Life Insurance (39%), Metlife Insurance (19%), and Kyobo Life Insurance (14%). We comply with the governmental guideline on pensions by accruing one month worth of salary for each year of service.

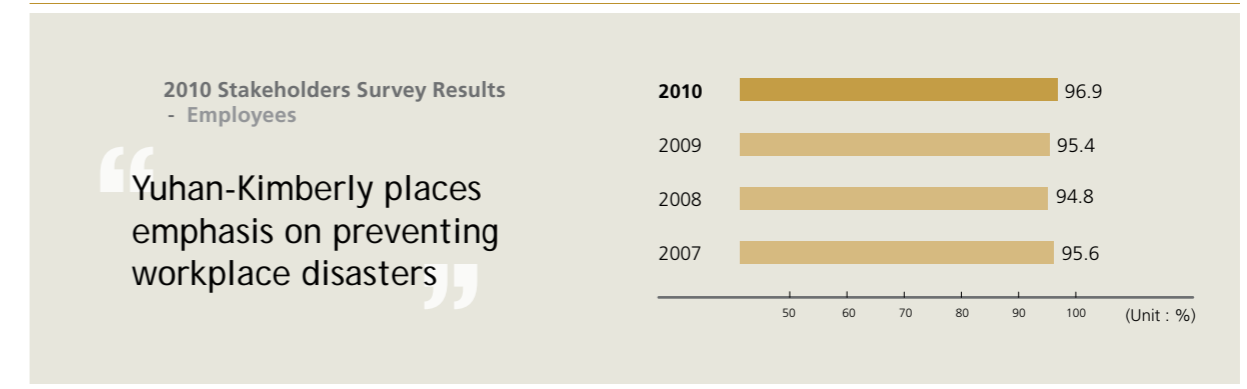
Changes in the family-friendly management system by year at Yuhan-Kimberly

Major welfare benefits (year)	1970-1990	1991-2000	2001-2010										Major changes in the family friendly management system ()				
			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010					
Education allowance (Including college tuition Fees)																	• 2007 : Abolition of restrictions on the number of children benefiting from the education allowance
Flexible working hours																	• 2007 : expanded application of flexible work hours (7am ~10am)
Family newsletter																	
Professional counseling program (Employee Assistance Program (EAP))																	• 2005 : Employee Assistance Program : expanded to include employees' families
Childbirth benefits, pre-birth maternity leave, maternity leave for miscarriage or stillbirth																	• 2010 : Extension of duration of the pre-birth maternity leave
Family day (child care day)																	
Regular survey on family-friendly management																	
Salary peak retirement program																	• 2006 : retirement age extended by 2 years • 2008 : retirement age additionally extended by 1 year • 2010 : expansion of scope of medical checkup
Upgrading of a nursing room																	• 2006 : remodeling of a nursing room
Cafeteria welfare system																	• 2009 : Expansion of the scope of cafeteria welfare system • 2010 : An increase in the amount of cafeteria welfare system in money terms
A roundtable meeting of employees to congratulate pregnant employees																	• 2009 w: Simultaneous companywide round table meeting between pregnant employees and their team heads
Certification of excellent family friendly management system Provider																	

Yuhan-Kimberly's family-friendly management system (2010)

Policy	Working hour type	Details	
Flexible working hours	Full Time work	Four-crew two shift (Mill employees)	• Mill employees – 4 working days, 4 off days, life-long learning
		Flexible work hour (Office employees)	• Management employees – freely choose starting hours between 7AM and 10AM
		On-field work (Sales employees)	• Sales representatives – directly starting work on-site without having to commute to office
Support for birth giving and child-care	Congratulating and protecting pregnant employees	• Prohibiting pregnant employees from being assigned to harmful or hazardous job positions raising ethical and health concern.	
		• Prohibiting pregnant employees from being assigned to overtime work	
		• Off hours for pregnant employee's visit to gynecologist (once in every two months up to the 7th month of pregnancy)	
		• Monthly for the 8th and 9th months of pregnancy	
	Celebrating child birth and related leaves	• Semi-monthly for the 10th months of pregnancy)	
		• A round table meeting of pregnant employees – an annual meeting to celebrate pregnancy and birth giving	
		• Pre-child birth maternity leave (3 months)	
		• Pre and Post child birth maternity leave (90 days)	
	Childcare, infant care	• Maternity leave for miscarriage or stillbirth (30 days leave for 13 to 21 weeks of pregnancy, 60 days for 22 to 27 weeks of pregnancy, and 90 days for 28 weeks and longer of pregnancy)	
		• Paid paternity leave: 3 days	
		• Child benefit upon the child birth (KRW 0.4 million for the first child, KRW 0.6 million for the 2nd child, KRW 1.5 million for the 3rd child, KRW 3 million for the 4th child or later child), child birth gift (diapers)	
		• Breast cancer and uterine cancer checkup for female employees	
School allowance support for children	• Parental leave within 6 years of childbirth		
	• Guarantee of lactation twice a day for one hour each and assigning of lactation room		
	• Pre-school education allowance for children (KRW 1.2 million * 3 year period before school enrollment = KRW 3.6 million)		
	• School allowance support up to college tuition fee (no limits on the number of children eligible for the benefit)		
Support for employees and their families	• School allowance benefit for disabled children		
	Cafeteria benefit program	• KRW1.8 million per employee annually (employees may choose from programs including learning for self-development, health, and leisure)	
	Professional counseling Program (Employee Assistance Program)	• Employees and their families, 24 hour a day service, and strictly confidential	
	Congratulation & condolence support	• Paid leave on ceremonial occasions (weddings funerals, ancestral rites) and allowance for them	
	Sick leave for family care	• Sick leave for family care (3 months maximum)	
	Medical support	• Medical cost support for an employee, spouse, unmarried children (up to KRW3 million per person)	
	Life-long learning support	• Medical checkup for an employee and spouse once every two years	
Retirement program	• Online language training program for an employees and spouses (500 courses, provided all year-round)		
Promotion of family friendly environment	• Retirement – receives consultation 6 months before or after the retirement		
	Publication of family newsletter	• Publication of a newsletter for employees and their families on a monthly basis	
	Family day campaign	• Designation of a family day – a campaign for encouraging employees to leave work on time on the 6 th of every month	
	Family invitation event	• Flower festival ("Chuljjukje") at Yuhan-Kimberly's mill in Taejon once a year	
Contribution to the community	• Implemented a tree planting program participated by newly-weds		

How do we ensure safety for employee and the workplace?



Principle of safety at work

At Yuhan-Kimberly, safety is a corporate value. We achieved zero industrial disasters in 2009. We have safety and health management systems preventing the main causes of industrial disasters to achieve zero accidents companywide. Any lost work days following industrial disasters are registered electronically to be reported monthly to the CEO.

Industrial disaster rate (Unit : %)

Category	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Yuhan-Kimberly	0.71	0.33	0.49	0.28	0.33	0	0.19	0.12	0.12	0.18	0.12	0.06	0.06	0
Domestic manufacturing industries	1.13	1.02	0.9	1.14	1.21	1.2	1.22	1.42	1.28	1.18	1.18	0.95	1.15	1.04
Domestic industries	0.88	0.81	0.68	0.74	0.73	0.77	0.77	0.9	0.85	0.77	0.77	0.72	0.71	0.70
Lost work days by year	-	-	-	-	-	-	-	-	0.022	0.240	0.011	0.053	0.018	0

* **Calculation Method** : The lost work days are composed of lost work both from industrial disasters and labor strikes. We counted the lost work days following disasters only as no labor strikes took place.

* **Calculation formula** : Number of leave of absence / (total number of work days x number of employees) x 100

* **Data Source** : 2009 status of industrial disaster by the Ministry of Labor

Compliance with international regulation and standard related with safety

For safety, Yuhan-Kimberly complies with the four articles under the Industrial Safety Agreement of Safety and Health Management System of the International Labor Organization (ILO) and Collective Bargaining Agreement (Article 8. Industrial Safety and Health and Disaster Compensation). Each mill is subject to an internal audit (once a year) and external audit (once every three years) to make improvements. No violation of safety related regulations was found in 2009.

The status of Yuhan-Kimberly's compliance with the industrial safety agreement of the ILO can be found on the website [www.yuhan-kimberly.co.kr].

Implementation of industrial safety and health activities jointly by labor and management

In order to ensure employees concentrate on work in a safe environment, the labor and management of Yuhan-Kimberly has the highest decision-making body of safety and health and its subcommittee and inspects its mills to find and eliminate any factors which may raise safety issues. As a result, in 2009, they came up with 1,438 findings, out of which, 1,340 findings were resolved. (93.2% cases were resolved to record 4.3% of improvement compared to the prior year).

A win-win relationship with business partners

1,323 the number of substantial business partners as of 2009

Yuhan-Kimberly has suppliers impacting production in the upstream and sales branch, direct sales and distribution affecting sales in the downstream. Yuhan-Kimberly traded with 2,150 companies in 2009, and 1,323 of them were defined as business partners after excluding the ones Yuhan-Kimberly had a one-off trade with and traded with for less than KRW 3 million. Among suppliers which have had an influence on our realizing consumer protection and product responsibilities, 82 out of 116 partners (or 70.7%) were selected to help enhance competitiveness. The number has been increasing by the year with 30.6% in 2006, 64.1% in 2007, and 69.8% in 2008.

Details of a win-win cooperation program between Yuhan-Kimberly and business partners

Category	Areas of cooperation	Major programs	2009 performances
Supplier	Product quality/safety/environment	• Supply chain quality management	• Held 20 single PPM product quality innovation activities
	Life-long learning	• Win-Win Academy	• 17 classes, 27 courses, total 3,668 hours, offering KRW 20 million
	Information sharing	• Newsletter, network system	• Upgraded information sharing system (SMA ¹⁾ with business partners
Wholesaler	Training support	• Regular training programs	• Held a training program for representatives of wholesalers
	Information sharing	• Information sharing system with wholesalers WMA ²⁾	• Held a training for a new wholesalers
	Environment improvement	• Supporting office supplies and equipments improvement	• Improved work efficiency, increased wholesaler partnership, lowered turnover rate following improved job satisfaction
	Risk management	• Implementation of risk management	• Held a consulting program on purchasing fire insurance policy and accounts receivable insurance policy of a wholesaler
Distributor	Collaboration	• Holding a regular meeting (Logistics/TPL ³⁾)	<ul style="list-style-type: none"> • Held three rounds of meetings with logistics providers <ul style="list-style-type: none"> - collaboration between environment and logistics (publication of status of the number of LNG cars and participation in a campaign) - came up with ways to increase backhauling to reduce gasoline costs - shared ways to operate primary logistics & backhauling • Held two rounds of meeting with TPL providers <ul style="list-style-type: none"> - shared management achievement and management strategies of Yuhan-Kimberly
	Securing transparency	• Establishing internal control system	• Provided training on internal control and transferring know-how through visiting TPL providers
	Product quality/safety/ environment	<ul style="list-style-type: none"> • Consulting • Establishing logistics greenhouse gas inventory • Holding environmental campaign • Establishing crisis management Task Force Team for Swine Flu 	<ul style="list-style-type: none"> • Provided safety VOD (CPR : cardiopulmonary resuscitation, prevention of damage from the yellow sand, how to use fire protection installation) • Provided training on managing finished products, quarantines, and articles which may lead to accidents or death • Found near-mismanagement system to prevent industrial disasters and held a campaign • Collected data on green house gases, and shared ways to control green house gases • Developed and set in place a green house gas reduction program for logistics providers • Provided a prevention program for Swine Flu for all logistics providers

¹⁾ SMA : Supplier Management Advisor ²⁾ WMA : Wholesaler Management Advisor ³⁾ TPL : Third Party Logistics

2010 Material Issues

Do we have a fair relationship with business partners?



Fair selection and regular assessment of business partners

When selecting a business partner, Yuhan-Kimberly's strategic team sets up an assessment team (related areas including purchase, R&D, finance, quality, safety, and environment) to assess the candidate's fundamental trading abilities including their ability to supply, their level of technology, and their production capacity. We evaluate our business partners once a year to reflect their economic, social, and environmental achievements. The assessment survey consists of 120 to 150 items including quality, safety, environment, ethics and compliance with law, labor, human rights, and anti-corruption. Thirty-four partners were subject to the assessment survey in 2009. In the 2010 survey, 88.4% responded that Yuhan-Kimberly undergoes a fair process in selecting business partners.

Meeting the partner contract terms

Yuhan-Kimberly never fails to meet its payment terms with its partners by registering every trade in its companywide Enterprise Resource Planning system (SAP R/3). According to the 2010 survey, 88.4% of partners answered that Yuhan-Kimberly does not make any unreasonable requests, entailing our sophisticated level of fair trade.

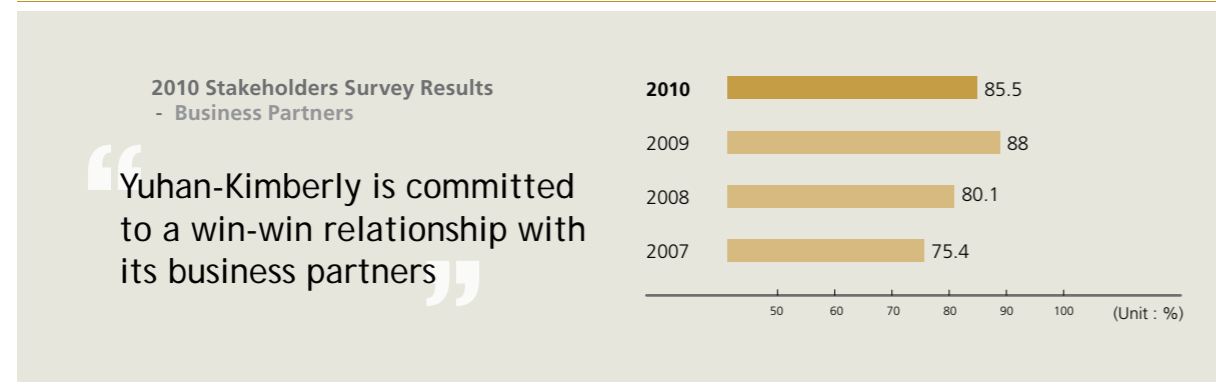
Sample questionnaire of business partner assessment reflecting social responsibilities

General questionnaire	Assessment Details
5.2 Salary and hiring	5.2.1 Does the company officially notice and comply with the minimum wage policy each year?
	5.2.2 Does the company hire illegal foreign employees?
	5.2.3 Does the company treat foreign workers the same as resident workers?
	5.2.4 Has the company had any foreign worker who is Absent without Leave (AWOL) in the last 12 months?
5.3 Social responsibility	5.3.1 Has the company faced any problem by failing to meet the payment terms and date related to its raw materials or parts suppliers?
	5.3.2 Do the employees or management participate in any contribution activities for community or social organizations?

Learning and dealing with the suggestions made by partners

Yuhan-Kimberly learns our partners' suggestions through information sharing networks, seminars, and round-table meeting all year-round. In 2009, we learned the suggestions online without holding a representative seminar due to the outbreak of Swine Flu. Our Kimcheon mill biannually holds a representative round table meeting with partners related with home supplies and B2B business to listen to their opinions.

Do we provide a good support for business partners?



Together with our business partners, we are undergoing SCCM (Supply Chain Carbon Management) projects assigned by the government

Yuhan-Kimberly has been carrying out government-assigned SCCM (from March, 2009 to October, 2010) project with business partners. Based on around KRW 600 million (cash+in kind contribution) of budget, the project has been undertaken with ten business partners in the first year (2009) and seven business partners in the second year (2010). Major assignments of the project include energy diagnosis and improvement, establishing greenhouse gas inventories, establishing low carbon management systems, and assessment of the potential reduction of green house gases. Under the project, we plan to carry out assignments including the diagnosis of production processes.

Quality innovation support for business partners – achieved single PPM¹⁾ error rate

Yuhan-Kimberly has participated in the quality innovation program to achieve a single PPM error rate since 2007 (initiated by the Korea Chamber of Commerce and Industry) in which eighteen partners took part in 2008 and twenty partners took part in 2009. Single PPM is a quality innovation program to control the number of defects to 9 out of every 1 million products. The government provides a certification for companies which have successfully completed the program. A responsible employee of Yuhan-Kimberly obtained a leader certification and has provided partners training free of charge. Two partners obtained the single PPM certification in 2008 and one in 2009, and another three are expected to obtain the certification in 2010.

Providing lifelong learning programs through operating a Win-Win academy for business partners and granting a long service award to wholesalers

Yuhan-Kimberly has provided business partners lifelong learning training programs since 2002 and participating companies are on the rise. In 2009, 296 employees from sixty partners benefited from the training, totaling 3,668 man hours. Courses were created by reflecting the needs of partners through a pre-survey. We provide various courses from job skill related courses including quality, safety, environment, and production technology to general knowledge.

Mutual cooperation and information sharing system (Supplier Management Advisor: SMA)

Yuhan-Kimberly provides subcontractors information on order, collection and payment for materials, purchase planning, and inventory status on its website. Our win-win information center on the website provides information on the support for SMEs and receives feedback from partners. From 2009, we enhanced user-friendliness by sending emails upon any change in order related information.

¹⁾ PPM is an abbreviation of Parts Per Million. Since 1995, Small and Medium Business Administration (SMBA) has provided certification for Single PPM quality innovation campaign to enhance the quality competitiveness. The campaign is a type of quality control drive participated by members of a organization designed to reduce the defect to single digit number out of every 1 million products or service to ultimately achieve zero defect rate.

We pursue safety for Consumers

12

The number of Yuhan-Kimberly's websites for communication with consumers

Yuhan-Kimberly has actively communicated with consumers through thirteen websites as of 2009 (corporate website: 1, brand websites: 10, social contribution website: 1), and the number of registered on-line members is on the rise. Our responses to online consumer comments and inquiries reached 13,178 out of a total of 14,026 comments in 2009, and the remaining unanswered comments were mostly consumer compliments or thanks messages regarding giveaways. In October 2009, we integrated consumer on-line inquiries previously handled separately by ten brand websites into one consumer support section on the corporate website, enabling more prompt communication with consumers.

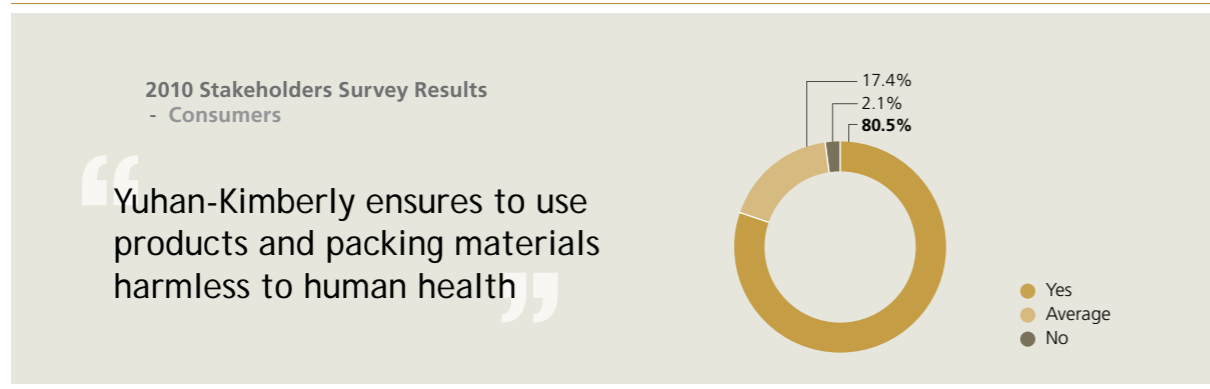
On-line communication channel for consumers can be found on the website [www.yuhan-kimberly.co.kr].



Ensuring customer privacy protection

We, at Yuhan-Kimberly, have applied a security system (Secure Sockets Layer, SSL) since 2007 according to the 'Act on Promotion of Information and Communication Network Utilization and Information Protection' and made such security systems public on our website. The procedure of filing complaints related to the invasion of customer privacy is same as the procedure of filing inquiries and responding. No case of invasion of customer privacy was reported in 2009.

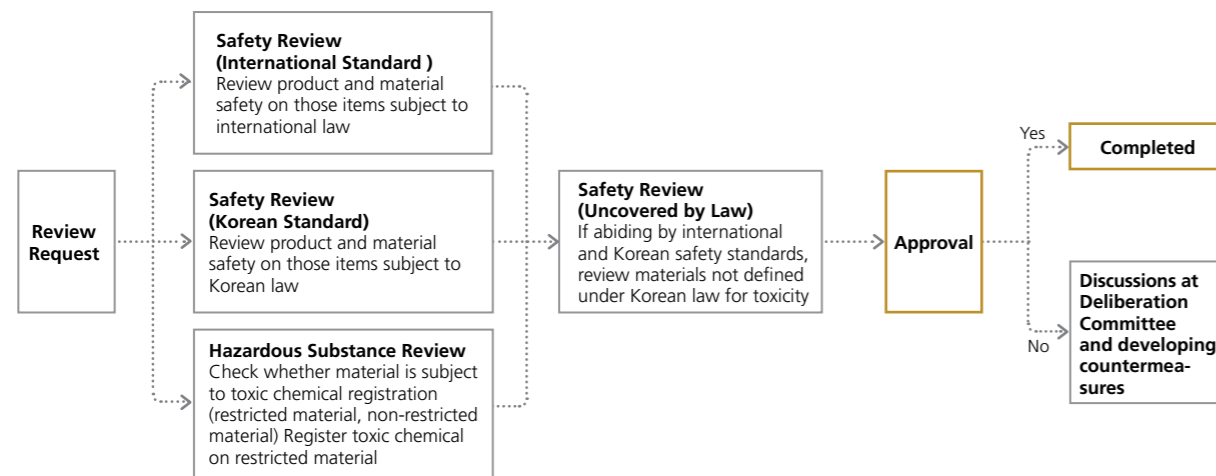
What efforts do we make to ensure product safety?



Tightened product safety verification system

Safety of our products and materials are the most important value upheld for human health. Yuhan-Kimberly operates product safety approval system and product safety verification system. According to the analysis results of related data accumulated over the last six years under our product safety policy, no violation of policies on customer health and safety was reported.

Safety Verification System



Efforts to ensure safety – Developed Technical Position

Yuhan-Kimberly prepared an official position on materials which may raise social concern and insecurity and developed guidelines on materials. The Technical Position is a reference paper to ensure safety in times of new product development and product advancement. In 2009, we developed the Technical Position on five materials including 1-4 Dioxin, Endocrine Disruptors, Bisphenol A, Pulp and Dioxin, and Formaldehyde.

Newly established Harmful Materials Analytical Laboratory

We operate the Harmful Materials Analytical Laboratory at our Taejon mill. According to testing by the Laboratory, no harmful materials were found up until May 2010. In addition, we select harmful substances which are not regulated by law but which may raise social issues to run tests on them on a monthly basis. At the same time, we request our business partners to carry out tests on materials used on diapers or sanitary napkins in order to prevent any use of harmful materials. For information, the Harmful Materials Analytical Laboratory was newly opened in March 2007.

What activities we are engaged in to resolve consumer complaints?

Clarification of procedure of providing accurate information for consumer safety

Yuhan-Kimberly complies with regulations on product labeling and strives to provide accurate information for the safety of consumers. In 2009, we underwent a pre-review of 75 advertising copies to make corrections. We also hold a quarterly discussion of internal experts for each business division to refrain from any exaggerated or misrepresented advertisement.

Ongoing effort to strengthen customer relationship (CRM:Customer Relationship Management)

Yuhan-Kimberly continuously strives to earn customer satisfaction and customer trust. We sent new products and information to 7,000 customers who had provided product reviews on hygiene products for women and babies, and obtained their product reviews on the new products to collect customers' opinions.

Provision of information to consumers

We published a common sense booklet of baby and child care and diapers titled, "Mommy knows" on December 9, 2009 to distribute to our consumers. We sent the booklet to around 3,000 consumers, and placed them in the children's lounge at department stores. The booklet explains how to protect a baby's skin and how to resolve potential problems related to the use of diapers. The booklet is also available on our website under the Consumer Service section.

Efforts to prevent consumer complaints in advance

Yuhan-Kimberly makes much effort to prevent consumer complaints in advance. We are also equipped with a system to resolve such complaints promptly. Our Consumer Service Center held a consumer satisfaction academy to provide training on quality for mill employees. We also held exhibition on products consumers were dissatisfied with to encourage efforts to reduce consumer complaints throughout all production and business processes. In addition, we provide all employees the Corporate Video Magazine in which details of complaints, challenges, and the voices of consumers are included. We make the complaints available on a separate section of our intranet at all times.

Collecting consumer feedback to resolve consumer complaints

We operate the Happy Call system to reflect consumers' complaints about quality improvement. With regard to complaints which require prompt resolution, which raise safety or industrial disaster issues, or which necessitate changes in designing attributable to recurring complaints, the production unit of each mill, production support unit, R&D, and Consumer Service Center collaborate to come up with improved samples, and distribute them to customers to gain their feedback. Throughout the process, we develop the best samples with the least complaints.

Examples of best practice of consumer complaints resolution

Year	Details of Complaints	Resolution	Reduction in complaints
2009.01	Wetness indicator of Huggies diaper	Introduction of Huggies diaper with improved wetness indicator	95%
2009.02	Odor/smell of Green Tea Natural Care wet tissue for babies	Adjustment of mixture of medicinal liquid	97%
2009.03	Defect in Huggies Magic Panty hook-and-loop fastener	Change of adhesive apparatus	92%
2009.04	Fine iron contamination in perforated line of kitchen towel	Metal detector for pulp processing was placed	100%
2009.05	Foreign substance in Anyday Slimming manufactured in China	Monitoring system on foreign substance in the Chinese mill was established	100%
2010.02	Squashed insect found in Bosong Bosong product	Lighting was eliminated from the process related to film and felt	100%
2010.03	Foreign substance found in the injection molding of Green Finger container	Air Hole was placed to monitor any foreign substance and training provided for responsible mill employees	100%
2010.04	Inflow of foreign substance into the pump of container of Green Finger product	Tightened monitoring on the functioning of pump and testing on functioning and fluid to get rid of foreign substance	100%

Cases of violation of laws and regulations and raised issues

No violation was found on providing information on consumer safety protection and products, and no voluntary or involuntary product recall was made in 2009. We also applied tightened the verification procedure of product labeling which led to no single case of violation of laws and regulations in 2009. We, however, posted our responses to complaints made increasingly or safety issues raised as the following.



Case Study (Regulations and raised issues)

Date of complaints March. 2009
Products Skin care products for babies and children
Details An issue related to parabens in skincare products

Yuhan-Kimberly's Response
 Natural materials are partially used in Green Finger products (Skincare products for babies and children) so they may go bad more easily than other products. Accordingly, a small amount of preservative is being used, lower than the amount permitted under local and international safety standards. However, we will still work hard to find a better solution.

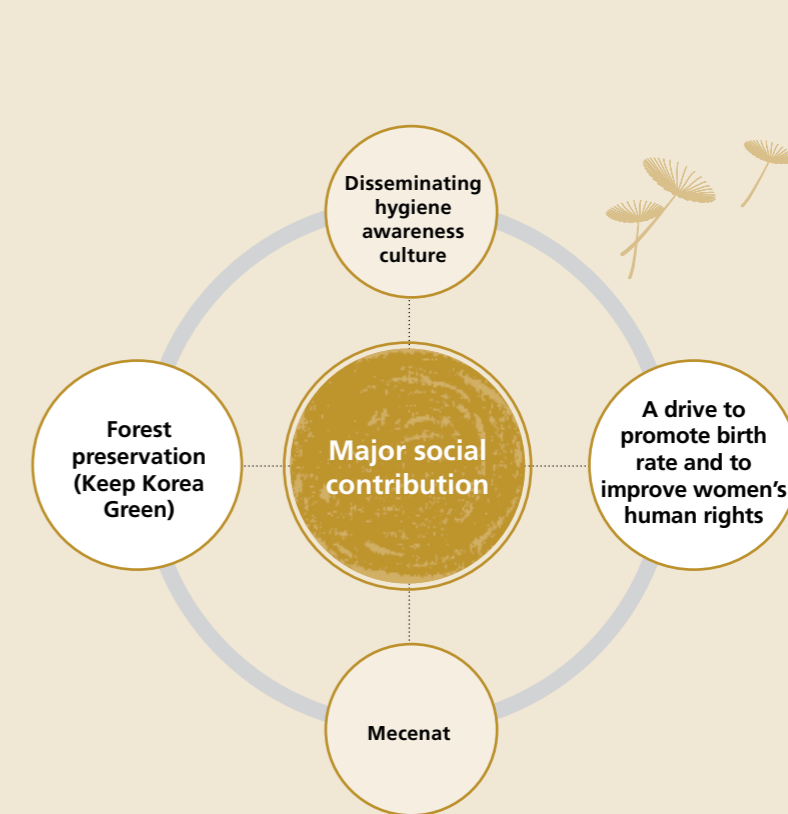
Date of complaints 2009.12
Products Diapers
Details Increased complaints on the smell of diapers

Yuhan-Kimberly's Response
 As the pulp, a raw material for diapers, is characterized by easily absorbing smell and moisture in the surrounding places, diapers may absorb the smell of stored places both at home and wholesalers. Also, the process of melting adhesive materials related to the hook-and-loop fastener of diapers requiring higher than normal temperature may lead to a slight odor. In general, the lingering odor disappears upon opening the wrapping material as air flows in. To minimize temporarily increased complaints related to the diaper odor, we rigorously improved product quality and materials or developed improved products. Such efforts led to reduced complaints.

Government & Community Growing importance of corporate social responsibility

39,000,000

The number of trees planted under our "Keep Korea Green" campaign (1984-2009)



Social contributions for community

Yuhan-Kimberly has cooperated with the community through making various contributions related to sustainable development including the preservation of forests and the environment, promoting family-friendly culture (childcare and women), disseminating health and hygiene culture, protecting cultural contents of Korea, and promoting a life-long learning culture. In particular, we run a "Keep Korea Green" campaign.

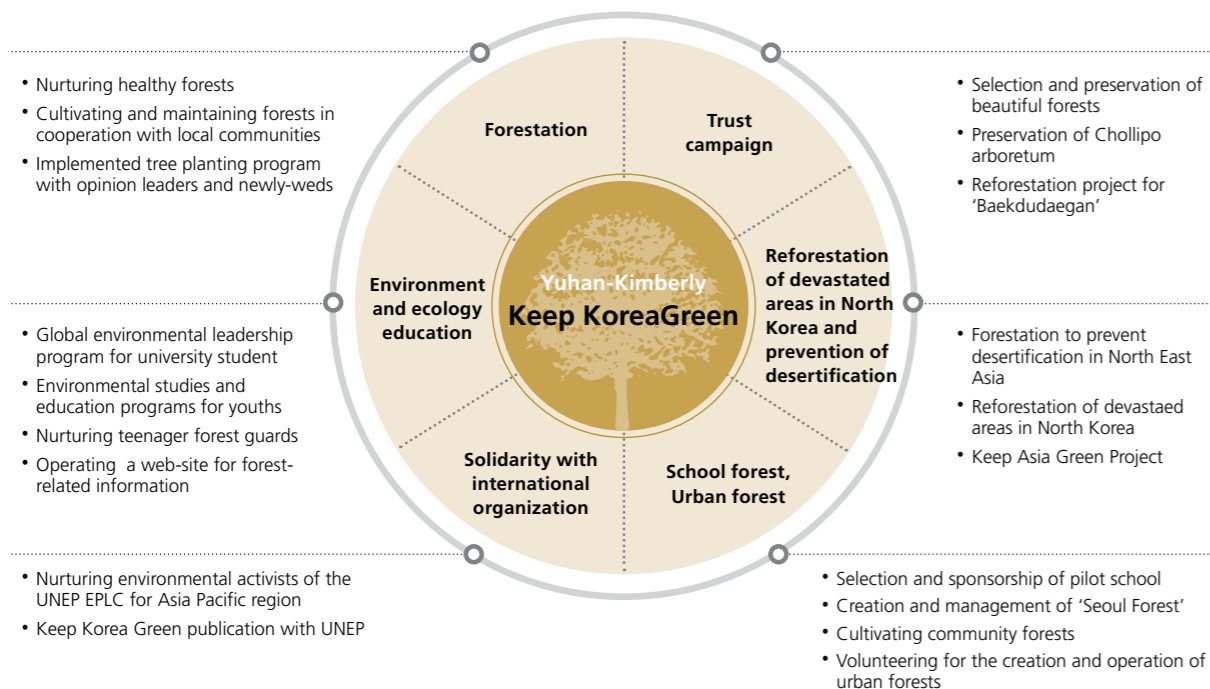
Internal process of handling community needs

We deal with the needs of community by issue; each mill handles the requests of the neighboring community, the Consumer Service team handles consumer inquires, and the Corporate Social Responsibility team handles external cooperation and donation, and each relevant business department handles inquiries raised on our website.

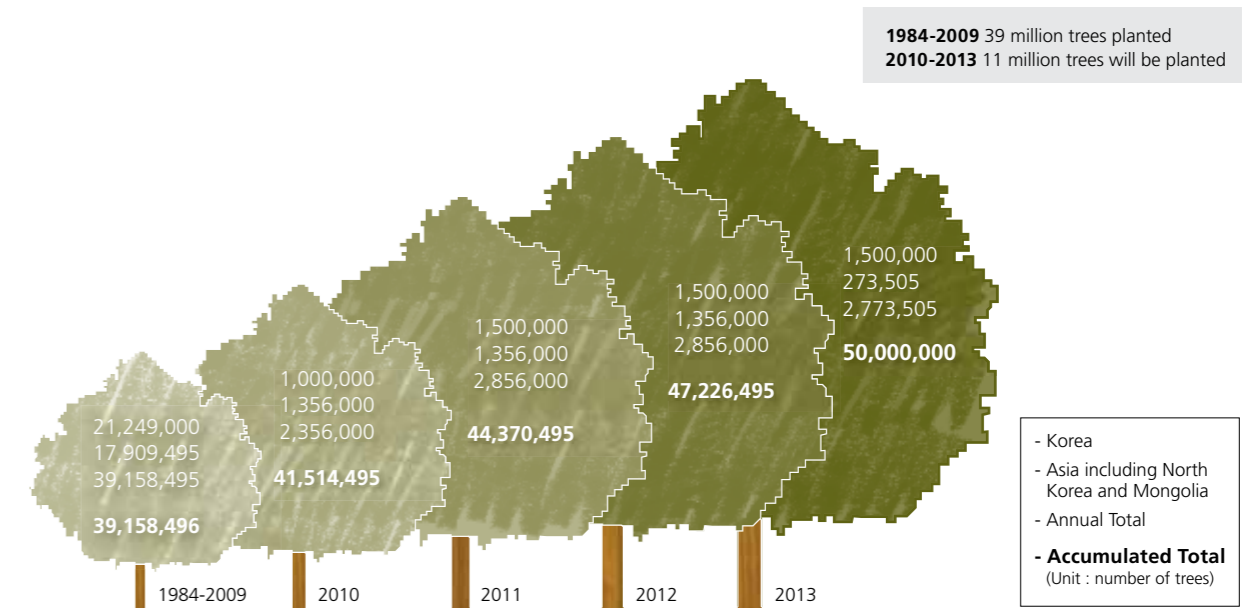
'Yuhan-Kimberly's social contribution and forest preservation·environment protection How do we roll out 'Keep Korea Green' campaign(1984-2010)?



Activities for "Keep Korea Green"



A commitment to the society was made to plant and nurture total of 50 million trees on public land by 2013



Preserving the ecological system and the sustained management of natural resources has become a global issue. Korea sets an exemplary case in successfully restoring deforestation over the forty years following the Korean War and during rapid economic growth and urbanization. Yuhan-Kimberly, upon launching a forest preservation activity called 'Keep Korea Green' in 1984, has contributed to Korea's national success. In addition, when Korea was faced with a challenge in preserving forests in the wake of the financial crisis in 1998, we took the lead in providing various opportunities for our citizens to take part in preservation activities and in creating jobs related to forest preservation as well as building partnerships among different sectors of society. Amidst the heightened global interest in the response to climate change, Yuhan-Kimberly secured a carbon sink in November 2009. We also made a commitment to society to plant and nurture 11 million trees and to be engaged in preserving forests over a 4-year period (2010-2013). We will celebrate the 30th anniversary of the 'Keep Korea Green' campaign in 2013, and the total number of trees to be planted by then would reach 50 million (including the 11 million planned). The 50 million trees to be planted is equal to the total number of the Korean population, so it can be said that we will be planting one tree each for every Korean citizen.

- **15 pilot school forests and 2 community forests in 2009** Against the backdrop of accelerated urbanization and the high population density of metropolitan areas, Yuhan-Kimberly has waged a campaign to select and sponsor school forests as a part of its efforts to cultivate forests in the city. We have selected pilot schools every year in association with the 'Forest for Life'. Beginning from June 2009, retired teachers provided advice on school forests on a monthly basis. In November 2009, we hosted an international symposium to celebrate our achievement in the school forest program over the last ten years and set a foundation for further development. In addition, along with a civic organization, 'Seoul Green Trust', we initiated a drive to establish community forests on small remaining lands from 2007. In 2009, we planted trees in Woomyundong and Gaehwadong in Kangseogu, Seoul and shared ideas on the importance of forests.
- **Holding the Green Camp for high school girls to foster future environment leaders** We hold 'Green Camp' to provide education on the environment to high school girls each year (1988-2009, total number of participants: 3,265). The Camp is one of the longest corporate camps for high school girls to encourage environmental protection. It was held twice in 2009 (July 27 - August 3) at a campsite in Youngyanggun, Kangwon province. In addition, we sponsored the Green Ranger Forest Camp for 1,000 elementary school students and teenagers to be engaged in various activities of preserving the nature.

- Selecting forests to be preserved** Yuhan-Kimberly has worked continuously to discover and select valuable natural and cultural heritage sites which need to be preserved. Also, we selected and developed 169 beautiful village forests, forest trails, thousand year old forests, and school forests jointly with the National Korea Forest Service and 'Forest for Life' over the last decade. In celebration of the 10th anniversary of our efforts in 2009, out of all the candidates, we designated two forests which boasted the best state of preservation and the highest participation of community citizens as 'Beautiful Forest Guardians'. We also co-hosted a public contest called 'Sites we must preserve' with the Korea National Trust for citizens to discover and select candidates for preservation (In the period 2000-2009, a total of 71 places were selected cumulatively). In November 2009, a seventh campaign was held to designate nine sites including Goolupdo and Songdo wetlands in Incheon.
- Forestation in North Korea and ongoing research on reforestation of Mongolia** In an effort to contribute to the protection of the Korean Peninsula and to reforest naturally devastated areas in North Korea, we have provided support for forestation and cultivation efforts. Our support includes providing seeds, seedlings, and tree planting equipments for North Korea and Mongolia to plant 1.3 million trees (1999-2009). In 2009, we planted 3,400 fruit trees including apple, chestnut, and pine nuts in North Korea and planted 400KG of pine nut seeds in the tree nursery on Mt. Kumgang. As yellow sand has been a growing threat to Korea in each spring season, Yuhan-Kimberly has planted trees in Mongolia, the origin of the yellow sand, to prevent deforestation since 1999. In 2009, in pursuit of long term forestation drive, we planted trees in Tujjin Nars and helped prevent desertification along with an incorporated body, 'the North East Asia Forest Forum'.
- Publication of 'Keep Korea Green' in 2009** We published a collection related to environment and forests (1993-2009 in 40 publications) to take the lead in accumulating data and sharing information. In 2009, we published two books titled '2009 UNEP almanac and climate behavior – Keeping the Earth Greener' (published by the UNEP National Committee for the Republic of Korea) for distribution to 600 libraries and municipal governments.
- Operating a public website related to forests** We have operated the public website Woorisooop [www.woorisooop.org] (2000-2009) to contribute to the public good through forest preservation activities. The website is a communication channel for people who love forests and the environment. We provide answers to questions related to forests and nature and a venue for bloggers to share ideas on the site. In particular, we provide information on how to participate in the 'On-line forests experiencing school' and on-line forests preservation activities. By doing so, we are helping teenagers to acquire a fresh perspective on forests and environment.

The tree is a carbon storage device!

It is much appreciated, because it absorbs carbon dioxide to prevent global warming!

"Imagine a balloon that is eight meters in diameter. The balloon would be about the area of one ton of CO₂, and the forest that is the area of a soccer field could absorb sixteen of these CO₂ balloons in one year."

■ Yuhan-Kimberly has planted 39 million trees over the past twenty-six years.

The trees and the forests are valuable carbon storage devices that prevent global warming!
The trees play an important role of absorbing carbon dioxide to let clean oxygen out instead of leaving carbon inside the body.
Do you now understand why we have to plant trees and take care of the forests to save our earth and future from global warming?

Yuhan-Kimberly

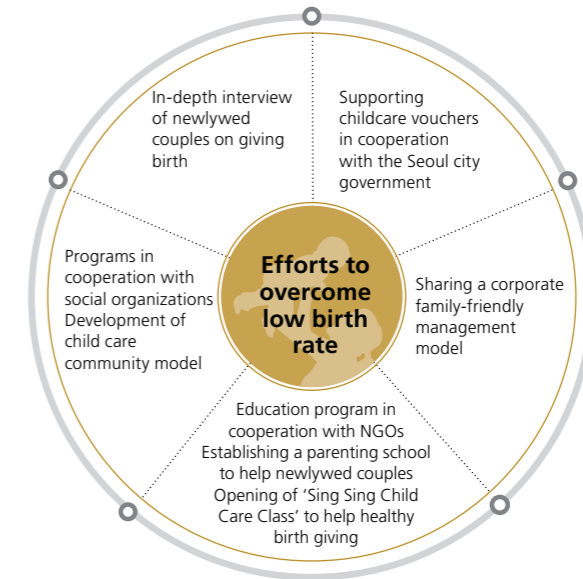
Yuhan-Kimberly's social contribution data for 26 years (1984-2009)

Category			1984-1998	1999	2000	2001	2002	2003
Planting and nurturing trees	Tree planting in domestic	Number of the trees planted	5,023,900	23,300	18,800	62,000	11,000	7,500
		Number of the trees nurtured	16,220,100	505,800	655,800	681,000	462,000	516,000
	Tree planting in North Korea	Number of the trees planted	12,894,595	2,167,830	130,000	211,750	10,000,000	30,115
	Tree planting in Mongolia	Number of the trees planted	4,051,500	-	-	500	1,000	300,000
Total			38,190,095	2,696,930	804,600	955,250	10,474,000	853,615
City forest	School forest	Number of schools selected	-	10	20	24	15	127
	Community forest	Number of the trees planted	-	-	-	-	-	4,000
		Gross area	-	-	-	-	-	-
Ecology education	Ecology education for youths	Total participants(person)	1,620	80	146	161	148	159
	Planting trees with opinion leaders and newly-weds	Total participants(person)	11,800	400	400	400	400	400
		Number of the trees planted	89,000	6,000	6,000	3,000	3,600	1,500
Preventing desertification	Selecting natural & cultural sites to preserve	Number of sites selected	-	-	9	10	-	-
	Selecting beautiful forests to preserve	Number of sites selected	-	-	22	21	16	20

Category			2004	2005	2006	2007	2008	2009	Sum
Planting and nurturing trees	Tree planting in domestic	Number of the trees planted	3,000	-	-	-	-	5,000	5,028,900
		Number of the trees nurtured	639,000	-	-	-	-	-	16,220,100
	Tree planting in North Korea	Number of the trees planted	131,096	203,804	10,000	6,000	4,000	3,400	12,897,995
	Tree planting in Mongolia	Number of the trees planted	450,000	750,000	750,000	750,000	1,050,000	960,000	5,011,500
Total			1,223,096	953,804	760,000	756,000	1,054,500	968,400	39,158,495
City forest	School forest	Number of schools selected	105	79	116	120	86	15	708
	Community forest	Number of the trees planted	-	-	-	2,104	1,746	2,487	10,337
		Gross area	-	-	-	1,617	500	1,157	16,497
Ecology education	Ecology education for youths	Total participants(person)	165	181	136	143	152	174	3,265
	Planting trees with opinion leaders and newly-weds	Total participants(person)	510	200	210	260	270	680	15,930
		Number of the trees planted	3,000	3,000	1,200	6,000	4,000	5,000	131,300
Preventing desertification	Selecting natural & cultural sites to preserve	Number of sites selected	-	11	12	11	9	9	71
	Selecting beautiful forests to preserve	Number of sites selected	15	11	16	18	14	16	169

Keep Korea Green performance can be found on the website [www.yuhan-kimberly.co.kr].

What efforts do we make to promote birth rate and women's human rights?



Activities to overcome low birthrate

- Second year of developing childcare model for community** As the low birth rate has become a social issue in a short period of time, Korea has a keen interest in ways to curb the issue to establish a sustainable society. In this sense, it is urgent to develop a desirable model of social interest and care for future generations. Yuhan-Kimberly has taken a part in the 'MeeRae Forum' (an incorporated body) composed of opinion leader groups of our society to make efforts related to the low birth rate. Along with corporations committed to raising donation funds by setting aside one in ten thousand of annual sales, we have worked to establish a childcare model since 2005. We decided to select three pilot organizations and sponsor their establishing childcare system of community over the next three years from 2009. We have been sponsoring them for the second year in 2010.


For more information on the development of Yuhan-Kimberly MeeRae Forum Childcare Model, please refer to our website [www.yuhan-kimberly.co.kr].

- 'Newly-weds school' opened to promote the importance of life of human beings in the era of low birth rates** Yuhan-Kimberly, jointly with the Seoul YWCA, launched a 'Newly-weds school' to promote the love for human life in July and September 2009 for the first time. Through opening the school, we preach to newly-weds the importance of a family and human life in the time of low birth rates and how to be healthy parents. We also carried out an in-depth interview on newly-weds to learn their lifestyle and thoughts related to birth giving.

2009 status of 'Newly-weds School'

Classification	1st session	2nd session
Subject	Newly-weds learning the importance of a family	Newly-weds beginning pleasant communication
Major programs	A special lecture on life, Meeting with a musician, Sean, engaged in Line dancing	A workshop on couple communication through the special lecture and a drama
Number of participants	Total 56 participants (27 couples)	Total 60 participants (30 couples)
Opening date	July 11. 2009 (Saturday)	September. 26. 2009 (Saturday)
Venue	Literature House - Seoul	Maru, a theater of Seoul YWCA

- **Supporting childcare voucher holders to help families with more than average number of children** In cooperation with the Seoul City Government in December 2006, Yuhan-Kimberly has been providing benefits to families with more than the average number of children as a part of its efforts to promote birth giving in the era of low birth rates. We provide additional mileage program to childcare voucher holders with more than the average number of children during the 'Huggies Gift Event', our thank-you sale, and also offer them discounts when they purchase baby products on the Huggies Magic Mall online shopping website. A total of 547 people benefited from these events from January 1 to December 31, 2009.

 For more information, please visit Huggies Magic Mall [http://www.happybabyclub.co.kr/gift/magic/magic_index.asp]

Efforts to improve women's rights and their interests

- **Nurturing future women leaders** Every year, Yuhan-Kimberly selects activists from women organizations and civic organizations through a public contest to provide them life-long learning experiences related to becoming leaders in Korean society. We encourage them to be engaged in protecting human rights, gender equality, and establishing better childcare over the long term. Related courses are called 'Active Women's Study of SungKongHoe University' and 'Advanced Course of NPO Leadership of Kaemyung University'. The Active Women's Study, a master course of the NGO graduate school of SungKongHoe University is a one year program, while the Advanced Course of NPO Leadership is provided for seven weeks bi-annually. From 2010, in our effort to help women activists from communities less exposed to educational opportunities, we moved the venue of the program from Seoul to Daegu from 2010.

Courses on nurturing women leaders (Unit : number of persons)

Category	Partners	Number of courses	Type	Number of Participants				
				2007	2008	2009	2010	Sub total
Future women NGO leadership course	Korea Women's Foundation, Korea Women's Association United, Songkonghoe University	Once a year	1-year course	10	9	11	10	40
Advanced course on NPO leadership	Korea Women's Foundation, Ewha Women's University (2009), Kyemyung University (2010)	Twice a year	7-week course	-	49	62	-	111

- **Supporting Publication of a booklet by the Sexual Violence Relief Center and women's information hotline (1366)** Yuhan-Kimberly supported the publication of a booklet 'The Moment' for victims of sexual violence in 2009 (published by the Sexual Violence Relief Center of Women's Association for Democracy and Sisterhood). The booklet has been distributed to sexual violence relief center countrywide (from November 2009 to now). At the same time, we have carried the Women's Hotline number (1366) (a call center for women to be provided help 24 hours a day) on the wrapping materials on our sanitary pads, White and Goodfell from January 2006 to now.
- **Reinforced online education on first menstrual period** To help promote a desirable sexual culture, we provided sexual education for 33,215 students in 2009. However, due to the outbreak of Swine Flu in 2009, we reinforced online education instead of offsite education. We expanded the program to include community children's centers and disadvantaged children in after school programs. A total of 130,000 elementary and secondary school girls have benefited from our program on the first menstruation period and on sexual values since 1972.

Concerted efforts in preparing for aging society

- **Supporting the study of gerontology** Yuhan-Kimberly has been holding a public thesis contest for researchers working at the Korea Gerontology Society since 2005. In 2009, we selected three subgroups and three gerontology researchers to provide support.
- **Research activities in preparing for an aging society in association with a civic organization** Yuhan-Kimberly, jointly with the MeeRea Forum, made an effort to help attract social interest in an aging society through a research and public forum on our aging society in 2009.


What efforts do we make on Mecenat, dissemination of lifelong learning, and hygiene culture?

Long term efforts for future generation – developed contents through meeting with representative scholars of Korea

- **Developed contents on comparing the culture of Korea, China, and Japan with Mr. Lee, O-Young, Korea's first Culture Minister** Yuhan-Kimberly, jointly with Mr. Lee, O-Young, a leading scholar in Korea and Korea's first Culture Minister has been providing support for developing contents on comparing the cultures of Korea, China, and Japan. The effort successfully led to developing content on a 'Tiger', one of twelve animals under the Chinese Zodiac. We also helped securing contents on understanding the three cultures through holding the first International Symposium on Korea, China, and Japan (October 2009) and holding a thesis contest for university students and young minds (November 2009).
- **Developed translation content for classic Asian literature with Mr. Kim, YongOk** Yuhan-Kimberly has been supporting Mr. Kim, YongOk in translating Asian and Korean major classic literature. In 2008, three series of the Analects of Confucius were translated and in 2009, China's representative thoughts, the Book of Filial Duty and the Great Learning were translated. Through such sponsoring, we contribute to raising cultural competitiveness and to activate studies on humanity.

Meeting of artists and citizens

- **Supporting establishment of Literature Plaza for citizens and holding New Korean Classic Music Contest** Through 'the Literature House in Seoul', Yuhan-Kimberly has been helping to hold the Wednesday Literature Plaza and the Friday Music Contest (from 2001 to 2010) (Participants: 800 artists and 16,000 citizens). Also, we have been promoting the beauty of Hangeul (Korean characters) by holding a New Korean Classic Music Contest jointly with the Literature House in Seoul and Korean Classic Music Promotion Committee (participated in by 1,851 people). Over the last 7 years, a total of 9 concerts were held (participating musicians: 228; number of newly created songs : 179)

 For details on the Literature Plaza and Music Contest, please visit our website [www.yuhan-kimberly.co.kr] **Social dissemination of life-long learning**

Spreading life-long learning model throughout society

- **Sponsoring the global conference in celebration of the 100th birthday of Dr. Peter F. Drucker** We sponsored a global conference to disseminate the knowledge management and innovation management preached by the world-renowned business scholar, Peter F. Drucker. In the conference, Hermann Simon, writer of 'Hidden Champion' and Frances Hesselbein, president of the Leader to Leader and the former CEO of Girl Scout Association, participated. In addition, we supported holding the Peter Drucker essay contest. Yuhan-Kimberly introduced exemplary cases of balancing work and life through lifelong learning in the second edition of 'Creation and Innovation' published in August and the International Symposium held in October in 2009.

Efforts to prevent infection in hospitals as a health and hygiene provider

- **Taking the lead in the campaign on preventing infection in hospitals and creating clean public washrooms** Yuhan-Kimberly, keenly interested in preventing infection in hospitals, held six rounds of seminars on controlling infection (2002-2008). From 2009, we raised the number of seminars to eight sessions for surgery nurses. Also, we have been holding a hygiene management campaign to establish a culture of clean public washroom.

What are the employees' voluntary social contribution activities?

Employees' time contributed to community program and details of donation

Yuhan-Kimberly's employees have been voluntarily engaged in social contribution activities, leading to 350 cases of volunteering, or 11,395 hours in 2009. The total amount of donations reached KRW 87,784,360.

Employees Volunteering Hours & Donations

Category	2006	2007	2008	2009
Total number of participants (people)	15,142	15,464	12,436	8,308
Volunteer service time (hours)	13,196	11,601	10,260	11,395
Total number of cases	218	211	455	350
Donation amount (Won)	117,406,920	90,307,950	65,632,510	87,784,360

Various activities for the community

Female employees at our Anyang mill visited senior citizens living alone to help them with house cleaning and farm work. In celebration of family month in May 2010, our volunteering club, 'One piece of Coal Briquette' spent time doing after-school activities with twelve children of low-income families, provided mentoring for them, and repairing their houses. A volunteer group of female employees at our Kimcheon mill, called 'Yegreena', held a bazaar to help under-privileged children (April 15 - 17, 2010). Around 200 employees and employees of business partners took part in the event. Our volunteer team members, called 'Yoocheonghoe', carried out house repairs for elderly citizens of single income households in Daebangri, Jomamyun, and Kimcheon on April 24, 2010. The volunteering has been carried out over the last five years. Families of employees at our Taejon mill have made kimchi every year to deliver to elderly citizens living alone, to grandparents raising their grand children, and to single parents. In addition, they held a garage sale in the lobby of the Taejon mill to donate the profits from the garage sale to single-parent families.

- Relay donation campaign for helping women 'Hope for our Daughters' (May 1 to May 31, 2010)** In an endeavor to help under-privileged women (helping female heads of household, elderly women, and preventing sexual violence), Yuhan-Kimberly took part in the relay donation hosted by the Korean Women Foundation. The total number of participants reached 62. We have been participating in the donation campaign every year since 2003.
- Participation in 'Rice Buying Campaign' to help the farming community (April 29 - May 06, 2010)** Yuhan-Kimberly, jointly with the National Agricultural Cooperatives Federation, held a campaign to buy rice in an effort to help farmers faced with difficulties in harvesting following a cold spell and frequent rain. Our business partners and employees of our head office participated in buying 229 sacks of rice to support farmers.
- Helping Haiti hit by catastrophic earthquake in 2010** A major earthquake of 7.0 magnitude struck Port-au-Prince, the capital city of Haiti, the poorest country in the Caribbean, killing many people. We helped the children of Haiti by collecting KRW39,593,388 of donations of 1% of monthly salary voluntarily from 84% of management and employees (1,411) for one week from January 21 to 27, 2010. The company also matched the equivalent amount of employee donations and delivered to UNICEF total of KRW 79,186,776.



Environmental Values

Report on Performance of Sustainable Management – Environmental Performance

We will realize environmental management with authenticity and responsibility.

Environmental Performance DMA (Disclosure on Management Approach)

Yuhan-Kimberly's 13 year trend on environmental Achievements (1997-2009) Overall environmental management

Environmentally-friendly product and process

Resource saving and recycling

Disclosure on Management Approach

Environmental Value

Vision

Yuhan-Kimberly, as a leading company, will contribute to society by achieving its vision for energy and the environment by 2015.

Policy

- To become one of Kimberly-Clark E&E Vision 2010 top 5 performers: reduction or water usage, energy and greenhouse gas emission, waste material and application of eco-design
- 10% reduction of environmental burden (vs. 2005), materials Recycling as Resources up to 99.9%, zero hazardous material Use
- The unit energy consumption 10% decrease vs. 2005, new & renewable energy use rate by 10%, GHG & air pollutant emission reduction by 10%

Organization

Sustainability Management, R&D, Mill EHS Teams, Logistics, EHS(Environment, Health & Safety) Excellence Team

Major Achievements

Based on the color of evaluation

● higher than evaluation standard Meeting the standards requiring more effort

Category	2009			2010
	Achievements	Evaluation	Page	Planned
Company-wide activities	Established the EHS system	●	88	• Establishment/expansion of EHS system
	Established the low carbon vision		-	• Establishment of the low carbon vision and roadmap
Product Process Resource	Acquired carbon labeling certification		40	• Acquisition of carbon labeling certification
	Reduced the weight of packaging for sanitary napkins	●	32	• Reduction of packaging weight for sanitary napkins
	Expanded eco-design on diapers		90	• Expansion of eco-design on diapers
Efforts to curb climate change	Introduced the supply chain carbon footprint system		42	• Introduction of the supply chain carbon footprint system
	Established the greenhouse gas inventory		41	• Expansion of the greenhouse gas inventory

2010 Environmental Performance Materiality Test

[IPS Materiality Test Model™]

Efforts to curb climate change, environment-friendly products and processes, recycling and resource saving were identified as major issues. The effort to curb climate change was selected as a major reporting item for the first time in 2010 with people from inside and outside the company paying a lot of attention.



*Refer to page 38 for a separate report on efforts to curb climate change.

Yuhan-Kimberly's environmental performance data for 13 years (1997-2009)

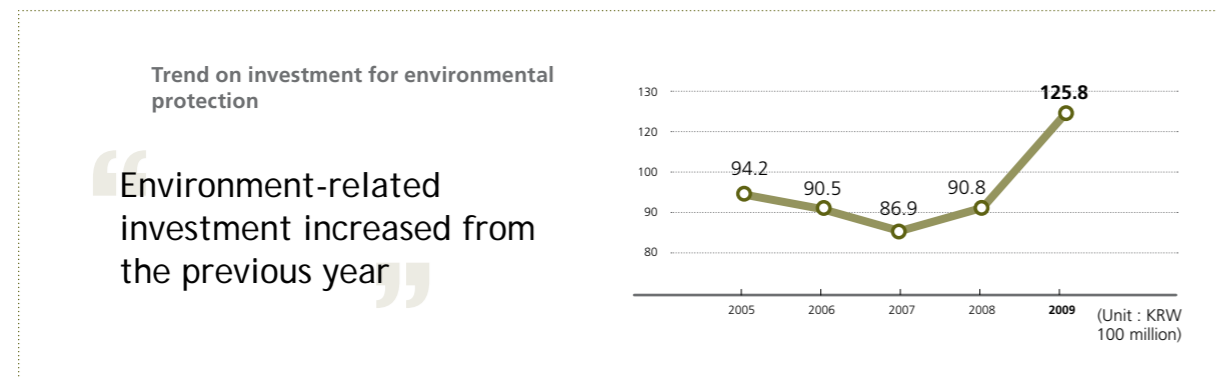
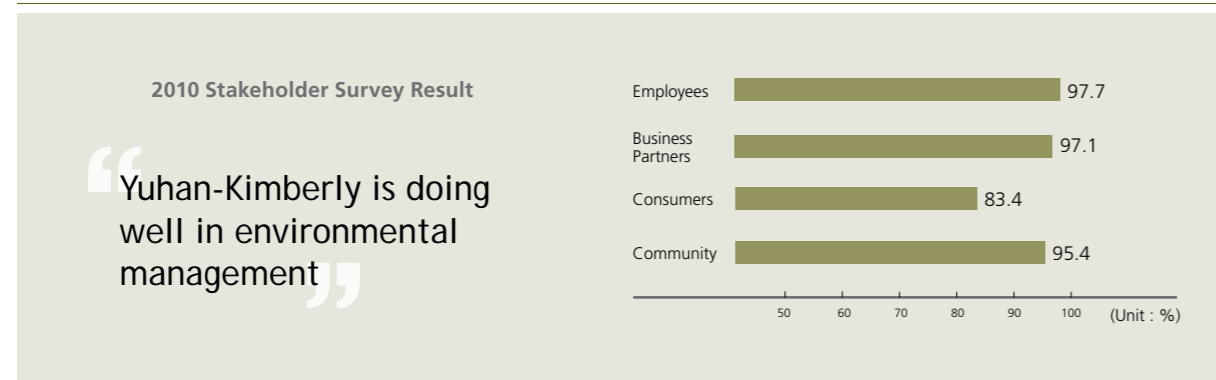
Environmental Performance data

Category	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Recycle	Ratio of Domestic Recycled Fiber (%)												
	10.1	14.2	18.9	37.3	57.7	74.2	70.8	76.0	74.8	76.8	81.7	85.8	89.9
Energy	Direct Energy Consumption (10 ⁶ BTU/ton)												
	6.7	6.4	6.0	5.3	5.1	5.2	5.1	5.1	5.3	5.0	4.5	4.2	4.3
	Indirect Energy Consumption (10 ⁶ BTU/ton)												
	3.5	3.3	3.2	4.0	4.0	3.8	3.7	3.8	4.0	3.9	3.8	3.7	4.1
Water usage	Water usage (m ³ /ton)												
	25.6	25.0	24.5	18.7	14.1	11.5	10.0	8.9	9.7	9.9	10.0	11.7	13.8
	Ratio of Recycled Water Usage (%)												
	39.3	41.6	41.0	34.9	46.1	55.5	61.8	59.2	57.3	57.3	56.3	50.8	43.1
Greenhouse Gas Reduction	Total Emission of CO ₂ (1,000 t CO ₂ /year)												
	-	-	150.9	138.9	160	175	170	163	168	156	155	161	164
	Total Emission of CO ₂ (t CO ₂ /product ton)												
	-	-	-	-	0.909	0.875	0.863	0.867	0.879	0.800	0.742	0.720	0.741
	Chlorofluorocarbon (kg)												
	-	-	-	-	47.5	19.7	24.3	63.4	51.0	35.3	22.2	17.1	26.7
Air Purity Control	Dust (kg/product ton)												
	0.187	0.223	0.173	0.119	0.077	0.058	0.042	0.021	0.016	0.008	0.004	0.003	0.006
	SO _x (kg/product ton)												
	1.443	0.994	0.581	0.341	0.154	0.058	0.067	0.060	0.070	0.020	0.004	0.005	0.001
	NO _x (kg/ product ton)												
	1.595	1.175	0.851	0.577	0.506	0.467	0.506	0.449	0.409	0.152	0.066	0.053	0.028
Water Purity Control	Treated Water Discharge (m ³ /ton)												
	19.9	17.4	13.5	13.0	11.2	8.2	7.5	6.3	6.4	6.4	7.4	8.6	11.1
	Biochemical Oxygen Demand												
	0.07	0.07	0.09	0.05	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.01
	Chemical Oxygen Demand												
	0.33	0.35	0.43	0.29	0.18	0.14	0.12	0.09	0.09	0.09	0.11	0.11	0.14
	Total Suspended Solids												
	0.17	0.14	0.17	0.11	0.05	0.02	0.01	0.01	0.01	0.01	0.02	0.03	0.03
Solid Waste Generation	Total Generation												
	0.54	0.50	0.47	0.38	0.38	0.44	0.45	0.37	0.34	0.28	0.26	0.25	0.23
Environmental Protection Cost	Total Cost (KRW 100 Mill)												
	-	52.8	57.3	65.2	88.1	91.6	83.6	84.5	94.2	90.5	86.9	90.8	125.8
	Percentage to Net Sales (%)												
	-	1.3	1.1	1.1	1.3	1.3	1.2	1.2	1.2	1.1	1.0	0.9	1.1

* Yuhan-Kimberly started compiling data on environmental costs from 1997 and green house gas from 1999.

* The Environmental Performance Achievements Table was re-adjusted for better understanding, and data from 2005 were re-calculated by applying the same standard for all business sites and, as such, the performance index from 2005 has been partially revised. The logistics area is excluded from the greenhouse gas.

What is the process for the overall environmental management?



Environment-related investment increased by 38.5% from the previous year

In 2009, Yuhan-Kimberly spent KRW 12.58 billion on environmental protection, which is a 38.5% increase from the previous year. This cost is calculated based on investments with more than 50% spent on the environment. Major environmental investments made in 2009 include investment in the facility to recycle the entire volume of sludge in the Kimcheon mill (KRW 11.2 billion), improvement of the sewage treatment facility(KRW 300 million), installation of the dust collector at Taejon mill to reduce air pollutants (KRW 330 million), and the waste recycling facility in the nonwoven production process(KRW 780million).

Addition of greenhouse gas reduction and toxic chemicals in environmental targets management

While our targets were focused on managing emissions in the past, we changed it to add the environmental load, waste recycling, toxic chemicals, energy consumption, and greenhouse gases in 2009, in order to reflect the high social interest in the reduction of greenhouse gases and toxic chemical usage. We are managing our targets based on the 2005 data.

Details of Environmental Targets Management

New Categories	2009	
	Target (based on 2005)	Achievement
Environmental load	10% reduction (0.566 kg/product ton)	62% reduction (0.238 kg/product ton)
Waste recycling	More than 98% recycling	98% recycling
Toxic chemicals	50% reduction (0.478 kg/product ton)	65% reduction (0.335 kg/product ton)
Energy consumption	10% reduction(8.325 MMBtu/product ton)	9.7% reduction(8.352 MMBtu/product ton)
Greenhouse gas emission	10% reduction(0.791 ton/product ton)	15.6% reduction (0.741 ton/product ton)

Development of environmental management capability for employees

In 2009, Yuhan-Kimberly carried out an education session for our employees and employees of our business partners to promote their competency in environmental management. The education session included education on greenhouse gas reduction, designated waste transportation methods, environmental-safety guidelines, and environmental policy. The total hours of education were 408 hours and the number of participants was 1,755 for 2009.

Location and size of areas with biodiversity among business sites

Yuhan-Kimberly's business sites comply with related laws and regulations, including the Framework Act on Environmental Policy, the Clean Air Conservation Act, the Water Quality and Ecosystem Conservation Act, the Waste Control Act, and the Soil Environment Conservation Act. The Anyang mill complies with laws and regulations related to the total water pollution load management of the Han River water system, the Kimcheon mill with the related laws and regulations of the Nakdong River water system and the Taejon mill with the related laws and regulations of the Keum River water system, and the total pollutants emission is maintained at 1/5 of the legal standard. In 2009, there was no violation of any laws and regulations.

- **No. 1 Plant - Anyang mill** Located in the general industrial complex near KyungSu industrial road in Dangjung-Dong, Gunpo-Si. The mill maintains its emission of environmental pollutants at below 1/5 of the government standard.
- **No. 2 Plant - Kimcheon mill** Located in the industrial complex of Daekwang-Dong, Kimcheon City. Pursuant to the Waste Control Act, the mill performs an inspection on its discharge water four times a year and the 2009 inspection result showed that it is managing the discharge water within the required standard.
- **No. 3 Plant - Taejon mill** Located in the No. 3 Industrial Complex, Munpyung-Dong, Daejeon city. As the mill is located near the landfill and incinerating facility for domestic waste, it was designated as an odor-controlled region since 2008 and we are performing odor checks twice a year. In 2009, we improved the odor prevention facilities of the mill for more stable management of odors (targeting below 300) that surpasses the legally required standard(below 1000 for industrial region).
- **Metro-Hub Distribution Center** Located in Gwangju, Kyunggi do. Established in 2008. Environmental concepts were incorporated into the mill since its design stage to have natural lighting, electrical heating, and landscaping around the distribution center. We are continuously trying to develop into a more exemplary environmentally friendly distribution center.

Preliminary management of the impact of water and serious leakage on the neighboring environment

In order to minimize the impact on the intake of water and the ecosystem, Yuhan-Kimberly is discharging water after purifying it to the level of life environment of the river. The Anyang and Taejon mills have their industrial water supplied by the local government authority and the Kimcheon mill has its industrial water supplied from Gicheon at the upper reaches of the Nakdong River. Yuhan-Kimberly is thoroughly performing preliminary management according to the procedure to prevent the serious leakage (leakage of oil, fuel, waste, chemicals, etc). We have installed emergency kits in major areas and are performing the regular drilling sessions to prepare against leakage. With these efforts, there was no single case of major leakage in any of our business sites in 2009.

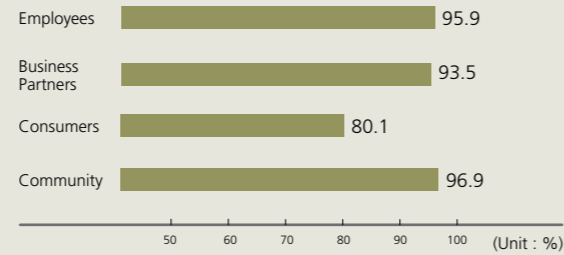
Case Study (Performing an environmental analysis on soil and asbestos of Sungnam Distribution Center)

After deciding to sell the Sungnam Distribution Center (located at 149-1 Sangdaewon-dong, Sungnam-si, Kyunggi-do. Nov 1989 - Nov 2009), which we operated for twenty years, Yuhan-Kimberly performed a diagnosis of its environmental impact on the local community. The scope included asbestos (health) and soil pollution (environment), and this analysis was performed based on related laws and regulations. We analyzed asbestos from around forty sampling points and the result showed that the soil was in good condition above the standard on soil pollution concern. Also, the soil environment analysis was performed on around ten areas based on the guideline of the Ministry of Environment and the result also showed that the soil was in good condition with the concern for soil pollution above the standard.

How are environmentally friendly products and processes being developed?

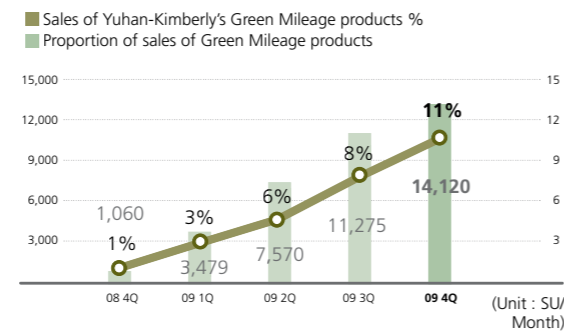
2010 Stakeholder Survey Result

“Yuhan-Kimberly is committed to developing environmentally friendly products”



Environmentally-Friendly Product Sales Result

“Sales of Yuhan-Kimberly’s Green Mileage products with less secondary packaging has increased.”



Implementation of the Green Procurement policy by purchasing environmentally friendly pulp

The key to Yuhan-Kimberly’s green procurement is pulp procurement. When purchasing pulp, Yuhan-Kimberly is executing the green purchasing policy of purchasing only pulp produced from the environmentally friendly manufacturing process¹⁾ or pulp with the environmentally friendly forest certification. In 2008, we acquired the Forest Stewardship Council, (FSC) certification (July 11, 2008 - July 10, 2013), which is one of the sustainable forest certifications, on our base sheet for Kleenex tissue exported to Europe. In March 2010, we received an evaluation on maintaining the certification qualification. The FSC certification that Yuhan-Kimberly acquired only goes to those companies that satisfy all the conditions from the procurement stage of pulp to the manufacturing and post-market stages.



Tip for consumers with interest in environment protection

You can show your support for forestation by purchasing products with the FSC logo mark or those that use raw materials with forest certification, as well as by avoiding products manufactured through illegal logging.

¹⁾ Pulp produced from the environmentally-friendly manufacturing processes refers to those manufactured without infringing the rights of the natives, not manufactured illegally and manufactured from well-managed forests.

Voluntary Green Procurement Agreement with the government

To promote environmentally friendly production and consumption, Yuhan-Kimberly signed the 2nd Voluntary Green Procurement Agreement by Industry (June 2009 - May 2012, executed by the Ministry of Environment and the Korea Environmental Industry & Technology Institute) with the Korean government. In 2009, our total procurement amounted at KRW 590 billion and the green procurement, which includes the purchasing of pulp that acquired environmentally friendly certification, accounted for around KRW 88 billion. In 2009, we tried to provide environmentally friendly products to consumers by acquiring the international certificate on environment-friendliness and using pulps produced from environmentally friendly manufacturing processes. Moreover, we have implemented the price preference of giving priority to green products when purchasing other expendable items by giving priority to those with the environment mark or the recycle mark certification.

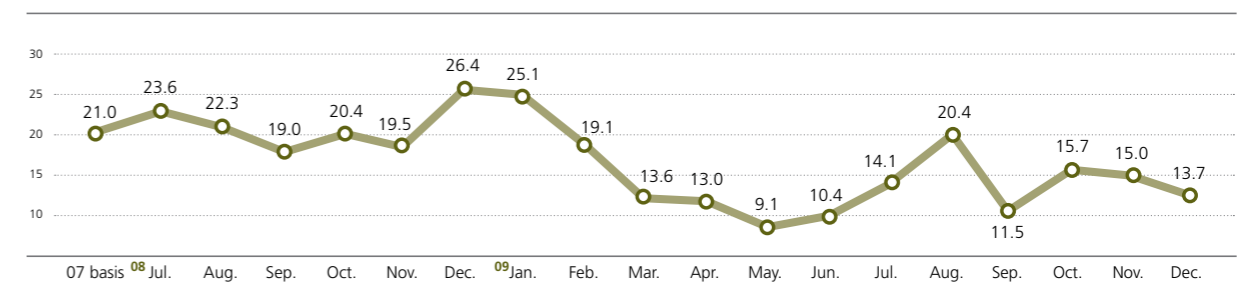
Newly acquired the Environmental Labeling on family care products, bathroom tissue

Yuhan-Kimberly’s sales of industrial goods (Popee Jumbo Roll tissue, Popee paper towels, Kim Care Cell air freshener, etc) and bathroom tissue (Popee Plus) that acquired Environmental Labeling (Korea Environmental Industry & Technology Institute) amounted to KRW 42 billion in 2009. In January 2010, we got the renewal of the Environmental Labeling on existing products and newly acquired Environmental Labeling on family care products, and paper tissue. We will continue to extend the line of products with Environmental Labeling for a sustainable society. The Environmental Labeling system provides accurate environmental information to consumers and induces companies to develop and produce environmental products by responding to consumers’ preferences.

Efforts to reduce secondary packaging material – Increase in sales volume of feminine sanitary napkins and panty liners with “Green Mileage”¹⁾

Yuhan-Kimberly has signed and is implementing a voluntary agreement²⁾ (July 2008 - June 2012) with the Korean Ministry of Environment to reduce secondary packaging. Yuhan-Kimberly’s ‘green mileage’ products include feminine sanitary napkins and panty liners (Kotex® White, Kotex® Goodfeel, Kotex® Anydays). We reduced the thickness of packaging by 18 % (55gsm 45gsm) and changed the materials used for packaging (paper 120g plastic bag 9g). Also, by expanding the sales of ‘green mileage’ products, we eliminated the use of secondary packaging by 27% in 2009 (compared to July 2007~Feb 2008). As of the fourth quarter of 2009, the sales of “green mileage” products that eliminated secondary packaging and developed additional discount benefits that accounted for as much as 11% of our total sales.

Trend of a decline of secondary packaging weight (Unit : ton)

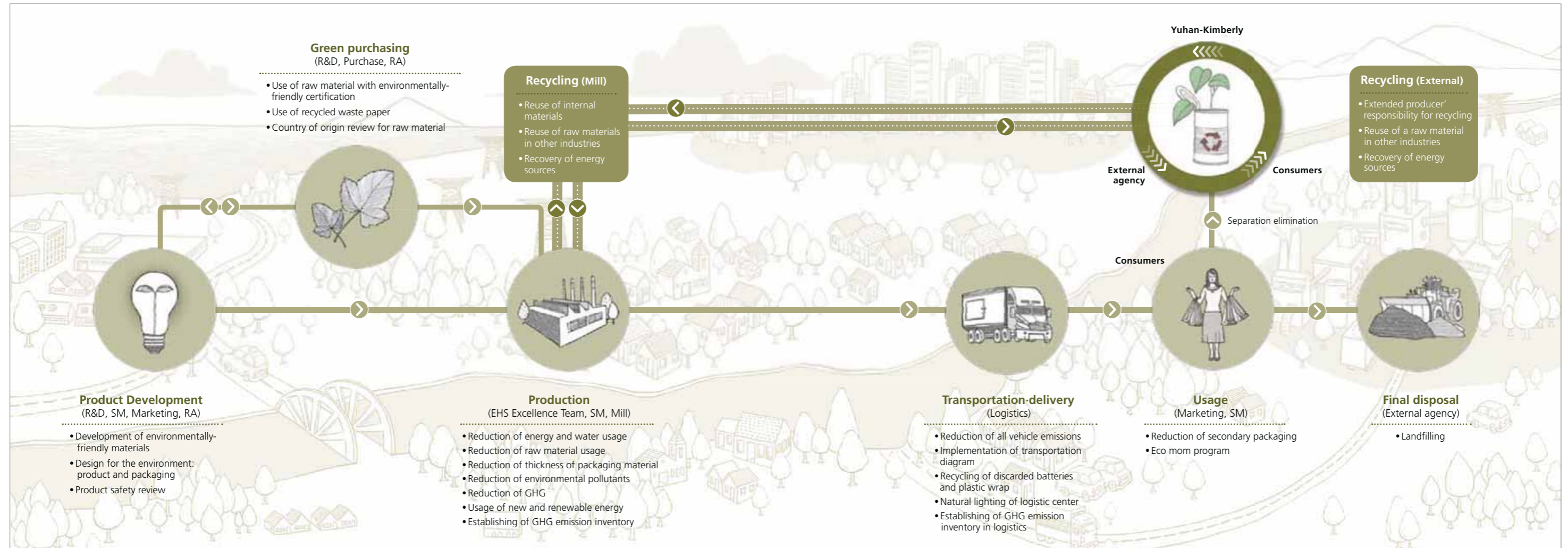


¹⁾ **Green mileage:** This system gives back the reduction in costs, such as manufacturing of promotional packaging, etc, to consumers in the form of ‘points’ through the distributing industry. This is jointly implemented by the Ministry of Environment, the Resource Recycling Social Solidarity, Chosun Daily and businesses.

²⁾ Voluntary agreement to reduce packaging waste encourages companies to voluntarily reduce unnecessary secondary packaging made for promotional purposes, with 18 manufacturers and distributors in Korea participating in the agreement. The first year target is to reduce the packaging waste by 20% compared to 2007.

How do we put resource saving and recycling into practice?

Flowchart of efforts to reduce the environmental impact of Yuhan-Kimberly's products



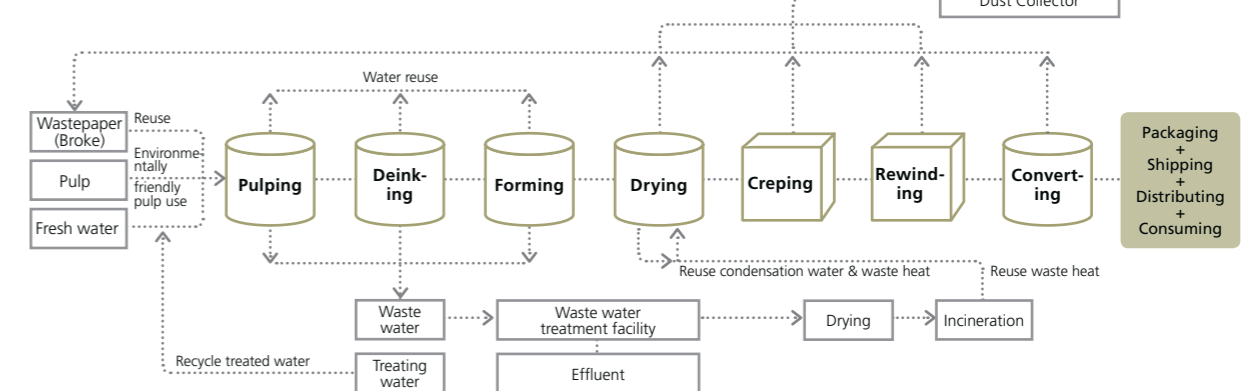
Efforts to reuse and recycle water

Yuhan-Kimberly has reduced its water consumption in tissue production from 25.6m³/ton in 1997 to 13.8m³/ton in 2009, but our water recycling rate has been decreasing in the last four years. This is because we increased the use of fresh water with the rise in sales of tissue with pulp since 2007 and as we felt the pressure of fluorescent materials appearing from our products. As such, Kimcheon mill has created a Task Force Team on Fresh Water Reduction in August 2009 and reduced its fresh water usage in KRW unit by 25% from the previous level (September 2009) as of December 2009. As of April 2010, it is executing the second stage program and is planning to increase the recycling rate by establishing new facilities by 2011.

Efforts to reduce the water usage (Unit : m³/MT)

Category	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water usage	25.6	25.0	24.5	18.7	14.1	11.5	10.0	8.9	9.7	9.9	10.0	11.7	13.8

Tissue production process



Major raw materials excluding water – Efforts to use domestic recycled paper¹⁾

The major raw materials used at Yuhan-Kimberly are pulp, recycled paper and SAP²⁾. Through our efforts to use domestic recycled paper, domestic recycled paper accounted for 90% of the total recycled paper in 2009. This leads to the reduction of carbon emission created during transportation as it reduces the ratio of recycled paper brought in from abroad.

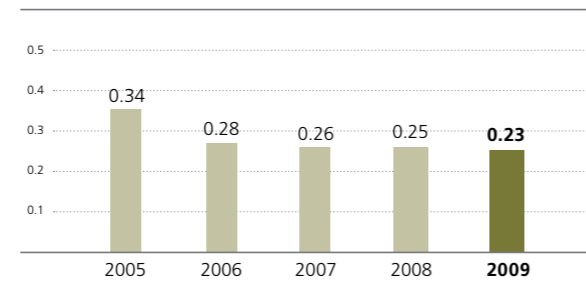
Amount of Major Raw Materials Used (Unit : 1,000 ton)

Year	Pulp	Recycled Paper		Super Absorbent Polymer(SAP)	Sum
		Domestic	Imported		
2005	77.8	60.2	20.2	14.8	173.0
2006	86.3	53.4	16.1	15.7	171.5
2007	87.5	50.2	11.2	17.0	165.9
2008	102.5	49.6	8.2	20.3	180.6
2009	99.2	57.7	6.5	16.8	180.2

94% recycling of waste generated from production process

Yuhan-Kimberly's wastes are 66% sludge, 22% synthetic resin waste, 8% incineration ash, 3% waste paper, and 1% metal fragments and others. About 94% of the waste generated from the production process is recycled and of the remaining amount, 1% is outsourced for incineration and 5% is outsourced for reclamation. The amount of waste generated in 2009 has dropped by around 4% from the previous year at 0.24ton/product ton.

Amount of Waste Generated (Unit : ton / product ton)



Recycling of the entire volume of sludge generated from the paper tissue process as depressant

Since July 2009, Yuhan-Kimberly's Kimcheon mill stopped the operation of in-house incineration to use the entire volume of sludge³⁾ generated from the tissue process as the raw material for depressant in the steel production. We established the high-efficiency spin dryer and sludge storage facility in the mill and outsourced its handling to an external vendor. This is in line with the government's waste recycling promotion policy and also reflected the economic efficiency. Through this, we reduced the CO₂ and NO_x emissions by 4,722kg and 9,312kg, respectively, with the incineration of sludge.

Waste recycling in production process

Source	Recycling Method	Volume(ton)	Business Site
Sludge from the tissue production process	Raw material for slug depressant	15,864	Kimcheon mill
	Raw material for cement	3,901	Kimcheon mill
	Feed for earthworms	744	Anyang mill
Left-over pieces of sanitary napkin	Plastic palette, septic tank, waste water piping	600	Taejon mill
Paper dust	Seed spray for road construction	81	Taejon mill
Waste from diapers and sanitary napkins	Heat source	2,938	Taejon, Anyang mill
Nonwoven used in waist band	Plastic palette	3,018	Kimcheon, Taejon, Anyang mill
Nonwoven⁴⁾	Raw material for recycling facilities in the mill	-	Kimcheon, Taejon mill
Waste from the tissue production process	Heat source	2,163	Kimcheon mill

¹⁾ Also called waste paper. ²⁾ Super Absorbent Polymer, SAP

³⁾ **Sludge** : Sediment created in the process of biologically treating waste water created when producing paper tissue.

⁴⁾ **Nonwoven** : As nonwoven is directly recycled at the recycling facility, it is difficult to calculate the exact amount.

Compliance with the mandatory recycling rate of packaging materials

Yuhan-Kimberly is posting the separate discharge for recycle label on mandatory items required by the Extended Producer's Responsibility (EPR)¹⁾. In 2009, pursuant to the law (June 2003) that imposed the mandatory recycling rate on products or packaging materials, we recycled 47.6% of packaging materials for feminine sanitary napkin (408,869kg) and 65.3% of our cosmetics line 'Green Finger' and professional products containers (24,502kg), respectively. Also, we are voluntarily putting the separate discharge label on products, such as diapers and wet wipes, which are not included as mandatory items. In 2009, our recycling charge was around KRW 64 million, which we paid to the Korea Plastic Recycling Association.

Fulfillment of the waste dues

Yuhan-Kimberly has been paying a waste disposal charge for paper diapers since 1993. In 2009, we paid around KRW 1.53 billion per year. Moreover, starting in 2009, as a final producer, we will start to pay around KRW 91 million per year (based on packaging used on products shipped out in 2009) for the plastic waste disposal charge on all product packaging materials pursuant to the revised act on resource saving and recycle promotion.

Hazardous Waste Management

Taejon Mill consulted the Geumgang River Basin Environmental Office with the objective to safely dispose of used transformer (2.46ppm) containing Poly Chlorinated Biphenyl²⁾ (PCBs), which had been kept separately in a worksite that received approval for extended storage period. On December 9, 2009, the used transformer was transferred to a company specializing in disposing of wastes containing PCBs (a company which had received permission for intermediate treatment of designated wastes from the Ministry of Environment), to be lawfully disposed of through cleaning (extraction) and chemical methods. Yuhan-Kimberly manages hazardous waste in accordance with international agreements and Korean laws and regulations, and also examines wastes that are regulated by the annex of the Basel Convention³⁾.

¹⁾ **Extended Producer's Responsibility(EPR)** : It imposes the obligation to recycle a certain amount of waste to the final producer of product or packaging. If the obligation is not fulfilled, a charge that exceeds the cost of recycling is levied on the producer.

²⁾ **Polychlorinated Biphenyls(PCBs)** : PCBs were widely used for many applications, especially as dielectric fluids in transformers, capacitors, and coolants. PCB is not biodegradable and toxicity and classification as a persistent organic pollutant, PCB production was banned by the United States Congress in 1979 and by the Stockholm Convention on Persistent Organic Pollutants in 2001.

³⁾ The Basel Convention is an international treaty that was designed to reduce the movements of hazardous waste between nations, and specifically to prevent transfer of hazardous waste from developed to less developed countries (LDCs).

Case Study

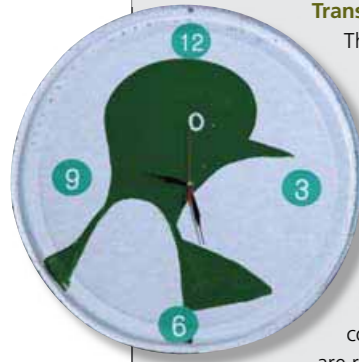
Recycled products exhibition led by employees of Yuhan-Kimberly's Taejon mill (**Everyday = Greenday Exhibition**)

Celebrating the World Environment Day of June 5, 2009, Yuhan-Kimberly's Taejon mill held the 2nd Recycling Exhibition (June 3 - 30, 2009). Employees, members of the Environment Team and green designers used old waste in the factory and came up with ideas to create useful works of art and are sharing creative recycling ideas.

Transformation of a broken wall clock

The environment crisis clock is pointing 9:26 P.M. The sense of pressure on humans as a result of the degradation of the environment, according to environmental experts, is expressed as a time on this clock. A green penguin is drawn on the hot melt container tube cover of Taejon mill by using the environmentally friendly green paint and components of the broken wall clock are re-used.

Joint work by Professor Yoon HoSup, Manager Lee, SeungPhil(Safety&Environment Department).



LOVE & SAVE

The humpback whale faced the risk of extinction in 1960 - 70 when whale hunting was flourishing. Currently, the population has increased but if we do not pay attention to this issue, they might soon face the risk of extinction again. Painted on the waste paper box with green natural paint.

By Environment Designer Cho SuHo.



Business Card Making Event

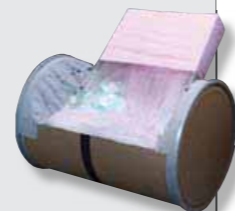
The Business Card Making Project is creating business cards by using little pieces of paper left over and disposed of during the printing process. On the recycled paper, soybean oil is used for printing. By Green Designer Park HyunJung.



I am an Environment Designer, too

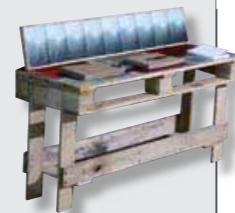
A rocking chair is made with the hot melt container and left-over felt discharged from the baby care goods production process.

Joint work by Kim JaeHo (Supplier, Bumho Industrial Development), and Lee, ChungJae (Safety & Environment Department).



Wood table and environmentally friendly diary are decorative table and fence made with wood palette used as palette in hot melt container.

Joint work by Choi HyunA (Baby Care Production Dept.), No, MiOh (Quality Assurance Dept.), Park, SuJin(Production Facility Support Division), Lim, YoungJun(Production Facility Support Division). Environment-friendly diary is by the Green Designers Park HyunJung, Chang JiNa.



No Dunk Shot

The basketball hoop is made with the hot melt container, cap and various sized cores. No dunk shots allowed and the basketball should be returned to the shelf after playing! It is very popular during the lunch hour.

Joint work by Kim JaeHo(Supplier, Bumho Industrial Development), Lee, ChungJae(Safety & Environment Department).



Hand-Printing Performance



A hand-printing performance with all employees participating! Employees made pledges to themselves, such as using mugs, commuting with bicycles, not leaving leftover food, etc, and putting green ink on their thumbs to draw a green leaf on a bare tree (base picture). When it is all completed, a big green heart is made.

Exhibition Table made with Wood Palette



Paper tubes created from the product manufacturing process and wood palettes discharged after delivering raw/subsidiary materials are used to make a big exhibition table. Nails used

are also acquired from other waste palettes and the green natural paint is used on some tubes.

By Manager Lee, SeungPhil(Safety & Environment Department).

Flower pot



A flower pot made with wood fences, various sized cores and caps of bathroom tissues!

Joint work by Lee, JaeYoung (Mill Support Dept.) Kim JaeHo (Supplier, Bumho Industrial Development).

* Other than what is listed above, you can find more works of art that use recycled items, such as environmentally friendly calendars and core chair, etc.



Appendix

Report on Assurance Result

Does the report fulfill the principles of Inclusivity, Materiality, Responsiveness?

Third Party Assurance Report Guideline Index - GRI & BEST Workplace Status
Our Commitments Objective Assessment of Report List for On-Line Reporting
2010 Sustainability Reporting Organization Questionnaires for Reader Opinion

Third Party Assurance Report

To the Management of the Yuhan-Kimberly 2010 Sustainability Report

Upon request of Yuhan-Kimberly, the Institute for Industrial Policy Studies as a "third party assurance provider" (hereinafter referred to as the "Assurance Provider") presents the following third party assurance report on the "Yuhan-Kimberly 2010 Sustainability Report (hereinafter referred to as the "Report").

Accountability and Objective

Yuhan-Kimberly is held accountable for all information and claims contained in the Report including sustainability management goal setting, performance management, data collection and report preparation. The objective of this assurance report is to check whether the Report is free of material misstatement or bias and whether the data collection systems used are robust, and to offer advice on improving the quality of the Report through identifying sustainable management issues and reviewing its reporting process.

Independence

The Assurance Provider has no relations with Yuhan-Kimberly regarding any of its for-profit operations and activities. In addition, the Assurance Provider has carried out its assurance process with independence and autonomy as it was not involved in the preparation of the Report except for offering comments in the process.

Criteria for Assurance

The Assurance Provider assessed the Report against the following guidelines:

- AA1000 Assurance Standard (2008)¹⁾
- BEST Guideline²⁾
- Global Reporting Initiative(GRI) G3 Sustainability Reporting-Guidelines³⁾

Type and Level of Assurance

The Assurance Provider conducted assurance process for the Report in accordance with Type 1 and Moderate Level of AA1000AS (2008).

- The Assurance Provider evaluated the reliability of the data compiled in the Report for Type 1 assurance, and assessed publicly disclosed information, reporting system and performance management process based on the three core principles of AA1000AS (2008), namely Inclusivity, Materiality and Responsiveness. However, this assurance engagement does not provide the evaluation of the reliability of specified sustainability performance information.
- The Assurance Provider pursued moderate level of assurance where sufficient evidence has been obtained and limited sampling has been conducted at each performance sector to support its assurance report such that the risk of its conclusion being in error is reduced but not reduced to very low nor to zero.

Scope and Work Undertaken

The Assurance Provider carried out the following activities in order to (1) review the extent to which The Report applies the principles of Inclusivity, Materiality and Responsiveness and (2) assess the Report's application level of the GRI/BEST Sustainability Reporting Guidelines.

- Evaluating the sources of publicly disclosed information and internal parties involved
- Verifying the performance data collection systems and processes for each function

- Ensuring the financial data in the Report and Yuhan-Kimberly's audited financial reports correspond
- Reviewing the Yuhan-Kimberly's response system for material issues
- Conducting interviews with each functional manager
- Completing on-site due diligence focusing on the Head office (Seoul office) from July 20, 2010 to July 22, 2010
- Evaluating the Report for the extent of adherence to the GRI/BEST Guidelines

Limitations

- A review of the accuracy and reliability of data and interviews with persons in charge of data collection and performance-related information at management levels
- Verifying the data and inquiries into each functional manager and information collection manager
- On-site validation focused on the Head office
- Assurance engagement based on data and publicly available information only during the current reporting period
- Evaluation of the reliability of the performance data being excluded

Conclusions

The Assurance Provider did not find the Report to contain any material misstatements or bias on the basis of the scope, methodology and criteria described above. All key assurance findings are provided herein, and detailed findings and follow-up recommendations have been submitted to the management of Yuhan-Kimberly.

[Inclusivity] Is Yuhan-Kimberly's strategy-setting and engagement process for stakeholder participation adequate?

Recognizing the importance of stakeholder participation in sustainability management, Yuhan Kimberly is committed to strengthening its engagement with stakeholders. Yuhan Kimberly has put diverse and adequate processes in place for stakeholder engagement while instituting a regular channel of communication with each stakeholder group. In addition, Yuhan-Kimberly has also organized frequent meetings and get-togethers with stakeholders to better reflect stakeholder requirements and interests in its reporting. The following actions by the Yuhan Kimberly were found particularly commendable.

- Carried out continuous in-depth surveys of stakeholder views while reporting on survey findings and trends;
- Collected a wide-array of expert views in sustainability by convening stakeholder council meetings; and
- Reflected Assurance Provider's suggestions from the prior year to broaden the scope and breakdown of stakeholders.

Going forward, however, the Assurance Provider recommends providing more coverage on the processes in place designed to reflect stakeholder views in its decision making as well as how stakeholder engagement findings are shared and discussed within the company.

[Materiality] Does the Report contain information of key material importance to Yuhan-Kimberly stakeholders across the social, economic, and environmental dimensions?

It is the Assurance Provider's view that the Report does not omit or

exclude any information of material importance to Yuhan Kimberly stakeholders. We verified efforts by the corporation to systematically identify and report on issues of material interest to both its internal and external stakeholders through an analysis of the following - internal policies, direct and indirect economic impact, local and international laws and regulations, stakeholder survey findings, industry benchmarking, press reports etc. Also, reflecting recommendations from the Assurance Provider from the prior year, Yuhan Kimberly provided a more detailed account of its materiality assessment process for greater procedural transparency. The following were found to be particularly commendable.

- Identified key material issues by establishing a systematic platform for testing materiality against diverse factors for assessment; and
- Carried out a detailed analysis of issues of mid-to-long term material importance by exploring requirements for a sustainable company and stakeholder council meetings; and
- Offered priority reporting on four select key agenda items deemed important to Yuhan Kimberly and its stakeholders.

In the future, however, we suggest breaking down the key issues by stakeholder to clarify which requirements are specific to which stakeholder group.

[Responsiveness] Does the Report address how the company has responded to stakeholder demands and concerns?

The Assurance Provider noted the Yuhan Kimberly's company-wide policies for managing material issues and found the Report to provide a comprehensive and balanced response to stakeholder demands and interests. Given the importance of effective communication in enhancing responsiveness, Yuhan Kimberly has been working hard to collect stakeholder requirements and views by putting in place diverse channels of communication and reporting on its various stakeholder response programs as well as their results. The following were found to be particularly commendable.

- Reported on its efforts to advance the four key agenda items identified to be of significant stakeholder interest; and
- Reported on the company's response regarding actual input from employees while also presenting case studies involving customer/consumer complaints as well as the company's response.

However, in the interest of enhancing the responsiveness of future reports, the Assurance Provider suggests holding its stakeholder council meetings on a more regular basis while making non-expert stakeholder channels available as well other responsive measures.

GRI Application Levels

The Assurance Provider found the Report to apply to GRI G3 Reporting Framework at the level of A+

BEST Fulfillment Levels

The Assurance Provider found the Report to fulfill 99.3% of the reporting requirements necessary to qualify for a Level 5 Report (from among Level 1-5)

Trend of the Yuhan Kimberly Sustainability Report Fulfillment (Unit : %)

Reporting Year	2006	2007	2008	2009	2010
Publications	1st	2nd	3rd	4th	5th
Level	Level 4	Level 5	Level 5	Level 5	Level 5
Fulfillment	90.8%	98.6%	98.6%	99.3%	99.3%

* Assurance findings were converted uniformly into fulfillment ratios as measured against Level 1 through 5 requirements.

Recommendations

Relative to the prior year's report, the Assurance Provider found "Yuhan-Kimberly 2010 Sustainability Report" the fifth such report by Yuhan Kimberly - to be commendable on the following counts. The Report 1) provides priority reporting on its key agenda items to clarify the key issues involving the company as well as its efforts to respond; 2) represents efforts to broaden its

stakeholder engagement to collect their views more proactively; and 3) offers greater web reporting coverage.

For future reports, the Assurance Provider suggests the following considerations.

- Provide clearer reporting on the relationship between mid-to-long term tasks, the requirements for a sustainable company, material issues, DMA etc., while establishing stronger linkages.
- Provide stronger reporting on the current status of various sustainability initiatives relative to its mid-to-long targets.
- Provide interviews with stakeholders demonstrating how the system is actually run as well as its impact
- Present how the company intends to broaden the scope of its stakeholder participation for sustainability while indicating the direction going forward.

Based upon the above statement as well as other recommendations presented separately to management, The Assurance Provider suggests that Yuhan-Kimberly establish a more systematic program of sustainability management and reporting, and continue to follow up with ongoing improvements going forward.

Eligibility of IPS as an Assurance Provider

Established in 1993, the Institute for Industrial Policy Studies (IPS) has accumulated broad expertise in the areas of ethics management, corporate social responsibility and sustainable management since 2002, and serves as a third party assurance provider for the sustainability reports published by local companies. IPS has conducted the assurance engagement upon request of Yuhan-Kimberly, and assembled a team of six assurance practitioners(Cheol-ho Shin, Jong-uk Lee, Sung-pil Park, Dongwon Lee, Jeong-eun Park, Jeong-ah Sohn) who are professors at Korea's top universities or professionals with accreditation and extensive experience in sustainability management after majoring in business management, accounting or environmental science.



August 23, 2010
Professor, College of Business Administration,
Seoul National University



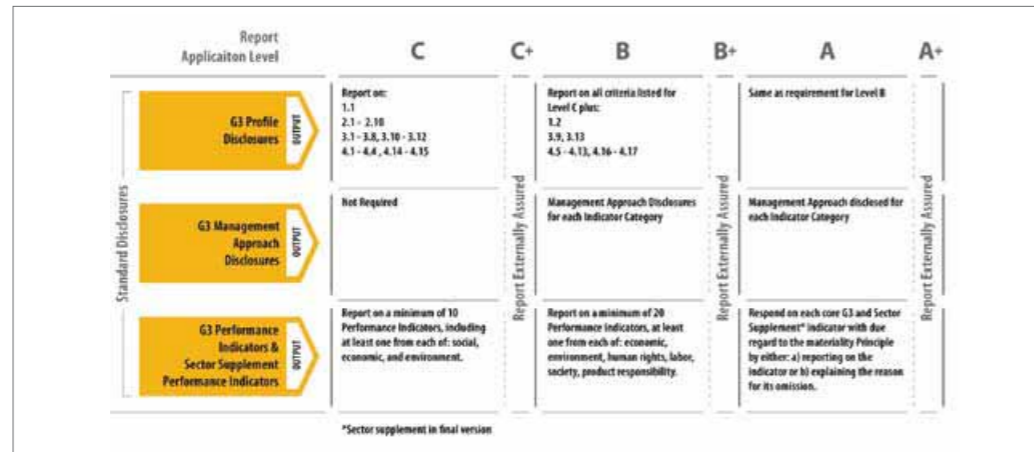
Cho, Dong-Sung

¹⁾ AA1000 AS(Assurance Standard) is a sustainability reporting standard developed by Accountability in its pursuit to promote overall organizational performance and accountability by improving the quality of social and ethical accounting. As a U. K. based not-for-profit organization focusing on corporate social responsibility and business ethics, Accountability first developed AA1000AS in 1999 and amended the standards in 2008 for application in 2010.

²⁾ BEST Guideline or BEST Sustainability Reporting Guideline is a guideline for the preparation and assurance of sustainability reporting and offers five levels of reporting quality assessment. It was jointly developed by the Ministry of Knowledge Economy (MKE), the Institute for Industrial Policy Studies (IPS), and the Korea Chamber of Commerce and Industry (KCCI) in the Business Ethics Sustainability Management for Top Performers (BEST) forum in their endeavor to promote sustainability reporting among local companies.

³⁾ GRI Sustainability Reporting Guidelines were jointly convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. GRI announced the G3 Guideline, the third edition of its sustainability reporting guidelines, in October 2006.

Guideline Index - GRI & BEST



Reported Partially reported Not reported N/A

GRI Index	Indicators	Reporting Status	Page	BEST Index
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization		6-9	A_1
1.2	Description of key impacts, risks, and opportunities		6-9, 20-23	A_2
2. Organizational Profile				
2.1	Name of the organization		Cover, 10	A_3
2.2	Primary brands, products, and/or services		10, 14-15	A_4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures		11, 60	A_5
2.4	Location of organization's headquarters		10	A_7
2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		10, 104	A_7
2.6	Nature of ownership and legal form		60	A_8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		14-15, 36-37	A_9
2.8	Scale of the reporting organization		10, 26	A_10
2.9	Significant changes during the reporting period regarding size, structure, or ownership		2	B_8
2.10	Awards received in the reporting period		113, Website	CO8
3. Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided		2	B_3
3.2	Date of most recent previous report (if any)		Website	B_8
3.3	Reporting cycle (annual, biennial, etc.)		2	B_6
3.4	Contact point for questions regarding the report or its contents		2	B_9
3.5	Process for defining report content		4	B_4
3.6	Boundary of the report		2	B-1
3.7	State any specific limitations on the scope or boundary of the report		2	B-2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations		2, 26, 60	A_6

Reported Partially reported Not reported N/A

GRI Index	Indicators	Reporting Status	Page	BEST Index
3.9	Data measurement techniques and the bases of calculations		2	-
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		2	-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report			B_5
3.12	Table identifying the location of the Standard Disclosures in the report		Appendix	B_10
3.13	Policy and current practice with regard to seeking external assurance for the report		2, Appendix	B_7
4. Governance, Commitments, and Engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight		60	GR1
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		60	GR1/GR3
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members		60	GR2
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		26, 27	GR12
4.5	Linkage between compensation for members of the highest governance body for guiding the organization's performance		60	GR7
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		60	GR13
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics		60	GR4
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation		Website	-
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities		60	GR6
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		9, 60	GR5
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization		12	GR11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses		13, Website	GR10
4.13	Memberships in associations and/or national/international advocacy organizations		105, Website	A_11
4.14	List of stakeholder groups engaged by the organization.		26	C_1
4.15	Basis for identification and selection of stakeholders with whom to engage		2009 Report	C_1
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		26	C_2
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		19, 20-23, 24, 25, 27	C_3
Economic performance				
	Disclosure on Management Approach		46	
EC1	Direct economic value generated and distributed		50	EC1
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<input checked="" type="radio"/>	38, 41	EC2
EC3	Coverage of the organization's defined benefit plan obligations		65	EC3
EC4	Significant financial assistance received from government		50	EC5
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation		50	EM3/EM4
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation		94	EC4
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation		50	EC4
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement		40, 42, 77-78	EC6
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		10, 50	EC7

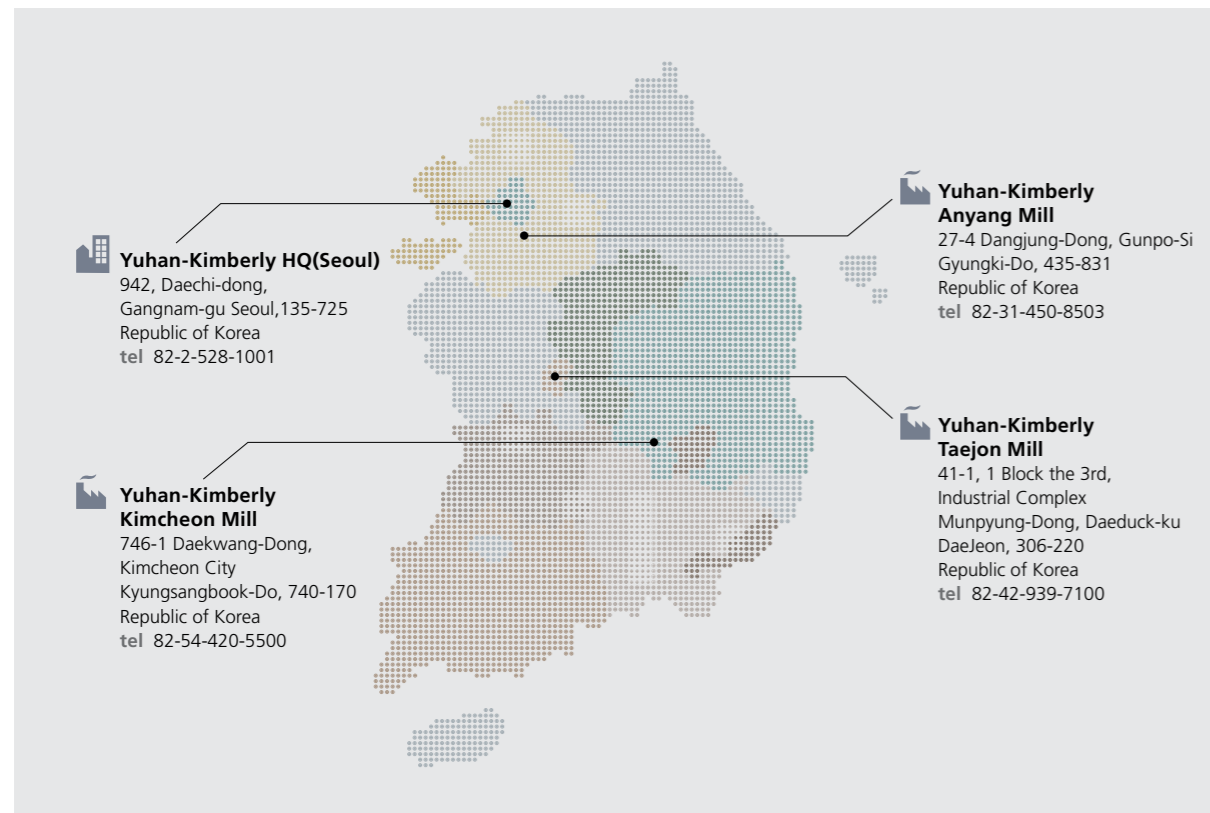
GRI Index	Indicators	Reporting Status	Page	BEST Index
Environmental performance				
	Disclosure on Management Approach		86	
EN1	Materials used by weight or volume		94	EV10
EN2	Percentage of materials used that are recycled input materials		94	EV11
EN3	Direct energy consumption by primary energy source		87	EV7
EN4	Indirect energy consumption by primary source		87	EV8
EN5	Energy saved due to conservation and efficiency improvements		87	EV25
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives			EV5
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		40, 87	EV5/EV25
EN8	Total water withdrawal by source		87, 92	EV9
EN9	Water sources significantly affected by withdrawal of water		89	EV20
EN10	Percentage and total volume of water recycled and reused		87	EV18
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			EV22
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas			EV22/EV26
EN13	Habitats protected or restored		76-78	EV27
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity			EV26
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk			EV28
EN16	Total direct and indirect greenhouse gas emissions by weight		41, 87	EV12/EV13
EN17	Other relevant indirect greenhouse gas emissions by weight		40	EV13
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		38-44	EV4
EN19	Emissions of ozone-depleting substances by weight		87	EV14
EN20	NOx, SOx, and other significant air emissions by type and weight		87	EV15
EN21	Total water discharge by quality and destination		87	EV17
EN22	Total weight of waste by type and disposal method		87, 94	EV16
EN23	Total number and volume of significant spills		89	EV21
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		95	EV29
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		89	EV19
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		92-93	EV23
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		94-95	EV24
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		89, Website	EV31
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce		40	EV30
EN30	Total environmental protection expenditures and investments by type		88	EV1
Social : Labor Practices and Decent Work Performance				
	Disclosure on Management Approach		58-59	
LA1	Total workforce by employment type, employment contract, and region		61	EM1
LA2	Total number and rate of employee turnover by age group, gender, and region		61	EM5
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	64-66	EM20
LA4	Percentage of employees covered by collective bargaining agreements		27	EM12
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements		27, 62	EM13
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○		EM14

GRI Index	Indicators	Reporting Status	Page	BEST Index
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region		67	EM19
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist work-force members, their families, or community members regarding serious diseases		67, Website	EM18
LA9	Health and safety topics covered in formal agreements with trade unions		67	EM15
LA10	Average hours of training per year per employee by employee category		Website	EM27
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		Website	EM28
LA12	Percentage of employees receiving regular performance and career development reviews		63	EM29
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity		61	EM2
LA14	Ratio of basic salary of men to women by employee category		62	EM3
Human Rights Performance				
	Disclosure on Management Approach		12, 62	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		42, 52, 54, 69	GR14/PN2
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		69	PN3
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		62	EM30
HR4	Total number of incidents of discrimination and actions taken		62	EM7
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		27, 62	EM8
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor		13, 62	EM9
HR7	Operations that are likely to have forced labor and measures taken		13, 62	EM10
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		62	EM31
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken		12, 75	CO2
Society Performance				
	Disclosure on Management Approach		58-59	
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting		26, 76	CO2
SO2	Percentage and total number of business units analyzed for risks related to corruption		12	CO5
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		12	CO5
SO4	Actions taken in response to incidents of corruption		13	CO5
SO5	Public policy positions and participation in public policy development and lobbying		12	CO6
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		12	CO7
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		12	CS3
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		62, 67, 72, 74, 89, Website	CO9
Product Responsibility Performance				
	Disclosure on Management Approach		58-59	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		72	CS4
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		72, 74	CS11
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		73	CS5
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		74	CS12

Reported ● Partially reported ○ Not reported N/A

GRI Index	Indicators	BEST Indicators	Reporting Status	Page
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		73	CS9
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		73, 74	CS13
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		74	CS14
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		71	CS15
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		74	CS12

Workplace Status



Distribution Centers

Kangbuk D.C. | tel 82-31-947-0321~5
Kangseo D.C. | tel 82-31-446-8125~9
Metro-Hub Center | tel 82-31-798-7880

Sales Offices

ChonBuk Sales Office | tel 82-63-255-4084
ChonNam Sales Office | tel 82-62-672-8488
ChungChong Sales Office | tel 82-42-939-7252
Daegu Sales Office | tel 82-53-743-3471
Busan/KyeongNam Sales Office | tel 82-51-517-8121~9

Our Commitments to society

Yuhan-Kimberly is voluntarily declaring commitments to society and is trying to faithfully fulfill these commitments.

Classification	Major Commitments	Agency	Project Period							
			2007	2008	2009	2010	2011	2012	2013	
Common	10 principles of the UN Global Compact	UN Global Compact	●	●	●	●	●	●	●	●
	CEO's ethics pledge	BEST Forum	●	●	●	●	●	●	●	●
	Voluntary compliance of fair trade	Fair Trade Commission	●	●	●	●	●	●	●	●
Ethics	Received the highest grade in Ethical Management of the manufacturing section	Ministry of Knowledge Economy	●	●	●	●	●	●	●	●
	Acquired certification for superior family-friendly company	Ministry for Health, Welfare and Family Affairs	●	●	●	●	●	●	●	●
	Selected as the most mother-friendly workplace	UNICEF	●	●	●	●	●	●	●	●
Family-friendly	Certified as environment-friendly pulp(FSC)	U.S. Forest Stewardship Council	●	●	●	●	●	●	●	●
	Voluntary reduction of green house gases	Ministry of Environment	●	●	●	●	●	●	●	●
	Voluntary agreement to reduce packaging waste	Ministry of Environment	●	●	●	●	●	●	●	●
	1st voluntary agreement on green purchasing	Ministry of Environment	●	●	●	●	●	●	●	●
	2nd voluntary agreement on green purchasing	Ministry of Environment	●	●	●	●	●	●	●	●
	Re-certification of ISO14001 - Anyang	UL Korea	●	●	●	●	●	●	●	●
	Re-certification of ISO14001 - Kimcheon	Kotric - QA	●	●	●	●	●	●	●	●
	Re-certification of ISO14001 - Taejon	BSI Korea	●	●	●	●	●	●	●	●
	Re-certification of environment-friendly company - Anyang	Ministry of Environment	●	●	●	●	●	●	●	●
	Re-certification of environment-friendly company - Kimcheon	Ministry of Environment	●	●	●	●	●	●	●	●
Re-certification of environment-friendly company - Taejon	Ministry of Environment	●	●	●	●	●	●	●	●	
Consumer	Consumer Complaints Voluntary Management System	Fair Trade Commission	●	●	●	●	●	●	●	●
Quality	ISO 9001	SGS - KOREA	●	●	●	●	●	●	●	●

What did an Objective Assessment of our Report Say?

Got High Marks for Reliability, Accuracy, and Balanced Reporting

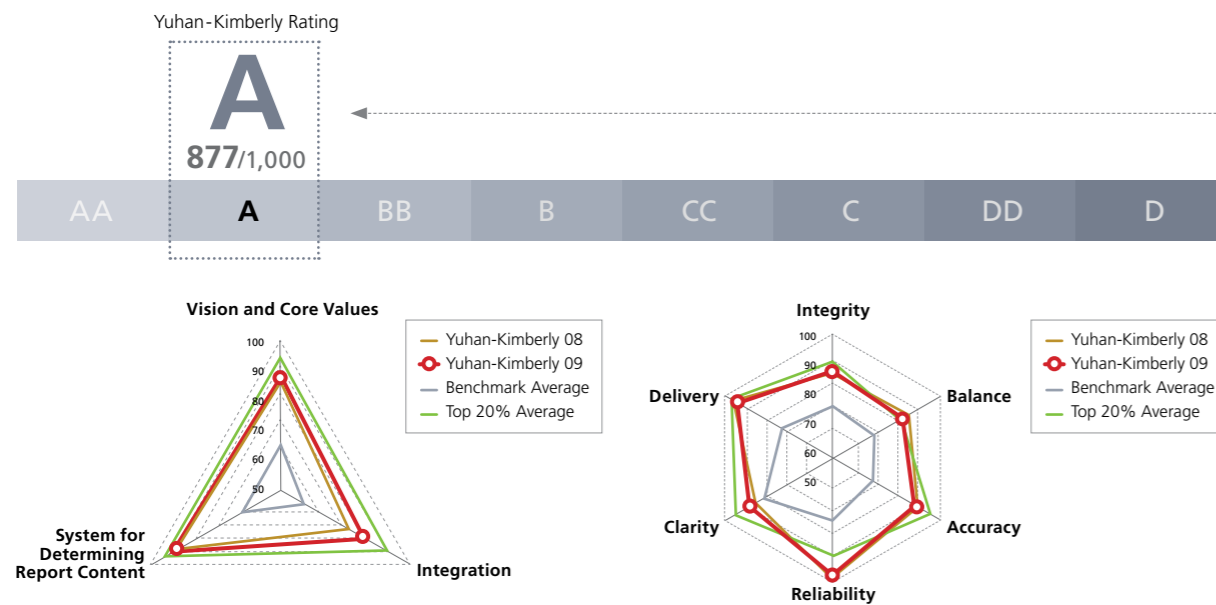
Results from a third party quality assessment on Yuhan-Kimberly's 2009 Sustainability Report for both reported content and quality of reporting For the second year in a row, Yuhan-Kimberly commissioned a quantitative assessment and analysis¹⁾ of its prior year's Report (Jan 2010) for both reported content and reporting quality before publishing its fifth Sustainability Report. To assess reported content, the Institute for Industrial Policy Studies (IPS), which was engaged as the external Auditor, analyzed the Report against the three criteria of –Vision and Core Values, Integration, and System for Determining Report Content²⁾ and analyzed the Report in the six dimensions of Integrity, Balance, Accuracy, Reliability, Clarity, and Delivery to assess reporting quality.

Assessment Findings

Yuhan-Kimberly received a Grade A rating (877 points out of a perfect score of 1000) which means the company has reached a level of maturity where sustainability management is anchored as a firm part of the corporate culture. The Auditor gave us 22 higher points than the previous year, as the Report was found to provide an excellent account of how Yuhan-Kimberly was working to manage key material issues, based on the recognition that they present both a challenge and opportunity for managing business. In particular, the 2009 Sustainability Report was found to offer superior coverage on the company's management of sustainability-related risk, including the top management team's view and direction going forward, relative not only to its prior Report but also its peers.

Areas for Improvement

Although the scope of Yuhan-Kimberly's sustainability activities was found to be inclusive of the economic, social, environmental, and ethical dimensions, relative weakness was cited by the Auditor in terms of the integration between our overall management strategies and sustainability initiatives, as well as the company's efforts to enhance the clarity³⁾ of reporting. At Yuhan-Kimberly, we are currently working on establishing our 2020 Vision, and will provide further details in our next Report.



¹⁾ **SYSAIL™ (Scoring Tool for Your Sustainability II)** : A model developed by the IPS in 2009 designed to assess whether reported content covers information of interest to stakeholders, and to assess whether information is presented feasibly to rate reporting quality. Pursuant to this model, Yuhan-Kimberly was subject to a comprehensive assessment on the depth and adequacy of reported content, the efficiency of report delivery, as well as the adequate utilization of reporting.

²⁾ **System for Determining Report Content** : A system to verify whether reported content including the company's response measures and achieved outcomes fall within an acceptable range of feasibility in terms of materiality, responsiveness, and completeness.

³⁾ **Clarity** : Whether reported information is presented in an easy to understand and clear manner.



List for On-Line Reporting

Classification	Contents	
Ethical Management	Organization chart for voluntary compliance of fair trade	
Social Values	Shareholders	Major decision-making by the shareholders' meetings and Board of Directors meetings of Yuhan-Kimberly
	Employees	Average training hours per year of life-long learning Training hours paid by the Company for each year Training programs to develop the strengths of employees
		Family-friendly management organization chart
		Yuhan-Kimberly's compliance with the Agreement on Occupational Safety, Safety and Health Management System of the International Labor Organization(ILO)
	Status of programs on promoting employees' health implemented at each business site	
	Yuhan-Kimberly's labor union status	
	Yuhan-Kimberly's labor union organization chart	
	Consumers	On-line communication with consumers
	Community	Development process for Yuhan-Kimberly's Dolbom model with the MeeRae Forum Major activities of the Literature House-Seoul program
	Appendix	2010 Yuhan-Kimberly Compliance Status
Awards and evaluation performance		
Yuhan-Kimberly Code of Conduct		
Yuhan-Kimberly Codes of Ethics on Advertisements		
Organization and Association Membership Status		



2010 Sustainability report additional disclosure site

www.yuhan-kimberly.co.kr

Yuhan-Kimberly provides comprehensive introduction on sustainable management efforts on its website. Also, additional information on the report can be found on its website. Additional inquiries can be made on the website, and we will provide our sincere response.

Major information available online

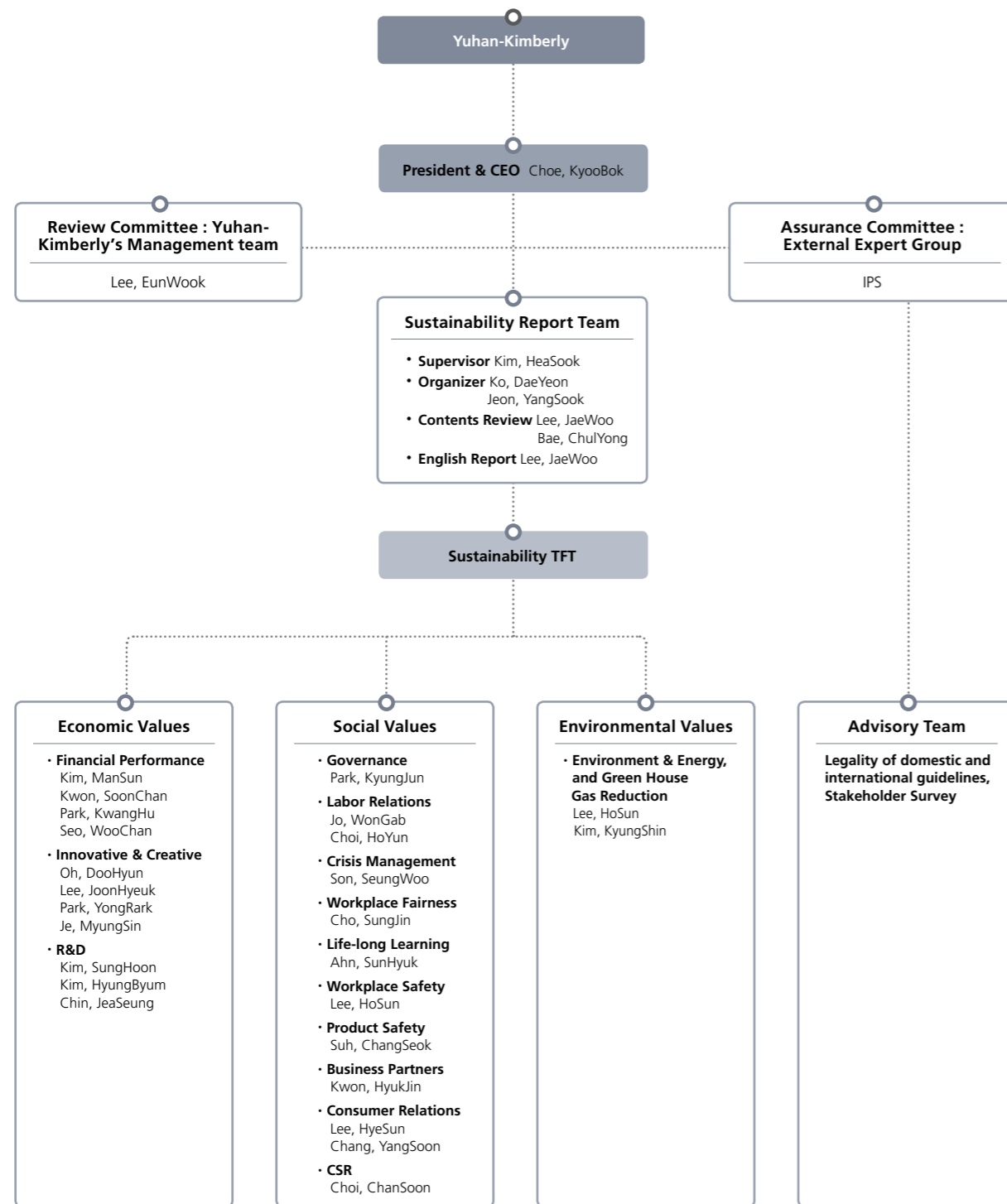
A PDF version of the Sustainability reports from 2006 to 2010 can be downloaded from the website, online reports(E-Book) from 2007 to 2010 can be viewed on the website, printed copies of reports can be requested online and reader opinions can be sent to the website. In addition, a keyword search of information on international guidelines and major issues is also available on the Yuhan-Kimberly website.

- **Separate full text data available online** Award Achievements, Code of Conduct, Code of Ethics on Advertising, Future Company Charter, CEO Pledge of Ethics, Status on Group and Association Membership (available in Korean only)
- **Link to detailed information available online** Under the "view E-book" link on the Yuhan-Kimberly website, a separate edition as well as additional data can be found.(available in Korean only)

Policy on protection of personal information when applying for the report

When an application for the report or a reader opinion is submitted, we state the method of handling personal information for protection of personal information and ask for an agreement. A security program has been installed to protect users' personal information.

People who participated in the 2010 Sustainability Report



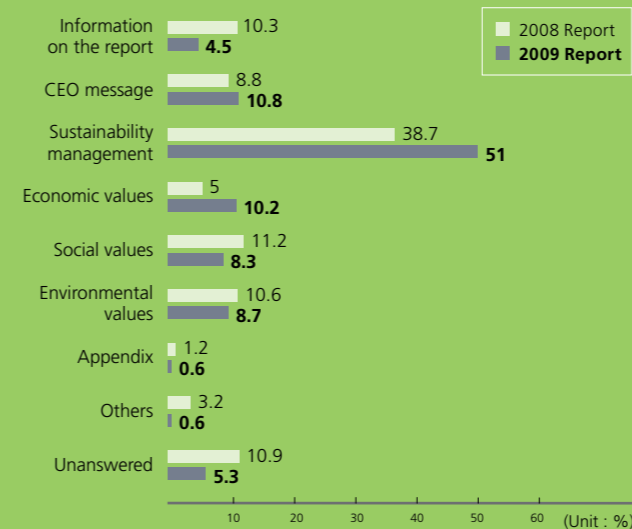
Special thanks to

Kang, KyungHee | Kim, YoungIll | Kim, JuYoung | Kim, JuHo | Kim, JeanHee | Kim, HyunHee | Ma, ImLak | Moon, Sujin | Park, MiHee | Byun, JeongOg | Sung, JiHyun | Shin, JeeWon | Ahn, ByoungOk | Lee, KyungSook | Ahn, TaeKun | Yon, PilJoung | Lee, BoonHui | Lee, HoKyung | Lim, TaeHwan | Jung, JaeWook | Cho, ImJung | Jeon, SooHyun

Sharing Feedback on 2009 Sustainability Report Questionnaire for Reader Opinion

What is the total number of participants?
A total of 471 people responded to the Questionnaires for Reader Opinion, which is an increase of 39% compared to the previous year.

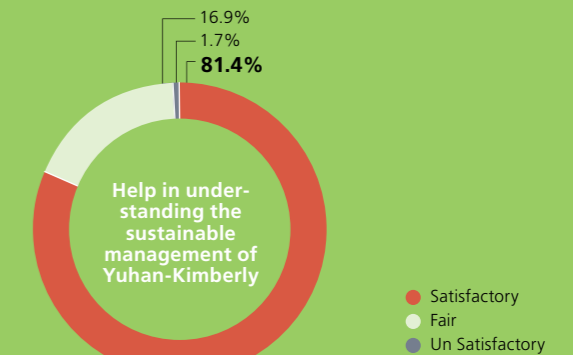
Which section was most helpful?
Through the questionnaires, people answered that the 'Overall Sustainability Management' and 'CEO Message' sections were most helpful. Both of these chapters report on the overall sustainable management in common, making it easy to understand the sustainable management of Yuhan-Kimberly. We will continue to maintain these positive aspects for future reports, too.



What is the satisfaction level on the understanding of the Company's sustainability?
We held the first roundtable talk of leaders of each division to discuss their thoughts on 'sustainable consumption' and 88.1% answered that it helped them understand sustainable management, which is a 13.2% increase from the previous year. Also, the overall satisfaction level on the report rose to 81.4%, which is a 10.3% increase from the previous year.

Do you have any suggestions for the report?
Various suggestions, such as better explanation, more participation of internal stakeholders, including employees, and posting of the Company's future prospects and plans, were presented. As such, we expanded the participation of stakeholders for the 2010 report.

***Your active participation and suggestions serve as meaningful resources for the sustainability of Yuhan-Kimberly. Thank you.**



Yuhan-Kimberly 2010 Sustainability Report

사람이 희망이다

People are the Source of Hope



Please cut the dotted line and return the questionnaire in an envelope to the following address

Mail Yuhan-Kimberly Sustainability Report Team
942 Daechi-dong, Gangnam-gu, Seoul 135-725, Korea

E-mail webmaster.korea@y-k.co.kr

Fax 82-2-528-1086



Your Feedback will be actively reflected in our reports and published in the future to heighten the fidelity and completion levels of their contents (Please tickmark).

1. Did this report help you to gain better understanding of Yuhan-Kimberly's sustainability management?

- a. Very much b. A little c. Average d. Not much e. Not at all

2. Which section of the report did you find the most interesting?

- a. About this report b. CEO message c. Sustainability management d. Economic values
e. Social values f. Environmental values g. Appendix h. Others ()

3. Was this report easy to read?

- a. Very much b. A little c. Average d. Not much e. Not at all

4. How would you evaluate this report?

- a. Very good b. Good c. Average d. Poor e. Very poor

If you have any other comments, please let us know. Thank you.

.....
.....
.....
.....

Name

Company / Department

Contact (Tel / E-mail)

Past Path of Yuhan-Kimberly's Sustainability Report



- 2006** · Received the Grand Award in the 1st Grand Award for Excellence in Sustainability Management (Seoul School of Integrated Sciences and Technologies)
- 2007** · Received an award in the 2nd Second Grand Award for Excellence in Sustainability Management for two consecutive years (Ministry of Commerce, Industry and Energy)
 - Ranked No.1 in the Sustainability Index Evaluation (Korean Federation for Environmental Movement)
 - Ranked No.1 in the Sustainability Report Evaluation (The Hankyoreh Daily)
- 2008** · Prime Minister Award at the Third Grand Award for Excellence in Sustainability Management (Ministry of Knowledge Economy)
- 2009** · Received an award in the 4th Grand Award for Excellence in Sustainability Management, First Korean Company to enter the Hall of Fame (Ministry of Knowledge Economy)
 - Received the Grand Award in the Global Green Management Excellence Awards for the Sustainability Communications Category (Korea Management Association Registrations & Assessments Inc.)
 - Received the Sustainability Report Award in the Korean Sustainability Conference (GRI, Korean Standards Association)
 - Selected as UNGC Notable COP (UN Global Compact)
 - Received the highest grade in KoBEX SM of 'AAA'(Institute for Industrial Policy Studies)