

2024 Yuhan-Kimberly's 19th Sustainability Report

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People: Our Strength and Source of Hope



Overview

Reporting principles	Reporting in accordance with GRI (Global Reporting Initiative) Standards 2021 Reflecting UN SDGs (UN Sustainable Development Goals), TCFD (Task Force on Climate-related Financial Disclosures), SASB (Sustainability Accounting Standards Board), the 10 Principles of the UN Global Compact and other global standards and initiative indicators
Reporting boundary	All domestic operations and major supply chains
Reporting period	January 1, 2023 to December 31, 2023 (including the first half of 2024 for some non-financial performance considering the timeliness and materiality of the information; for quantitative performance, the data for more than three years are provided to see the year-on-year trends)
Cycle of publication	On an annual basis (first publication in 2006)
Month of publication	June 2024
Report assurance	Assured by the Korea Management Registrar (an independent third-party assurance agency) in accordance with AA1000AS v3 and SRV1000 (standard for KMR assurance)
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How the 2024 Sustainability Report Differs from Previous Editions

Advancement of Materiality Assessment

Yuhan-Kimberly has advanced its materiality assessment methodology to enhance the reliability of results. We conducted expert assessments, comprehensively considered the overall business context and global trends, and analyzed the nature and characteristics of the impacts of each issue from various perspectives.

Review of Greenwashing Risks

We implemented a process to systematically review and improve our greenwashing risks in disclosure of information on eco-friendly management activities. The transparency and credibility of this report have been strengthened through a review and improvement of key areas on a pilot basis.

Detailed Reporting of Improvement Tasks

In the 2023 Materiality Assessment and ESG Diagnosis, we identified 'Supply Chain Management' and 'Biodiversity' as new improvement tasks, and are implementing a diagnosis of the current status and improvements measures. This report addresses the improvements made in more detail.

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Message from CEO



We improve Sustainability of Companies, Society and Environment based on Cooperative Governance

Greetings to our esteemed stakeholders.

The year of 2023 saw an increased volatility in the domestic economy in connection with the changing global environment and political situations and AI-based advances in technology and industry, as well as changes in the ecological environment interconnected with the global climate crisis. At Yuhan-Kimberly, we believe that creative collaboration with our stakeholders is essential to lead growth and transformation and enhance sustainability amidst structurally interconnected internal and external changes. We have endeavored to expand collaborative governance in every area of our business activities to create greater economic, social, and environmental value and accelerate open innovation.

This year, in particular, marked the 40th anniversary of our forest environment campaign 'Keep Korea Green'. It started as a campaign to contribute to solving social problems through forests at a time when pollution began to emerge as a social issue, and now it has become more important as it has been combined with global environmental issues such as climate change, desertification, and fine dust, etc.

Economic, Social, and Environmental Performance in 2023

On the financial front, the revenue decreased by 4.3% compared to the previous year to KRW 1.444 trillion in 2023 due to a decline in the diaper and sanitary pad markets caused by a decrease in birth rates and the number of people in childbearing ages, a decline in revenues upon the termination of alliances for baby accessories, and a reduction in profitability and consumption caused by high exchange rates and weak domestic economy, etc. Even under these circumstances, we continued to invest in future growth, and accordingly, our family care business has grown as we secured the stability of the domestic toilet paper supply chain based on our new tissue manufacturing facilities at the Kimcheon mill, and our wellness care products, including incontinence underwear, continued to grow in the retail market. Establishment of a tampon production base at the Taejon mill has enabled us to manufacture all feminine products, from sanitary pads and tampons to feminine hygiene products, in Korea, strengthening our foundation for innovation. In addition, Greenfinger BEBE GROW, our own baby accessories brand, is contributing to our growth into a comprehensive baby & child solution company, with monthly revenue of baby bottles and other products ranking first in major distribution channels, while the expansion of platforms such as Huggies AI Fitting Room, which uses AI to recommend the right diaper for your child, momQ, Today Plus, and Daldabang, and projects for optimization of logistics networks have helped us to continue to provide differentiated consumer experiences and services, laying the foundation for future growth.

On the social and environmental front, we are accelerating the implementation of the Yuhan-Kimberly 2030 Sustainability Initiative. As of the end of 2023, we achieved 59% of our plan for product transformation with the aim of making 95% of sales from sustainable products by 2030, while reducing the use of petroleum-based plastics by 3,400 tons (compared to 2019) and reducing greenhouse gas emissions at our business sites by 17.4% (compared to 2015).¹⁾ Last year, we also established an inventory to calculate Scope 3 GHG emissions across our supply chain. In addition, the Green Action Alliance project, which aims to transform the entire process of raw material development, production of primary materials, logistics, distribution, and recycling of resources into a sustainable industrial ecosystem, is being actively implemented with the participation of 31 companies, local governments, and government agencies, while 64,675 kg of hand towels have been recycled, resulting in a reduction of 62,274 kgCO₂e of GHG emissions throughout the society.²⁾ We have identified and managed potential ESG risks, and making efforts to strengthen them by finding opportunities. Yuhan-Kimberly continues to make social contributions and spread social impacts based on its business activities. For example, We have donated sanitary pads to alleviate a period poverty and donated ultra-small diapers for preemies, with the cumulative number of total product donations exceeding 26 million as of the end of 2023.

Based on these efforts and thanks to the participation and support of the stakeholders, Yuhan-Kimberly been selected as Korea's Most Admired Companies for 21 years in a row, No. 1 in the 2023 Korean Sustainability Index (KSI) Based on ISO26000 for the 13th time, UN Global Compact Leadership Excellence and Development (LEAD) for three consecutive years, No. 1 in ESG reputation of Korea's sustainable leading companies by Statista, and the best practice for carbon neutrality by the Korea Consumer Agency, while acquiring GMP for quasi-drugs for the first time among domestic sanitary pad manufacturing facilities. We are grateful to all our stakeholders for the trust in us and will continue to make every effort to meet your expectations.

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Sustainability Challenges for 2024

Under the management slogan of "Let's Leap Forward Together, YK 2024!", we are committed to expanding our collaborative governance and combining our potential with the capabilities of the stakeholders to strengthen the foundation for sustainable development of the company, society, and the global environment.

We will develop differentiated competitiveness through core businesses and sustainability management strategies.

There is a saying that goes, "Focus on competitiveness in difficult times." This year, Yuhan-Kimberly will further solidify its core business and strengthen its competitiveness to lay the foundation for the growth of new core businesses. To strengthen the competitiveness of our core businesses, we made investment of KRW 153.7 billion over the past three years. By expanding sustainable products, launching seasonal products, e.g., diapers, sanitary pads, wet wipes, skincare products, and incontinence underwear for summer, and supplying tampons and sanitary pads with braille packaging, we will contribute to improvement of sustainability and quality of living and lead the trend of value consumption. In particular, once the advanced non-woven fabric equipment with an annual production capacity of 11,000 tons becomes fully operational this year, we expect it to create synergies with Yuhan-Kimberly's leadership in household goods and personal care products. The advanced non-woven fabric equipment will enable manufacturing of super-fine non-woven fabric with the thickness of 1/100 of a human hair, which in turn will facilitate innovations such as premium diapers, overnight sanitary pads, and incontinence underwear, while reducing the use of plastic products and greenhouse gas emissions, and enabling the transition to high-performance products with cost competitiveness.

We will promote transition to a sustainable ecosystem and social development through collaborative governance.

The goal of achieving 95% of sales from sustainable products by 2030 is a call of the times. We recognize that meeting this call requires collaboration across the supply chain, and accordingly, we have launched the Green Action Alliance, a collaborative governance to support such efforts. To accelerate the Green Action Alliance, we plan to extend our strategic partnerships centered around sustainable materials, raw materials, and recycling of resources to logistics, distribution, and consumption, while expanding our collaboration to a cumulative total of 70 companies, municipalities, and government agencies by the end of 2024. In addition, we will further develop the Green Impact Fund, which aims to create social, economic, and environmental value by identifying and nurturing startups that can contribute to solving current social and environmental issues, as it enters into the second phase. Opportunities and possibilities for open innovation will also be expanded by internalizing an innovative culture through mutual exchange.

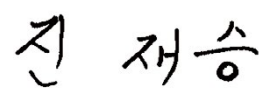
We will drive the growth of employees and changes of society with an active and inclusive corporate culture.

The business environment is rapidly changing, with artificial intelligence expanding its influence and evolving constantly, and distribution going beyond digital transition to a wide use of platforms for overseas direct sales. Yuhan-Kimberly has been leading the development of employees, companies, and society through management innovations that precede changes in the times, e.g., ethical management, the Keep Korea Green campaign, lifelong learning, family-friendly management, environmental management, and smart work management, etc., which have been internalized into our corporate culture. Yuhan-Kimberly is committed to transforming itself into an organization that proactively responds to changes through expansion of employee experiences for success and growth (Employee eXperience), company-wide GT (Growth & Transformation) projects based on active participation, open executive meetings, and innovation of work styles and processes that respect inclusion and diversity. We will also work hard to expand our corporate culture so that we can play a leading role in mitigating internal and external issues triggered by demographic changes.

In addition, it is said that the Keep Korea Green campaign has gone beyond the boundary of the company to become a social asset, mainly because of the collaborative governance between the company, government, civil society, and experts. This again shows us that sustainability comes from continuity and collaboration.

We will continue our innovation that enhances the sustainability of business, society, and the global environment through the collaborative governance. We appreciate your continued interest and support.

Thank you.

June 2024
 CEO and President of Yuhan-Kimberly
 JeaSeung Chin 

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1) The basis for each environmental impact improvement performance is provided in the Environment chapter of this report (p.46-63).

2) As of November 2022 (commencement of the Hand Towel Recycling Campaign) to April 2024; the details are provided on page 52 of this report.

About Yuhan-Kimberly

Company Overview of Yuhan-Kimberly

Founded in 1970 as a joint venture between Yuhan Corporation and Kimberly-Clark, Yuhan-Kimberly has pioneered the development of a health and hygiene culture in society by turning diapers, sanitary pads, and facial tissues into everyday necessities. Yuhan-Kimberly is leading the market in all major businesses, including family care business, baby & child care business, wellness care business, feminine care business, and B2B business, and is pursuing sustainable management to achieve the goal of 95% of sales from sustainable products by 2030.

Based on the principles of ethical and environmental management, Yuhan-Kimberly has promoted continuous management innovations such as quality management, labor-management unity, smart work, and ESG management, and has promoted the Keep Korea Green campaign for 40 years and made efforts to practice inclusive business for the underprivileged.

Company Information		(As of 2023)
Company Name Yuhan-Kimberly, Ltd.		CEO & President JeaSeung Chin
Date of Incorporation March 30, 1970		Number of Employees 1,429
Form of Company Joint Venture (Yuhan Corporation, Kimberly-Clark)		Revenue KRW 1,444 trillion
Location of Head Office 29th floor, Lotte World Tower, 300, Olympic-ro, Songpa-gu, Seoul		
Business Areas Consumer hygiene products, industrial and medical products		
Major Export Countries 20 countries including Australia, China, Taiwan, Thailand, India, Hong Kong, Mongolia, Philippines, Malaysia, Singapore		

Business Sites

● Headquarters ○ Innovation Center ○ Mills ○ Smart Work Center ○ Base Office

- Headquarters (Jamsil)**
Departments such as marketing, sales, finance, sustainability, HR, procurement, logistics, export, and more.
- Innovation Center (Seocho)**
R&D for innovative product development and new business expansion.
- Mills**
 - Taejon Mill: Specializes in baby products and tampons, manufacturing and supplying advanced non-woven fabric materials in addition to finished goods.
 - Kimcheon Mill: Produces and supplies sanitary papers like toilet paper and hand towels, as well as non-woven fabrics for household and personal products and B2B purposes
 - Choongju Mill: Produces and supplies feminine and incontinence products
- Smart Work Center (Headquarters, Gunpo)**
Offers an environment where employees can work in locations close to their residences through ITS infrastructure
- Base Office (Busan, Daegu, Gwangju)**

Value Structure of Yuhan-Kimberly

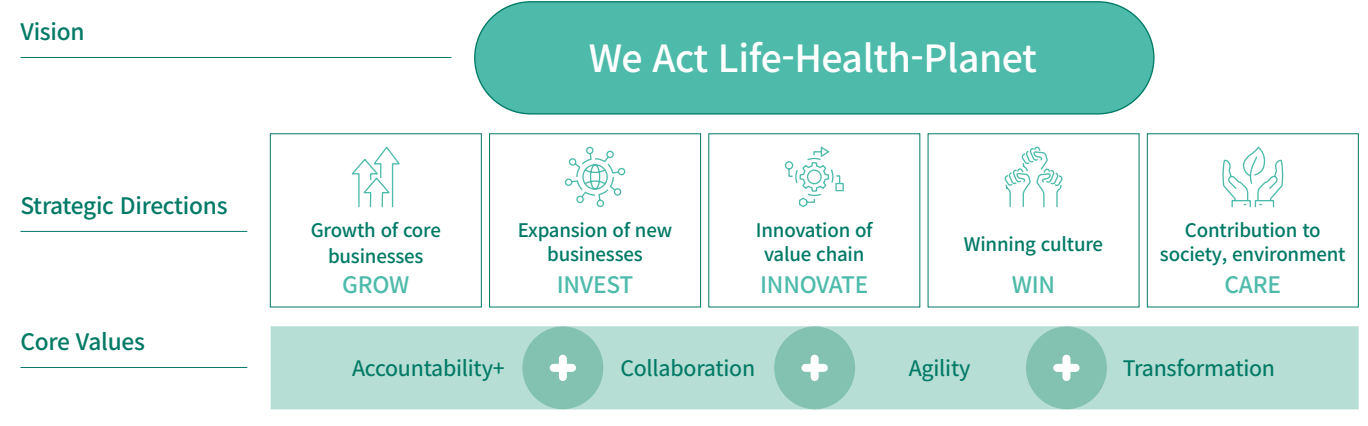
Vision

Yuhan-Kimberly has established a vision of “We Act Life-Health-Planet” to expand its business scope and provide greater value for better living, health, safety, hygiene, and the global environment with all of its employees. We will move toward a sustainable 100-year company by practicing our vision and taking bold challenges.

Strategic Directions and Core Values

Yuhan-Kimberly is seeking sustainable growth and new business opportunities by strengthening business competitiveness and expanding markets, and contributing to the sustainable development of employees, businesses, and society by emphasizing flexible corporate culture and social and environmental responsibility. We pursue sustainable growth and transparent management based on our core values of Accountability+, Collaboration, Agility, and Transformation, and will contribute to the quality of living of consumers and the global environment through mutual growth with local communities and quick response to changes in market.

Vision Diagram



Product Portfolio for Each Business Area

Yuhan-Kimberly provide innovative solutions for life, healthcare and industry based on growth and transformation across our business. We contribute to protecting everyday hygiene and health across the entire life cycle with our core brands, i.e., Huggies, Greenfinger, Kleenex, Scott, White, Goodfeel and Depend, while building a diverse business foundations in the B2B sector, including infection prevention at medical sites and safety protection at industrial sites, etc.

Yuhan-Kimberly’s Business Areas and Brands

Classi- fication	B2C				B2B	
	Hygiene products				Skin care and child care products	Industrial and Health care products
	Baby & Child care products	Family care products	Feminine care products	Wellness care products		
Brand	Baby diapers, baby wet wipes 	Toilet paper, facial tissue, house cleaning, supplies 	Sanitary pads 	Adult diapers 	Skincare, baby accessories 	Protective clothing, wipers, gloves, masks

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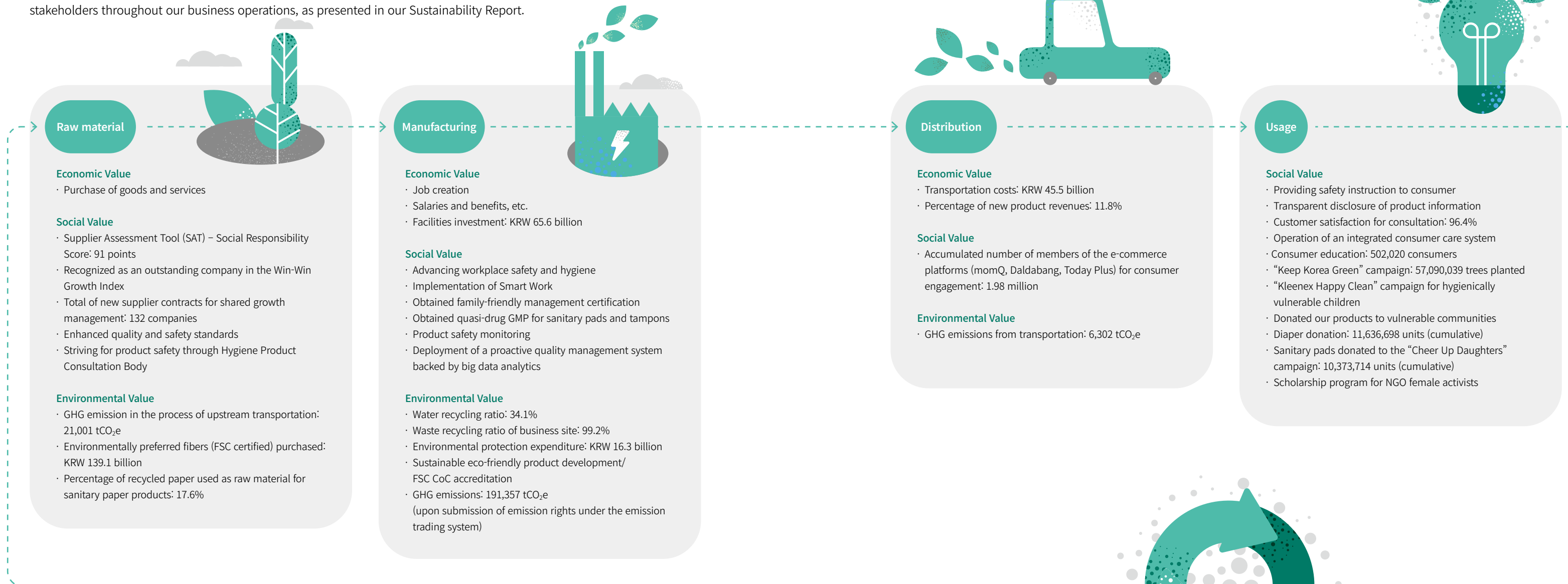
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Yuhan-Kimberly's Redistribution of Value

Sustainable Management Value Chain

Since its inception, Yuhan-Kimberly has been committed to sustainable management, operating within a comprehensive value chain that encompasses a diverse array of stakeholders such as shareholders, employees, consumers, governmental entities, and local communities. We transparently communicate and redistribute the results of our endeavors. Furthermore, we meticulously elucidate the value and impact created across economic, social, and environmental dimensions to stakeholders throughout our business operations, as presented in our Sustainability Report.



2023 Revenue

KRW 1.444 trillion

Revenue + Other Income
KRW 1.4622 trillion

Distribution of Economic Value

Shareholders		Employees	
Dividends KRW 170 billion (11.8%)		Salaries and benefits KRW 212.3 billion (14.7%)	
Suppliers	Government	Local Community	
Cost to purchase goods and services KRW 946.3 billion (65.5%)	Corporate tax, other taxes and utility charges KRW 72.5 billion (5.0%)	CSR costs KRW 5.3 billion (0.4%)	

Disposal/recycling

Economic Value	Social Value	Environmental Value
Costs of waste disposal and recycling: KRW 8.3 billion	Expansion of hand towel recycling campaign "BI: CYCLE"	Mandatory recycling rate for film-type products: 86.0% Mandatory recycling rate for container-type products: 87.0%

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Sustainable Management System

ESG Committee for Sustainable Management

Yuhan-Kimberly pursues sustainable management while making various efforts to create social value and protect the environment. As part of these efforts, we have established and internalized a management approach that considers both society and the environment by establishing a strategic ESG response system.

The Board of Directors (BOD) receives regular reports on ESG issues from the ESG Committee. In 2023, the BOD received a total of three reports on major achievements related to ESG, including the company-wide safety and health plan, ESG governance, ESG diagnosis results, and improvement tasks.

Organization of ESG Committee

Highest Decision-Making Body	ESG Committee (reports directly to the CEO)	Role: Develop and select ESG-related board agenda items, review ESG diagnosis and response, discuss and approve ESG policies and oversee ESG subcommittees Chairperson: CEO Members: BOD's inside directors (chairman for Environment/Social/Governance Subcommittees) and auditors (advisor) Secretary: ESG Secretariat		
	ESG Subcommittee	Role: Plan, implement, and report on action tasks by subcommittee		
	Classification	E Environmental Subcommittee	S Social Subcommittee	G Governance Subcommittee
	Organization	<ul style="list-style-type: none"> Chairperson: Function leader of the Manufacturing Secretary: Leader of the Environmental Management Work Group Members: <ul style="list-style-type: none"> Function leader (Family Care/Feminine Care/Baby&Child Care/B2B) Function leader of the Manufacturing Leader of the Innovation Center Function Leader of the SCM Innovation Function Leader of the Corporate Affairs 	<ul style="list-style-type: none"> Chairperson: CEO Secretary: Leader of the Corporate Social Responsibility Workgroup Members: <ul style="list-style-type: none"> CI & DO Division leader of the ESG & Comm Division leader of EX/Labor-Management Division leader of Procurement Division leader of QA/PSRA Division leader of Consumer Satisfaction Leader of the Digital/Data Excellence Center 	<ul style="list-style-type: none"> Chairperson: CFO Secretary: Division leader of ESG & Comm Members: <ul style="list-style-type: none"> Auditor (advisor) Division leader of the Legal & Compliance Leader of the Internal Control Office
Report	<ul style="list-style-type: none"> Cycle: Monthly Agenda: Review of major targets and performance, response to climate change, and environmental compliance 	<ul style="list-style-type: none"> Cycle: If necessary for each agenda Agenda: Human rights, employees, suppliers, consumers, communities 	<ul style="list-style-type: none"> Cycle: Twice a year Agenda: Plan for strengthening of ESG decision-making by unlisted companies 	
Implementation Body	ESG-related working-level TF, ESG Secretariat			

2023 Yuhan-Kimberly's Implementation of ESG Management

February	March	June	October	October
Report to BOD (February 3, 2023) <ul style="list-style-type: none"> Establish annual safety and health plan Decision-making on implementation plan Refer the agenda to BOD 	Report to BOD (March 17, 2023) <ul style="list-style-type: none"> Report on major ESG governance issues Organization of ESG Working Committees 	1st ESG Committee (June 14, 2023) <ul style="list-style-type: none"> Assessment of 1st half 	2nd ESG Committee (October 10, 2023) <ul style="list-style-type: none"> Review results of regular diagnosis and strategies to handle them Review ESG issues to be reported to BOD 	Extended ESG Meeting (October 31, 2023) <ul style="list-style-type: none"> Report of internal ESG diagnosis results Report to BOD (October 13, 2023) Report of major performance on ESG environment and society

The ESG Committee, a body that directly reports to the CEO, consists of the chairpersons of each ESG subcommittee having inside directors as members, and is chaired by the CEO. The committee holds regular meetings twice a year to discuss the company's sustainability agenda and make relevant decisions. The Environmental (E), Social (S), and Governance (G) subcommittees are management consultation bodies organized to strengthen decision-making and execution processes that consider both society and the environment based on their expertise. The subcommittees plan and implement sector-specific action tasks and report the results to the ESG Committee. The ESG Working Committee has been established to ensure the execution of tasks in alliance with each subcommittee.

2023 CEO Sustainability Performance and Goals

To achieve the 2030 sustainability goals, Yuhan-Kimberly has included sustainability items in the CEO's annual goals, which are also linked to key performance indicators of leaders of relevant functions and divisions. Achievement of the goals for such items is examined during executive performance evaluations and is also linked to each business unit's goals.

Sustainability Performance in 2023 and Goals for 2024

Classification	2023 Goals	2023 Performance	Achievement	2024 Goals
Economy	Grow revenue and profit by executing financial goals	<ul style="list-style-type: none"> Total revenue in 2023 ▲ 4.3% (Domestic revenue 3% ▼ / Export 17.8% ▼) Family care products (toilet paper, facial tissue, kitchen towel) ▲, feminine care products (sanitary pads) ▲, Skincare products ▲ 	○	<ul style="list-style-type: none"> Grow revenue and profit by executing financial goals Improve year-on-year market share in major businesses Core business-centered increase in revenue and profit and strengthen sustainable competitiveness of new businesses based on such increase
	Improve year-on-year market share in major businesses	<ul style="list-style-type: none"> Baby diaper ▲, toilet paper ▼, feminine care products ▼ 	○	
Society	Strengthen brand and reputation through the empowerment of corporate culture and employee	<ul style="list-style-type: none"> Ranked in the overall Top 6 of Korea's Most Admired Companies for 21 consecutive years (Top 5 in 2023) No.1 at Korean Sustainability Index Based on ISO26000 Developing female leaders (15% → 16%) 	●	<ul style="list-style-type: none"> Strengthen brand and reputation for advancement of corporate culture and employee capabilities Strengthen consumer-centered management and provide individualized consumer experiences Internalize the employee's way of working and a growth mindset Strengthen employees' sense of belonging, diversity in organizations and talent management
	Strengthen consumer/consumer-centered management and in-market execution	<ul style="list-style-type: none"> 1.98 million members (cumulative) of momQ, Daldabang, Today Plus 6% reduction in consumer complaints 190 chemicals of concern managed, 1,968 safety and legal reviews Quasi-drug GMP of Choongju Mill for the first time among feminine care product manufacturing facilities in Korea 	●	
	Improve employees and the company through strengthened engagement level of employees	<ul style="list-style-type: none"> Increased sense of employee belonging (+1), Encouragement of ideas (+2), Speak up (+0) 	●	
	Contribute to improving the quality of life of 1.5 million people	<ul style="list-style-type: none"> Contributed to improving the quality of life of 2.7 million people (additional 1.2 million) Sanitary pads donation with "Cheer Up Daughters" campaign Donation of ultra-small diapers for preemie; donation of diapers to Hope Bank Product donation and education for hygienically vulnerable people with Kleenex Happy Clean campaign 1% monthly salary donation for the elderly 	●	
Environment	Reduce plastics by 3,000 tons	<ul style="list-style-type: none"> Reduced plastics by 3,400 tons (additional reduction of 400 tons) 	●	<ul style="list-style-type: none"> Cut plastic use by 3,000 tons (compared to 2019)
	Achieve carbon emissions of 219,015 tCO ₂ e	<ul style="list-style-type: none"> Reduced carbon emissions by 205,724 tCO₂e in 2022 (based on Kimberly-Clark standards) 	●	<ul style="list-style-type: none"> Cut carbon emissions by 13.5% (compared to 2015)
	Keep the use of fiber from northern boreal at below 30,000 tons	<ul style="list-style-type: none"> Kept the use of fiber from northern boreal at below 19,931 tons (additional reduction of 10,069 tons) 	●	

* Year-over-year score trends for key items in the myVoice survey

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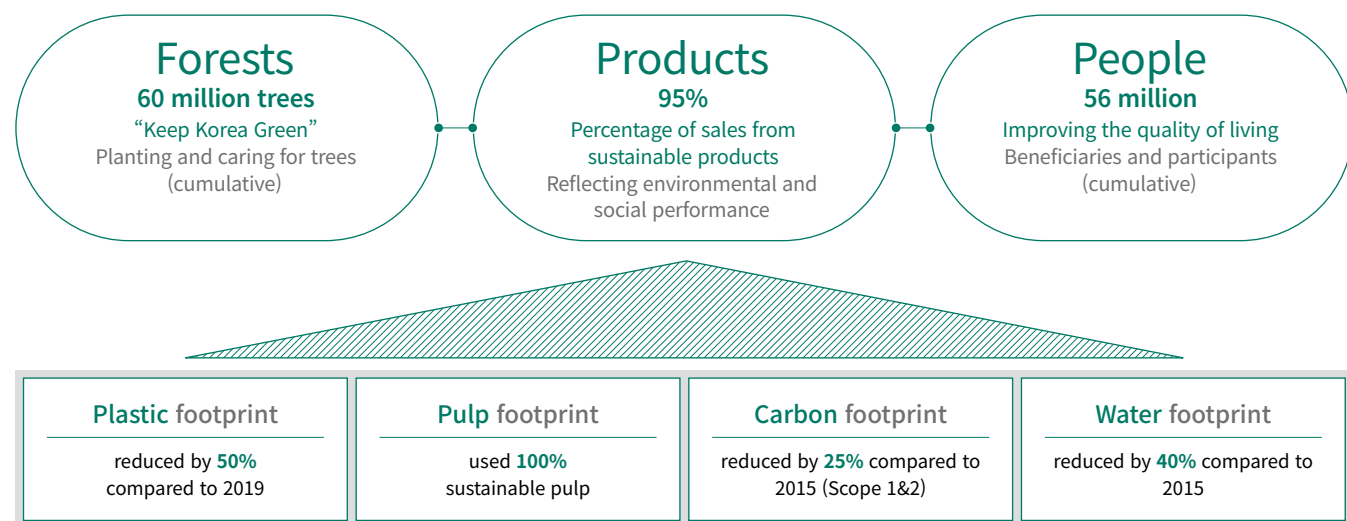
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Establishment of 2030 Sustainability Goals

As part of the actions for the global environment, Yuhan-Kimberly has established and is implementing 2030 sustainability goals for each of the major areas, e.g., forests, products, and people. We measure our performance in each area on an annual basis, and in 2023, we set short-term goals for 2024 to more effectively achieve our goals by 2030. We are committed to working with our stakeholders, including our employees, to achieve the 2030 sustainability initiative.

2023 Major Performance and Sustainability Goals



1) Total sales is calculated based on the domestic market and excludes sales agency products and safety-regulated B2B products, e.g., health care and safety products from 2024.
 2) Plastic footprint goal: The base year is 2019, in line with our shareholder (Kimberly-Clark).
 3) Sustainable pulp: Refers to FSC and PEFC certified pulp sourced from overseas forest certification agencies, domestic and imported recycled fiber, and alternative pulp such as bamboo
 4) Established the goals in consideration of the increase in production to be caused by the construction of TM 10 Tissue Machine.
 5) Carbon footprint goal: The goals are related to GHG Scope 1 & 2 in line with our shareholder (Kimberly-Clark), and the base year is 2015.
 6) Increase in water usage due to the construction of TM 10 Tissue Machine and delayed stabilization of facilities.
 7) Water footprint goal: Goals to be achieved by 2030 and applicable only to Kimcheon Mill; 2015 was used as the base year in line with the 2030 target of our shareholder (Kimberly-Clark).

Forests - Utilization of forests to address social problems

Yuhan-Kimberly has planted and cared for trees with various stakeholders under the “Keep Korea Green” campaign, which began in 1984 and marks its 40th anniversary this year. We are continuing this campaign with the aim of offering the opportunity to experience the forest to more people so that they can recognize the value of forests and using the forest as a medium to address the social issues of our time. By 2023, 57 million trees have been planted and nurtured, covering a cumulative area of 18,469 hectares. Yuhan-Kimberly will continue to plant and care for more than 450,000 trees every year, with a target of 60 million trees by 2030 on a cumulative basis, and 57.54 million trees by 2024.

Products - Transition to sustainable products

Yuhan-Kimberly has set a goal of 95% of sales from sustainable products by 2030, with annual targets and performance managed by each relevant department. “Sustainable products” refers to those that satisfy our own environmental and social criteria. The factors considered in the environmental aspect include the reduction of the use of plastic in raw materials and packaging, the reduction of carbon footprints, and certificates from the Ministry of Environment, while the social aspect considers the alignment with the UN SDGs, an international guideline. We have in place quantitative standards for each factor and share examples of improvements in each standard with our employees and citizens to raise awareness. In 2023, the percentage of sales from sustainable products was 59%. We plan to increase this to 65% by 2024 and 95% by 2030.

* Total sales is calculated based on the domestic market and excludes sales agency products and safety-regulated B2B products, e.g., hospital and safety products from 2024.

People - Improvement of quality of living of consumers, local residents and citizens

Yuhan-Kimberly aims to reach out to a cumulative 56 million people by 2030 through donations or education programs for vulnerable groups, etc. We are strengthening brand-specific “Good Action” activities that consider social impact, e.g., awareness and education within various business lines, including menstrual education, product donation for vulnerable groups, and development of products for universal accessibility, while enhancing existing company-wide social contribution activities. We have contributed to improving the quality of living of approximately 37.5 million people (beneficiaries and participants) on a cumulative basis by 2023, and we plan to increase this number to 41.7 million by 2024. Specifically, we are continuing our efforts to strengthen women's rights and leadership, projects to support vulnerable people, and donations and volunteer work by employees.

Criteria for Sustainable Products* & and Contribution Areas

Category	Contribution Area	Major Items	Detailed Assessment Criteria		Related Standards
Environmental performance	Reduction of plastic use**	Raw materials	Application rate of non-petroleum-based plastics and naturally derived materials over 50%		Kimberly-Clark's goal for reduction of plastic Yuhan-Kimberly Environmental Management 3.0
		Packaging	2025	2030	
		Recycling/biodegradable/paper packaging application rate of over 30%	Application rate of recycling/biodegradable/paper packaging over 50%		
	Reduction of carbon footprint	Results of Life Cycle Assessment (LCA)	Reduction of carbon emissions by more than 5%	Reduction of carbon emissions by more than 10%	
	Strengthening environmental performance	Acquisition of national certificates (eco-label, low-carbon/reusable products)			Yuhan-Kimberly Environmental Management 3.0
Social performance	Products to improve quality of living, universal right to health, etc.	Products and Services for those who need to secure universal rights to health, e.g., preemies or the developmentally disabled			UN SDGs

* A product that has achieved one of the contribution areas.
 ** In the case of reduction of plastic use, a product is sustainable only when it satisfies both raw materials and packaging standards.

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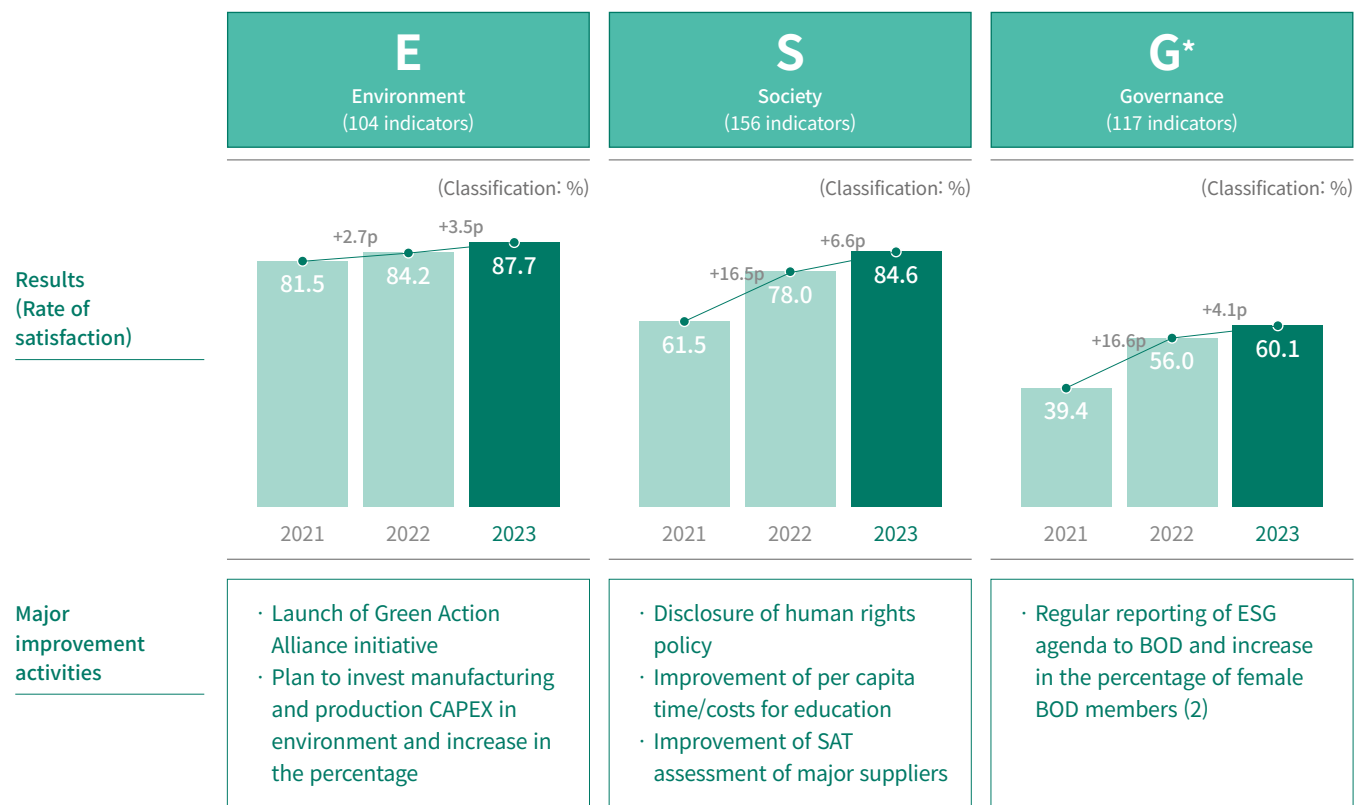
Risk Management through ESG Diagnosis

In order to advance sustainable management and manage ESG risks, Yuhan-Kimberly conducts an ESG diagnosis and takes improvement measures on an annual basis. As an unlisted company, we utilize ESG self-diagnosis as a regular process to strengthen our competitiveness and manage risks, while enhancing the evaluation indicators to reflect external trends and stakeholder requirements.

The ESG diagnosis is conducted at the company-wide level, and the findings and areas for improvement are reported to the ESG Committee for approval, and plans to mitigate identified risks are established. The findings are also shared with the entire management and the ESG Working Committee through the ESG Extended Committee meeting to discuss directions for improvement. The results of ESG diagnosis and risk management are reported to the BOD and disclosed to stakeholders. In particular, in 2023, as the new global ESG disclosure standards were announced and management reflecting industry characteristics was required, we reviewed the diagnostic structure to reflect the global ESG disclosure framework and conducted the diagnosis with a total of 377 indicators. According to the self-assessment in 2023, the satisfaction rate increased not only in the environmental and social areas that we assess and manage, but also in the governance area that we monitor. This is the result of our continuous improvement activities through initiatives in each area.

On the other hand, based on the 2023 diagnosis, we identified areas that need improvement and prioritized them for improvement, taking into account their materiality, urgency, and feasibility. As a result, biodiversity and supplier ESG risk management were identified as key priorities, and we are performing improvement activities in 2024.

Results of 2023 ESG Diagnosis and Major Improvement Activities



* As an unlisted company, Yuhan-Kimberly is not subject to governance requirements applicable to listed companies, we review the governance issues on a regular basis for the purpose of identifying any changes in governance agenda.

Stakeholder Communication

Maintaining a continuous dialogue with stakeholders through various online and offline channels, Yuhan-Kimberly strives to meet their expectations and foster relationships grounded in trust. Our channels include employee engagement surveys, stakeholder surveys, and consumer feedback surveys, through which we actively solicit and value their perspectives on managerial practices, operations, products, and related concerns. We reflect their perspectives in the overall management process.

Shareholder	Consumer	Partner
<ul style="list-style-type: none"> General meetings BOD Business report Town hall meetings Website/email letters 	<ul style="list-style-type: none"> Yuhan-Kimberly's website/social media Brand-specific websites/social media Integrated consumer support center (text, chat, chatbot, phone, email) CEO Voice of the Consumer Meeting Direct sales platform (momQ, brand stores, Today Plus, Daldabang) Consumer education (parenting forum, We have menstruation) Consumer feedback surveys Social Listening System Advertisement campaign, stakeholder surveys 	<ul style="list-style-type: none"> Shared growth website Portal for suppliers Information sharing system for shared growth Report, suggestion and mentoring for partners Agreement on fair trade and mutual growth Mutual growth representative's briefing Shared growth academy Meetings with excellent suppliers
		
Employee	Local Community/Government	
<ul style="list-style-type: none"> Intranet, suggestion system, Sinmungo (digital whistleblower) Monthly Open Management Meeting, management status briefing Regular employee engagement survey (My Voice) Labor-Management Councils/ meetings/ labor-management workshops ESG Committee and ESG Subcommittees Occupational Safety and Hygiene Committee Inclusion and Diversity Committee Women's network (K-WIN) CEO 1:1 Open Talks Growth Talks, Business Talks (executives), Action Talks (next core business team), Future Talks (young generation) 	<ul style="list-style-type: none"> Yuhan-Kimberly's website/social media Sustainability report E-letter Stakeholders Committee Regular consultation body at Korea Consumer Agency (hygiene products, cosmetics) Government policy engagement Engaging with NGOs Voluntary services in local communities 	
		

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Double Materiality Assessment

Directions of Double Materiality Assessment

Yuhan-Kimberly aims to identify impacts of sustainability issues that may arise in connection with its business activities in order to strengthen competitiveness and promote sustainable growth by managing risk factors and reflecting opportunities in management strategies. To this end, we regularly conduct a materiality assessment to identify material issues to which we should respond. Starting with the 2023 Report, we are applying a double materiality assessment method to review the materiality of sustainability issues from two perspectives: “impact” and “financial.”

Issues that are found in the assessment to have a high impact are designated as material issues and subject to intensive management, and we communicate transparently with stakeholders by disclosing the activities and performance related to the material issues in the Sustainability Report.

Concepts of Double Materiality



Process of 2023 Double Materiality Assessment



Step 1 Issue pool selection
Review current sustainability status of Yuhan-Kimberly to select a pool of 26 issues

Step 2 Identification and assessment of impacts
Assess impact materiality and financial materiality of each issue through engagement of Yuhan-Kimberly's major stakeholders and analysis of global standards

Step 3 Selection of material issues
Select 10 material issues through internal review based on the results of major impact assessment

Step 4 Reporting
Transparently disclose Yuhan-Kimberly's strategies, plans, activities and performance related to material issues

Major areas of review	Identification and assessment of impacts	Steps to select material issues	Reporting											
Understanding of Yuhan-Kimberly's activities and businesses in the sustainability perspectives <ul style="list-style-type: none"> Review of 2023 issue pool Review of policies, strategies and activities Media analysis 	<table border="1"> <thead> <tr> <th rowspan="2">Impact Characteristics</th> <th>Impact Materiality</th> <th>Financial Materiality</th> </tr> </thead> <tbody> <tr> <td>Severity of impact (scale, scope, recoverability) and likelihood of occurrence</td> <td>Scale and likelihood of occurrence of impact on revenue and costs</td> </tr> </tbody> </table>	Impact Characteristics	Impact Materiality	Financial Materiality	Severity of impact (scale, scope, recoverability) and likelihood of occurrence	Scale and likelihood of occurrence of impact on revenue and costs	<table border="1"> <thead> <tr> <th>Step 1</th> </tr> </thead> <tbody> <tr> <td>Review of results of impact analysis by a department in charge</td> </tr> <tr> <th>Step 2</th> </tr> <tr> <td>Determination of weight and propriety</td> </tr> <tr> <th>Step 3</th> </tr> <tr> <td>Final selection of material issues through review of assessment results by the ESG Committee</td> </tr> </tbody> </table>	Step 1	Review of results of impact analysis by a department in charge	Step 2	Determination of weight and propriety	Step 3	Final selection of material issues through review of assessment results by the ESG Committee	
Impact Characteristics	Impact Materiality		Financial Materiality											
	Severity of impact (scale, scope, recoverability) and likelihood of occurrence	Scale and likelihood of occurrence of impact on revenue and costs												
Step 1														
Review of results of impact analysis by a department in charge														
Step 2														
Determination of weight and propriety														
Step 3														
Final selection of material issues through review of assessment results by the ESG Committee														
Understanding of ESG management trends and characteristics of the industry <ul style="list-style-type: none"> Analysis of ESG disclosure standards and assessment indicators Analysis of the issues intensively managed by other companies in the same industry Analysis of ESG and major trends in the relevant industry 	<table border="1"> <thead> <tr> <th rowspan="2">Impact type</th> <th>Actual/potential</th> </tr> </thead> <tbody> <tr> <td>Positive/negative</td> </tr> <tr> <td>Short-term/mid-, long-term</td> </tr> </tbody> </table>	Impact type	Actual/potential	Positive/negative	Short-term/mid-, long-term									
Impact type	Actual/potential													
	Positive/negative													
Short-term/mid-, long-term														

* Scope of evaluation during stakeholder surveys and expert assessments

Major Process to Identify and Assess Impacts

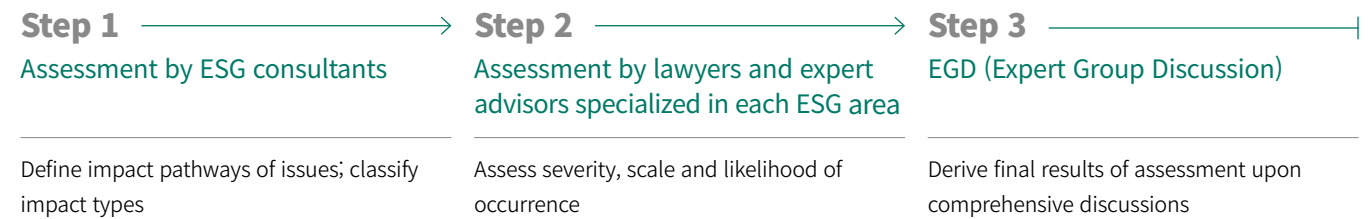
Expert Assessment

Yuhan-Kimberly has introduced an expert assessment step where ESG consultants, lawyers, and expert advisors in each ESG area identify and evaluate the impact of each issue. The experts comprehensively analyzed the history of Yuhan-Kimberly's relevant issues, management of the issues, response to and investment in the issues, principles and guidelines of international organizations, and laws and regulations that we should comply with. The level of impact has been quantified, and the final assessment results have been derived through comprehensive discussions.

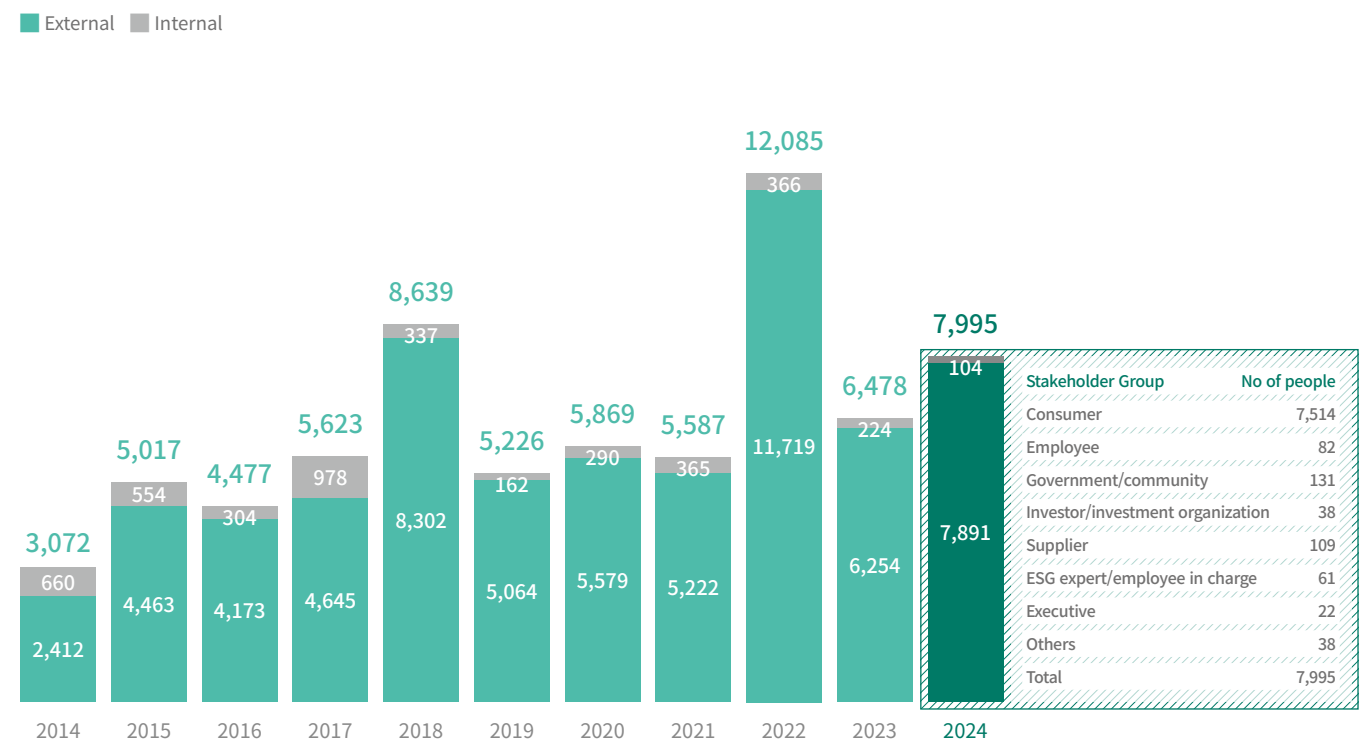
Feedback from Stakeholders

We conduct an annual survey of our key stakeholders to understand the impact of our business activities on major stakeholder groups. Employees, consumers, suppliers, local communities, NGOs, government agencies, ESG experts, investment organizations, and executives participated in the survey for two weeks from February 14 to February 28, 2024, and a total of 7,995 people participated.

Steps of Expert Assessment



No. of Stakeholders Surveyed



* As the double materiality assessment was adopted in 2023, the number of questions more than doubled and the number of participants decreased.

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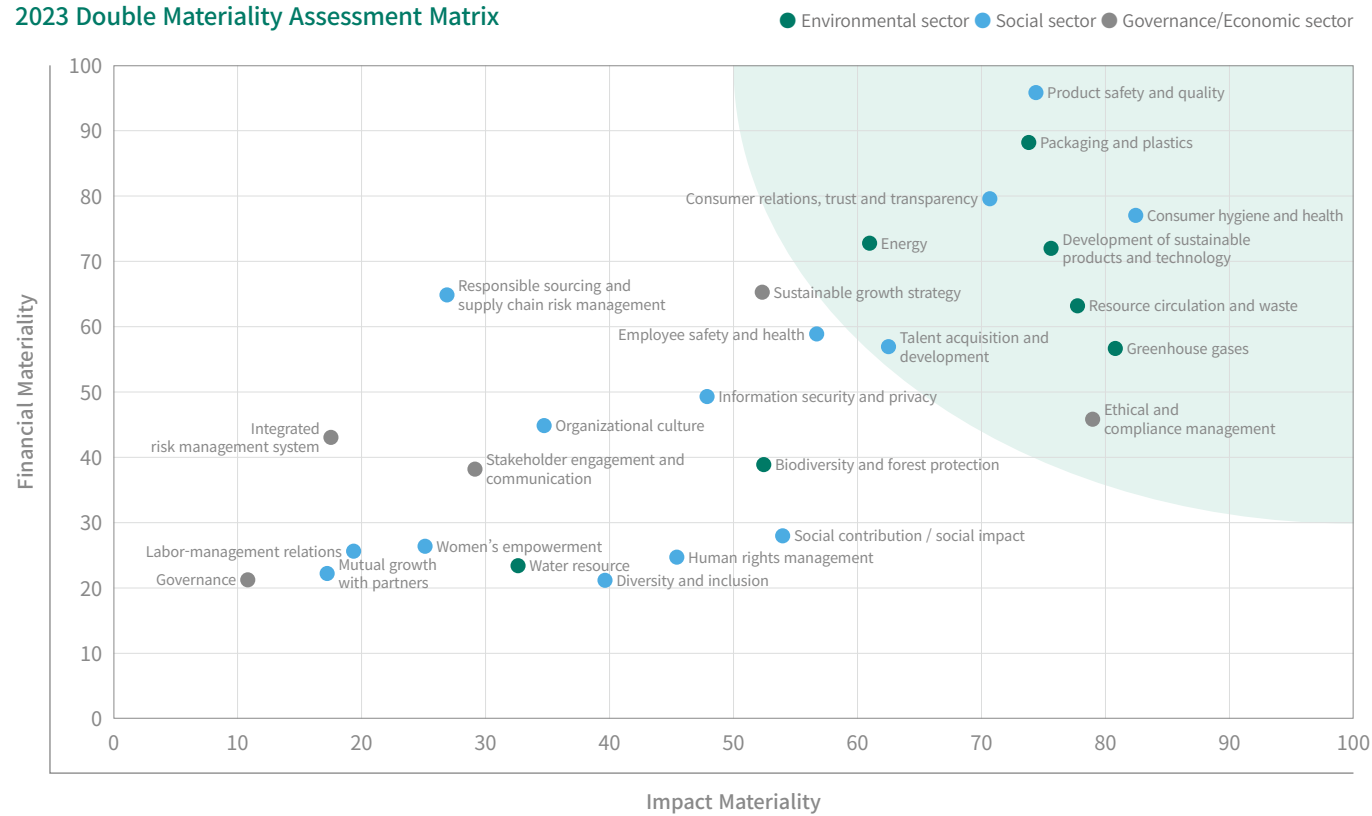
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Selection of Material Issues

The top 10 issues with the highest level of impact were selected as material issues by combining impact materiality and financial materiality. In April 2024, the ESG Committee reviewed and approved the materiality assessment results and material issues.

2023 Double Materiality Assessment Matrix



Spotlight

Differences observed from the result of last year's materiality assessment

Yuhan-Kimberly has enhanced the methodology at each stage of the assessment to improve the reliability of materiality assessment results.

Selection of issue pool

In order to reflect the latest sustainability trends, we reviewed the appropriateness of the issue pool by reflecting various data such as research findings from research organizations and global ESG standards. We included industry indicators to consider the impact of our industry characteristics. In addition, we reviewed the issue classification level and supplemented the issue names to more clearly identify the impacts of the issues.

Identification and assessment of impacts

In order to enable meaningful participation, we supplemented the issue descriptions and clarified the questions to make it easier for stakeholders to understand. We also conducted surveys with highly relevant stakeholder groups for each survey question. Assessment by outside experts was conducted at the same time. During the expert assessment process, we defined the impact pathways of each issue and set criteria to assess impacts in order to enhance the objectivity of the assessment. In the assessment, we were able to obtain more practical results by comprehensively reflecting the domestic and international sustainability-related requirements and the current status of our management of specific issues.

Selection of material issues

In order to enhance the reliability of the results of each specific issue, we set weights for each stakeholder group by considering the relevance and understanding of each of the double materiality perspectives. For impact materiality, the weights are centered on stakeholders with environmental and social impacts, and for financial materiality, the weights are centered on internal stakeholders and investment institutions with high impact on financial performance.

Major Impacts of Top 10 Material Issues and Assessment Results

Top 10 Material Issues	Perspective	Type		Key impacts	Impact level	Ranking in previous year
		Positive	Negative			
1 Product safety and quality	Impact		●	· Damage to consumer due to accidents related to products or services	●●●	1
	Financial		●	· Decrease in corporate brand value/reputation and consumer loyalty due to accidents · Risk management costs due to increased product safety responsibilities, e.g., the Serious Accidents Punishment Act, etc.	●●●	
2 Packaging and plastic	Impact		●	· Soil and marine pollution and damage to plants, animals, and human beings caused by plastic packaging waste from products and services	●●●	4
	Financial	●	●	· Creation of a positive image by reducing packaging materials and going plastic-free · Costs to expand R&D and collaboration with suppliers	●●●	
3 Consumer hygiene and health	Impact	●		· Research and development of hygiene and health-conscious products and services to improve consumers' quality of living	●●	2
	Financial	●	●	· Increased interest in hygiene, health, and wellness and increased consumer loyalty for related products and services due to expansion of product lines · Research and development costs	●●●	
4 Consumer relations, trust and transparency	Impact	●	●	· Increased consumer satisfaction through active interaction with companies · Damage to consumer due to misinformation, omission of warnings, etc.	●	10
	Financial	●	●	· Strengthened consumer trust by providing responsible information · Fines and reputational damage due to legal/regulatory violation	●●●	
5 Development of sustainable products and technology	Impact	●		· Reduction of environmental impact and improvement of consumers' quality of living through the development of products and technologies with improved environmental and social performance throughout the product lifecycle	●●●	7
	Financial	●	●	· Generation of revenue from sales of products with enhanced environmental/social performance · Increased costs for development of technologies to investment in improvement of environmental performance	●●●	
6 Resource circulation and waste	Impact	●	●	· Reduction of raw material usage/waste through resource circulation of waste · Environmental pollution due to waste from workplaces	●●●	11
	Financial	●	●	· Positive brand image through waste recycling · Increased cost of installing/adopting waste reduction systems	●●●	
7 Greenhouse gases	Impact		●	· Climate change impacts from GHG emissions in the business areas	●●●	14
	Financial	●	●	· Positive and negative image based on GHG emissions and achievement of reduction target · Fines due to non-implementation of GHG emissions trading system/failure to submit documents	●●	
8 Energy	Impact	●	●	· Consumption of natural resources, GHG emissions, and air pollutants · Reduction of impact on the environment by improvement of energy efficiency/transition to renewable energy	●●●	21
	Financial	●	●	· Reduction of production and transportation costs through process improvement and logistics innovation for energy efficiency · Increased cost due to a continued rise in strategic unit price and larger demand for renewable energy	●●●	
9 Ethical and compliance management	Impact		●	· Negative social and economic impacts due to violations of codes of conduct and fair trade laws	●●●	8
	Financial	●	●	· Stakeholder trust and reputation through ethics and compliance management; positive impact on consumer's decisions on purchase · Loss of corporate funds and fines due to legal sanctions on embezzlement, breach of trust, etc.	●●	
10 Talent acquisition and development	Impact	●		· Increased employee satisfaction and sense of accomplishment due to capacity building	●●●	13
	Financial	●	●	· Growth of business due to increased employee satisfaction with acquisition of talents and strengthening of expertise · Investment costs for recruiting talents and employee capacity building	●●	

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Yuhan-Kimberly's Management Approach to the 10 Material Issues

We are engaged in various activities based on our strategies to manage the impacts of each material issue, which are described in more detail on each relevant page of this report. We will continue to review and implement response strategies and activities to prevent and mitigate risks and create opportunities for material issues.

Material issues	Response strategies	Key activities and performance	Pages	Relevant UN SDGs
Product safety and quality	Consumer safety is Yuhan-Kimberly's top priority and is managed under an advanced product safety assurance system that exceeds the level required by national laws. To ensure that our products deliver the quality, value, and performance that consumers expect, we manage the quality of the products manufactured in-house or by suppliers at the same level. We conduct safety management activities at all stages of product development, production, and post-launch distribution, while continuously monitoring the safety of raw materials and products, potential issues, and compliance with laws.	<ul style="list-style-type: none"> Raw material safety standards stricter than statutory standards, and 1,968 reviews of safety and laws Management of product safety assurance system Acquired quasi-drug GMP for sanitary pads and tampons for the first time Acquired ISO 9001 (Quality Management System) Conducted at least semi-annual inspections in preparation for major civil disasters and monitored raw materials and product safety Collected consumer complaints and operated a system to prevent defects 	90-93	
Packaging and plastics	To strengthen the environmental performance of our products, we are implementing an initiative to reduce the amount of plastic used by 50% by 2030 compared to 2019. We segment our mid- to long-term plastic-reduction strategies of major business units to continuously review and improve our performance. We apply the 3R strategy of Reduce, Recycle, and Replace in product and packaging development. In particular, we are currently focusing on recyclability of packaging materials and replacement by recycled plastics.	<ul style="list-style-type: none"> Achieved a 23% reduction in plastic use compared to 2019 Achieved a 30% transition to recycled plastics in packaging compared to 2019 Implemented projects to raise recyclability of packaging materials Launched 'Huggies Naturemade Pure Cotton' containing bio-based polymer absorbent in collaboration with a sustainable material development company through the Green Action Alliance 	48-52	
Consumer hygiene and health	Under the vision of "We Act Life-Health-Planet", we continue to innovate products and expand our business portfolio to contribute to consumers' hygiene and health. We also work hard to provide accurate information for consumers' health through product development and donations to improve the quality of living, as well as provision of information and education on our own platforms.	<ul style="list-style-type: none"> Expanded portfolio of cleaning, personal care, and B2B hygiene products Established a new business unit dedicated to wellness care Donated diapers and sanitary pads to underprivileged and vulnerable children and adolescents Provided consumer health information and educational contents through our own platforms, e.g., 'momQ,' 'Daldabang,' and 'Today Plus' Operated 'We Are on Period', a blog providing menstrual-related information Proactively and comprehensively responded to industry issues through participation in the Hygiene Product Consultation Body 	64-67, 90-93	
Consumer relations, trust and transparency	Bearing in mind that the voice of consumers is the starting point for innovation, we actively communicate with consumers throughout all stages of product development and during and after use. In particular, we provide positive consumer experiences by enhancing the operation of integrated consumer support centers. To improve the transparency and reliability of product information, we have a system to provide accurate information and prevent greenwashing by conducting tri-party reviews of all product descriptions, pop-up advertisements, etc. based on our own labeling and advertising guidelines.	<ul style="list-style-type: none"> Won 1st place in the Consumer Complaint Evaluation Award for 6 consecutive years Hosted monthly Voice of the Consumers Meeting presided by the CEO and attended by executives Improved consumer satisfaction for consultation compared to the previous year Completed 1,296 reviews of labelling and advertisements through the integrated process of pre-checking new products Operated labelling and advertising guidelines and conducted semi-annual monitoring of advertised products Provided training to relevant departments about the laws on labeling and advertising of environmental performance of a product Conducted consumer research for product innovation 	28-31, 94-98	

■ Environmental sector ■ Social sector ■ Governance/Economic sector

Material issues	Response strategies	Key activities and performance	Pages	Relevant UN SDGs
Development of sustainable products and services	We have set a goal of achieving 95% of sales from sustainable products by 2030 and regularly review our progress by each division. This is our core sustainability strategy, implemented under the environmental and social performance of products. Through partnerships within the industry, we are accelerating innovations, including development of eco-friendly materials, and raising awareness by sharing actual cases of product improvement with our stakeholders, including employees and consumers.	<ul style="list-style-type: none"> Achieved 59% of sales from sustainable products in 2023 Conducted life cycle assessment (LCA) and established a simulation evaluation tool to improve the environmental performance of major products Reduced carbon footprint and acquired environmental certifications to strengthen environmental performance of products Expanded the application of Aqua Fresh technology, which combines multiple-ply toilet paper with water 	19, 48-52	
Resource circulation and waste	To minimize the impact on the environment of our mills, we reduce waste through resource circulation by reusing and recycling raw materials. We continuously explore opportunities for upcycling wastes from mills through open innovation.	<ul style="list-style-type: none"> Expanded reuse and recycling by Mills through the implementation of a waste management Regularly inspected waste treatment companies based on the inspection guidelines for suppliers and waste vendors Recognized used synthetic resin from Choongju Mill as a circular resource Established a system for collecting and recycling used hand towels through the hand towel recycling campaign 'BiCYCLE', collected about 103 tons of hand towels and recycled about 65 tons (as of April 2024) Collaborated with an upcycling social venture through open innovation 	52-53	
Greenhouse gases	With the goal of reducing greenhouse gas emissions by 25% compared to 2015 by 2030, the ESG Committee is regularly managing and overseeing the relevant progress. We are also improving energy efficiency at our mills by managing emissions reduction performance through collaboration between sustainability and manufacturing functions and reviewing it through quarterly Env. & Energy Working-Level meeting.	<ul style="list-style-type: none"> Reduced GHG emissions by 17.4% compared to 2015 (under the Kimberly-Clark's standards) Established GHG Scope 3 inventory Reduced GHG emissions and relevant costs through logistics innovation programs Participated in GHG emissions trading system 	56-60	
Energy	We carry out management to minimize energy waste in the value chain at our mills, and the monthly status is reported to the mill managers and Manufacturing Function Leader. We also internalize energy efficiency through company-wide activities to raise awareness. We are internalizing energy efficiency by improving energy waste within our mills and value chains and conducting internal awareness activities.	<ul style="list-style-type: none"> Established an energy management system through digital innovation of workplaces; raise energy efficiency Raised energy efficiency by improving aging facilities Conducted company-wide campaign for energy saving Allocated 30% of CAPEX investments to environmental improvements 	56-60	
Ethical and compliance management	Ethical and transparent management is a principle that must be adhered to throughout the management activities. Every year, the CEO publicly declares his strong commitment to practicing ethical management, which is monitored as a major agenda through regular reports to the BOD, etc. We aim to practice ethical management based on the Code of Conduct and the 6 Pillars of Ethical Culture, the Anti-Corruption Policy, and the Fair Trade Policy adopted based on the Code of Conduct.	<ul style="list-style-type: none"> Zero sanctions for violations of the Monopoly Regulation and Fair Trade Act Operated the Ethical Management Committee and ESG Governance Subcommittee, and regularly reported related issues to the BOD Provided training for the Code of Conduct to minimize ethics and compliance risks Operated unethical reporting channels for each stakeholder Operated the Fair Trade Compliance Program Attended the Ethical Management CEO Forum for 21 consecutive years and made an external declaration 	35-37	
Talent acquisition and development	Employee experience and growth are essential for a company's mid- to long-term competitiveness and growth. We recruit confident talents with a growth mindset and operate various support and capacity building programs to train them and enhance employee satisfaction in an effective manner throughout the employee lifecycle.	<ul style="list-style-type: none"> Established 38 initiatives along the employee lifecycle, with 17 completed Expanded programs such as the onboarding program, employee mentoring, employee growth plan program, and career portfolio, etc. 	72-75	

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Focus Greenwashing Risk Review

Importance of Greenwashing Risk Management

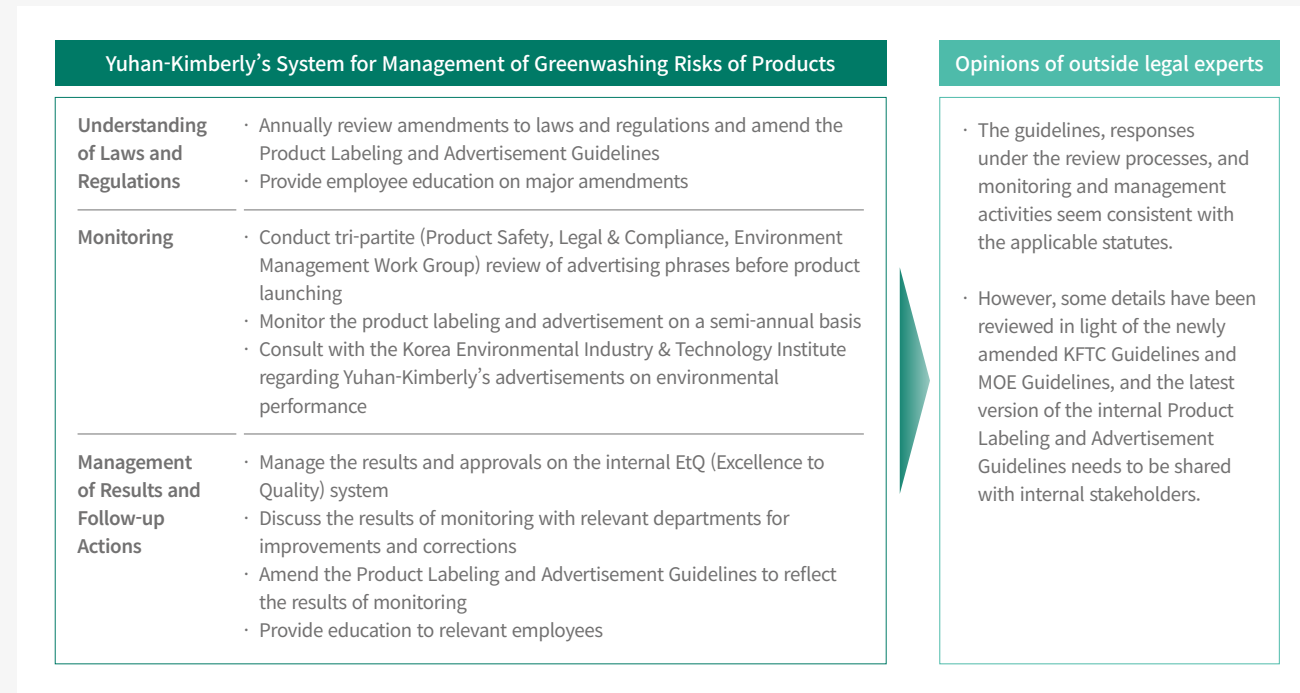
Recently, as greenwashing, which is a practice of exaggerating and falsely advertising a company's environmental friendliness and using language that may mislead consumers, has become more widespread, regulations on greenwashing have been strengthened. For example, the Korea Fair Trade Commission finalized and implemented the Amendment to the Guidelines for Review of Environment-related Labelling and Advertisements (the "KFTC Guidelines") in September 2023 based on the Act on Fair Labeling and Advertising, and the Ministry of Environment publicized the Guidelines for Labeling and Advertisements of Eco-friendly Management Activities (the "MOE Guidelines") in October of the same year.

In addition to being a legal risk, a greenwashing risk is an important factor that can undermine consumer trust in companies, so it is essential to effectively manage greenwashing risks for transparent and authentic communications with consumers. As a company that constantly discloses information on its environmental management and the environmental performance of its products and places a strong emphasis on sincere communications with consumers, Yuhan-Kimberly sees greenwashing as a major risk factor. Accordingly, in order to review our greenwashing risks in 2024, we had outside legal experts conduct a review of our greenwashing risk management system for product labeling and advertising and our sustainability report.

Review of System for Management of Product Labeling and Advertisement Risks

Yuhan-Kimberly has been proactively recognizing greenwashing risks in product labeling and advertising and operating an internal risk management system. In 2024, external legal experts reviewed the adequacy of our greenwashing risk management system. The review concluded that the overall greenwashing risk management system is adequate, but needs to be strengthened to meet the standards of the newly amended KFTC Guidelines and MOE Guidelines. We have reviewed the KFTC Guidelines and the MOE Guidelines and plan to share the revised and updated version of our Product Labeling and Advertisement Guidelines on the company intranet.

Review of Yuhan-Kimberly's System for Management of Greenwashing Risks of Products



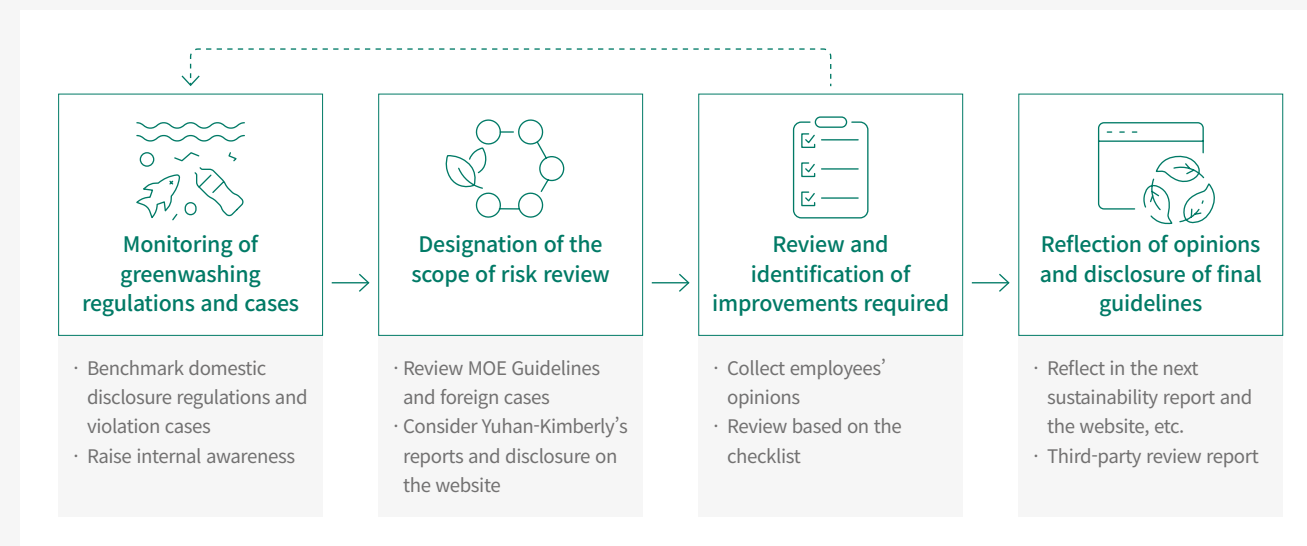
Review of Risks Related to Environmental Management Activities Disclosure

Following the announcement of the Greenwashing Guidelines for Labeling and Advertisements of Eco-friendly Management Activities, Yuhan-Kimberly has recognized the need to manage greenwashing risks in disclosure of corporate environmental information and implemented a process to systematically review and improve the relevant risks. We divided the risk reviews into seven categories, taking into account the KFTC Guidelines, the MOE Guidelines*, foreign cases, and Yuhan-Kimberly's environmental disclosure status and its businesses, etc. In 2024, we conducted a review of the expressions regarding environmental performance in terms of visions, initiatives, and products in the 2023 Sustainability Report and official website for the categories of 'statement of commitment/target for environmental management', 'eco-initiatives', and 'eco-friendly/ESG products', which are considered to have relatively high potential risks.

In conducting the review, we utilized a greenwashing checklist developed in cooperation with outside legal experts based on MOE Guidelines, KFTC Guidelines and the applicable statutes. The legality and appropriateness of the disclosure of information on our product and corporate environmental management was examined in accordance with the basic principles of labeling and advertising issued by MOE and KFTC, including its truthfulness, clarity of expressions and specificity of targets. The improvements made based on the outside legal experts' opinions on the 2023 Sustainability Report are included on this page of the 2024 Sustainability Report for transparent communications with consumers. We plan to continuously enhance the checklist established with outside legal experts based on internal and external greenwashing regulations and cases so that we can internally review the risks and take improvement measures, while expanding the scope of reviews.

* The environmental management activities categorized by the MOE Guidelines include (1) expressing a commitment to environmental management, (2) obtaining environmental certifications, etc., (3) reducing greenhouse gas emissions, (4) claiming carbon neutrality, (5) expanding the use of renewable energy, (6) reducing the use of raw materials and water, (7) reducing waste generation, and (8) supporting the environmental management of suppliers.

Environmental Management Information Disclosure Risk Management Process



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Focus Greenwashing Risk Review

Review of Greenwashing Risks in the 2023 Sustainability Report

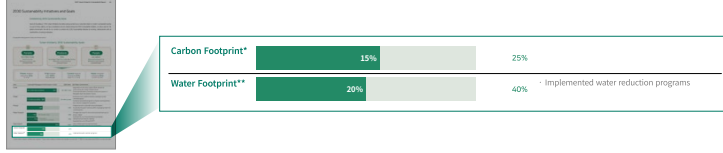
Upon a review by outside legal experts, Yuhan-Kimberly identified vulnerable areas in the 2023 Sustainability Report, and those that can be improved in the short term are reflected in this report. We also plan to make mid- to long-term improvements on the matters that call for supplementation in terms of standards and targets rather than the way of expressions.

Review of Greenwashing Risks in the 2023 Sustainability Report and Improvements

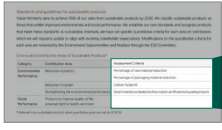
Expression of Commitment/Goals for Environmental Management – CEO Message

2023 Sustainability Report	Improvements	Page
 <p>production facility will help secure the capacity to produce up to 12,000 tons of ultra-thin nonwovens per year, with a thickness one-hundredth that of a human hair. Simultaneously, this investment aims to reduce plastic usage and greenhouse gas emissions by 20%, enabling us to produce products with a smaller environmental footprint.</p>	<ul style="list-style-type: none"> The base year and foundation for calculation of the environmental impact improvement is specified with indication of the relevant page. 	<p>2024 CEO Message</p> <p>6-9 Page</p>
<p>Legal Experts' Opinion</p> <ul style="list-style-type: none"> There is no foundation for the figures or the meaning is unclear. 		

Environmental Initiative – Yuhan-Kimberly's 2030 Sustainability Goals

2023 Sustainability Report	Improvements	Page
	<ul style="list-style-type: none"> 2024 short-term goal is specified. The circumstances considered and external standards referred to in establishing the goals are described. In calculating the percentage of revenues from sustainable products, it is expressly explained that product groups for which environmental performance cannot be improved due to regulations, etc. 	<p>2030 Sustainability Goals</p> <p>18 Page</p>
<p>Legal Experts' Opinion</p> <ul style="list-style-type: none"> The period for each goal should be specified. The objectivity of the standards for establishment of the goals needs to be explained. 		

Production and Launch of Eco-Friendly/ESG Products – Sustainable Products

2023 Sustainability Report	Improvements	Page					
 <table border="1"> <thead> <tr> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Percentage of raw material reduction</td> </tr> <tr> <td>Percentage of packaging material reduction</td> </tr> <tr> <td>Carbon footprint</td> </tr> <tr> <td>Governmental eco-labeled and low-carbon certifications/reusable products</td> </tr> </tbody> </table>	Assessment Criteria	Percentage of raw material reduction	Percentage of packaging material reduction	Carbon footprint	Governmental eco-labeled and low-carbon certifications/reusable products	<ul style="list-style-type: none"> It is expressly indicated that domestic and foreign regulations on the use of plastics and systems for environmental labeling serve as internal standards for determination of products' sustainability. The quantitative standards for determination of sustainable products are disclosed. 	<p>Guidelines for development of sustainable products</p> <p>19, 48 Page</p>
Assessment Criteria							
Percentage of raw material reduction							
Percentage of packaging material reduction							
Carbon footprint							
Governmental eco-labeled and low-carbon certifications/reusable products							
<p>Legal Experts' Opinion</p> <ul style="list-style-type: none"> In using the environmental labeling of "sustainable", the ground and scope should be specified. The standards for determination of sustainable products are unclear. 							

Production and Launch of Eco-Friendly/ESG Products – Greener Products

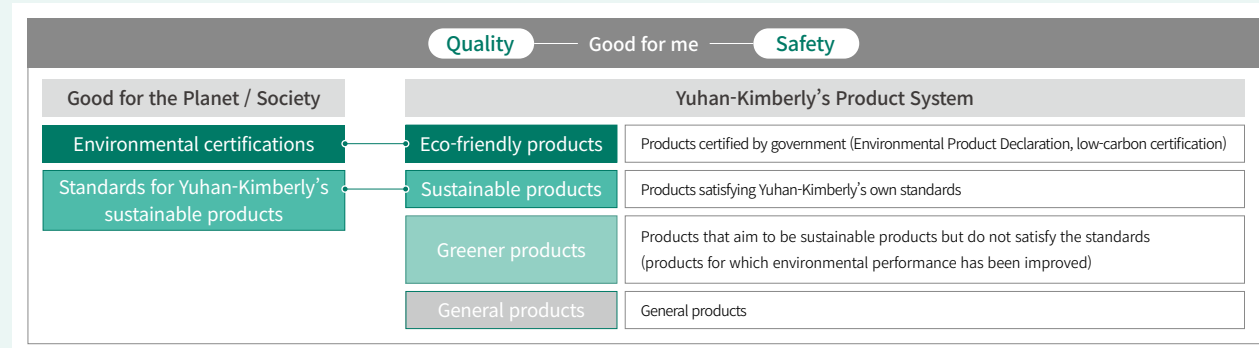
2023 Sustainability Report	Improvements	Page
 <p>Goodfeel Organic Pure Cotton Large Package Reduced packaging use by more than 40 percent</p>	<ul style="list-style-type: none"> The appropriateness of the expression "Greener" in greener products will be reviewed again. It is expressly stated that greener products are distinguished from sustainable products and that they are products the environmental performance of which has been improved compared to the time of their launch. 	<p>Greener products</p> <p>51 Page</p>
<p>Legal Experts' Opinion</p> <ul style="list-style-type: none"> The expression "Greener" may mislead consumers as if they are more eco-friendly than eco-friendly (Green) products. The standards for determination of "greener products" are ambiguous. The scope and standards for determination of reduction in environmental impact are unclear. 		

Spotlight

Review of Greenwashing Risks of the Expression "Greener" in Greener Products

All of our products comply with quality and safety standards and are categorized into eco-friendly products, sustainable products, greener products, and general products according to their environmental performance. We are striving to expand the number of eco-friendly and sustainable products among them. In light of greenwashing risks, only those that have obtained environmental labeling and low-carbon certification are categorized as eco-friendly products, and we have strict internal quantitative standards for sustainable products that are in line with national regulations. In addition, sustainable products require environmental and social improvements while maintaining or improving product performance compared to conventional products. However, it has been pointed out that the expression 'greener' in greener products may cause misunderstandings related to greenwashing. Accordingly, we will review the appropriateness of the expression 'greener' and seek to reduce misunderstandings among consumers.

Yuhan-Kimberly Product System Chart



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봉화대 등산로 (烽火臺 登山路)

이곳 등산로는 총거리 2.5km로써 동으로는 봉화대, 서로는 초록봉과 형제봉이 위치하고, 남으로는 사가지 진경과 북으로는 항상해수욕장등 우리시의 북부지역을 한눈에 바라볼 수 있고, 정상에 페리글라이딩 활공장과 인근 해안면의 횡단선터와 연계되어 있습니다.

정상에 있는 봉수대(지방기념물 제31호)는 그 옛날 변방의 위급상황을 증양에 올리던 통신수단의 하나로 우리나라의 봉수체제가 제도화되기 시작한 1149년 (고려 의종 31년)에 설치된 것 입니다.

2024 우리강산 푸르게 푸르게

1년 만에 돌아온 산사원(산사원)의 나무심기

나무심기

식재지



Governance

Governance Features

In order to achieve sustainable growth, enhance shareholder value, and protect the rights and interests of stakeholders, Yuhan-Kimberly conducts its corporate activities transparently, based on sound and stable corporate governance. Yuhan-Kimberly is a joint venture established on March 30, 1970, between Yuhan Corporation, founded in 1926, and Kimberly-Clark, founded in 1872, with Yuhan Corporation holding 30% and Kimberly-Clark holding 70% of the shares. It has 40 million issued and outstanding shares and a total paid-in capital of KRW 200 billion. Yuhan-Kimberly operates under a professional executive system and is led by a CEO authorized by the Board of Directors. Sustainability agendas directly related to environmental, economic, and social issues are addressed by the Stakeholders Committee and reviewed by separate committees such as the ESG Committee and the Safety & Hygiene Management Committee.

Board of Directors

Composition and Appointment of Board of Directors

Our Board of Directors pursues balanced growth, while maximizing corporate value based on an in-depth understanding of various stakeholders. The Board of Directors is the highest decision-making body, responsible for adopting resolutions on regulations such as laws and articles of association as well as major business operations. It consists of seven experts: three CEOs, two CFOs, a global legal officer, and a manufacturing officer. Candidates for directors are nominated by our shareholders, taking diversity into account, and elected by the general meeting of shareholders. In 2024, we appointed three new foreign directors.

Operation and Activities of Board of Directors

The Board of Directors of Yuhan-Kimberly operates in accordance with the provisions of the Commercial Act of Korea. Pursuant to Article 36 of the Articles of Incorporation, the Board appoints a chairman from among the directors. The chairman presides over the Board meetings and is responsible for, among other things, convening meetings, ensuring the presence of a quorum, and presiding over meetings. In the absence of the chairman, the chairman's duties are carried out in the order determined by the Board of Directors. In 2023, the Board held one general meeting of shareholders and three Board meetings, resolving a total of 19 agenda items. The annual general meeting endorsed the business report, financial statements, retained earnings statement, and limits on directors' and auditors' remuneration. Meanwhile, the Board reviewed and sanctioned the 2023 reports on the operation and evaluation of the internal accounting control system, business plan, financing status, ESG performance and plan, and SH plan.

Evaluation and Compensation

Directors' and auditors' remuneration combines a base annual salary with performance-based pay, all within the annual remuneration limits (KRW 5 billion for directors and KRW 500 million for auditors) approved at the annual general meeting of shareholders and by the Board of Directors. Meanwhile, executives receive an annual salary and incentives based on evaluations of financial and non-financial performance, including sustainability management.

Directors and Auditors of Yuhan-Kimberly

(As of April 2024)

Classification	Work Type	Name	Gender	Job Title	Nationality	Term of Office
Standing Director	Full-time	JeaSeung Chin	Male	President and CEO, Yuhan-Kimberly	Korea	Expires on March 26, 2025
	Full-time	BongCheol Shin	Male	VP, Head of Manufacturing, Director of SH, Yuhan-Kimberly	Korea	
	Full-time	SoWon Kim	Male	CFO, Yuhan-Kimberly	Korea	
Standing Director / Chairman of BOD	Part-time	Grant Blecha BcGee	Male	Kimberly-Clark's General Counsel Representative Director, Yuhan-Kimberly	US	
Non-Executive, Non-Outside Director	Part-time	Katy Chen (Yi Chen)	Female	President of Kimberly-Clark's International Personal Care	China	
	Part-time	WookJe Cho	Male	President and CEO, Yuhan Corporation	Korea	
	Part-time	Fernando Carlos Laghi	Male	CFO, Kimberly-Clark LAO	Argentina	
Statutory Auditor	Full-time	JongHo Lee	Male	Auditor, Yuhan-Kimberly (certified public accountant)	Korea	

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Ethical & Transparent Management

Policy and Declaration for Ethical Management

Ethical management and compliance management are the sources of corporate competitiveness and the foundation of our management activities. Yuhan-Kimberly uses the Code of Conduct as a guide to make the right decisions and create a transparent corporate culture. The Code of Conduct sets forth our commitments in the areas of employees, finances, consumers, business sites, environment, safety, and community, and applies to all employees as well as the Board of Directors. We have also established the Six Pillars of Ethical Culture, which build on the Code of Conduct to internalize an ethical organizational culture. In addition to the Code of Conduct, the anti-corruption policy and fair trade policy are always available on the intranet, and we conduct annual employee training on the Code of Conduct.

The CEO attends the Yoonkyung ESG Forum every year and participates in the ethical management pledge, publicly declaring the company's intention to practice ethical management. Furthermore, at the Yuhan ESG Management Practice Joint Declaration Ceremony on March 14, 2023, attended by Yuhan's affiliates, including Yuhan Corporation, Yuhan-Kimberly, and Yuhan Chemical, he expressed his commitment to strengthening ethical management and human rights management.

Spotlight

Declaration of CEO's Commitment to Ethical Management at Yoonkyung ESG Forum

The Yoonkyung ESG Forum was launched in 2003 to promote ethical management and sustainable competitiveness of companies. Since its establishment, Yuhan-Kimberly's CEO has participated in the pledge ceremony for 21 consecutive years. Yuhan-Kimberly stood out as a representative company during the 'Ethical Management Company' certification event, specially curated on April 20, 2023, for the forum's 20th anniversary. Moreover, during the '3rd Competition for Excellent Organizations Practicing Ethical Management' awards, Yuhan-Kimberly was honored as an enterprise that champions societal transparency and fairness through its ethical management. The pinnacle of recognition was the grand prize from the Anti-Corruption and Civil Rights Commission Chairperson.

The 21st pledge ceremony was held on May 2, 2024, with the theme of "Society without Verbal Violence" and over 100 CEOs attended. During the pledge, they recognized the importance of language and pledged to take the lead in creating a society without verbal violence.

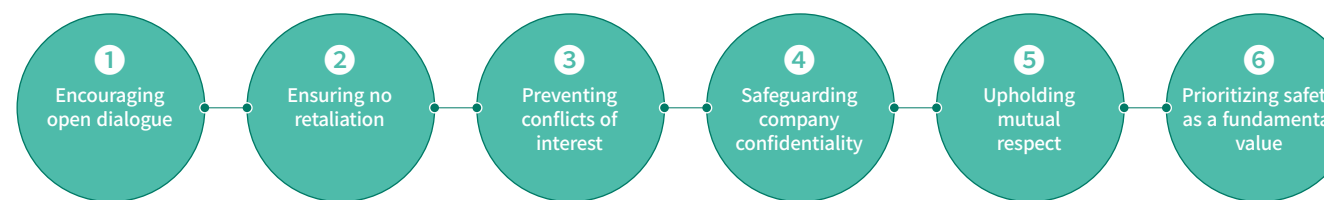


CEO attending the 21st Yoonkyung CEO Pledge Ceremony

Main Items of the Code of Conduct

Our People	Our Financial Integrity	Our Consumers and Operations	Our Environment, Safety and Community
<ul style="list-style-type: none"> Valuing Diversity and Inclusion Managing Conflict of Interest Communicating Externally 	<ul style="list-style-type: none"> Maintaining Strong Internal Controls Choosing Business Partners Carefully Trading Securities Ethically Protecting Information 	<ul style="list-style-type: none"> Competing Fairly Interacting with Government Officials Preventing Corruption and Bribery Giving or Receiving Business Gratuities Doing Business Globally Marketing and Advertising Responsibly 	<ul style="list-style-type: none"> Committing to Sustainability Ensuring Workplace Safety Delivering Product Quality Engaging Suppliers

Yuhan Kimberly's Six Pillars of Ethical Culture



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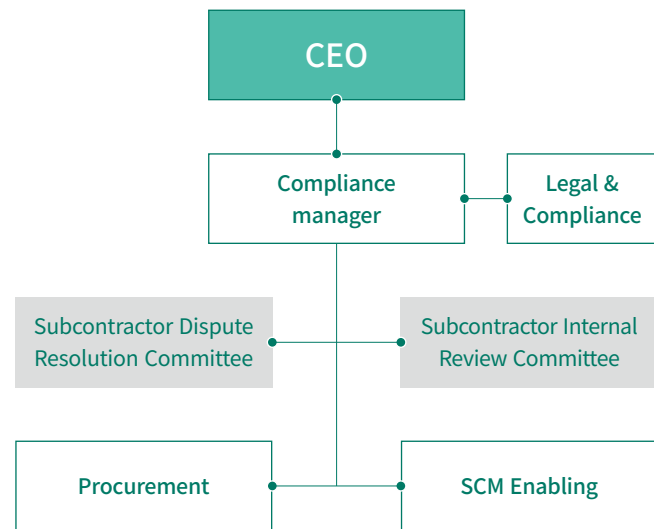
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Organization for Advancement of Legal and Compliance

Yuhan-Kimberly recognizes the significance of ethical management and has established the Legal & Compliance Division, a dedicated team that reports directly to the CEO to promote ethical practices. This division consists of legal professionals who are capable of addressing legal and compliance issues and closely examining relevant legal matters with related divisions such as the Internal Control Workgroup and the Internal Control Committee. The Internal Control Workgroup is an organization dedicated to preventing corruption. Its Internal Control Committee meets twice a year to prevent legal sanctions and financial losses due to internal control failures, which can damage stakeholders' trust and brand value. The Committee shares new CFI developments and Kimberly-Clark's new policies and guidelines while answering questions from relevant employees about potential issues. The Legal & Compliance Division and the Internal Control Workgroup also participate in quarterly meetings of the Kimberly-Clark Compliance and Controls Steering Committee (CCSC). The CCSC, comprised of the CEOs and CFOs of each country in the Kimberly-Clark Asia-Pacific Group (APAC), our shareholder, shares APAC's legal and compliance issues and Yuhan-Kimberly's new CFI issues.

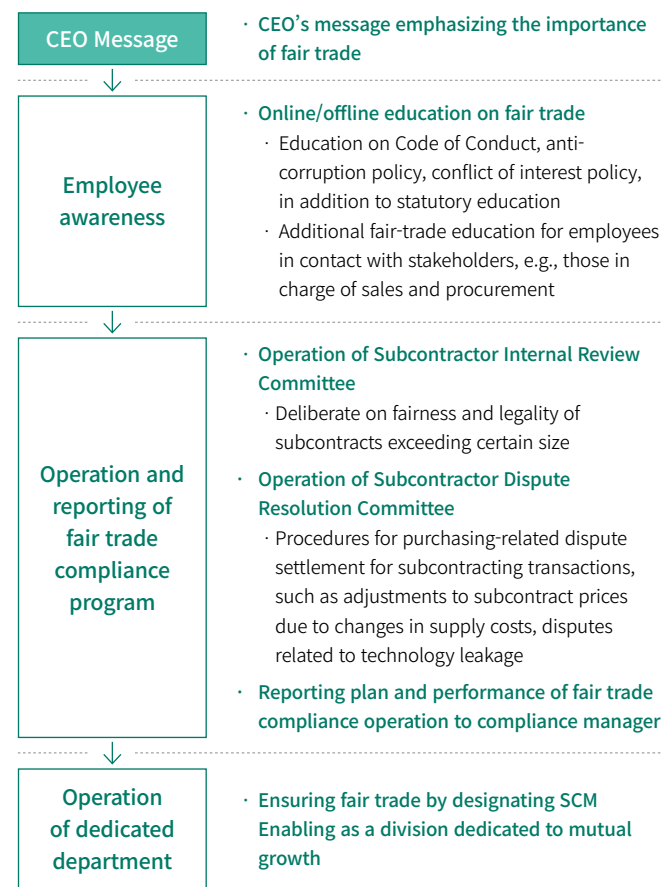
Organization for Management of Fair Trade Compliance Program



Fair Trade Compliance Program

In January 2012, Yuhan-Kimberly introduced the Fair Trade Compliance Program (CP) to ensure that our foundational value of equitable mutual growth continues to be upheld. A compliance manager, who reports directly to the CEO, and a specialized department have been appointed for more responsible operation. In principle, the compliance manager is appointed from among senior managers who are familiar with fair trade statutes and the company's policies and procedures. The compliance manager oversees the organization and ensures compliance with laws and regulations related to fair trade. They are responsible for the establishment and enforcement of the compliance program and have authority over planning, establishing, enforcing, monitoring, sanctioning, improving, and operating the compliance program. In 2023, there were no sanctions for violations of the Monopoly Regulation and Fair Trade Act.

Process of Operation of Fair Trade Compliance Program



Activities to Mitigate Ethics and Compliance Risks

Yuhan-Kimberly conducts risk assessments, including corruption risks, at all business sites and provides training to mitigate these risks. In 2023, we conducted compliance education for new employees and ethics and compliance education, including fair trade, for new leaders. We also provided training on laws and regulations that are highly relevant to each division, such as the Monopoly Regulation and Fair Trade Act, the Fair Transactions in Subcontracting Act, and other laws regarding labor and outsourcing issues. In 2024, we plan to expand the training from the Procurement Division under the SCM Innovation to the Customer Sales and SCM Innovation functions. In addition, we publish newsletters for all employees to eradicate unfair behavior under the anti-corruption policy of the Code of Conduct, and we published a total of six newsletters in 2023.

Channels to Report Violations of the Code of Conduct

We operate a 24-hour hotline for employees to report violations of the Code of Conduct (00798-1-1-008-3594) and an unfair trade reporting channel for suppliers to report unfair trade practices. The hotline utilizes an external, third-party channel, allowing anyone to report objectively and voluntarily. Through this channel, individuals can file a grievance, submit a report, ask a question, or raise a concern. We will investigate the facts and, if necessary, take measures to prevent recurrence. As part of our Six Pillars of Ethical Culture, our non-retaliation policy emphasizes employees' right to freely express their opinions without fear of retaliation. In this respect, we have three commitments to protect those who report violations of the Code of Conduct. In 2023, four disciplinary actions were imposed for violations of the Code of Conduct.

2023 Ethics and Compliance Education

Target	Name of program	No. of attendees	Attendance rate
New employees	Compliance	39	100%
New leaders	Compliance, KC policy (gratuity policy, conflict of interest policy) and fair trade laws	8	100%
Procurement	Fair trade laws and outsourcing laws	21	88%
Employees in charge of HR and outsourcing	Labor and outsourcing issues	10	100%

Open Communication for Transparent Management Monthly Open Management Meeting

The Monthly Open Management Meeting is held once a month where the CEO and heads of each business unit share the status of management and strategic directions. This meeting has been open to all employees since 2013. The meetings are held alternately at the headquarters and at each business site, and are also broadcast online to encourage active participation from all business sites, including the headquarters. As a result, an average of 300 employees attend the meetings. Executives directly answer employees' questions, which are anonymously collected through the "Conversation with Employees" sessions, to ensure transparent and reliable management activities.

One-on-one Communication with CEO

Recognizing that open communication with employees is an essential element of a company's growth, the CEO of Yuhan-Kimberly has been practicing one-on-one communication with all employees since January 2021, shortly after taking office. As of April 2024, he has had one-on-one communication with 882 employees, representing 64.5% of all employees.

Three Tenets of the Non-Retaliation Policy

- 1 We will objectively evaluate the concerns presented candidly and take the necessary corrective measures.
- 2 We are committed to shielding employees who voice concerns from any form of retaliation.
- 3 In the event of reported retaliatory behavior, we will undertake a comprehensive investigation and, if necessary, implement corrective measures that can extend to termination.



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Crisis Management

Systematic Crisis Management

Yuhan-Kimberly systematically manages issues and events that have the potential to seriously affect the company's business activities. Our Crisis Management Manual specifies the scope of the crisis management officer, priorities prevention activities, assessment of potential risks, response procedures in the event of a crisis, internal and external communication policies, composition of the crisis management team, and roles and responsibilities. The Manual is amended on an annual basis upon the approval of the CEO, who serves as the Chief Crisis Management Officer. In 2023, we conducted a company-wide potential risk assessment and an internal diagnosis and established a business continuity plan (BCP) for key results from the assessment. The Manual also reflects changes in the leadership of the Crisis Prevention Committee and updates in response procedures for each major type of crisis.

Crisis Prevention

Crisis Prevention Organization

To proactively respond to social expectations and potential issues related to our products and enhance consumer trust, we operate the Crisis Prevention Committee, a permanent organization. It consists of internal experts in customer satisfaction, product safety and regulations, and media and

public relations. In the event of a crisis, related functions such as QA, Legal, and environmental teams cooperate. Major examples of collaborations in 2023 include proactive inspection of issues regarding domestic production of tampons, response to the braille policy for sanitary pads, and communication with stakeholders on the investigation of health effects of sanitary pads. The Crisis Prevention Committee plans and implements annual crisis management trainings aimed at minimizing potential risks associated with new businesses and changes, and incorporates the results of potential risk assessments into its crisis prevention activities.

Organization of Crisis Prevention Committee



Risk Management System

Step	Relevant Body	Roles	Activities
Risk Prevention	Risk Management Committee	Development of strategy and policy	<ul style="list-style-type: none"> Operate risk management policy/manual Operate external communications policy Organize and structure the crisis management team Establish reputation management and recovery strategies Standardize crisis management procedures
		Monitoring and reflection of product issues and social expectations	<ul style="list-style-type: none"> Conduct public perception survey Operate an issue database Predict and proactively response to potential issues Operate social media early warning system
		Company-wide enhancement of capacity to respond to crisis	<ul style="list-style-type: none"> Plan and implement crisis management training Diagnose internal and external potential risks Identify focus area Operate a TFT to manage negative issues Conduct crisis prevention activities
Risk Management	Risk Management Team	Risk management and reputation recovery	<ul style="list-style-type: none"> Develop a company statement and response strategy Respond to stakeholders, e.g., media and organizations Build social networks Provide functional strategy guides Report on end of crisis management (measures to prevent recurrence)

Potential Risk Assessment

Every year, Yuhan-Kimberly requests all leaders to assess the impact and likelihood of occurrence of financial and non-financial potential risks in four areas: products, processes, people, and stakeholders. In 2024, potential risks were categorized into 23 types, and the assessment included questions that take into account social changes and trends, such as washing risks, weakening of corporate reputation, and strengthening of competitors' comparative advantage. The assessment results were incorporated into the crisis management manual and training, and shared with all employees.

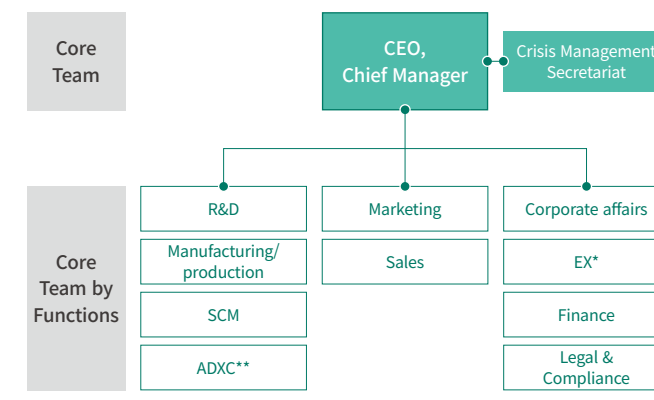
The top three potential risks in 2024 were foreign substances in products, raw material safety disputes, and pricing issues. For these issues, we operate a checklist that addresses responsibilities in the three phases of preparation, response, and recovery.

Crisis Management

Crisis Management Organization

Yuhan-Kimberly has a crisis management team that is deployed on a case-by-case basis to manage crises. The CEO heads the team, which includes a core team for each function and the Crisis Management Secretariat established in 2023. In the event of a crisis, the CEO appoints a leader for each core team, prioritizes strategic actions, and assigns tasks to members and outside experts.

Basic Structure of Crisis Management Team

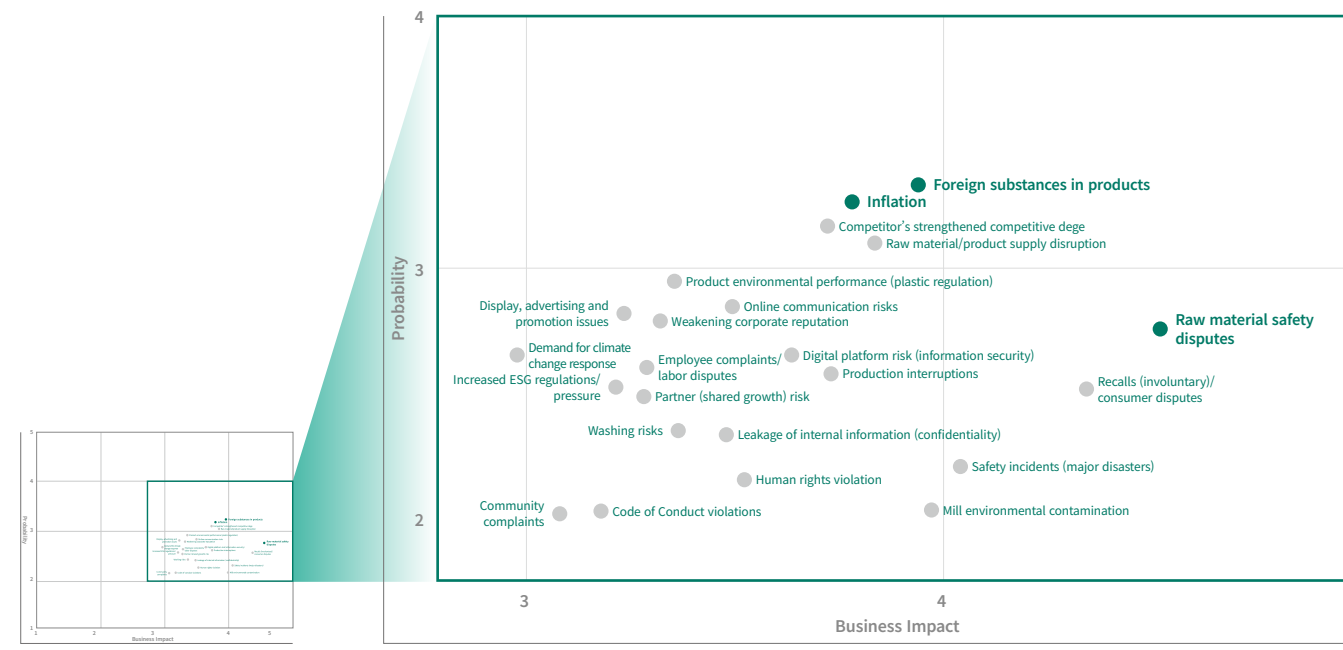


* EX: Employee eXperience

** ADXC: AI / Digital eXcellence Center

Case	Crisis Management Team's Response to Crisis
	As the power source for the Kimcheon Mill was located outside the industrial complex, pylons and power cables were considered issues by the local community. We operated a crisis management team to respond to these issues and resolve the underlying problems. By the end of 2023, we secured investment to replace aging transformers and underground electrical cables. The systematic operation of the crisis management team not only prevented accidents but also resolved the fundamental risk factors.

2024 Yuhan-Kimberly's Risk Map



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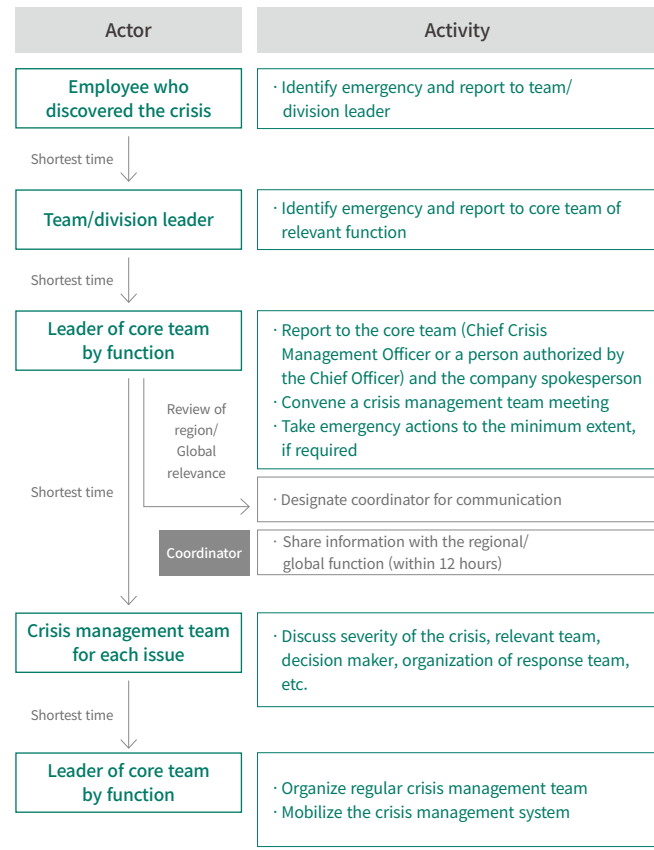
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The Crisis Management Secretariat, which consists of a spokesperson, a communication leader, and a crisis management coordinator, leads the crisis management system and responds to company-wide issues and crises while providing relevant advice. Core teams for each function are responsible for maintaining and operating the crisis management system related to their specific function and are directly involved in the process of responding to crises.

Establishing and Internalizing Crisis Response Procedures

Yuhan-Kimberly has established a crisis response procedure to ensure agile information sharing and quick responses in the event of a crisis. We also conduct annual crisis management training to ensure that all employees develop and internalize crisis management capabilities. During the training, we conduct virtual simulations and coaching, considering crisis response procedures. The training is provided to departments and leaders relevant to each potential issue. In 2023, we ran three virtual crisis simulations and associated media training.

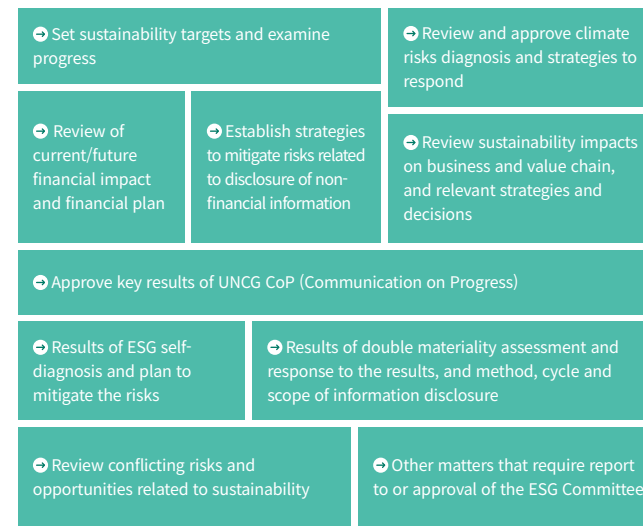
Procedure of Crisis Response



Non-financial Crisis Management

Sustainability-related crises and opportunities at Yuhan-Kimberly are managed at the ESG Committee level. The key roles of the Committee include establishing sustainability-related targets, managing progress, diagnosing climate risks, examining responses, and addressing the results of double materiality assessments. The ESG Committee also reports the outcomes of the ESG diagnosis and the identified risk factors to the Board of Directors.

ESG Committee's Management and Supervision of Sustainability Risks and Opportunities



Information Security

Guidelines for Information Security

As the digitalization of the work environment has led to various cyberattacks and strengthened regulations on personal information security, it is increasingly important for companies to take institutional and technical measures to protect information. Yuhan-Kimberly has established information security guidelines that contain regulations and procedures which employees and those in charge of information security must comply with. These guidelines are periodically reviewed and updated in accordance with the latest legal requirements and technological changes. We also disclose our privacy policy regarding the collection, use, storage, and provision of personal information of users of our online services. The privacy policy is continually amended to reflect the latest legal changes and service updates, and it was amended six times in total in 2023.

[Privacy Policy](#) [Link](#)

Organization for Information Security and Privacy

Yuhan-Kimberly has an information security and privacy organization comprised of the Chief Privacy Officer (CPO), Chief Information Security Officer (CISO), information protection officers, and security operations officers, with the CEO as the chief manager. We also operate the Information Protection Committee, which reviews and makes decisions on information security resource allocation, information security-related issues, and customer personal information matters. The Committee, chaired by the CISO or CPO and attended by leaders of relevant departments, meets once a year and may convene whenever necessary.

In addition to the Committee, a dedicated information security organization collaborates with information protection and privacy-related councils to immediately respond to any issues that arise. In 2024, we established the CISO Office, a working-level unit centered around the CISO.

Dedicated Information Security Organization and Strengthened Expertise

In March 2024, Yuhan-Kimberly established the CISO Office, a dedicated information security organization, to minimize information security risks and effectively manage relevant threats. Additionally, we announced the organization charter, which specifies our goal of realizing our vision and values by protecting business and information assets, as well as customers' information, from cyber risks. The charter outlines the strategies to achieve this goal and sets forth the roles and responsibilities of the CISO and information security officers, reinforcing our commitment to the new organization. In 2024, we strengthened our information security expertise by conducting qualification assessments for the CISO, Information Security Officers, Security Operations Officers, and Information Security Auditors responsible for information security tasks.



Information Security Management System

Certification of Information Security Management System
Yuhan-Kimberly has obtained and maintained ISO 27001 and ISMS-P certifications, which are nationally and internationally recognized standards for information protection systems, for its external online services and internal IT systems. These certifications demonstrate the security and stability of our information security and privacy systems, as well as the excellence of our management system. After the ISMS-P certification expires in April 2024, we will obtain the ISMS certification for information security management systems.

Audit of IT Security

Yuhan-Kimberly conducts internal and external security audits on a total of 360 IT assets, including personal computers, networks, servers, and cloud services. Internal security audits are conducted once a year, and the CISO's office invites external auditors to focus on IT systems that fall within the scope of ISMS certification. External security audits are conducted once a year by Kimberly-Clark, our shareholder, covering Yuhan-Kimberly's internal IT systems. In 2023, no major issues were found in the IT security audits, and we aim to record zero major issues again in 2024.

Certification of Information Security Management System

Certification	Issued by	Description
ISO 27001	ISO/IEC	Scope: e-commerce platforms, internal business support systems Term: August 19, 2021 - August, 18, 2024
ISMS-P	Ministry of Science and ICT	Scope: e-commerce platforms, external promotion services, internal business support systems Term: April 22, 2021 - April 21, 2024
ISMS	Ministry of Science and ICT	Scope: e-commerce platforms, external promotion services Term: April 22, 2024 - April 21, 2027

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Activities for Information Security Risk Management Potential Risk Assessment

Yuhan-Kimberly analyzes and assesses potential information security risks and improves identified deficiencies. In 2023, we found deficiencies during a secure coding inspection aimed at ensuring that information systems are developed safely and in accordance with appropriate coding standards. To address this, we adopted a secure coding inspection tool and improved the vulnerability diagnosis process. Furthermore, the security level of the newly introduced firewall's administrator access authentication method was found to be insufficient, so we implemented additional two-factor authentication.

Vulnerability Diagnosis

Yuhan-Kimberly annually conducts penetration tests through external experts to identify vulnerabilities in external services such as shopping malls and websites. We also run separate vulnerability diagnosis scripts for key infrastructure assets, such as servers, networks, and databases, to detect vulnerabilities. Vulnerabilities found in both external services and key infrastructure assets are remedied in the order of priorities determined based on the results of materiality assessments, and the improvement rate is monitored. The improvement rate in 2023 was 95%, and our goal for 2024 is 90% or higher.

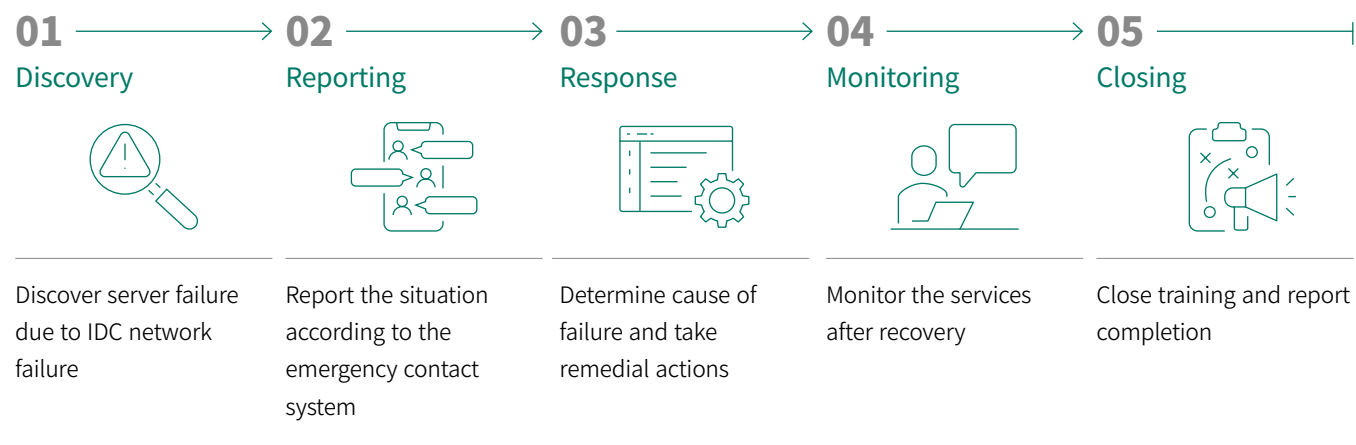
Cybersecurity Checks for Partners Entrusted with Personal Information

Every year, Yuhan-Kimberly conducts cybersecurity checks for partners to whom we entrust customer personal information based on our own checklist. If a deficiency is detected, we recommend improvement measures and monitor their implementation. In 2023, we conducted cybersecurity checks on 21 of our 29 partners, excluding the 8 that are ISMS certified.

Incident Response Training

Every year, Yuhan-Kimberly conducts simulation trainings to ensure that the situation reporting and emergency contact system can work quickly in the event of a disruption. Disaster recovery trainings for momQ, Today Plus, and integrated member services are conducted jointly with partners. In 2023, a scenario-based simulation of a network failure was conducted to ensure that each person in charge is aware of their roles, responsibilities, and business procedures in the event of a crisis.

2023 Scenario for Disaster Recovery Training



Raising Awareness of Information Security

Yuhan-Kimberly conducts campaigns in the form of newsletters and provides customized trainings to raise awareness of information security and ensure compliance with user security procedures. In 2023, we ran a campaign on the concept of artificial intelligence (AI) and important considerations when using ChatGPT. We also provided training on how to respond to phishing emails and ransomware for new and existing employees, IT and information security personnel, and outsourced personal information processing companies. We plan to conduct a total of 10 newsletter-based campaigns in 2024.



2023 Information Security Relay Campaign

2023 Information Security Training

Targets	Purpose	Contents	Participants	Participation rate
New employees	Understand and comply with internal information security rules/guidelines	<ul style="list-style-type: none"> Examples of personal information breach and hacking incidents Introduction of information security organization Introduction to the employee information protection guidelines Introduction of major information security rules of the company 	18	100%
Employees	Raise awareness of the importance of information security through training	<ul style="list-style-type: none"> Cybersecurity safety tips for daily and work life through a computer-based test (CBT) on a learning platform Raising awareness of phishing emails and response to them through individualized training 	682	98.2%
Employees in charge of IT and information security	Understand the latest trends in information security and improve security/IT skills through differentiated, in-depth training	<ul style="list-style-type: none"> Threats of ransomware and response to them 	24	100%
Employees of outsourcers for personal information processing (event agency)	Recognize importance of personal information processing	<ul style="list-style-type: none"> Examples of personal information breaches and precautions in handling personal information Directions for improving Jira processes 	28	100%

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Environmental Management System

Declaration of Environmental Management 3.0

Since its establishment, Yuhan-Kimberly has not only complied with government environmental regulations but also managed the environment at a higher level through investments in facilities. With the declaration of the environmental management policy in 1996, we opened the era of Environmental Management 2.0, broadening the concept to encompass knowledge management, quality management, ethical management, and mutual growth management, while also extending its reach to include the supply chain. Marking our 50th anniversary in March 2020, we announced Environmental Management 3.0 and set targets for sustainable products and quantitative carbon reduction by 2030.

Environmental Management 3.0

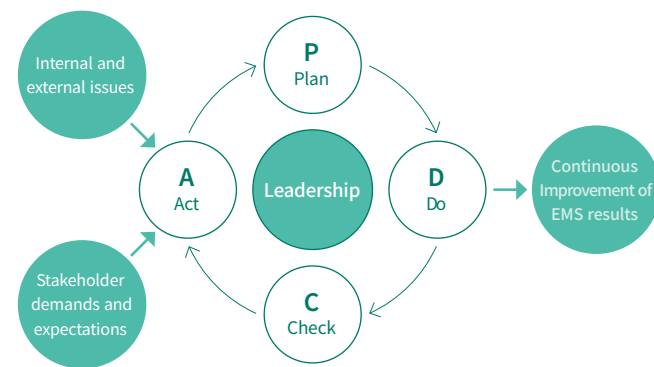


* Criteria for sustainable products are disclosed at page 19 of this report.

Environmental Management Framework

Yuhan-Kimberly's production sites pursue environmental management based on the ISO 14001 environmental management system, which meets international standards. Each site has established an environmental management policy based on the Plan-Do-Check-Act (PDCA) model, and manages environmental indicators for continuous improvement and reduction of environmental pollutants in response to identified internal and external issues, as well as stakeholder demands and expectations. Additionally, we have established emergency response procedures for each site and conduct emergency drills and education to prepare for environmental and safety accidents. To comply with environmental regulations, we manage the status of production sites in accordance with major legislative amendments and conduct reviews of environmental regulations to prevent potential issues at least once every half-year.

Environmental Management System



Environmental Management Certifications by Site

Classification	Certifying Institution	Certification Period	Business Site
Green Company	Ministry of Environment	Nov. 2022 - Nov. 2025	Choongju Mill
ISO 14001	SGS* Korea	Dec. 2022 - Dec. 2025	Kimcheon Mill
		Nov. 2021 - Oct. 2024	Taejon Mill
		Oct. 2021 - Oct. 2024	Choongju Mill
Resource Circulation Certification	Wonju Regional Environmental Office	Jan. 2022 - Nov. 2027	Choongju Mill
Convention on the Elimination of Invasive Alien Species	Wonju Regional Environmental Office	May 2014 - Present	Choongju Mill

* Société Générale de Surveillance

Organization to Implement Environmental Management

Yuhan-Kimberly operates an organization led by the CEO to effectively implement the Environmental Management 3.0 Declaration. Discussions and decisions on environmental strategies are made through the ESG Committee. The Environment Subcommittee under the ESG Committee, led by the manufacturing function leader who is an inside director, makes decisions on environmental tasks and risks and presents agenda items to the ESG Committee to be reported to the Board of Directors. Environmental management performance and plans for each site are managed through the EWLM (Environment & Energy Working-Level Meeting). In 2023, we discussed the establishment of the greenhouse gas Scope 3 inventory, product LCA, plans to sell surplus emissions according to the emission trading system, and the status of response to the integrated environment management system.

Organization to Implement Environmental Management



Internalization and Implementation of Environmental Management

Yuhan-Kimberly is carrying out company-wide saving activities and campaigns to implement environmental management. We minimize paper printouts, use personal cups, and save heating and cooling energy at business sites and offices. Additionally, we conduct campaigns to strengthen environmental awareness and consensus. In June 2023, we held the World Environment Day campaign.

Designated as Green Company by the Ministry of Environment

Yuhan-Kimberly's Choongju Mill was designated as a green company in recognition of its environmental improvements, including a significant decrease in pollutants, resource and energy savings, improvement of eco-friendliness of products, and establishment of green management systems. The Choongju Mill was first certified as a green company in 2013, and this certification is effective until November 2025.

Spotlight

2023 World Environment Day Campaign

On June 5, 2023, World Environment Day, we held an event for all employees under the theme of "Reduce Plastic Pollution." The event highlighted our efforts to minimize plastic use from the product design stage, and employees shared the individual efforts they are making for the environment.

Employees' Activities for Environmental Management in 2023

Classification	Key Activities	Description
HQ/Office	Minimized paper printouts	<ul style="list-style-type: none"> Reduced paper printouts and created the culture of environment protection by using individual laptops and shared folders Simplified approval documents through the electronic approval system
	Used personal cups	<ul style="list-style-type: none"> Encouraged employees to use mug cups Reduced average daily use of paper cups by about 92% from 600 to 50
	Campaign to save electricity (April 2023)	<ul style="list-style-type: none"> Changed office lights-out time from 00:00 to 21:00 Installed automatic light sensors in the meeting rooms so that lights are off after 5-minute absence
Business Sites/Office	Created the green office environment	<ul style="list-style-type: none"> Achieve the green area ratio of 2.53% for the green office environment.
	Activities to enhance environmental awareness (April 2023)	<ul style="list-style-type: none"> Certified earth love and plogging activities Campaign to make the Green Office Implementation Pledge
	Energy saving	<ul style="list-style-type: none"> Reduced the consumption of heating and cooling energy through proper temperature management in summer and winter Reduced electricity consumption by replacing lights with LED equipment

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Sustainable Products

Mid- to Long-term Goals of Sustainable Products

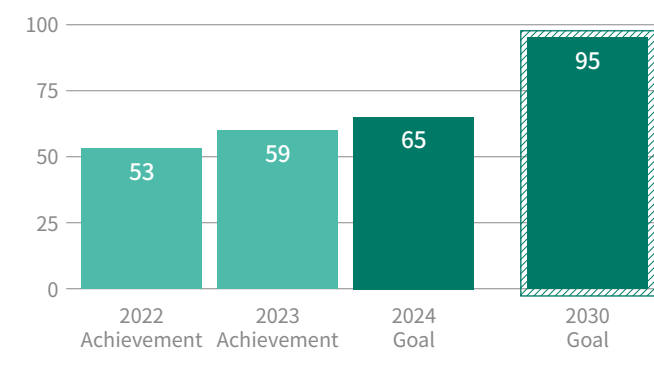
Through the Environmental Management 3.0 Declaration, Yuhan-Kimberly set the goal that sustainable products should account for 95% of sales by 2030. Sustainable products, as defined by Yuhan-Kimberly, are those that meet internal environmental and social standards established in comparison to 2019. Specifically, for environmental standards, we have a quantitative calculation method for each contributing area that considers national plastic regulations and carbon emission regulations. Additionally, we conduct a multifaceted evaluation of the eco-friendliness of our products, reflecting the entire product process and the domestic environmental labeling system.

Guidelines for Development of Sustainable Products and Packaging

Yuhan-Kimberly has prepared Guidelines for Development of Sustainable Products and Packaging that take into account domestic resource circulation and policies to eliminate plastics. When developing products and packaging, the 3R (Reduce, Recycle, Replace) strategy must be applied, with a focus on converting materials from petroleum-based plastic to non-petroleum materials

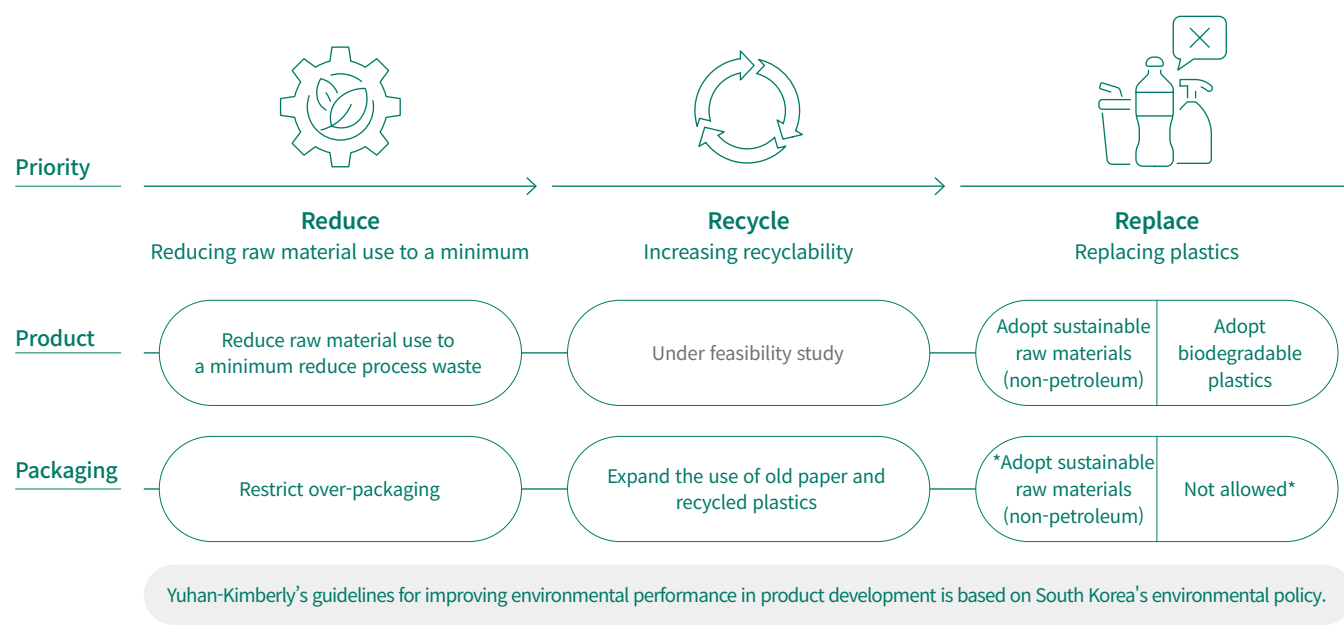
such as biomass or recycled plastic. On the other hand, biodegradable plastics can reduce recycling efficiency if mixed with ordinary plastics, so they are used only when there is a risk of leakage into the environment, such as the ocean.

Sustainable Product Goals (Unit: %)



* When calculating the target achievement rates for sustainable products, the total sales are based on the domestic market, excluding sales agency products, and B2B health care supplies and safety supplies subject to safety regulation.

Guidelines for Development of Sustainable Products and Packaging



* Biodegradable plastics are allowed only if there is risk of environmental leakage.

Reducing Plastic Consumption

Goal for Reducing Plastic Consumption (Compared to 2019)

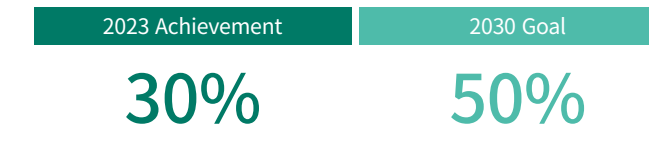


Yuhan-Kimberly aims to increase the use of non-petroleum materials such as biomass and recycled plastic and reduce the use of petroleum-based plastic by half compared to 2019 levels by 2030. To achieve this, we have subdivided our mid-term strategies to replace plastics by business unit and evaluate our performance for further improvement.

Development of Plastic-Free Products with Sustainable Materials

Yuhan-Kimberly has formed the Green Action Alliance with major materials development companies in Korea and is working together on product development. Through this collaboration, we focus on developing materials that reduce the use of petroleum-based plastics and replace them with sustainable alternatives. Additionally, we aim to develop materials that contribute to process improvement and the revitalization of the resource circulation economy. In 2023, a representative achievement was the application of super absorbent polymer (SAP) using biomaterials to the Huggies Naturemade Pure Cotton product.

Goal for Converting Plastic Packaging to Recycled Plastics (Compared to 2019)



Applied Recycled Materials to Packaging and Products

Yuhan-Kimberly complies with the recycling requirements under the Extended Producer Responsibility and strives to increase the proportion of recycled materials in packaging and to use resources efficiently. In 2023, the required recycling rate was 86% for films and 87% for containers. Additionally, the ratio of recycled paper to raw materials for sanitary paper products, such as toilet paper, is approximately 17.6%.

Conversion of Packaging into Recycled Plastics

Yuhan-Kimberly focuses on converting petroleum-based plastics used in packaging into non-petroleum materials such as biomass or recycled plastics. Recycled plastics can be classified into PIR (Post-Industrial Recycling), which recycles plastics discarded from the manufacturing process, and PCR (Post-Consumer Recycled), which recycles plastics discarded after consumer use. The recycled plastics used in Yuhan-Kimberly's film packaging are primarily PIR materials, and we plan to expand the application of PCR materials, which have a relatively high resource circulation value. In 2023, we achieved a 30% conversion rate of plastic packaging into recycled plastics.

Achievements in Packaging and Plastic Reduction and Mid- to Long-Term Strategies by Business Unit

Business Unit	2023 Achievements*	Mid- to Long-term Strategies by 2030
Baby & Child	<ul style="list-style-type: none"> Applied recycled plastics to 50% of diaper packaging Removed internal vinyl packaging of BEBE GROW pacifiers and baby bottles and replaced them with paper packaging Applied PCR to 80% of baby wipe caps 	<ul style="list-style-type: none"> Focus on the conversion of representative products of each business unit into sustainable products (materials/packaging) <p>2026 →</p>
Family Care	<ul style="list-style-type: none"> Applied PCR to 50% of secondary packaging of Kleenex toilet paper Facial tissues (partial): Replaced plastic films at the outlet with paper Applied PCR to 80% of wet tissue caps 	<ul style="list-style-type: none"> Determine and implement sustainable development of products in categories (masks, skincare, accessories, etc.) other than representative product lines from 2025 <p>2030 →</p>
Feminine Care	<ul style="list-style-type: none"> Applied recycled plastics to 30% of film packaging 	2030 →
Wellness Care	<ul style="list-style-type: none"> Applied recycled plastics to 30% of packaging materials produced at the Choongju Mill Applied recycled plastics to 50% of packaging materials produced at the Taejon Mill 	2030 →
Industrial Products/Medical Care (B2B)	<ul style="list-style-type: none"> Developed and supplied paper oil-absorbent 	

* Vinyl packaging plastic means PIR.

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ENVIRONMENTAL

Reducing Products' Impact on Environment

Life Cycle Assessment (LCA)

Yuhan-Kimberly aims to enhance competitiveness by identifying the environmental impacts of products throughout their life cycle and managing changes in environmental performance resulting from changes in raw materials through the life cycle assessment of major products. The life cycle assessment evaluates the environmental impacts of products from the collection of raw materials to the disposal of products after use. In 2023, we conducted life cycle assessments for 10 products, covering five business sites, four OEM sites, and one recycling site.

Environmental Impact Reduction Simulation

Yuhan-Kimberly built LCA simulation tools for major products and utilized them to identify issues with high environmental impact contributions and conduct scenario analysis to meet reduction goals. The LCA simulation tool will be used to

LCA-Conducted Products in 2023

Category	Product Name
Baby & Child	<ul style="list-style-type: none"> Greenfinger Moist Natural Moisturizer Lotion Greenfinger My Kids Wash Greenfinger BEBE GROW PPSU Baby Bottle Twin Pack Cream & Beige
Feminine Care	<ul style="list-style-type: none"> Goodfeel Original Wearable Overnight Medium Goodfeel Liner Organic Cotton Goodfeel La Nature Nature Back Panty Liner Long White Gentle Cotton Tampon Super
Family Care	<ul style="list-style-type: none"> Scott All-in-one Toilet Cleaning Brush Kleenex My Bidet Clean Care
B2B	<ul style="list-style-type: none"> Collection and recycling of used hand towels (1kg)

independently determine the environmental performance throughout the entire product life cycle when sustainable materials are used in the product development phase. We intend to continuously upgrade the life cycle inventory (LCI) database, which includes lists of resources used and pollutants emitted during a product's life cycle, and integrate it with the LCA tool.

Evaluating Sustainability Index When Developing New Products

Yuhan-Kimberly operates an index that self-assesses a product's sustainability during the development phase before launching new products. The evaluation items are categorized into plastics, greenhouse gases, pulp, and water, detailing the major environmental impacts of product development. This index enables us to check and ensure sustainability when developing new products.

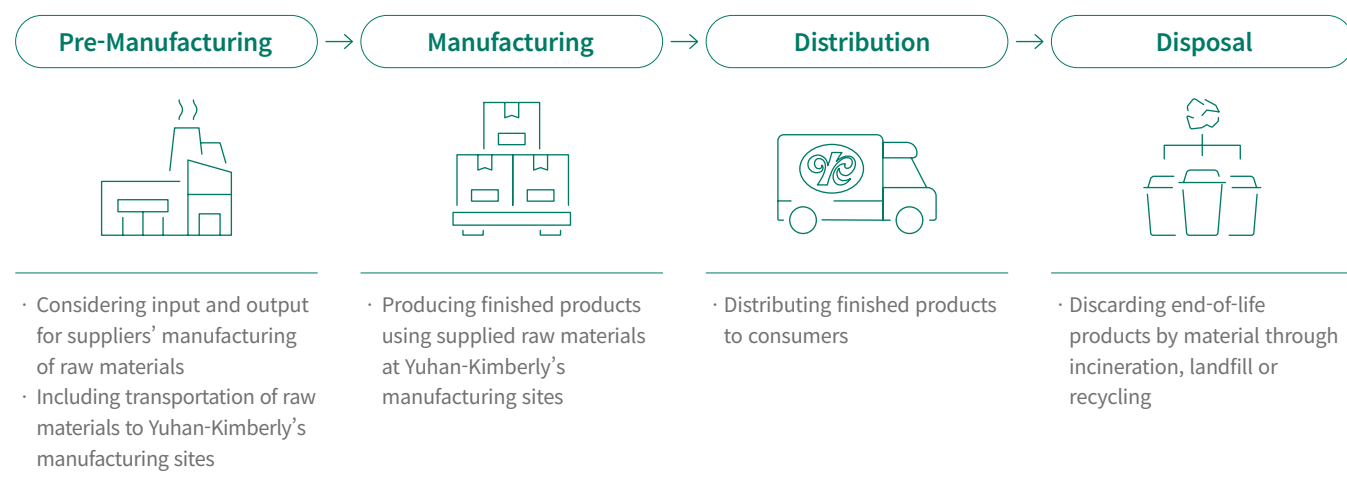
Reducing Carbon Footprint at the Manufacturing Phase

Through the Aqua Fresh project, Yuhan-Kimberly replaced glue with water as an adhesive for three-ply toilet paper to improve the environmental performance of the products and reduce the use of chemicals. In 2023, we applied the Aqua Fresh process to all 60 SKUs* of toilet paper, saving approximately 368 tons of glue and reducing carbon emissions by 75.4 tCO₂e.**

* Product management unit: SKU (stock keeping unit).

** Based on carbon emissions from the production of paper glue without considering disposal

Data Collection Scope by LCA Phase



Enhancing Environmental Performance

Ministry of Environment Certified Products

As of March 2024, Yuhan-Kimberly has obtained a total of 37 eco-labels for products including shampoo, shower gel, toilet paper, and air fresheners. We aim to be recognized for our efforts to improve the environmental performance of our products by enhancing resource circulation and reducing harmful substances through the expansion of domestic eco-labels.

Eco-labeled Products (As of March 2024)

Product Group	Product Name	No. of Labels
Shampoo / Linse / Body Cleanser	Greenfinger	2
	Tissue Roll	
Tissue Roll	Kleenex Air Cell	9
	Kleenex Dry Cell	9
	Kleenex Center-Full	1
	Popee	6
Air Freshener	Save	3
	Kleenex Cell Air Freshener	2
	Kleenex Pure Air Freshener	5
Total		37

Greener Product

Yuhan-Kimberly's Greener Product label represents products that do not yet meet our internal sustainable product criteria but are undergoing improvements to enhance environmental performance. Our transition to sustainable products is based on maintaining or improving product performance. This ensures that product quality does not deteriorate in the pursuit of better environmental or social performance, thereby fulfilling the inherent value that household products should provide. The Greener Product label also aims to encourage various internal efforts and attempts toward developing sustainable products.

Examples of Sustainable and Greener Products

Based on the year of product launch, we select products that have improvements in the 3Rs: reducing raw material use to a minimum (Reduce), increasing recyclability (Recycle), and replacing plastics (Replace). A representative example of a sustainable and green product is Kleenex toilet paper, to which the Aqua Fresh process is applied. We intend to establish quantitative criteria for conservatively selecting greener products and develop a system to report them in line with the 3Rs.

Examples of Sustainable Products and Greener Products from the 3R Perspective

Reduce	Recycle	Replace
<p>Reduce raw material use to a minimum</p> <p>In our pursuit of sustainable products, our primary focus is minimizing the consumption of raw materials and packaging.</p>	<p>Increase recyclability</p> <p>We are actively increasing the use of recycled materials for packaging, aiming for all our products to achieve a rating of "excellent" or higher in terms of recyclability.</p>	<p>Replace plastics</p> <p>We are committed to replacing traditional materials with eco-friendly plastic-free alternatives to reduce our footprint on the Earth.</p>
<p>Kleenex Tissue Roll</p> <p>Replaced glue for 3-ply toilet paper with water to reduce raw materials</p>	<p>Greenfinger Forest Shampoo/Shower Gel</p> <p>Made the packaging entirely recyclable with containers made of recycled plastics and pumps made of elastic plastics instead of metal springs</p>	<p>Huggies Naturemade Panty</p> <p>Adopted naturally derived materials such as sugarcane, pure cotton, etc.</p>
<p>Kleenex Bubble Bubble Handwash Eco Green Herb</p> <p>Reduced GHG emissions and the use of new plastics by adopting Bio-PET</p>	<p>Scott Eco Paper Wet Wipes</p> <p>Increased recyclability by removing caps</p>	<p>Kleenex Paper Wet Tissue</p> <p>Used recycled plastics for caps, pouches, packaging, etc.</p>
	<p>Kleenex Classic Soft Forest Fragrance</p> <p>Increased recyclability with 100% plastic-free carton packaging that replaces plastic films at the outlet with paper</p>	<p>Goodfeel La Nature</p> <p>Replaced 80% of the waterproof layer with plant-derived materials and used 100% organic pure cotton covers</p>

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Green Action Alliance

Yuhan-Kimberly has determined the need to collaborate with the industry across the entire product life cycle to achieve 95% or more sustainable products in our sales. To this end, we have promoted the Green Action Alliance with various partners to lead the social transition to sustainability through the expansion of a sustainable industrial ecosystem. Our goal is to meet the sustainable product targets through the development of sustainable materials and to secure higher future competitiveness by enhancing the sustainability of our supply chain and society as a whole.

Expansion of the Green Action Alliance

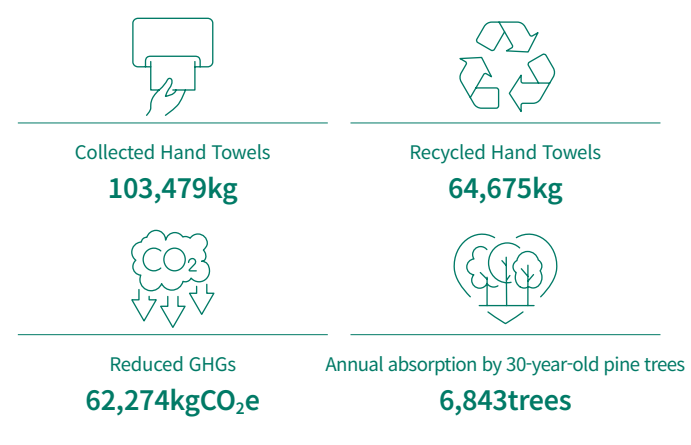
In 2022, we signed MOUs with four companies, including raw material developers in the pre-manufacturing stage and recyclers in the use and disposal stage. In 2023, we expanded our efforts by signing MOUs with 28 companies, including Tier 1 suppliers and resource-circulating consumers. We aim to secure 100 participants by 2025.

Hand Towel Recycling Campaign

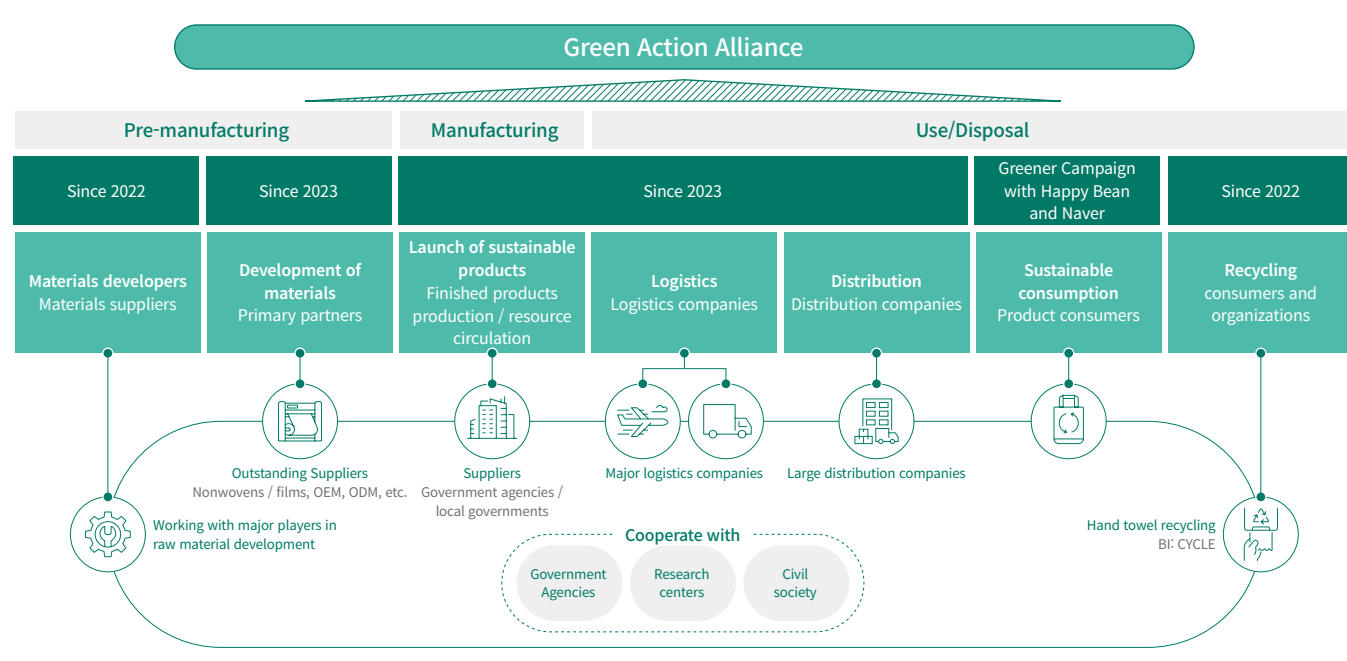
The BI: CYCLE campaign to recycle hand towels was launched in 2022, with participation from several local governments, including Seoul City and Taejon Metropolitan City Seo-gu Office, as well as leading companies. By April 2024, a total of 21 organizations and companies participated, collecting about 103 tons of hand towels and recycling approximately 65 tons. This effort reduced greenhouse gas emissions by 62 tCO₂e, equivalent to the annual carbon dioxide absorption of more than 6,843 30-year-old pine trees from the central region. The BI: CYCLE campaign helped us strengthen relationships with consumers and increase sales.

Status and Achievements of the BI: CYCLE Campaign

(Cumulatively from Nov. 2022 to April 2024)



System Diagram of Green Action Alliance



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Reducing Environmental Impact of Business Sites_ Resource Circulation and Waste

Approach to Resource Circulation and Waste

Major wastes generated in the production process include rejected products, paper sludge, and raw material scraps. For effective waste management, Yuhan-Kimberly has set a mid-to long-term goal of reducing waste by 30% compared to 2019 levels by 2030. Based on the Waste Management Procedures for each business site, we conduct monitoring to increase resource circulation and reflect major waste-related issues and improvement plans in the business site management reports.

Improved Processes and Facilities

The Kimcheon Mill is reducing waste by improving processes and facilities. In 2023, we expanded the Aqua Fresh project to the processing of toilet paper rolls, which has resulted in positive effects on both quality and the environment. These benefits include the prevention of layer separation in toilet paper, improvement of facility cleanliness, and reduction of rejected logs, saving KRW 400 million annually by reducing glue consumption. Additionally, we improved the sludge moisture content from 58% to 53% by cultivating and processing worn screw blades and replacing the perforated metal mesh of the screw press facility, significantly enhancing sludge treatment efficiency. This led to an 11% reduction in sludge generated and saved KRW 0.7 billion annually in waste disposal costs.

Waste Reuse and Recycling

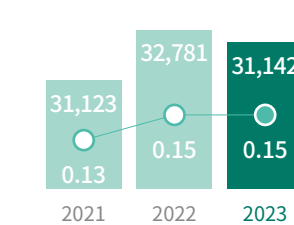
Yuhan-Kimberly inputs recyclable raw materials back into the process as much as possible and outsources them to recycling companies when in-house recycling is not possible. In 2023, the Taejon Mill reused rejected rolls generated during the manufacturing of non-woven fabrics, reducing approximately 942.7 tons of waste. In the case of film waste, more than 1,000 tons of polypropylene (PP) and polyethylene (PE) waste are generated annually in the diaper production process at the Taejon Mill. This waste is processed into recycled plastic raw materials through melting and other processes by recycling companies and is then recycled into plastic containers, plastic panels for building materials, and more. Waste synthetic resin generated at the Choongju Mill is also processed into renewable raw materials by recycling companies and manufactured into plastic products.

Managing Waste Treatment Companies

To prevent risks such as waste-related environmental accidents and complaints, Yuhan-Kimberly inspects its suppliers and waste treatment companies for potential environmental hazards and ensures they operate and dispose of waste lawfully. We have developed guidelines for inspecting suppliers and waste treatment companies and created our own checklist covering ISO 14001 requirements, safety, environment, firefighting, and administrative penalties for inspection and evaluation. The inspection results are used in selecting waste treatment companies and encouraging improvement of deficiencies. Furthermore, we support environmental education and conduct risk reduction activities for waste treatment companies.

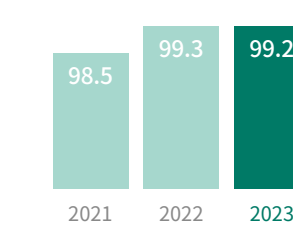
Waste Amount

■ Waste amount (ton)
○ Intensity (ton/ product ton)



Waste Recycling Rate

(Unit: %)



Spotlight

Waste Synthetic Resin from Choongju Mill Recognized as a Circular Resource

The Choongju Mill's waste synthetic resin, generated from the sanitary pads process (excluding waste vinyl chloride resin), is recognized as a circular resource under the Act on Promotion of Transition to Circular Economy and Society (formerly the Framework Act on Resource Circulation). In 2023, the amount of recognized circular resources was 728.96 tons, which is about 22.3% of the waste generated at the business site. The waste synthetic resin is processed into renewable raw materials by recycling companies and used to make plastic containers. The second round of circular resource credits will be granted for a period of five years, from January 9, 2022, to January 8, 2027.

On-site Inspection Items for Waste Treatment Companies

Environmental compliance	<ul style="list-style-type: none"> Permission/report Operation/records Building environmental management systems
Contribution to local communities	<ul style="list-style-type: none"> Contribution to environmental conservation

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Reducing Environmental Impact of Business Sites_ Water Resources

Water Management Systems and Mid- to Long-term Goals

Pulp is used as a raw material to produce toilet paper and hand towels, requiring high-quality water for processing. Yuhan-Kimberly has established a mid- to long-term goal of reducing water consumption by 40% compared to 2015 levels by 2030 to lessen the environmental impact of its manufacturing sites. Each site identifies water consumption and composition in accordance with the ISO 46001 Guidelines for Water Efficiency Management Systems.

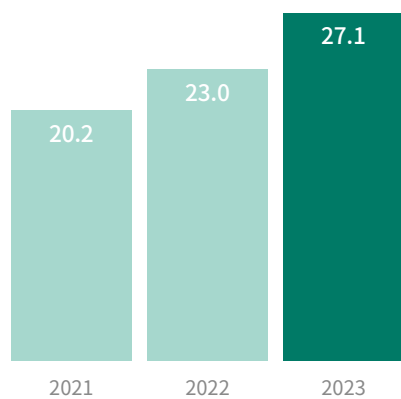
Efforts to Reduce Water Consumption

For effective water consumption, Yuhan-Kimberly is carrying out reduction activities suitable for the circumstances of each business site.

The Taejon and Choongju Mill set a goal of reducing water consumption by 2.0% compared to 2022. As a result, they exceeded the goal by achieving a 3.6% reduction in 2023. The Kimcheon Mill manages the water intensity of the paper process facilities and the amount of water consumption reduction in each production line as sustainability KPIs, measuring water intensity of each process facility and setting targets on a quarterly basis. However, in 2023, Yuhan-Kimberly faced challenges in stabilizing a new tissue machine at the Kimcheon Mill, leading to worsened water consumption indicators year-on-year. In 2024, we plan to stabilize the new facility, prevent leakage by replacing pipelines, achieve quarterly goals for all tissue machines, and continuously monitor water management TFT activities.

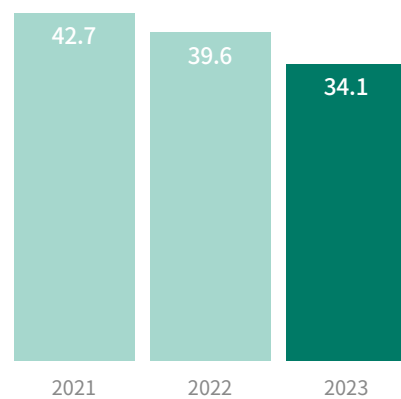
Additionally, in 2024, we strengthened the intensity management index and established a water management TFT for more efficient water consumption monitoring. The TFT explores opportunities to use recyclable white water and reusable treated water through monthly discussions to identify and implement improvements to reduce water consumption.

Water Consumption* (Unit: m³/product ton)



* The figures were changed compared to the previous year as the calculation formula was changed to the following: (water withdrawal volume + recycling volume) / recycling volume x 100

Water Recycling Rate* (Unit: %)



* The figures were changed compared to the previous year as the calculation formula for the water recycling rate was changed to the following: recycling volume/total withdrawal volume x 100.

Spotlight

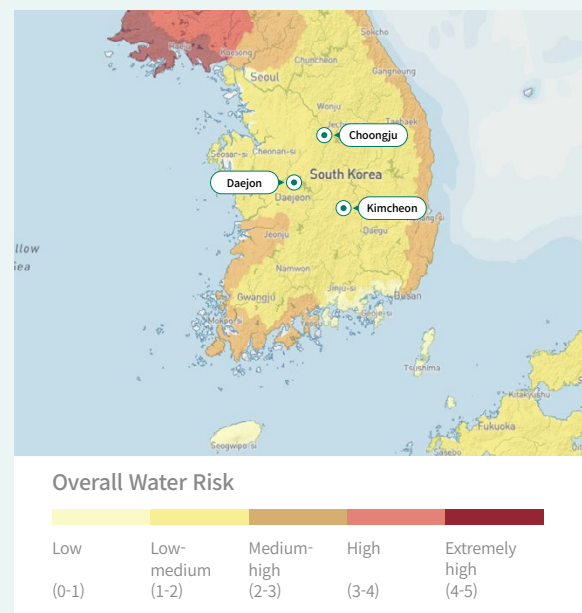
Managing Water Risks

As global demand for efficient water consumption grows, Yuhan-Kimberly intends to actively lay the groundwork for the ESG response system.

In 2024, we will monitor water risks using “Aqueduct,” a water risk assessment tool developed by the World Resources Institute (WRI), and currently, no business site has a high water risk.

In 2022, we conducted a self-assessment at the Kimcheon Mill, which had high water consumption, in accordance with the Water Security Guidance of the Carbon Disclosure Project (CDP) to identify potential risks for stable water use. We identified key challenges for improvement, such as establishing and operating an assessment process for water-related risks and opportunities, expanding supplier participation and evaluating their performance, and setting mid- to long-term water resource targets over 15 years.

In 2023, we identified and improved 3R (Reduce, Reuse, Recycle) opportunities for water at each business site, focusing on recycling water used for dust collectors and dilution of raw materials. In 2024, we plan to replace old pipes to prevent inefficient water use due to leakage, among other issues.



Water risks in areas near Yuhan-Kimberly manufacturing sites in 2024

Reducing Environmental Impact of Business Sites_ Pollutants

Integrated Pollutant Control System

Yuhan-Kimberly controls pollutant emissions in compliance with legal standards. In 2023, all 3 facilities received approval from the Ministry of Environment for their integrated environmental management system. The existing management system, which was previously organized by pollutant emission routes such as air, water, soil, and waste, is now integrated and managed by each business site. We monitor environmental impact in a wide range of areas, including substances used in the business site, facility operation, emitted pollutants and self-measurement, reports the results to the Ministry of Environment every month and complies with strict environmental management standards. In particular, through the integrated management system, the Kimcheon Mill has newly set the emission allowance standard at a strict level of up to 49% of the legal standard. Through these efforts, we aim to minimize the environmental impact on the local environment and contribute to achieving the pollutant reduction goals.

Reduction of and Response to Pollutants

Yuhan-Kimberly makes efforts to optimize processes and emission facilities by business site to continuously reduce pollutant emissions to water, air, etc. The Kimcheon Mill has installed and is operating a TMS system that monitors wastewater discharge in real-time and transmits the data to the Korea Environment Corporation to control water pollution. The Taejon Mill invested KRW 300 million in 2022 to install non-point pollutant reduction facilities to reduce water pollutants that may occur in unspecified areas of the site and has checked the facilities annually. Regarding air pollutants, we control them within 10% of the legal standard through periodic inspections of dust collection and filtering facilities and the periodic replacement of filter cloth. The Choongju Mill is a Class 5 business site in terms of water discharge facilities and lawfully treats laboratory wastewater at public wastewater treatment facilities in the high-tech industrial complex. Additionally, we have established crisis response procedures to prepare for wastewater and hazardous chemical spill accidents at each site and have conducted education and simulation training to respond to pollution-related crises.

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Climate Change Response and Biodiversity Greenhouse Gases and Energy

Need for Climate Action

Since the Paris Agreement of 2015, countries around the world have set and promised to implement their own greenhouse gas reduction targets. Korea has established a GHG reduction roadmap for 2030 in accordance with the 2050 Net Zero Declaration, aiming to reduce GHGs by 40% compared to 2018 levels. Therefore, companies must fulfill their social responsibilities to reduce GHG emissions and minimize environmental impact as the main players in emissions reduction.

Governance for Climate Action

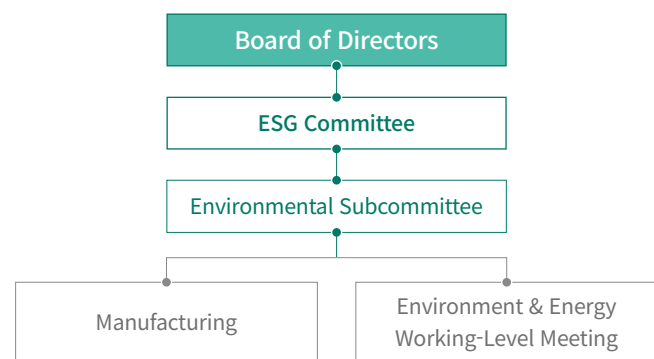
Board's Supervision and Management's Roles

Yuhan-Kimberly discusses climate change and ESG-related issues through the ESG Committee under the Board of Directors. The ESG Committee has sub-committees on environment, society, and governance, led by the Manufacturing Function Leader, CEO, and CFO, respectively, along with the secretariat. The ESG Committee holds meetings every six months, and its operational regulations stipulate that it shall assess climate risks, examine and approve response measures, and manage and supervise sustainability-related risks and opportunities. Major climate change issues are reported to the Board of Directors three times a year, along with regular ESG reports.

Working-Level Organizations for Climate Action

Yuhan-Kimberly's Environmental Management Team is in charge of practical affairs related to climate change and carbon neutrality. Major climate issues, such as greenhouse gas emissions and energy consumption, are reported to the Board after internal review by the ESG Committee.

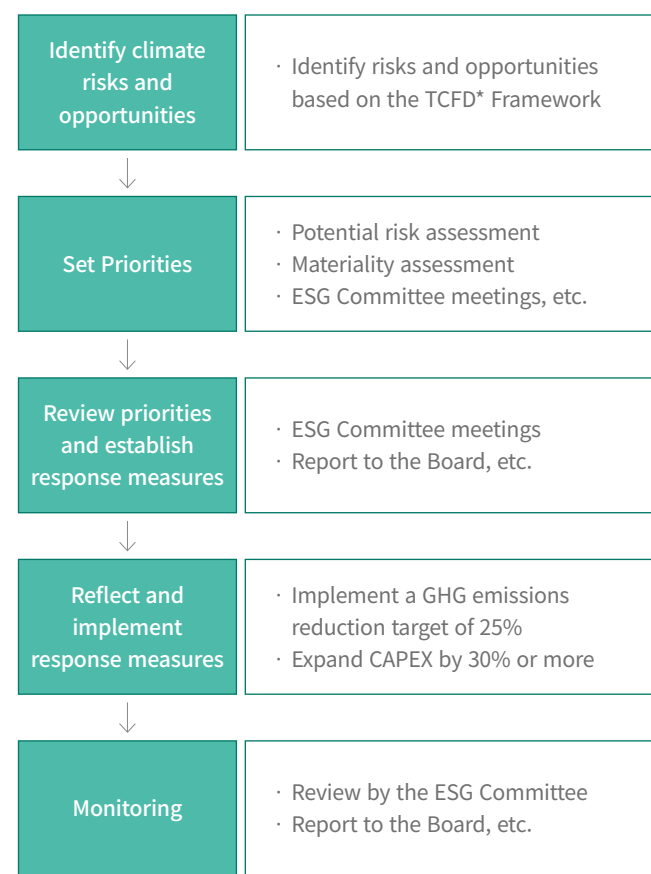
Organizational Chart for Climate Action



Process to Manage Climate Change Risks and Opportunities

Yuhan-Kimberly identifies, assesses, and manages risk and opportunity factors to address climate change issues. In the identification phase, we identify risk and opportunity factors that may be affected by climate change based on the TCFD Framework. In the assessment phase, we evaluate potential risks, conduct materiality tests on various risk factors, including those related to climate change, and set priorities. Greenhouse gas and energy matters are reported monthly to the Manufacturing Leadership Team (MLT), which includes factory directors and the Manufacturing Function Leader. Specifically, greenhouse gas emissions are regularly reviewed by the ESG Committee, and the reduction results are managed in conjunction with the KPIs of the Manufacturing Function Leader and business site leaders.

Process to Identify, Assess and Manage Climate Change Risks and Opportunities



* Task Force on Climate-related Financial Disclosure

Identifying Climate Change Risks and Opportunities and Analyzing Financial Impacts

Identifying Risks and Opportunities based on the TCFD Framework

To systematically respond to the risks posed by climate change, Yuhan-Kimberly identified short-term (less than one year), medium-term (one to five years), and long-term (more than five years) risk and opportunity factors concerning major businesses and assets, and analyzed the financial impacts of each factor. For long-term risks, we considered the national reduction plans under the Paris Agreement, the RCP 2.6 and 8.5 scenarios* of the Intergovernmental Panel on Climate Change (IPCC) Evaluation Report, the water resource assessment methodology of the Carbon Disclosure Project (CDP), and the Industrial Climate Change Adaptation Tool (ICAT) developed by the Korea Energy Agency for the industry to adapt to climate change.

* RCP (Representative Concentration Pathways) scenarios: Paths representing future GHG emissions and atmospheric concentrations used in climate change studies.
 - RCP 2.6: The most optimistic scenario in which global warming is limited to 1.5~2°C.
 - RCP 8.5: The most pessimistic scenario in which humans fail to reduce GHG emissions and global warming can rise by more than 4°C.

TCFD-based Identification and Analysis of Yuhan-Kimberly's Risks and Opportunities

Category	Type	Risk	Timeframe	Potential Financial Impact
Transition Risk	Policy and Legal	Rising carbon credit prices and tightening regulations	Short/Medium	· Increased carbon credit costs
		Enhanced domestic and foreign regulations on management of packaging and waste	Short/Medium	· Increased compliance costs
	Technology	Expanded studies, agreements and investments to produce low-carbon products	Medium/Long	· Increased research and investment costs
		New investment and facility introduction to reduce energy consumption at business sites	Short/Medium	· Investment costs and changes in operational costs
	Market	Increased consumer interest in eco-labelled products	Short/Medium	· Costs for technical R&D to obtain eco-labels
		Increased uncertainties in raw materials procurement due to climate change	Medium	· Increased costs for procuring raw materials
Reputation	Stronger demands from investors and stakeholders for response measures such as climate action plans and achievements	Medium/Long	· Sales losses due to consumer attrition due to failure to respond to consumer demand for climate action	
Physical Risk	Acute	Increased incidents of abnormal climate (typhoons, floods and heavy snow)	Short/Medium /Long	· Facility investment costs to prevent disasters · Recovery costs when disasters occur
	Chronic	Increased days of heat waves above 35° at business sites	Short/Medium /Long	· Sales losses due to declined labor productivity and business interruption · Increased operational costs to maintain the optimal room temperature
Opportunity	Energy/Resources	Declined exposure to fossil fuel price hikes due to increased renewable energy production	Long	· Reduced impacts of fossil fuel price fluctuations
	Market	Expanded market for sustainable products and eco-labelled products	Medium/Long	· Increasing portfolio profitability due to preemptive investment in materials and technologies that reduce environmental impact
	Resource Efficiency	Increased interest in recyclable packaging	Short/Medium	· Increasing sales due to rising demand for materials and technologies that reduce environmental impact
	Products/Services	Increased consumer demand for hygiene products when climate change occurs	Medium/Long	· Increasing sales due to growing demand
Increased consumer demand for sustainable products and eco-labelled products		Short/Medium	· Increasing sales due to growing demand	

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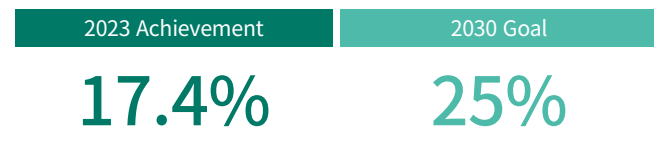
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Efforts to Respond to Climate Change Risks and Opportunities

GHG Emission Reduction Goal (Compared to 2015)

(Based on Kimberly-Clark's internal calculation criteria)

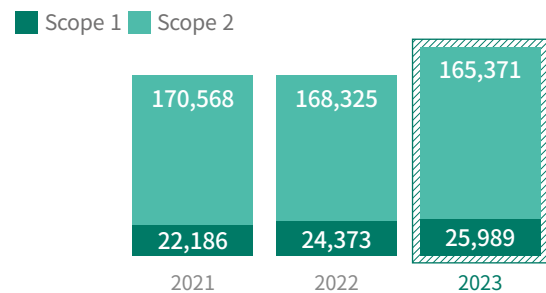


Yuhan-Kimberly has set a goal of reducing GHG emissions by 25% compared to 2015 levels by 2030 and manages the GHG emissions and energy consumption of each business site. The results of emissions reduction are managed through collaboration between Corporate Affairs and Manufacturing and are reviewed at the quarterly Environment & Energy Working-Level Meeting.

Participated in the GHG Emissions Trading System

Since 2015, Yuhan-Kimberly has participated as an allocation target company under the Act on the Allocation and Trading of Greenhouse Gas Emissions. We approve the carryover or sales volume of the secure surplus volume and the final emissions of the year through the Environment Subcommittee and the ESG Committee.

Scope 1 and Scope 2 GHG Emissions for Last 3 Years*



* The calculations were made based on the emissions when carbon credits were submitted and there is a 3 tCO₂e difference from the final value due to the round-down by each business site.

Efforts to Reduce GHGs and Save Energy in 2023

Classification	Description	Reduced GHGs	Saved Energy
Kimcheon Mill	Recovered waste heat in the process and recycled it as steam	670 tCO ₂ e	0.31mmbtu/MT
Choongju Mill	Built a monitoring system	90 tCO ₂ e	20MWh/year
	Optimized operation of large fans	37 tCO ₂ e	1,205MWh/year
Taejon Mill	Applied the Optimal Power Control for Motor to all lines	1,705 tCO ₂ e	3,710MWh/year

Facility Energy Management and Efficiency

Since 2016, Yuhan-Kimberly has applied the Facility Energy Management System (FEMS) to manage energy in manufacturing sites. Additionally, we strive to use energy more efficiently by pursuing real-time production-based energy intensity management through the introduction of the Historian tool, which can collect and store data in real-time to manage productivity and upgrade the FEMS.

In 2023, the Choongju Mill established a monitoring system for energy savings for all facilities in the plant, managing unnecessary energy usage and the energy consumption intensity of each machine. We set a target of a 3% year-on-year reduction in power costs through this monitoring system and expect to save 20 MWh of energy and reduce 90 tCO₂e of greenhouse gas emissions annually. Furthermore, we anticipate reducing energy consumption by approximately 1,205 MWh and saving approximately KRW 213 million in costs per year by optimizing the power consumption of large fans used in the manufacturing process of sanitary pads at senior machines. During the project period (January 2023 to May 2024), the Choongju Mill reduced greenhouse gases by 37 tCO₂e through facility improvements.

Starting from 2022, the Kimcheon Mill has carried out energy efficiency improvement projects, such as recovering waste heat in the raw paper manufacturing process and recycling it as steam.

In 2023, the Taejon Mill expanded the Optimum Power Control for Motor (OPC_M) to all production lines of diapers and non-woven fabrics.

Due to the energy optimization and GHG reduction efforts at manufacturing sites, the total volume of Scope 1 and Scope 2 emissions was 191,357 tCO₂e in 2023, while renewable energy consumption was 0.44 TJ in 2023.

Building Greenhouse Gas Scope 3 Inventory*

Yuhan-Kimberly has prepared a Scope 3 inventory to extend climate action across the supply chain. Through this effort, we expanded inventory categories from 1 to 11, ensuring the completeness of the calculation range based on international guidelines. Yuhan-Kimberly's total Scope 3 emissions are 639,669 tCO₂e. Among the 11 categories, Products & Services Purchased accounted for the largest proportion of greenhouse gas emissions, followed by Disposal of Products Sold. Yuhan-Kimberly will use the information obtained from the Scope 3 inventory, such as the carbon emission intensity for each raw and subsidiary material, as indicators for the development of sustainable materials and management of suppliers. Additionally, we will use this information to establish quantitative goals to reduce Scope 3 GHG emissions and develop measures for linking performance through the Green Action Alliance.

* Project name: Calculation of Yuhan-Kimberly's Scope 3 Emissions and Preparation of Management Measures
 Performed by: Eco Able Consulting
 Period: July to December 2023
 Scope: Scope 3 emissions calculation and manual development

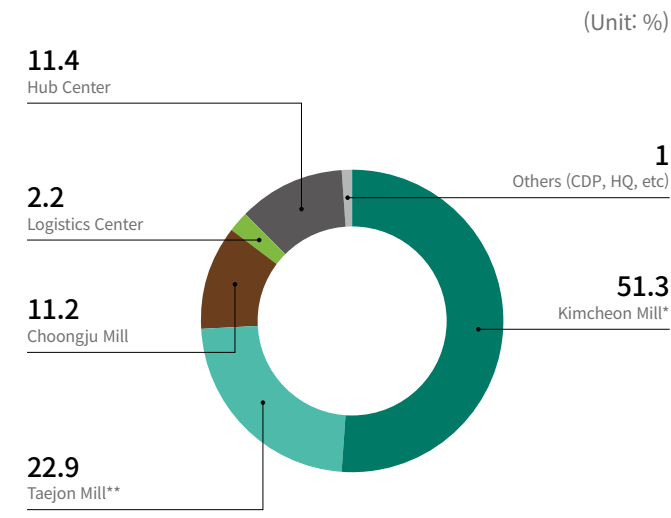
Scope 3 Emissions by Category in 2023*

Classification	Category	Emissions (tCO ₂ e)	Contribution (%)
Upstream	Products & Services Purchased	332,110	51.9
	Capital Goods	1,883	0.3
	Fuel and Energy-Related Activities	32,548	5.1
	Upstream Transportation & Logistics	21,001	3.3
	Waste Generated from Operation	917	0.1
	Business Travel	265	0.04
	Employee Commuting	682	0.1
Downstream	Upstream Leased Assets	47	0.01
	Downstream Transportation & Logistics	6,302	1.0
	Use of Products Sold	8,062	1.3
	Disposal of Products Sold	235,854	36.9
Total**		639,669	100

* We applied the estimation method based on international guidelines that multiply the purchase volume and the purchase price by emission coefficients in each of 11 categories, and there could be differences in emissions due to fluctuations of converting factors.

** There is a discrepancy in the total value because emissions in each category were rounded off.

Proportions of Scope 3 Emissions by Business Site in 2023



* Kimcheon Mill: manufactures facial issues, toilet paper, kitchen towels, toilet paper and hand towels for B2B, non-woven fabrics, etc.

** Taejon Mill: manufactures diapers, baby wipes, baby/child skin care products, advanced non-woven fabric materials, etc.

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Logistics Innovation Programs

Since 2008, Yuhan-Kimberly has implemented logistics innovation programs to reduce GHG emissions and energy consumption in the logistics sector, as well as to lower transportation costs among Scope 3 categories. In 2023, to further reduce GHG emissions, we carried out supply chain improvement and Coupang Vendor Flex expansion projects at all Kimcheon, Taejon, and Choongju Mills. We conducted 14 tasks, including the reduction of GHG emissions and energy consumption through base integration. As a result, we reduced GHG emissions from the logistics sector to 6,302 tCO₂e and saved approximately KRW 2 billion in costs in 2023.

Choongju Mill's Green Company Carbon Neutrality Implementation Agreement

The Choongju Mill entered into a "Green Company Carbon Neutrality Implementation Agreement" with the Wonju Regional Environment Office in May 2022 and is carrying out six tasks to ensure carbon neutrality in Wonju. These tasks include paper use control, the purchase of green products, the use of high-efficiency electronic devices, computer power saving, separation of recycling products, and forest fire education.

2023 Logistics Sector GHG Reduction Projects

Business Site	Projects
Choongju Mill	<ul style="list-style-type: none"> Expanding direct delivery by improving the supply chain Expanding the Coupang Vender Flex
Kimcheon Mill	<ul style="list-style-type: none"> Expanding direct delivery by improving the supply chain Base integration through the SND* project Expanding the Coupang Vender Flex Recycling pallets
Taejon Mill	<ul style="list-style-type: none"> Expanding direct delivery by improving the supply chain Expanding the Coupang Vender Flex Recycling pallets Implementing ESG by reducing waste
Headquarters	<ul style="list-style-type: none"> Implementing ESG through paperless office Base integration through the SND project Streamlining packaging by improving e-commerce box logics Improving the palette load efficiency Expanding Coupang Milk Run** Implementing ESG by reducing waste

* Supply Network Design: Project to optimize Yuhan-Kimberly's base supply chain networks

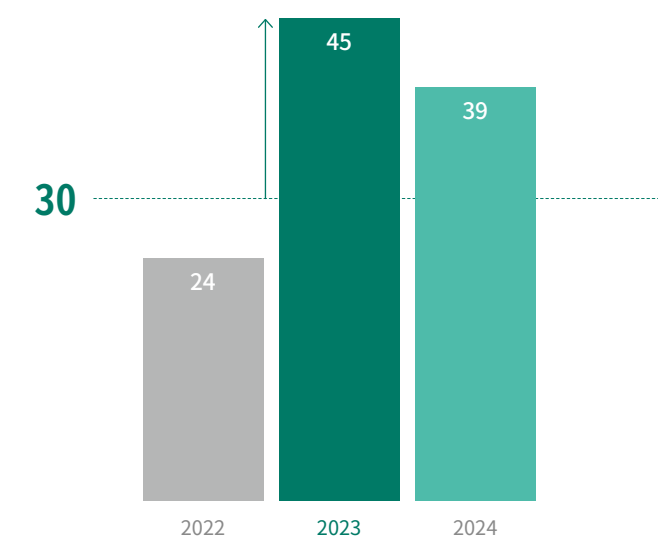
** Coupang's delivery trucks come to Yuhan-Kimberly bases, pick up goods and deliver them to Coupang logistics centers.

Green companies are designated by the Minister of Environment after screening by the regional environment office. This certification is awarded to eco-friendly workplaces that have significantly contributed to environmental improvement, such as reducing environmental pollutants and minimizing GHG emissions. If designated as a green company, the company receives incentives, including exemption from regular guidance and inspection in the environmental sector, as well as access to funds and technologies necessary for environmental improvement.

Investment for Environmental Improvement

To address the risk of climate change and contribute to the reduction of greenhouse gases, Yuhan-Kimberly has mandated that more than 30% of the annual CAPEX (Capital Expenditure) be allocated to environmental improvement. As a result, the ESG Committee reviews the adequacy and status of the investment share each year.

Changes in the Ratio of Investment for Environmental Improvements to CAPEX for Last Three Years (Unit: %)



Climate Change Response and Biodiversity_Biodiversity

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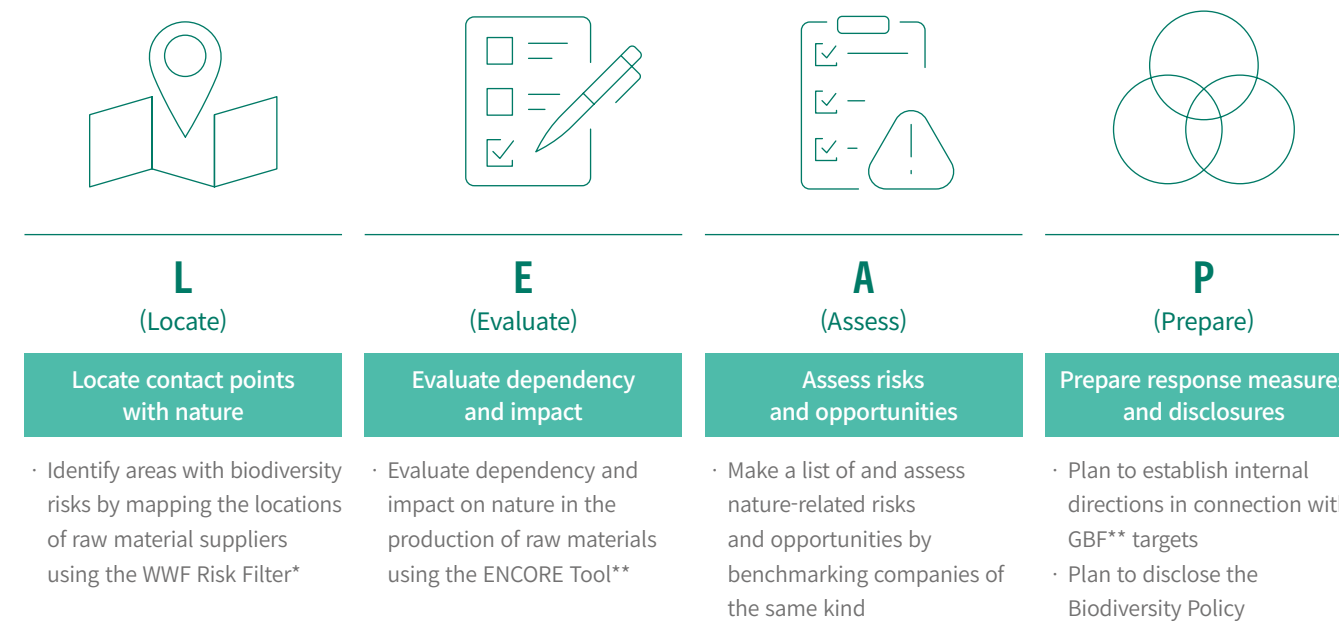
Importance of Conservation of Nature

We can conduct various business activities thanks to the abundant resources provided by nature. However, the indiscriminate use of natural capital can cause damage to nature, including the loss of biodiversity, which can lead to a corporate crisis. Hence, related regulations and demands for disclosure have been strengthened, and movements to conserve nature, including biodiversity, have begun around the world for a sustainable future.

First Steps to Conserve Biodiversity

In line with this trend, Yuhan-Kimberly selected biodiversity as one of its new tasks in 2023 and took the first step toward conserving biodiversity by applying the LEAP (Locate, Evaluate, Assess, Prepare) approach to one of its flagship products. The LEAP approach is an internal due diligence methodology proposed by the Taskforce on Nature-related Financial Disclosures (TNFD), which sets criteria for the disclosure of natural capital. In the future, Yuhan-Kimberly will continue its efforts to conserve biodiversity by expanding the applicable products. Additionally, we will voluntarily disclose biodiversity policies that outline the application scope and basic principles with the approval of the ESG Committee. Although we currently do not have a system for biodiversity conservation, we have recognized the need to identify and manage biodiversity-related risks internally and plan to establish a dedicated organization and reporting system in the future.

LEAP Approach



* A screening tool that identifies biodiversity risks related to business activities of an enterprise and helps the enterprise prioritize measures.

** A tool to help enterprises understand their exposure to nature-related risks and their dependency and impact on nature.

*** Kunming-Montreal Global Biodiversity Framework (GBF).

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CASE STUDY Identifying and Analyzing Biodiversity Risks concerning Kleenex Dry Cell Hand Towel

Yuhan-Kimberly analyzed the Kleenex Dry Cell Hand Towel, one of its representative products, to identify and analyze biodiversity risks.

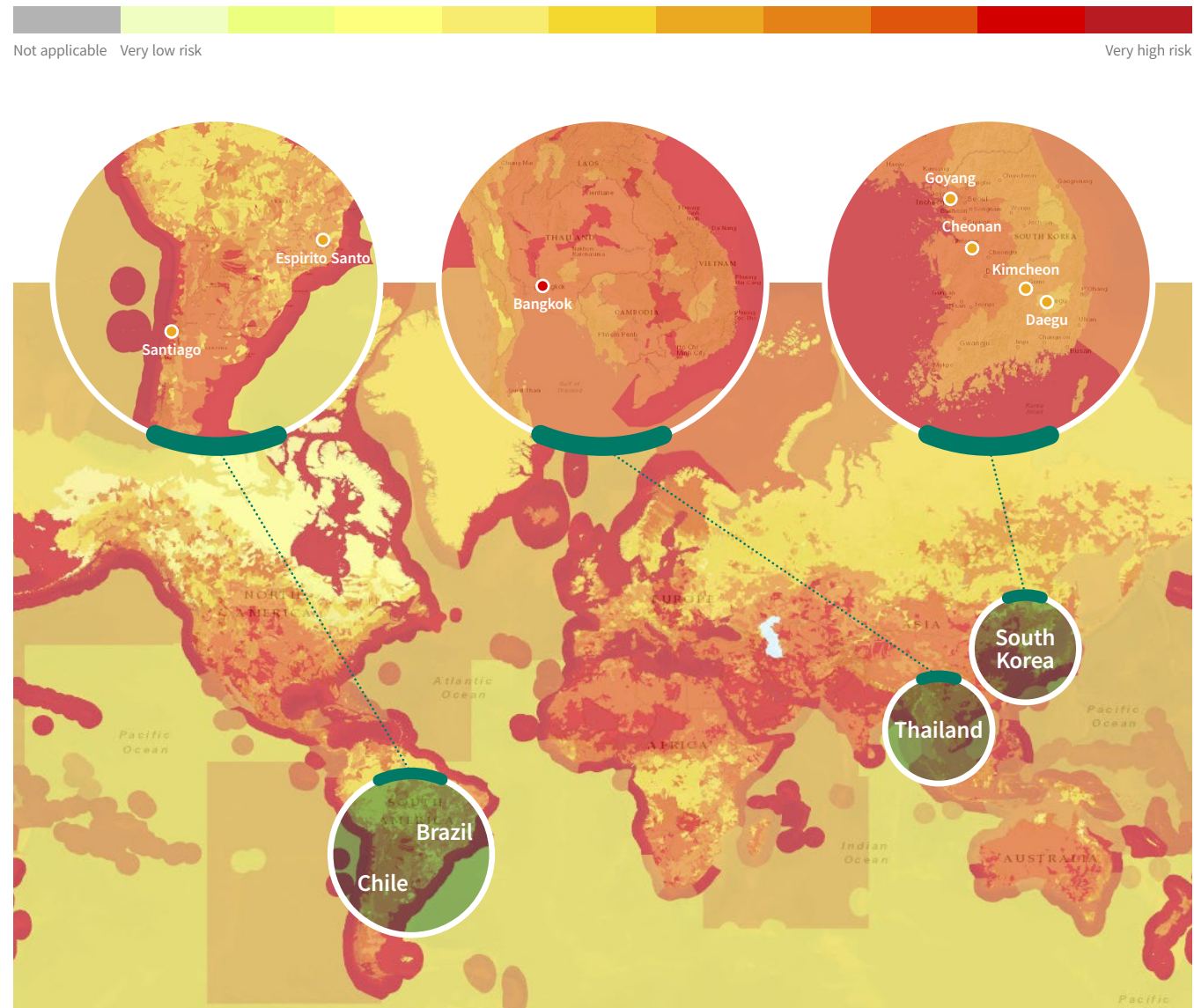
Locate Identifying Contact Points with Nature

In the Locate phase, we mapped the locations of manufacturing sites and raw material suppliers to determine the scope of business activities for the Kleenex Dry Cell Hand Towel. Using the World Wide Fund for Nature (WWF) Biodiversity Risk Filter*, we identified areas with physical biodiversity risks. As a result, we discovered that our supplier located in Bangkok is situated in the highest risk area among our nine suppliers.

* A screening tool that identifies biodiversity risks related to an enterprise's business activities and helps the enterprise prioritize measures.

Heatmap of Kleenex Dry Cell Hand Towel's Impact and Dependency

WWF Biodiversity Risk Filter (2023)



Evaluate Evaluating Dependency and Impact

In the Evaluate phase, we used the ENCORE tool* to identify the dependency and impact on natural capital in the production and manufacturing of the Kleenex Dry Cell Hand Towel. As a result, it was confirmed that Yuhan-Kimberly's business activities depend the most on groundwater and surface water, and water consumption and GHG emissions have the greatest impact on nature.

* A tool to help enterprises understand their exposure to nature-related risks and their dependency and impact on nature.

Assess Assessing Risks and Opportunities

Yuhan-Kimberly aims to identify and manage nature-related risks and opportunities, integrating them into our business strategies. The evaluation was conducted by relevant employees from the Environmental Management Team, Procurement Team, Production Plant Team, Product Development Team, and Marketing Team, with a deep understanding of the selected products. The evaluators assessed the issues on a five-step value scale based on the seriousness and likelihood of each issue's impact on Yuhan-Kimberly from 2024 to 2030. As a result, changes in the supply of natural capital, variability in raw material costs, and changes in consumer preferences were identified as risks whereas replacement with resources with less negative effects and reduction of virgin resource input through waste recycling were identified as opportunities. Yuhan-Kimberly thus plans to strengthen the continuous

use and monitoring of certified and sustainable pulp according to the principle of purchasing sustainable pulp, validate pulp substitutes, optimize enzyme consumption at the Kimcheon Mill, and engage in Green Action Alliance activities to promote recycling.

Yuhan-Kimberly's Plan based on GBF Targets

	GBF Target	Yuhan-Kimberly's Plan
GBF 1	Ensure that all land and sea areas of the Earth are under biodiversity inclusive spatial planning and bring the loss of areas of high biodiversity importance to zero by 2030	<ul style="list-style-type: none"> Reduce consumption of pulp produced from boreal forest by 50% compared to 2021 by 2030 Protect natural forests by using old paper and sustainable pulp (EPF, environmentally preferred fiber) such as sustainability-certified pulp (e.g., FSC CoC) and pulp substitutes (e.g., bamboo) 100%
GBF 7	Reduce excess nutrients lost to the environment and overall risk from pesticides by at least half and reduce hazardous pollution on biodiversity by working towards eliminating plastic waste	<ul style="list-style-type: none"> Reduce consumption of fossil fuel-based new plastics by 50% compared to 2019 by 2030 Adopt RC to 50% of film packaging by 2030
GBF 8	Minimize the impact of climate change on biodiversity, increase its resilience adaptation and restoration through nature-based solutions and ecosystem-based approaches, while avoid negative impacts of climate action on biodiversity.	<ul style="list-style-type: none"> Reduce Scopes 1 and 2 GHG emissions by 25% compared to 2015 by 2030
GBF 15	Evaluate and disclose to consumers the biodiversity dependency and impact and provide necessary information to consumers.	<ul style="list-style-type: none"> Disclose evaluation results of major products and business sites by 2030 in accordance with TNFD recommendations

Heatmap of Kleenex Dry Cell Hand Towel's Impact and Dependency



Dependency

Ecosystem Services	Direct physical input			Operating production process	Preventing interruption of production process	Mitigating direct impacts	
	Fabric and other raw materials (habitats, species)	Ground water (water)	Surface water (water)	Maintaining water circulation (air, habitats, water)	Climate regulation (air, habitats, soil and sediments, species, water)	Bioremediation (habitats, species)	Dilution by air and ecosystems (air, ocean, topography, water)
Production of raw materials	Low	High	High	Low	Very Low	Low	Low
Production of paper products	Low	High	High	Low	Very Low	Low	Low
Manufacturing	Low	High	High	Low	Very Low	Low	Very High

Impact

Impact drivers		Water consumption	GHG emissions	Non-GHG air pollutants	Water pollutants	Soil pollutants	Solid waste
Production of raw materials	Production of paper products	High	High	Low	High	High	Low
Manufacturing	Production of personal products	High	High	Low	High	High	High

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Growing Core Businesses

Approach for the Growth of Core Businesses

Yuhan-Kimberly categorizes and manages core businesses such as baby diapers, sanitary pads, and toilet paper that align with the company's vision and significantly contribute to sales due to their capabilities and competitive edge over those of competitors. In 2022, we added Wellness Care products, such as adult diapers, to our core businesses to drive the full-fledged growth of the Wellness Care segment. For the next three years, we intend to focus company-wide efforts and resources on these core businesses to boost their growth. Based on this strategy, we aim to maintain the stable growth of Yuhan-Kimberly's core business products after 2027.

Investment for Enhancing the Competitiveness of Core Business

Yuhan-Kimberly is aggressively investing in facilities to improve core business products and secure a supply base in both household goods and B2B sectors. In 2023, we invested a total of KRW 65.6 billion in facilities, of which KRW 43.9 billion was allocated to major projects. The cumulative investment amount is KRW 102.2 billion, with the greatest emphasis on improving advanced equipment for non-woven fabrics used in various products such as baby diapers, sanitary pads, and Wellness Care products.

Yuhan-Kimberly's Core Business* Product Groups



* Core businesses are for domestic sales and do not cover exports.

Major Project Investments in 2023

Major Project	Advanced non-woven fabric facility	New paper-manufacturing facility No. 10	New tampon facility	Improving diapers	Improving sanitary pads	Improving Wellness products	Total
2023 Investment	KRW 18.6B	KRW 20.8B	KRW 0.8B	KRW 2.1B	KRW 1.4B	KRW 0.1B	KRW 43.9B
Cumulative Investment Amount	KRW 43.7B	KRW 43.0B	KRW 10.4B	KRW 2.4B	KRW 2.0B	KRW 0.7B	KRW 102.2B

Innovation of Core Business Products

Based on steady investment and innovation, Yuhan-Kimberly recorded a 7.5% year-on-year sales growth in facial tissues/toilet paper, while sales of sanitary pads increased by 3% in 2023. One reason for the sales growth in facial tissues/toilet paper was our ability to meet the increasing demand for fabrics in the tissue market, as the Kimcheon Mill started operating #10 tissue machine in July 2023. A reason behind the sales growth in sanitary pads was the development of the "wearing overnight pad" market.

New Products in 2023

Yuhan-Kimberly's new products are the results of innovation. In 2023, new products accounted for 12% of total sales and became the driving force behind new sales. Notably, GoodFeel La Nature used braille for the socially disadvantaged for the first time, installed new tampon production facilities in Korea, and launched tampon products in November. Additionally, we expanded the protective clothing line-up in B2B products to include the industrial product line. Furthermore, the feminine care brand "Goodfeel" adopted a method of combining fibers with high-pressure water without chemical treatment and launched vegan sanitary pads that consider both environmental impact and product functionality.

Spotlight

Growth of Wellness Care Brand "Depend"

Yuhan-Kimberly's wellness care brand "Depend," launched 30 years ago, has recorded an annual average growth rate of about 14%* over the past three years, driven by active market development and facility investment efforts. In the senior product market, Depend has diversified its offerings by segmenting urinary incontinence products into active and semi-active use categories, in addition to patient diapers. The product range now includes liners, pads, underwear, and men's products, leading market changes. Recently, we expanded our business to facility markets such as nursing hospitals and nursing facilities, which have strong demand for high-quality products. Additionally, we established exclusive production facilities at the Choongju Mill and the Taejon Mill, laying the foundation for stable supply and product innovation. Depend will continue to provide value to markets and consumers as a brand specializing in wellness care.

* Based on retail excluding the business for facilities.

Major New Products of Core Businesses in 2023

Business Area	Product Group	Product Name	Description	Product Image
Baby & Child Care	Diaper	Huggies Naturemade Pure Cotton	· Nature-friendly diaper that adopts super absorbent polymer (SAP) using biomaterials · Obtained the premium 100% cotton natura certification	
		Huggies Max Dry	· Huggies No. 1 absorbency diaper for extra absorbency and breathability	
Feminine Care	Sanitary Pad/Panty Liner	Goodfeel Wearable Day Panty	· Comfortable day panty that allows free movements without the concern of leaks because it can be worn instead of being attached · Light fit for daytime use and formfitting seamless type.	
		Goodfeel La Nature	· 100% organic cotton cover for sensitive skin and waterproof layer with 80% plant-derived materials · Sanitary pad with the ECOCERT certification (certification for eco-friendly fabrics)	
Wellness Care	Pad	Depend Style Pad	· Wide front pad that considers women's anatomy and incontinence location	
Family Care	Toilet Paper	Kleenex 3-Ply Aqua Fresh	· 3-ply toilet paper bonded with drinkable water that underwent 4-step water purification instead of glue for paper for safer and cleaner use · Have the effect of reducing carbon emissions by approx. 75.4 tons per year by not using glue for paper	
		Kleenex Objet Edition	· Lotion with vitamin E and nature-derived moisturizing ingredients for a soft feel · Unique point with sensual sheet color of soft mauve	
	Facial Tissue	Kleenex Allergy Care Lotion	· Lotion with a softer feel containing Centella asiatica extract and chamomile extract which have a soothing effect · Improved environmental performance with vegetable ink and packaging	
B2B	Gloves	Kimtech LDT Chemical Resistant Gloves	· Chemical-resistant gloves tested for essential chemicals in accordance with the KOSHA standards · Reinforced thickness at the fingertip for safer use and provide excellent fit and grip for Korean's hand girth	
		Protective Clothing	Kleen Guard A20 Cool and Dry Protective Clothing	· Quickly absorb sweat and dries for comfortable use without stress by applying a patented moisture/sweat-absorbing fabric

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Expanding New Businesses

Future Growth Engines

Based on the corporate vision of "We Act for Life-Health-Planet," Yuhan-Kimberly has endeavored to manufacture consumer hygiene products and industrial/medical products, providing better value for life, health, safety, hygiene, and the environment. From 2020 to 2024, during the COVID-19 pandemic, we observed a significant increase in interest in personal hygiene and health, as evidenced by "consumer hygiene and health" ranking high in our materiality assessment.

In response, Yuhan-Kimberly plans to designate products that promote people's health and hygiene as future core businesses and strategically foster them to lead the market. Future core businesses are selected based on their synergy with existing core businesses, growth potential, and marketability. The main products include skin care products, baby/kid accessories, wet wipes, Scott cleaning products, medical care products, masks, and hand sanitizers. We aim to cultivate these future core businesses into the core businesses of Yuhan-Kimberly in the near future and expect them to become growth engines for the company.

Future Core Businesses

Skin Care

Yuhan-Kimberly has accumulated expertise and market experience by successfully operating the baby and child skincare business for over 18 years. Building on this foundation, we prepared for business expansion and, in 2023, launched a new brand, FoRest, mainly targeting the 2030 generation and entered the slow aging skincare market. Additionally, Yuhan-Kimberly aims to secure a presence not only in Korea but also in overseas markets such as Japan, Mongolia, and Taiwan.

Future Core Businesses

Product Group	Brand and Major Products
Wet Wipes	Baby wipes, wet tissues, My Bidet
Skin Care	Greenfinger, FoRest
Baby & Kids Accessories	BEBE GROW baby bottles and pacifiers
Disease Control & Hygiene	Masks, hand sanitizers,
Cleaning Products	Scott
Medical Care	Healders

Paper Wet Tissues

The domestic wet tissue market has recently grown by around 3% per year, while the eco-friendly biodegradable wet tissue market has grown by about 25%. Yuhan-Kimberly is currently supplying paper wet tissues as household goods and B2B products under the Kleenex and Scott brands, with sales growing 188% year-on-year.

Baby & Child Care

The domestic childcare market is estimated to be worth about KRW 300 billion, and Yuhan-Kimberly's childcare brand, Greenfinger BEBE GROW, produces and supplies childcare products independently developed by its own research institute in Korea. In 2023, Greenfinger BEBE GROW became the No. 1 sales brand for pacifiers and baby bottles in major channels. Additionally, Yuhan-Kimberly officially imports and distributes MUSHIE, FRIGG, and NATTOU, Scandinavian childcare brands that supply child dishware, products to support children's development, baby cups, and toys, thereby expanding the childcare business.

Entry into Overseas Markets and Growth

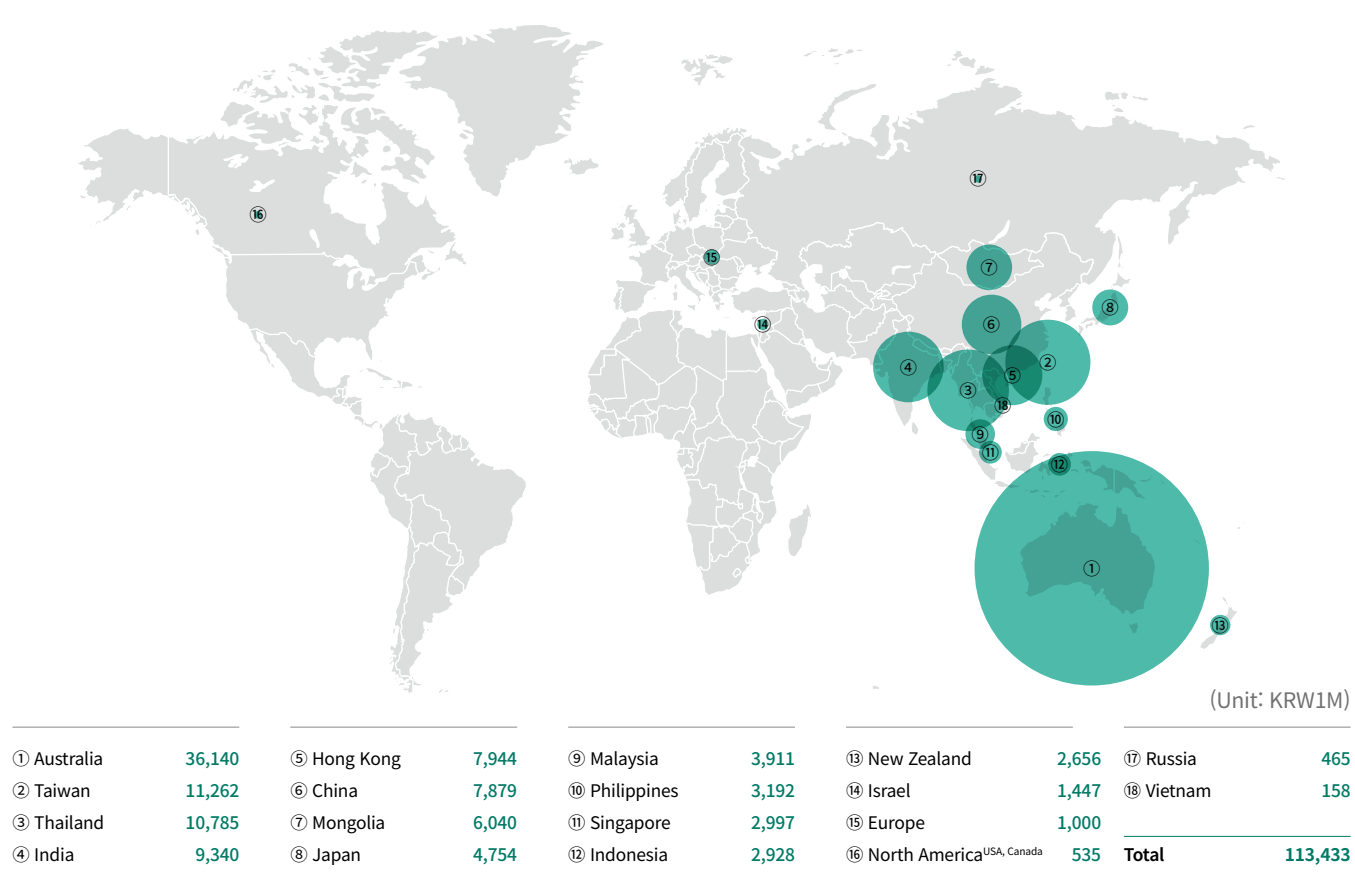
Yuhan-Kimberly has developed and produced high-quality products to meet the premium needs of countries in the Asia-Pacific region and supplied them to major partner companies in Australia, New Zealand, Hong Kong, Taiwan, and Japan.

Greenfinger, one of Yuhan-Kimberly's major export brands, sells skin care products and baby bottles through online and offline channels in countries such as China, Taiwan, Hong Kong, and Singapore. Additionally, Huggies, White, and Kleenex rank first or second in the Mongolian premium market, with an average annual growth rate of 12%. In 2023, Yuhan-Kimberly exported products to 20 countries, with a total export value of KRW 113.4 billion.

2023 New Products

In 2023, 31 new products were released from the future core businesses. Major new products include Scott Soft & Strong Scrubber and Huggies Summer Wet Wipes.

Export Designations in 2023



Major New Products of Future Core Businesses in 2023

Business Area	Product Group	Product Name	Characteristics	Product Image
Family Care	Cleaning Products	Scott Soft & Strong Scrubber	<ul style="list-style-type: none"> Special fabric which is twice as soft as our existing products Scrubber that enables dish washing without worries about scratches 	
Baby & Child Care	Baby Wipe	Huggies Summer Wet Tissue Cap Type	<ul style="list-style-type: none"> Summer wet tissue that lowers the rising skin temperature up to 5°C in hot summer weather Yuhan-Kimberly produces fabrics in Korea 	
	Nursing Supplies	Greenfinger BEBE GROW PPSU Twin Pack Baby Bottle	<ul style="list-style-type: none"> Can be used as a baby bottle and then converted into a straw cup according to the child's growth stage Have excellent heat resistance and durability and use safe materials free from harmful substances 1% of profits from design bottles are contributed to the Fund for the Protection of Endangered Wild Plants in Korea 	
	Detergent	Greenfinger Cozy Cotton Fabric Softener	<ul style="list-style-type: none"> Vegan detergent for all family members that is biodegradable in water and free from concerns about residual detergent 15 potentially harmful ingredients and microplastics tested negative 	
B2B	Gloves	Greenfinger Outdoor Washable Sun Cream	<ul style="list-style-type: none"> Washable sunscreen (SPF50+, PA+++) which is washed 99% with only water Contain plant-derived ingredients and do not contain 33 ingredients of concern 	
		Encore Latex Micro Surgical Gloves	<ul style="list-style-type: none"> Comfortable for wearing with a beaded cuff grip Brown color to reduce reflection of strong operating room lighting 	

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Innovating Value Chain

Smart Manufacturing

Building Smart Manufacturing Systems

In order to respond to future industries and lead the market, it is essential to strengthen capabilities through the digitalization of manufacturing. Yuhan-Kimberly has already started digitizing overall manufacturing operations and is advancing efforts to streamline processes through data digitization and dashboard automation. This includes improving processes through data-based production problem solving, real-time process monitoring, and linking inventory information to continuous process data. We are particularly focused on establishing a digital transformation (DT) culture that encourages the use of smart manufacturing systems such as the Manufacturing Execution System (MES) and OSI-PI*.

MES is an integrated system designed to efficiently manage and monitor production processes in mills, aiming to enhance manufacturing data traceability and connectivity. After applying this system to the Taejon Mill and then the Kimcheon Mill, we are currently working on strengthening its functions and plan to implement it at the Choongju Mill in 2025. OSI-PI is a data integration and analysis platform used to visualize, collect, store, and analyze manufacturing and process data linked to MES.

* OSI's PI system that enables users to collect, enhance, store, and access reliable real-time operational data.

Digital Transformation Projects

The manufacturing sites are encouraging engineers to solve problems based on data through digital transformation projects, and to further enhance this, we have set “Digital Value Creation” as a manufacturing KPI. Engineers are contributing to reducing manufacturing costs and improving quality in areas such as process, energy, and waste by identifying tasks that enhance manufacturing processes and addressing them using data and digital tools. In 2023, 28 digital transformation (DT) tasks were carried out to improve manufacturing competitiveness, and in 2024, more than 40 DT tasks have been identified. Additionally, we will continue to create value based on smart manufacturing and digitization through various activities, such as placing data analytics experts in manufacturing sites to enhance our manufacturing competitiveness.

* Digital Transformation, i.e., activities that engineers at the manufacturing sites solve problems based on data with digital tools

Smart Logistics

Supply Network Design Project

Yuhan-Kimberly launched the Supply Network Design (SND) project in October 2022 to improve logistics efficiency. Through the SND project, we have been able to reduce and streamline the transportation process from production bases to consumers, thereby responding to changes in the online-focused distribution environment and reducing GHG emissions from the distribution process. In 2022, we conducted analysis and research on logistics network optimization, and based on this, we integrated some logistics hubs in 2023. The number of logistics hubs will be reduced from 10 in 2023 to five in 2025, which will significantly reduce product movement stages and is expected to reduce logistics costs by about KRW 5.5 billion from 2023 to 2025.

Internalizing and Integrating E-commerce Logistics Centers

To secure competitiveness in the rapidly changing e-commerce market, Yuhan-Kimberly initiated a project to internalize and integrate e-commerce logistics centers starting in April 2023. As a result, we reduced the number of e-commerce logistics centers from three to two. This consolidation is expected to not only improve operational efficiency but also achieve cost savings of approximately KRW 2.5 billion per year, including savings on warehouse rentals and transportation expenses.

Vendor Flex

Yuhan-Kimberly's Customer Business/Logistics Operation has operated Vendor Flex with e-commerce clients since 2016. Vendor Flex integrates a customer's warehouse system within Yuhan-Kimberly's mills to handle orders in real time. This new business model minimizes supply chain costs and secures price competitiveness by reducing the movement of goods between the manufacturer and e-commerce clients.

The Choongju Mill newly adopted Vendor Flex in May 2023, and the Kimcheon and Taejon Mills expanded their existing spaces. By reducing delivery distances through Vendor Flex, we not only reduce CO₂ emissions and save logistics costs but also improve service with shortened delivery times. We expect this system to increase sales by at least 20% year on year by expanding sales opportunities through various product categories and reducing the shortage rate by promptly responding with manufactured products.

Installing Mobile Racks

The mobile rack is a type of logistics system used in warehouses or factories, allowing for easy movement of inventories. In 2023, Yuhan-Kimberly's Choongju Mill installed mobile racks, increasing the warehouse inventory storage rate by about 155%. As a result, we expect to save approximately KRW 1.2 billion per year in warehouse costs, transportation costs, and labor costs by closing external leased warehouses. Additionally, mobile racks are linked to the Extended Warehouse Management (EWM) system, providing accurate locations of inventory and greatly enhancing logistics efficiency.

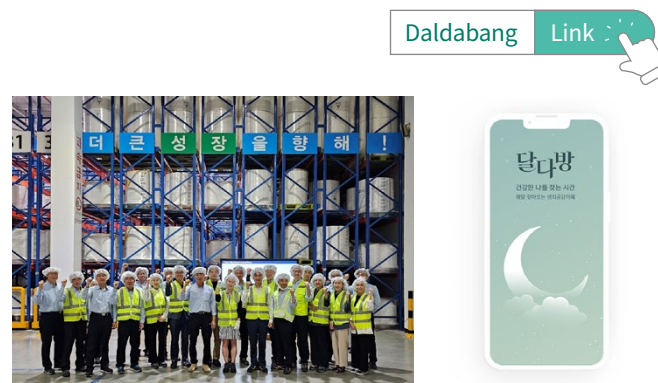
Business Platforms and Channels

Growth of Women's Wellness Platform, “Daldabang”

Yuhan-Kimberly has innovated business platforms by diversifying service channels. The menstrual health curation app "Daldabang," released by the Feminine Care Business, has continuously improved its functions and design and expanded as a marketing hub by strengthening its link with brand campaigns. In March 2024, we carried out a major overhaul, including web conversion, calendar enhancements, store renewal, and the creation of a community. Additionally, the app delivers stories about women's hygiene products in an engaging manner through snackable content formats such as webtoons and interviews. As a result, the app has raised awareness around POME* and teenage POBA**, surpassing 1.6 million cumulative downloads in 2024.

* Point of Market Entry: Consumers who use sanitary pads for the first time

** Point of Brand Adaption: Consumers who select their sanitary pad brands for the first time



Mobile racks in ChoonJu Mill

Daldabang

Platform for a Healthy Life, Today Plus

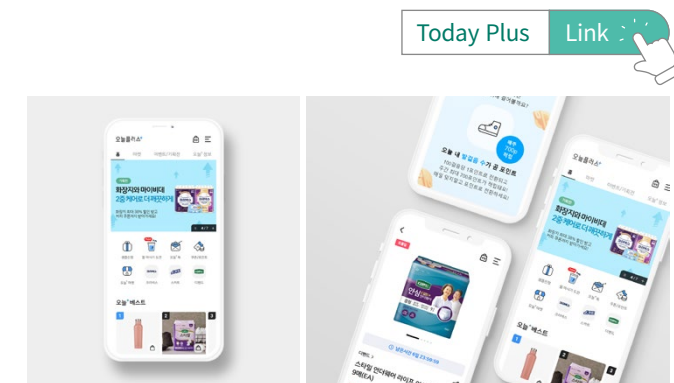
Today Plus is an online shopping mall for daily hygiene and health care products directly operated by Yuhan-Kimberly. It sells Yuhan-Kimberly brands such as Kleenex, Depend, Scott, Goodfeel, and White, as well as affiliated products like health functional foods and cosmetics. Additionally, Today Plus provides sampling opportunities for various Yuhan-Kimberly products and offers content on health, hobbies, and lifestyle information. Notably, the "Today + Challenge" service encourages healthy habits by giving missions such as walking and drinking water, which induce continuous visits and participation from consumers.

Since its launch in April 2022, the cumulative number of subscribers reached 230,000 by April 2024, growing mainly among consumers in their 30s to 50s. In the future, we will promote Yuhan-Kimberly brands and products, encourage consumer engagement through content and participatory menus, and enhance consumer experience by leading them to product purchases.

Launching Q-Mom Talk, momQ's AI Chatbot for Childcare

In 2024, momQ, an online shopping mall directly operated by Yuhan-Kimberly, launched a beta version of an AI chatbot "Q-Mom Talk" to provide assistance for childcare. Q-Mom Talk utilizes a Large Language Model (LLM), similar to the one used by ChatGPT, and provides detailed answers to users' questions about childcare, simulating conversations with real people.

Q-Mom Talk offers friendly explanations to parents' childcare queries by using the extensive childcare information available on MomQ and reliable information from the web. Since continuous improvement is critical for artificial intelligence services, we actively collect user feedback to continuously enhance the quality of the chatbot's answers.



Today Plus

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GT Project

GT Project for Growth and Transformation

To mark its 50th anniversary at the end of 2020, Yuhan-Kimberly launched the GT project, which stands for Growth and Transformation. The GT project embodies Yuhan-Kimberly's commitment to achieving sustainable growth and transformation, leveraging its past 50 years of achievements to become a centennial company. The project aspires to achieve five GT goals: growing core businesses, expanding new businesses, innovating the value chain, strengthening the winning culture, and contributing to society and the environment, to create a newer and bigger future. Starting with the first phase in 2020, GT project is being carried out at the company level and is currently in its fifth phase in 2024, led by voluntary employees.

To date, we have identified and launched 145 new initiatives, with 435 employees (excluding duplicates) participating cumulatively. The GT project has become a part of Yuhan-Kimberly's working culture, with one out of three employees participating, evenly distributed by job and generation.

Progress of GT Project

Year (Phase)	2020 (1st)	2021 (2nd)	2022 (3rd)	2023 (4th)	2024 (5th)
Theme	Developing opportunities for growth and transformation	Starting materialization and implementation of growth and transformation	Accelerating growth and transformation	Implementing growth and transformation	High Five for higher growth and transformation
Action Plan (Number)	Create a vision	63	60 (25 new action plans)	36 (26 new action plans)	37 (31 new action plans)
Major Projects	<ul style="list-style-type: none"> Establishing a vision and five strategic directions Establishing four core values 	<ul style="list-style-type: none"> Developing strategies to make Huggies a premium brand Gaining market leadership in senior facilities Introducing and expanding new B2B businesses Capturing opportunities for new e-commerce channels Improving consumer delivery services Establishing the post-COVID19 organizational culture and systems 	<ul style="list-style-type: none"> Operating #10 Tissue Machine at the Kimcheon Mill and growing the tissue business Growing the skincare category Optimizing logistics and developing products to increase e-commerce sales Realizing and maximizing additional exports Identifying stakeholder-based ESG risks 	<ul style="list-style-type: none"> Growing new categories in the Feminine Care Business Activating our platforms and creating synergy across channels Expanding B2B adjacent areas and strengthening healthcare competitiveness Developing business AI use cases Monitoring environmental taxes and innovating the calculation process 	<ul style="list-style-type: none"> Developing robots and new processes and building digital literacy to establish the future manufacturing environment Innovating the total ECM and supply chain Expanding new products/ services and strengthening platform business competitiveness Improving productivity and strengthening the organizational culture by using digital tools/AI
No. of Participants	39	247	136	176	239

Major Achievement in the 4th Phase of the GT Project

In 2023, we moved forward from the planning stage and directly implemented various projects based on the value of "GT Four Action." In the 4th phase of the GT project, we upgraded Yuhan-Kimberly's way of working and produced various results for innovative platforms. There were four major projects in the 4th phase. First, we activated platforms such as Daldabang and Today Plus. Second, we pushed for the growth of core businesses by strengthening the competitiveness of healthcare brands. Third, we implemented new business tasks that grew Greenfinger and new categories in the Feminine Care Business, and expanded B2B adjacent areas and pet care. Finally, we operated programs to strengthen Yuhan-Kimberly's culture and spirit by building a work know-how sharing platform and developing family and work-friendly programs.

Strategies of the 5th Phase of the GT Project

In the 5th phase, we will build on the efforts of the 1st to 4th phases and carry out projects that will further develop the value of GT and enhance business excellence through Yuhan-Kimberly's working culture under the theme of "High-Five for Higher Growth and Transformation." All members in the 5th phase are voluntary participants and will carry out initiatives they selected themselves. The 5th phase officially started in March 2024, and members aim to foster mutual recognition and new relationships across departments, experience the creation of outcomes through collaboration, and ultimately achieve personal growth that leads to organizational growth.

Case GT 4th Phase Quickly Improve Quality through Interactive Digital Communications with Consumers

As the consumption environment becomes increasingly digital and the proportion of e-commerce purchases rises, consumers seek transparent information and quick feedback from manufacturers. To meet this demand, the quality improvement project team of the 4th phase of the GT project used QR codes on packaging as a medium to track consumer feedback accurately. Each product in the manufacturing process was printed with a unique QR code, and the momQ app provided a webpage accessible by scanning the QR code.

Consumers can verify the safety of a 100% domestically produced product by checking its origin and manufacturing date through the QR code. Additionally, since Yuhan-Kimberly can analyze data linking consumer feedback and process information, we can obtain more accurate information by comparing the manufacturing date from existing consumer complaint data. Based on this analysis, Yuhan-Kimberly has improved its manufacturing processes and continuously provides high-quality products to consumers.

In 2023, we confirmed the suitability and usefulness of QR code technology in our processes. We also validated the connection between consumer information and product quality data through a survey of momQ consumers. In 2024, we will continue to analyze digital generation consumer journeys and improve customer satisfaction processes by linking the QR code with digital mileage. Furthermore, after 2025, we plan to gradually expand the use of QR codes to more product lines to continuously implement interactive digital communication and a quick quality improvement system.



Interviews with Participants

JinHo Ryu/ Baby & Child Care Marketing

When I participated in the project, it was a valuable time during which I learned a lot, felt passion, and created value together in the areas of digital informatization, service innovation, and brand and product management.

HaeIn Kim/ Brand Design & Innovation

We needed help and understanding from many departments to secure a very small spot on the packaging for the QR code. It was a project that made me appreciate the power of collaboration.

JeongJin Sung/ Digital Operation Excellence

It was even more meaningful because I could personally see the results of the project. It was also a valuable opportunity because I could participate as a consumer while also analyzing consumer data.

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Employee eXperience and Growth_Talent Management

Talent Management based on EX philosophy

Securing talented people with diverse competencies and skills and continuously enhancing their capabilities can lead to an improved satisfaction and sense of accomplishment of employees, which can have a positive impact on the organization's competitiveness and growth in the mid to long term. Yuhan-Kimberly implements talent management under the philosophy that growth through employees' meaningful experience (employee eXperience) drives sustainable growth of the company. Meaningful experience (eXperience) enables the fun and immersion of work (eXciting), leading to the creation of new outcomes (eXcellence) that drive the company's growth.

Yuhan-Kimberly offers a variety of experiences at each stage of the employee life cycle* to systematically implement talent management, and encourages employees to make the most of their opportunities for personal growth and development. To this end, we have established 38 initiatives and implemented them from 2022 to 2024. In 2023, we implemented talent management by completing 17 of the initiatives and are examining or performing many of the activities that have not yet been completed.

* Employee life cycle means the phases from pre-employment to onboarding, engagement and performance, creation of outcomes, development, and post-retirement.

Employee eXperience Philosophy and Goals

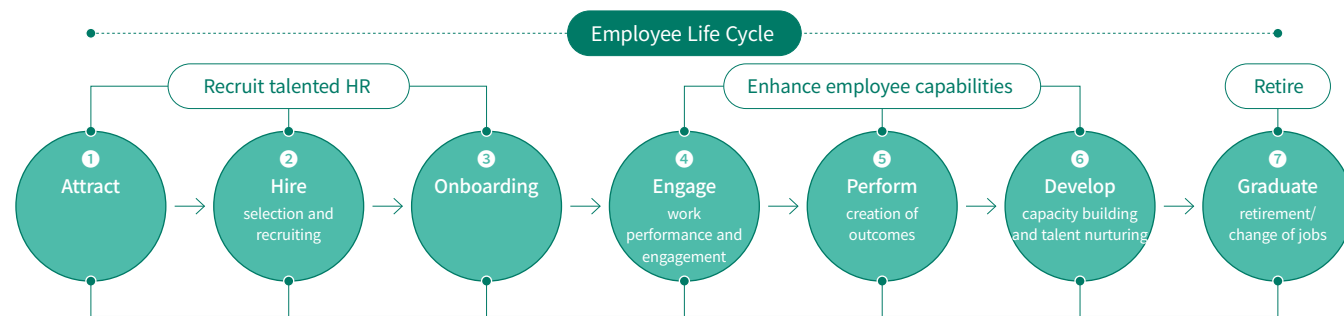
EX Philosophy

Personal growth and self-fulfillment drives sustainable growth and realize the vision of the company

EX Goals

- Enable employees to focus on their work based on their experience and enhanced capacity and achieve healthy and sustainable growth of the company
- Provide opportunities for personal growth and development through diverse experiences in the stages of the employee life cycle
- Internalize a endeavoring and proactive performance responsibility culture through a growth mindset
- Virtuous cycle of 3EX (EXperience, EXcitement, EXcellence)

Major Activities related to the Employee Life Cycle in 2023



Major Activities

- 1 Attract : Improved the employee value proposition and strengthened the recruiting brand through the reorganization of the recruiting page of the website
- 2 Hire : Selected competent applicants by examining growth experience
- 3 Onboarding : Operated onboarding programs for new employees and held an event to celebrate the 100th day of joining the company
- 4 Engage : Adopted the all-employee mentoring program, expanded accreditation programs, and established a support system for employees' appearance in live commerce
- 5 Perform : Built a performance-driven and feedforward-oriented culture, and introduced an evaluation system that emphasizes experience
- 6 Develop : Spread training programs and systems including leadership training, business training reflecting market trends, digital learning, global communication training, employee growth planning, YK mentoring program, career portfolio, etc.
- 7 Graduate : Provided re-employment support services, such as career counseling and design, and asset management after retirement

Organization to Promote Talent Management

Yuhan-Kimberly, based on the CEO's commitment to talent management, renamed the HR to the EX in July 2022. The EX is responsible for all HR management, from recruitment to retirement.

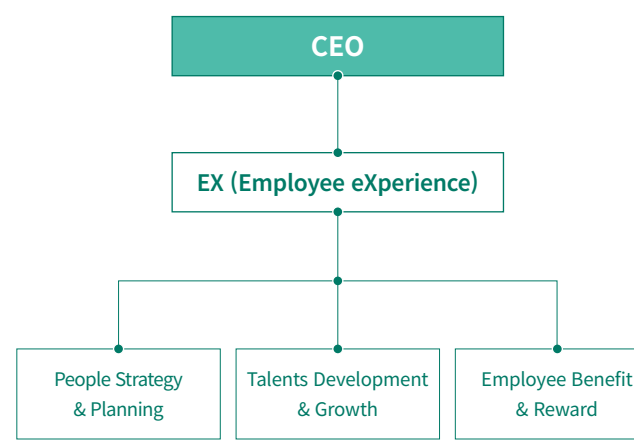
Yuhan-Kimberly operates the EX Committee to ensure the efficiency of major EX programs and to make effective decisions. The EX Committee holds a meeting whenever there is a major decision such as determination of employees to be promoted or establishment of EX-related systems, and the EX discusses the issues that are shared with the committee members in advance.

Recruiting Talented Human Resources

Attracting Talented Human Resources by Enhancing the Recruiting Brand

Yuhan-Kimberly is trying to bring in talented people who are suitable for their jobs and meet our core values. First of all, we reorganized our recruitment page in the website in March 2023 to provide a detailed and clear image of talent and job information. In particular, to provide vivid job information, we posted interviews and VLOG videos of relevant employees on our website. Among them, "A Day of an YK Employee VLOG," which features the job introduction of the e-commerce sales representative, received so much attention that it recorded 65,000 YouTube views. Yuhan-Kimberly recruits endeavoring and proactive people with a growth mindset by examining applicants' growth experiences throughout the hiring process from document screening to interviews.

EX Organization Chart



On-boarding Programs Enhancing a Sense of Belonging and Self-esteem

Yuhan-Kimberly provides new employees with a variety of onboarding programs to provide necessary knowledge for corporate life and to enhance their sense of belonging through ties with existing employees. On the first day on the job, we introduce our company and jobs as well as operate a factory tour program to raise their understanding of manufacturing processes and products.

In addition, we provide a separate program to enable new employees to prepare their growth plans in order to design their future careers in advance and to discuss support plans in career interviews with leaders. Subsequently, we hold a celebration event on the 100th day of employment, continuously enhancing their bond and sense of belonging. In 2023, the survey of onboarding programs showed a high level of satisfaction of 4.8/5.0 points.

Enhancing Employee Competency

Improving Immersion in Duties

Yuhan-Kimberly has expanded various systems and programs to help employees immerse themselves in work in a lively and energetic atmosphere. In 2023, we expanded the all-employee mentoring program and the Best Employee of the Year at Yuhan-Kimberly, and established a new support system for employee appearance in live commerce.

The all-employee mentoring program was adopted to expand the company's mentoring program to all employees. Employees can easily overcome difficulties by playing the roles of the mentor and the mentee to each other and sharing success experiences with each other.

The Best Employee of the Year at Yuhan-Kimberly rewards approx. 10 employees or teams who have contributed to the growth of themselves and the company through outstanding performance. Employees can receive healthy stimulations and increase their immersion in their work in a corporate culture in which employees are praised and recognized for performing challenging projects and tasks or for exemplary implementation of core values.

We also operate a system to support employee appearance in live commerce to provide opportunities to experience new jobs. Employees can get more immersed in work by promoting products and communicating with consumers in person on live commerce broadcasts.

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Creating Meaningful Outcome through Growth Perform

Yuhan-Kimberly aims to boost the employees' growth and the company's productivity at the same time by enhancing employees' future-oriented problem-solving skills and creating a work immersion environment focused on growth. To this end, we have established a feedforward culture and operates an evaluation system focused on experience, collaboration, behavior, and performance.

Feedforward is a future-oriented way of talking for leaders and members to focus on the future rather than the past and think about and solve future problems together. In 2023, we held a feedforward week in each month to talk with leaders and held a feedforward experience sharing event to spread the feedforward culture. After such efforts, the employee survey on the understanding and utilization of the concept of feedforward recorded 4.0/5.0 points in satisfaction.

In addition, Yuhan-Kimberly encourages employees to pursue growth through experience rather than focusing on performance by conducting evaluations focused on experience, collaboration, behavior and performance. Employees set personal targets linked to organizational goals at the beginning of a year and achieve the targets through continuous 1:1 communications and feedforward with leaders and mid-term performance interviews. The year-end performance evaluation is based on the target achievement rate, and all organizations hold the performance evaluation committee (calibration) meeting for more reasonable and fair evaluation. Office employees are subject to evaluation once a year and the results are reflected in the individual performance bonus, next year's annual salary increase rate, future promotions, and appointment to leader positions.

Strengthening Expertise and Leadership through

Capacity Building Develop

Yuhan-Kimberly provides various training programs and systems to strengthen employees' expertise and leadership, including leadership training, business training, and digital capacity building training as well as programs and systems such as the employee growth planning, YK mentoring program, career portfolio, etc.

The employee growth planning is designed to enable all employees to prepare their own growth plans and consult

with their leaders to ensure that the plans are actually implemented, and aims to achieve 100% employee participation in 2024.

The YK mentoring program allows junior employees to seek advice on company life from experienced mentors, and more and more young employees interested in their career are participating in the program. In particular, the participation rate of employees who joined the company less than 10 years ago doubled to 60% in 2023 year on year. In a survey, both mentors and mentees answered that this program was helpful for their growth and development and that it was a meaningful experience in company life. From 2024, employees selected as key talent are required to participate in mentoring to strengthen leadership skills, which further activates the program.

The career portfolio, which will take effect in earnest from 2024, is a system that selects certain employees and helps them create flexible career passes rather than a single path centered on promotion. Selected employees can develop their competencies in many ways through a variety of job experiences, and organizations can enhance their competitiveness by quickly developing talent into leaders. In addition, to operate various learning organizations and to support self-development, we operate YK Learning, an in-house learning website, and Knowledge Cafe, a micro-learning educational content website. In 2024, we plan to establish a process to share the knowledge, skills, and know-how of inhouse experts through new programs such as the on-site job know-how and in-house expert system.

Support for Retirees Engage

Yuhan-Kimberly provides support programs so that employees can live a healthy life after retirement and minimize psychological withdrawal and economic losses from retirement. Pursuant to the Act on the Employment Promotion for the Aged, these programs target retirees over 50 years of age with more than one year of service, and provide education for prospective retirees (company system guidance, financial design, etc.), professional counseling (EAP), re-employment support and support for retirees at the retirement age (providing 6-month education for re-employment and life design and education expenses of KRW3 million).

Educational Programs for Capability Enhancement

Classification	Program Name	Targets	Description	Attendees
Leadership training	SERICEO/CEO training	Executives & leaders	Delivering key issues, knowledge, and information to managers and leaders to help them quickly respond to trends and have leadership that suits their organizations	<ul style="list-style-type: none"> No. of attendees: 109 Training hours (per person): 52 hours
Biz training	Live commerce training	All employees	It was newly established in 2023 to increase employees' overall understanding of live commerce and communicate ways to use it, and provides opportunities for new employee experiences through hands-on lectures directly provided by professional show hosts in the third week.	<ul style="list-style-type: none"> No of attendees: cumulatively 230 Feedback: it was a useful and fresh experience with interesting topics that were difficult to access in the past
Digital Capability Enhancement Training	PBI Live MKT Data utilization training	All employees	Training to increase employees' understanding of back data that can be used to check market volatility and performance and establish market response strategies, and to strengthen capabilities in digital tools (Power BI) that can be practically used on the job.	<ul style="list-style-type: none"> No. of attendees: 62 Training hours (per person): 1.5 hours
	PBI Action Learning	Applied organization	Providing 6 weeks of intensive action learning using field data and subsequently building a Power BI dashboard that can be used immediately in the relevant workgroup/ function.	<ul style="list-style-type: none"> No. of attendees: 5 Training hours (per person): 6 hours
Global Capability Enhancement Training	Phone English	All employees	It is a training program to strengthen employees' global capabilities and was converted to a mobile program in 2023.	<ul style="list-style-type: none"> No. of attendees: 456 Training hours (per person): 9 hours Attendance rate: 91% Satisfaction: 4.4/5.0 points

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Employee eXperience and Growth_ Organizational Culture

Growth into a More Positive and Flexible Corporate Culture

Yuhan-Kimberly has built a horizontal and creative corporate culture based on trust to maintain its corporate competitiveness and secure organizational flexibility to meet the changing times.

In September 2023, we established the Corporate Culture Growth TFT to realize a more positive and flexible corporate culture, integrating and systematically managing the corporate culture growth activities. Since the leader's initiative by example is important to foster a positive and flexible organizational culture, the TFT is composed of leaders of the Corporate Affairs, EX, and GT. In 2024, the TFT plans have a regular meeting once or more a month to share progress and plans and discuss major strategic activities.

Overview of the Operation of the Corporate Culture Growth TFT in 2024

Purpose	<ul style="list-style-type: none"> Integrating and systematically managing corporate culture growth activities Conducting annual activities for employee internalization and gradual positive change
Major Activities	<ul style="list-style-type: none"> Programs to strengthen employees' sense of belonging, self-esteem, and security Employee communications for positive experiences and strengthened empathy Activities to create a culture that encourages and supports growth
Schedule	<ul style="list-style-type: none"> Regular meeting: Leader group: once a quarter / working group once a month Operating period: February to December 2024

Efforts to Enhance Employees' Sense of Belonging and Self-esteem

Flexible Work System and Vacation System

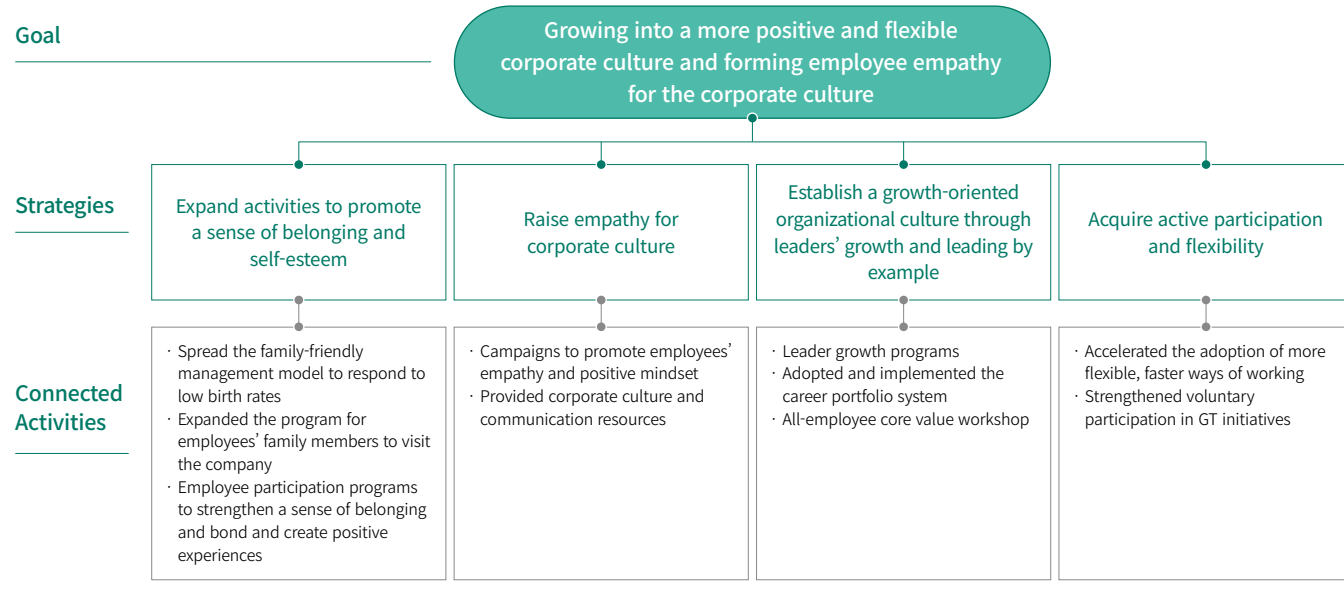
Yuhan-Kimberly has adopted and implemented the flexible work system and the recharging vacation system under the management stance that values work-life balance. The flexible work system are divided into five types, depending on the work type and targets, and employees may choose the type that suits them to create a lifestyle-optimized work environment. The remote work system, which was reinforced as a countermeasure against COVID-19, was converted to a four-day office attendance system after the end of the COVID19 situation, ensuring an autonomous working environment for employees. Also, Yuhan-Kimberly is building a culture of working and resting together through the recharging vacation system. We informed employees of their annual plans for 27 recharging days (in 2024) in advance in the previous year, and encourage all employees including the CEO to take leave at the same time.

Maternity Leave and Childcare Leave

Yuhan-Kimberly implements family-friendly management by strengthening support for childbirth and childcare. Not only does it meet legal requirements, but it also operates various activities and systems on its own.

First of all, according to statutory requirements, we provide the reduced work hours during pregnancy miscarriage

Corporate Culture Growth Strategies and Connected Activities in 2023



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and stillbirth leave, maternity leave, prenatal examination time and childcare leave. In particular, our miscarriage and stillbirth leave and prenatal examination time exceed statutory requirements. We provide the miscarriage and stillbirth leave two to three times the statutory leave days, and provide the first day of each month as the prenatal examination time. The childcare leave can be used to the extent of one year if the child is under the age of 8 or in the second or lower grade at the elementary school, and can be replaced by the reduced work hours during childcare.

Childcare leave benefits are paid by employment insurance, but Yuhan-Kimberly also pays KRW200,000 per month, and under the 6+6 childcare leave system, if parents take a leave of absence at the same time or consecutively to care

for their child at the age of 8 months old or younger, each parent is provided with childcare leave allowances up to KRW4.5 million per month for the first 6 months.

In addition, Yuhan-Kimberly operates its own systems such as pre-childbirth leave, childbirth congratulatory money, childbirth medical expenses, remote work system, and child education support. As to the childbirth congratulatory money, we pay KRW500,000 for the first child, KRW800,000 for the second child, KRW1.8 million for the third child, and up to KRW3.5 million for the fourth and later child. Also, we invite pregnant employees, male employees with pregnant spouses, and even leaders of the relevant teams to the preliminary parent meeting to inform the company's policies on childbirth and childcare and encourage them to use the systems.

Yuhan-Kimberly's Flexible Work System

Type	Year of Adoption	Applicable Targets	Description
Staggered working hours system	1994	All administrative employees (excluding field sales positions)	· A system that allows employees to flexibly adjust their time of coming to and leaving office while complying with 8 hours per day and 40 hours per week
Remote work system	2012	Employees of the headquarters	· Transitioned to a 4-day office attendance system to strengthen collaboration and communications among employees with the end of COVID19 (May 2023) · Employees who have children under the third or lower grade at the elementary school or who are deemed necessary to work from home for other reasons may consult with their leaders and perform work from home.
Selective work system	2018	Employees who need the system due to job characteristics	· A system that allows flexible operation of working hours per day or per week on the premise of working at least 3 hours per day within the total working hours of a month (8 hours per day, 40 hours per week on average)
Recognized work system	2018	Field sales employees who receive sales activity expenses or employees on business trip	· A system that assumes an employee works 8 hours a day and 40 hours a week regardless of the time when the employee comes to and leave office, on the premise of working 5 days a week
Autonomous work system	2018	Work leaders and above	· A system that allows an employee to autonomously control his/her working hours of each day on the premise of working 5 days a week

System to Support Pregnancy and Childbirth

Classification	Government Systems and Statutory Requirements	Yuhan-Kimberly's Systems (exceeding legal requirements or conducted on its own)
Marriage	· Subfertility leave	· Marriage congratulatory money
Pregnancy	· Miscarriage and stillbirth leave · Prenatal examination time · Reduced work hours during pregnancy · Support for pregnancy and childbirth medical expenses	· Miscarriage and stillbirth leave · Prenatal examination leave · Pre-childbirth leave
Childbirth	· Leave before and after childbirth · Paternity leave · First meeting voucher	· Childbirth medical expenses · Childbirth congratulatory money · Childbirth present
Childcare	· Childcare leave · Reduced work hours during childcare	· Company subsidy for the childcare leave period · Remote work system · Company childcare center (Taejon Mill)
Child's growth (education)	· Parent allowances · Child allowances · Home childcare allowances · Infant & baby care expenses · Baby education expenses (Nuri course) · Elementary/middle/high schools	· Baby education expenses · School entrance congratulatory money · College admission fees and tuitions · School expenses for children with disabilities

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Designated as the Best Family-Friendly Management

In 2022, Yuhan-Kimberly went beyond being recertified as family-friendly management by the Ministry of Gender Equality and Family (MoGEF) and was designated as the best family-friendly management. Under this system, the MOGEF certifies outstanding companies and public institutions every year to create a family-friendly environment where workers harmonize their family life and work life. Yuhan-Kimberly has obtained this certification continuously from 2008 when the system was first implemented to December 2022.*

In this review of all re-certified companies, Yuhan-Kimberly scored 95.6 points, exceeding the average score of large companies and public institutions. It was evaluated to have a well-established culture where employees can use various family-friendly programs in addition to statutorily required systems.

Employee Family Invitation Program

In 2023, we started a new program that invited employees' family members to the company once a month. Employees invited their family members and introduced the company and provided office tours in person, and this program covers all business sites. Participating employees can improve their understanding of the company and raise their sense of belonging and self-esteem by introducing the company personally to their family members. Visiting families and participating employees showed 100% satisfaction in the survey conducted after the program. As of March 2024, 292 family members (64 employees) participated, and employees showed a strong desire to participate, recording a 7.3:1 application competition rate. In June, we invited multiple families simultaneously, with the participation of 38 families and 168 employees and family members.

Employee Engagement Programs to Enhance Their Sense of Belonging and Ties and Positive Experiences

In 2023, we actively reflected employee needs and conducted employee engagement programs such as coffee tasting and change of office space (spring, entertainment room, and winter) to create a pleasant atmosphere. As a result, employees' positive response regarding a pleasant company life increased to 94.5%, up 0.9%p from the previous year's 93.6%. In the future, Yuhan-Kimberly plans to create a corporate culture where employees can happily immerse themselves through the events can give vitality to company life.



Coffee Tasting Event



Guestbooks and children's drawings from employees' families

Efforts to Internalize the Growth Mindset in the Organizational Culture

Core Value Workshop

Yuhan-Kimberly has conducted core value workshops for all employees every year since 2011 to encourage them to implement and make achievements based on core values. The 2023 core value workshop was held to define growth under the theme of "Growth of Me and the Company" and to discuss our roles in the growth of me and the company and what we need to focus on to achieve growth. The 2 hours and 30 minutes workshop was held 15 times in total, with the attendance of 1,044 employees (442 from the headquarters and 602 from business sites).

In a post-workshop survey, 4.0/5 points were given to the answer that "the core value workshop will help the growth of me and the company" and 4.1/5 points to the answer that "discussions on growth with colleagues will help my work."

Four Ways of Working to Gain Flexibility in the Organizational Culture

Yuhan-Kimberly established four ways of working in 2021 to gain flexibility within the organization by implementing the core values of the company. We survey all employees to monitor the degree of internalization of the ways of working, and the proportion of members who are aware of and sympathize with the ways of working has risen from 88.5% in 2022 to 94.3% in 2023.

In 2023, in order to strengthen awareness of the four ways of working, we continuously placed posters and mouse pads containing the relevant contents in office at all business

sites and conducted education on the ways of working and the matters that should be implemented first through the core value workshop organized by the EX.

Inclusion and Diversity

Yuhan-Kimberly sets goals in the four major areas of culture, system, CSR, and business and carries out various activities in order to form a culture of inclusion and diversity and realize values not only for internal members but also for external communities and consumers.

Yuhan-Kimberly's Major Activities in Four Areas for Inclusion and Diversity

Four Areas	Key Activities
Culture	<ul style="list-style-type: none"> Launched and operated the Inclusion & Diversity Council (2021 to present) Operated K-WIN, a voluntary network to foster female talent (2014 to present) Operated the prospective parent meeting / contactless corporate culture meeting, etc. (2009 to present)
System	<ul style="list-style-type: none"> Programs to set female leader goals and enhance female leadership Participated in the UNGC TGE Initiative DEI regular training: Inclusion day, leader inclusion training Flexible work system, remote work system, family care leave, maternity protection space, health checkups for employees in their 20s, etc. Certified as the best family-friendly management (first certified company in December 2008)
CSR	<ul style="list-style-type: none"> Improved the quality of life of vulnerable groups: product donation (sanitary pads, diapers, etc.) Programs to raise awareness (newlywed school, menstruation education program) Female NGO leadership scholarship project, Future Forum 30% Club (securing female senior leadership) Donation programs for employees (female, senior)
Link to Business	<ul style="list-style-type: none"> Developed products for socially vulnerable groups Consumer engagement and social impact good brand activities

Yuhan-Kimberly's Ways of Working



For Responsibility+
We always ask whether we work with consumers at the center when we start work, and we achieve our goals.



For Collaboration
We lead success together by pleasantly colluding and working like professional busybodies.



For Agility
We decide quickly and implement quickly.



For Transformation
We're kind to changes and grow ourselves and the company through transformation.



Ways of Working Poster

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Inclusion & Diversity Council

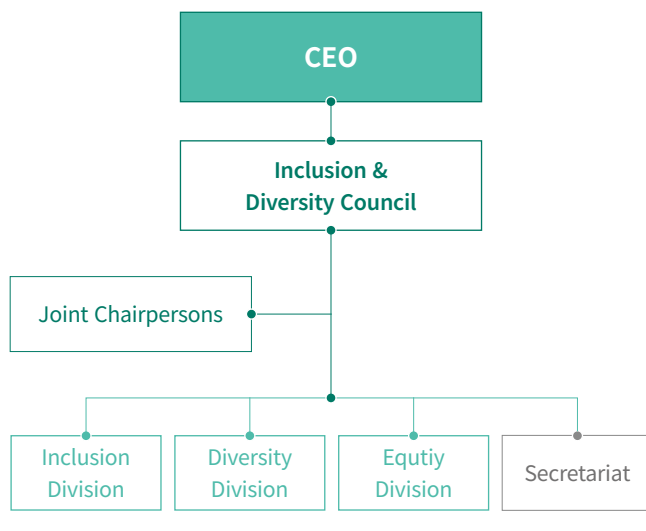
In October 2021, Yuhan-Kimberly officially launched the Inclusion & Diversity Council, declaring that inclusion and diversity are at the core of corporate competitiveness. The Council is composed of 26 members, and three of the six chairpersons were selected through company-wide open recruitment. Their term of office is two years. The Council has three divisions and a secretariat and hold a meeting once a year.

On May 24, 2023, we held the 2023 Cultural Diversity Festival participated by all employees at the head office and business sites at the same time on the occasion of Cultural Diversity Week.* We selected the theme of "We Respect Each Other as Equal Partners of Collaboration Beyond Gender, Generation, and Position," and gave a special lecture by Kim Hye-il, Kakao's Chief Accessibility Officer, and a workshop on KDIN (Korea Diversity and Inclusion Network)**.

* Cultural Diversity Week: The United Nations designated May 21 as the World Day for Cultural Diversity to highlight the importance of cultural diversity, and Korea sets one week from the World Day for Cultural Diversity as the Week of Cultural Diversity.

** KDIN: A group of relevant corporate employees who participate in the spread of the value of diversity, equity and inclusion.

Inclusion & Diversity Council Organization Chart



K-WIN, Voluntary Network to Nurture Female Talent

Yuhan-Kimberly strives to enhance diversity within the company and ultimately secure corporate competitiveness by improving women's capabilities. Yuhan-Kimberly's Korea Women's Interactive Network (K-WIN) is a women's voluntary network organized in 2014 and contributes to the development of the company and personal carrier through various activities. In 2023, K-WIN conducted activities such as coaching female leaders to enhance female leadership and supporting participation in next-generation women's conferences to support growth experience.



K-WIN 2023 International Women's Day Poster

Setting Female Leadership Goals

To enhance diversity of management and leaders within the organization, we established goals for high-level female leadership by 2030, which was approved by the Board of Directors in 2022. As of the end of 2023, female employees accounted for 21% and female executives (directors and above) accounted for 18% at Yuhan-Kimberly. We aim to gain inclusive capabilities and internalize a corporate culture that recognizes diversity by achieving the 2030 goal.

Global Leader Mentoring Program to Strengthen Female Leadership

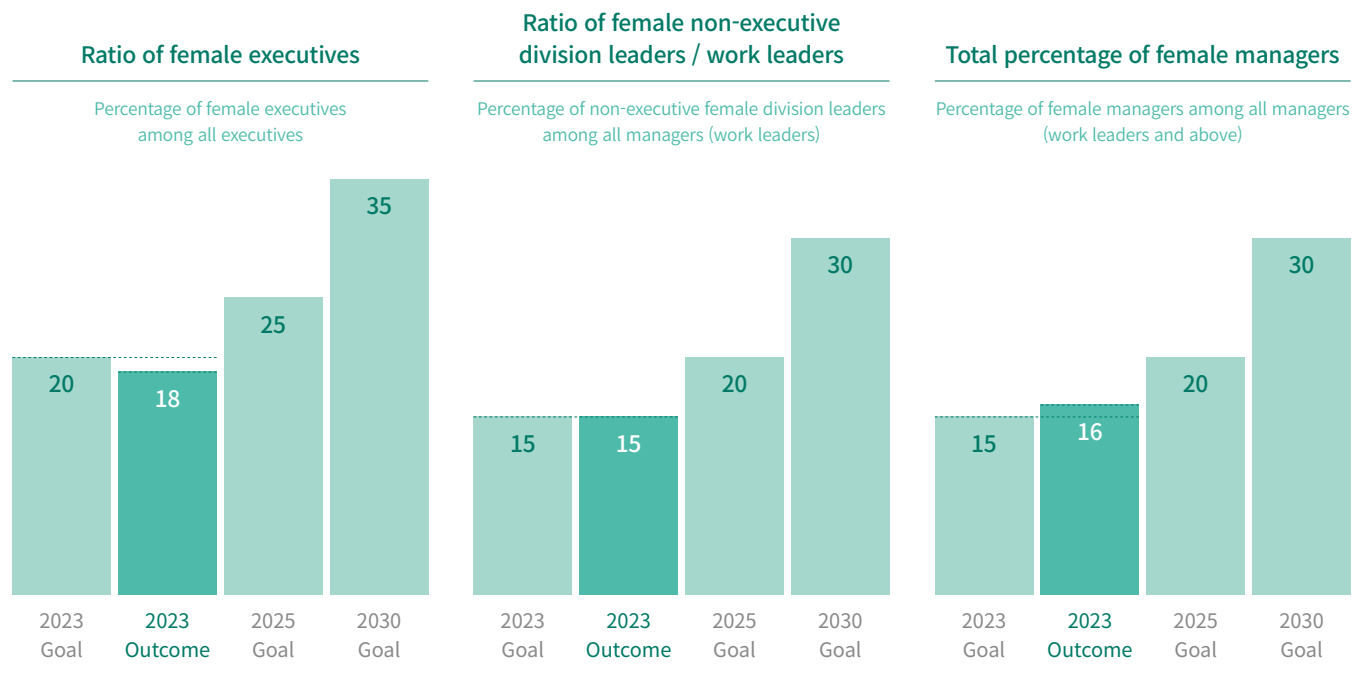
The Global Leader Mentoring Program enables global leaders of Kimberly-Clark, our shareholder, and female leaders perform various activities together through mentoring partnerships. Female leaders can improve their individual capabilities and expertise and develop new leadership skills through the mentoring by global leaders. In 2023, this program was conducted for about six months from August, and three female leaders from Yuhan-Kimberly participated.

Participating in the UNGC Initiative

The UNGC TGE (Target Gender Equality) Initiative is a global learning program of the UN Global Compact designed to enhance corporate gender diversity capabilities in which Yuhan Kimberly has participated since 2021. In addition to the TGE Initiative, we presented Yuhan-Kimberly's case at the Gender Equality Korea (GEK) Female Leaders' Network newly launched by the UNGC, contributing to strengthening women's capabilities and enhancing awareness of diversity within the company.

Gender Diversity Goals and Results

(Unit: %)



Yuhan-Kimberly's
DECLARATION OF SUPPORT
for Enhancing Inclusion and Diversity Capabilities

We declare that inclusion and diversity are Yuhan-Kimberly's fundamental competitiveness and responsibility to implement. To this end, we strive as below to create an organization and corporate culture that promotes inclusion and diversity.

- We distinguish between difference and wrongness.**
- We respect each other as equal partners of collaboration beyond gender, generation and position.**
- We cooperate in detecting and reducing various prejudices and discrimination within us.**
- We take the lead in enhancing a sense of belonging and inclusion.**
- We contribute to securing the diversity of the organization.**

October 20, 2021
Members of Yuhan-Kimberly's 1st I&D Council

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Employee eXperience and Growth_ Labor-Management Cooperation

Labor-Management Culture for Joint Realization of Consumer, Company and Employee Values

Communications and harmony between labor and management increases organizational efficiency and stability and contributes to preventing conflicts and increasing productivity. Hence, Yuhan-Kimberly has established a goal of labor-management strategies, i.e., joint realization of consumer value, company value, and employee value. Consumer value refers to increasing consumer value in use, company value refers to sustainable growth, and employee value refers to the improved quality of life of employees. Yuhan-Kimberly strives to increase mutual trust and share common values by operating various communication channels between the labor union and management to achieve its goal.

Communication Channels for Labor-Management Cooperation

Labor-Management Council

Yuhan-Kimberly operates the Central Labor-Management Council where the CEO and labor union representatives participate to discuss such agenda as the management status, growth strategies, and major labor-management decisions, and the Labor-Management Council of each business site where the factory director and employee representatives attend to review and adopt agenda presented by both sides. The Central Labor-Management Council and the Labor-Management Council of each business site have a meeting once a quarter and four times a year, respectively.

Labor-Management Grand Discussion

The Labor-Management Grand Discussion, which was first held in 2010 to build a labor-management model based on trust and cooperation, is a place where union representatives and executives ask the CEO about the

company's business conditions and future growth and the CEO directly answers them. The Grand Discussion plays an important role in exploring opportunities for the company's sustainable growth and overcoming uncertain external conditions.

In 2023, the Labor-Management Grand Discussion established specific implementation plans and solutions for labor-management communication, labor-management mutual growth, and labor-management social value. In particular, we formed a wage negotiation TFT and tried to conclude wage negotiations early to implement labor-management mutual growth. As a result, we were able to conclude an agreement in the first round of wage negotiations for the first time in the history of collective bargaining for more than 30 years, taking Yuhan-Kimberly's labor-management culture to the next level.

Grievance Handling Committee

Another channel for labor-management communication is the Grievance Handling Committee. This is a communication channel participated by the EX, EX factory leaders, labor-management division leader, and labor union representatives of each factory, and we communicate and solve problems occurring in each factory through this organization on a quarterly basis.



1st wage negotiation and signing ceremony in 2023

Agenda at the 2023 Labor-Management Grand Discussion

Major Tasks	Labor-Management Communication	Labor-Management Mutual Growth	Labor-Management Social Value
Implementation plan	<ul style="list-style-type: none"> Activate small group TFT activities (factory director, team leader, representatives, seniors) Make a habit of using the title "nim" for respect and attentive listening 	<ul style="list-style-type: none"> Early settlement through the Labor-Management Council Quick resolution of pending issues through the labor-management TFT 	<ul style="list-style-type: none"> Contribution activities (donation of talent and money) Enhance consumer promotional events, including introduction of new products

Labor-Management Activities for Shared Growth with Local Communities

Shared Growth Practice Fund

The Shared Growth Practice Fund is a social contribution activity jointly participated by labor and management. The labor union first raised funds to help children from vulnerable low-income families in local communities, and the company empathized with the purpose and contributed additional funds, creating the Fund. In December 2023, KRW10 million was contributed to the Shared Growth Practice Fund and used for the "Closer to the Dream" Hope e-Music Troupe customized support project targeting third-year high school students from low-income families in Choongju.

Tree Planting to Commemorate the 30th Anniversary of the Labor Union

Yuhan-Kimberly's labor union celebrates its 30th anniversary in 2024. To commemorate this and to create an example of shared growth with local communities, the labor union held a tree-planting event with local communities on April 16, 2024. Urban afforestation activities were carried out at Shineum Park in Kimcheon where the Kimcheon Mill is located and Kimcheon City named the forest "Kleenex Forest" in response.

Employee Safety and Hygiene Protected by Labor and Management Collaboration

Occupational Safety, Hygiene and Environment Committee

Yuhan-Kimberly's labor and management are jointly making efforts to protect the safety & hygiene of employees. To this end, the three business sites operate the Occupational Safety, Hygiene and Environment Committee on a quarterly basis. The Labor-Management Joint Occupational Safety, Hygiene and Environment Committee inspects and monitors the safety & hygiene status of each business site based on relevant laws and regulations including the Occupational Safety and Health Act. The Committee addressed 64 agenda items at business sites in 2023, and is making efforts to make an accident-free workplace.

Risk Assessment Conducted by Labor and Management Collaboration

We identify potential risk factors and take remedial measures in the integrated weekly safety inspection process conducted jointly by labor and management. In particular, the risk assessment, which is conducted once a year, is performed with employees' participation and employees themselves identify harmful risk factors at business sites.

Risk Identification and Remediation through Labor-Management Activities in 2023

Classification	Choongju Mill	Kimcheon Mill	Taejon Mill	Logistics Center
Identified (No. of cases)	180	116	117	31
Remediated (No. of cases)	173	113	113	29
Remediation Rate (%)	96	97	97	94

Occupational Safety, Hygiene and Environment Committee in 2023

Business Site	Committee Composition	roduction Worker / Total Worker	Major Agenda Items	No. of Industrial Accidents
Taejon Mill	10/10	265/334	<ul style="list-style-type: none"> Wearing personal protective equipment for each task (lightweight safety hat, sanitary hat) Follow-up management of those with positive findings identified in medical checkup Sharing work environment measurement results 	0
Kimcheon Mill	11/11	257/340	<ul style="list-style-type: none"> Safety workshop participated by employees (Safety Day) Operating Kimberly-Clark safety programs Investigating causes of major accidents and preparing measures to prevent recurrence 	0
Choongju Mill	10/10	170/213	<ul style="list-style-type: none"> Enhancing health promotion programs in response to aging Installing and operating forklift safety systems Eight promises to promote the safety culture 	2*

* Including 1 contract worker

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Employee eXperience and Growth_Human Rights Management

Laying the Foundation for Human Rights Management

8 Principles of Human Rights Management

Yuhan-Kimberly seeks to protect and promote human rights and fulfill its social responsibilities throughout the supply chain within the value chain. Accordingly, in March 2022, we established eight principles of human rights management based on the internationally adopted UN Guiding Principles on Business and Human Rights, the 10 Principles of the UN Global Compact, and the UN Universal Declaration of Human Rights, and released Yuhan-Kimberly's Human Rights Management Declaration through the company intranet and website.

Organization Implementing Human Rights Management

To more effectively respond to changes in human rights-related external policies and guidelines and stakeholder demands, Yuhan-Kimberly operates a human rights organization comprised of the CEO, ESG Committee, Society Subcommittee, and Human Rights Management TF. The working group, Human Rights Management TF, continuously reviews and supplements human rights-related procedures and internal regulations in collaboration with the EX, a related department. In addition, the EX and the Legal & Compliance are responsible for relevant education to raise internal and external awareness of human rights and to ensure respect for human rights.

Human Rights Risk Management of Business Sites and Suppliers

Approach to Human Rights Risk Management

Yuhan-Kimberly's human rights management principles and Code of Conduct were established in accordance with social and ethical expectations.

Yuhan-Kimberly is subject to Kimberly-Clark's Supplier Social Compliance Standards (SSCS), which are based on international standards, and shares suppliers with its shareholder, Kimberly-Clark, for effective procurement negotiations. Based on this, Yuhan-Kimberly controls human rights risks of its own business sites and suppliers.

Managing Human Rights Risks of Yuhan-Kimberly

Business Sites

Yuhan-Kimberly's manufacturing sites conduct their own human rights risk assessment every year to implement the SSCS and are audited by Kimberly-Clark every three years. In 2024, we plan to conduct a human rights risk assessment for the Gunpo site and Taejon and Kimcheon Mills in July and September.

Managing Human Rights Risks of Suppliers

Yuhan-Kimberly participates in Kimberly-Clark's Supply Chain Human Rights (SCHR) program, selects 6 to 10 suppliers every year, and measures their compliance in major human rights areas such as child labor, forced labor, discrimination, and workplace safety & hygiene. We prepare a corrective action plan including investment in infrastructure, equipment and training, development of new policies and procedures and provision of remedial measures for affected workers for non-complying suppliers and, if unavoidable, we change suppliers. In 2023, we evaluated 10 suppliers, and the suppliers prepare and implement a corrective action plan (CAP) based on the evaluation results.

8 Principles of Human Rights Management

1	We support and respect the protection of human rights declared nationally and internationally.
2	We prioritize safety and hygiene as the primary tasks for respecting human rights when making policies.
3	We comply with labor laws and ensure the freedom of association and the right to collective bargaining.
4	We prohibit discrimination, harassment, forced labor, and child labor in all areas of employment and business activities.
5	We take responsibility for human rights issues in our supply chain and strive to prevent adverse impacts on human rights.
6	We respect local community cultures, collaborate on activities to improve the quality of life and protect human rights, and honor local residents' land and property rights.
7	We undertake continuous technological development and take corrective actions to protect consumer rights.
8	We support preventative approach to earth environment issues including climate crisis, taking the lead in environment-related human rights protection.

[Yuhan-Kimberly Human Rights Management Declaration](#) [Link](#)

Activities to Internalize Respect for Human Rights and Achievements

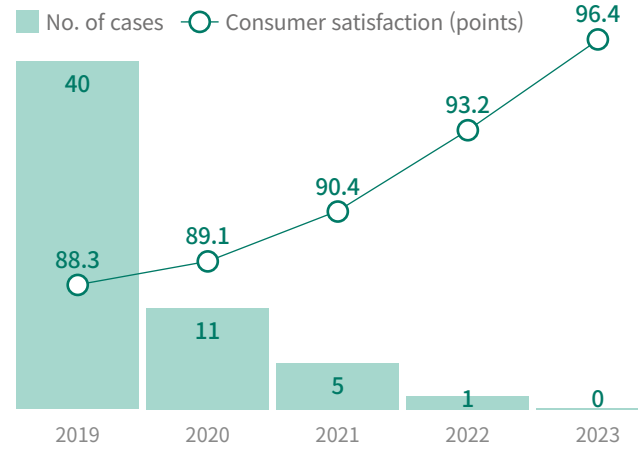
Protection of Human Rights of Customer Service Representatives

In an effort to protect human rights of customer service representatives, Yuhan-Kimberly released the Declaration on Emotional Laborers' Human Rights Protection Policy in 2018. In addition, on January 18, 2023, for effective implementation of the right to discontinue consultation when a customer service representative is subject to sexual harassment, insults, abusive language, verbal abuse, or threats, we changed the procedure for immediate suspension of consultation from after existing 3 warnings to after 1 warning. In addition, we are continuing activities such as guaranteeing break times and implementing the remote work system to protect human rights and improve the health of emotional workers. Based on these efforts, the number of cases of exercising the right to discontinue consultation has steadily decreased, reaching 0 case in 2023, and customer satisfaction is also increasing as service quality improves.

Creating a Culture of Respect for Human Rights

Yuhan-Kimberly provides human rights education to employees to internalize a culture of respect for human rights. In 2023, all employees completed statutorily required training on preventing sexual harassment, raising awareness of the disabled, and prohibiting workplace harassment. We also makes efforts to prevent violations of employee human rights through company-wide Speak UP sessions. In addition, we conduct the myVoice survey, a satisfaction survey, for all employees every year.

Number of Cases of Exercising the Right to Discontinue Consultation and Changes in Consumer Satisfaction



[Yuhan-Kimberly's Declaration on Emotional Laborers' Human Rights Protection Policy](#) [Link](#)

Through this, we track the satisfaction level on key indicators necessary to build a corporate culture where employees are respected, and establish and implement improvement plans.

Human Rights Violation Reporting and Grievance Handling Channels

Yuhan-Kimberly has various channels and processes for reporting and handling grievances. The hotline and toEX receive reports from employees, both anonymously and 24/7. The hotline has independence in handling grievances as it uses an external agency (contact number 00798-1-1-008-3594), and reports are made to internal management depending on the severity of the case. In addition, we have an unfair trade reporting center where we receive reports of unfair trade practices targeting suppliers, and a website where we receive inquiries about the company and products from all stakeholders.

2023 Speak UP Sessions

Purpose	Spreading the speak-up culture at the company level
Target	All employees
Content	Have case-based discussions on workplace harassment and other related topics that may arise in each sector in 26 sessions
Number of participants	886 persons
Engagement level	4.58/5 points

Key Items of MyVoice Survey

Inclusion	Organizational Culture	Support from Leaders
Treatment and Care	Fostering Talent including Encouraging Ideas and Promoting Growth	Feedback for Improving Performance
Responsibility for Performance	Sense of Belonging	Equal Opportunity

Code of Conduct Reporting and Grievance Handling Channels

Channel Name	Major Issues	Target
Hotline	Actions or activities that violate the Code of Conduct and respect for human rights	Executives and employees
toEX	Questions about systems and operations that are difficult to ask publicly to EX	Executives and employees
Unfair trade reporting center	Reports related to unfair trade practices	Suppliers
Yuhan-Kimberly website	Inquiries regarding the company / products in general	All stakeholders

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Employee eXperience and Growth_Safety & Hygiene

Management System for Safe Business Sites

Yuhan-Kimberly has regarded safety & hygiene (SH) as the top management value and enhanced SH management with the goal of achieving zero serious accidents. In order to prevent disasters, diseases, and serious accidents of stakeholders including our employees and employees of suppliers, we established a SH management policy and three main duties for SH and posted them on our website. We regularly evaluate the appropriateness of the policy for amendment. In addition, we faithfully implement Kimberly-Clark's EHS (Environment, Health and Safety Maturity System), which includes the contents of ISO 45001, an international health and safety management system.

These efforts led to no violation of SH-related laws in 2023, and we plan to achieve 100% compliance in 2024 as well. As to the two accidents in 2023, we identified causes and immediately took remedial measures to prevent recurrence.

Five Principles of Safety & Hygiene

1	Compliance	We comply with international standards, laws and regulations related to safety & hygiene in all functions.
2	Implementation of Safety Rules	All employees regard safety & hygiene duties as the top priority and implement them in their daily lives, and employees of Yuhan-Kimberly's inhouse suppliers and visitors also observe the safety & hygiene management policy.
3	Continuous Improvement	We promote continuous improvement in safety & hygiene. The manufacturing function operates a safety & hygiene management system, while the non-manufacturing function operates a safety & hygiene program taking into account the function's characteristics.
4	Collaboration	We contribute to the continuous improvement of the safety & hygiene of the employees of suppliers.
5	Disclosure Principle	Major safety & hygiene-related results are disclosed to stakeholders every year.

Three Main Duties for Safety & Hygiene

Efforts for My Safety	See Safety / Care About My Safety. I check safety before work and make right choices to keep safety.
Efforts for Safety of Others	Own Safety / Care About the Safety of Others. I support colleagues' safety and prevent them from making wrong safety choices.
Efforts to Strengthen Our Safety	Solve Safety / Care About Improving Safety. I listen to colleagues' opinions for safety and take the lead for continuous improvement.

Organization to Implement Safety & Hygiene Management

Safety & Hygiene Management Committee

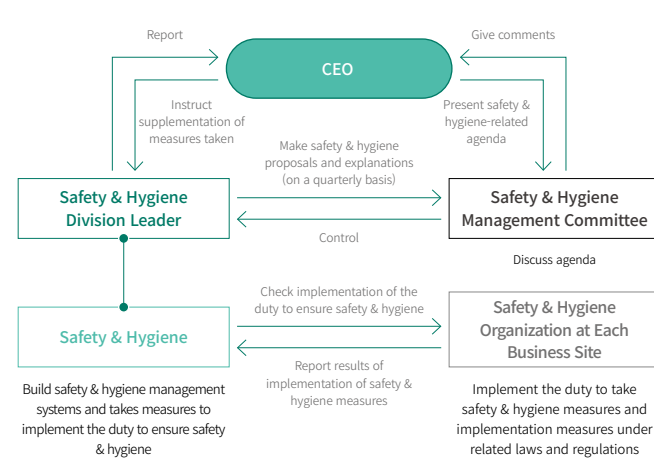
The SH Management Committee is comprised of the CEO, company-wide SH executives (SH officers), etc. Since the first meeting in 2022, the Committee has met on a quarterly basis. Its main roles include strengthening company-wide SH management, sharing major domestic and international SH issues, and prior review of the Board of Directors' SH plan. In addition, the Committee receives reports from the Safety & Hygiene Division on a semi-annual basis regarding compliance with SH-related laws and regulations.

Safety & Hygiene Division

The Safety & Hygiene Division is under the direct supervision of the CEO and promotes company-wide safety & hygiene management. It inspects each business site's implementation measures under SH-related laws including the Serious Accidents Punishment Act on a semi-annual basis and report the results to the SH Management Committee. In addition, it is responsible for evaluating SH management officers (including management supervisors and chief safety & hygiene officer) and preparing and executing SH-related budgets.

In 2023, we endeavored to become the safest workplace by focusing on achieving zero serious accident, establishing company-wide SH management systems, and stabilizing SH operations. To this end, we selected three major values and implemented various programs for each strategy.

Organization for Safety & Hygiene Management



Key Values of Safety & Hygiene in 2023



Major Achievements of the Safety & Hygiene in 2023

1	2
Achieved zero serious accident in 2023	Measures to establish a system to implement obligations under the Serious Accidents Punishment Act
<ul style="list-style-type: none"> Conducted risk assessment participated by all employees and took remedial measures Identified and remediated one-person/two-person work Conducted health checks of external workers and provided safety gear before starting work 	<ul style="list-style-type: none"> Checked duties of the responsible executive in the first and second half of the year Conduct performance evaluations of safety & hygiene management officers, etc. Conducted evaluation of 100% qualified suppliers Conducted crisis response emergency drills (twice a year)
3	4
Stabilized safety & hygiene operations in non-manufacturing functions (including logistics centers)	Global EHS cluster
<ul style="list-style-type: none"> Conducted semi-annual inspection of logistics centers outside business sites and took remedial measures at the Gunpo logistics center Provided safety & hygiene training at the headquarters Conducted safety & hygiene management at external event programs 	<ul style="list-style-type: none"> Identified improvement suggestions for MBC* leadership curriculum training and workshop (25 items) Supported global business sites * Mindset & Behavior, Capability

Safety & Hygiene Risk Management

Inspection to Prevent Serious Industrial Accidents

Yuhan-Kimberly inspects whether SH management systems are in place and whether implementation measures under applicable laws were taken at least semi-annually in accordance with the Serious Accidents Punishment Act, etc. In particular, the Safety & Hygiene Division uses the self-checklist provided by the Ministry of Employment and Labor to inspect such matters as the establishment of the SH management systems at each manufacturing site, research center, headquarters and logistics center, and examines the Procurement Team and Division regarding whether they evaluate qualified suppliers

The 2023 inspection confirmed that all of Yuhan-Kimberly's business sites were well managed beyond compliance with requirements under the Serious Accidents Punishment Act, etc. In addition, we applied best practices identified in the inspection to other business sites, and improved the identified opportunities through mutual benchmarking.

Safety & Hygiene Risk Management for Suppliers

When Yuhan-Kimberly enters into a contract with a supplier, the procurement team and the safety officer of each business site examines the supplier's SH capabilities and technology level through 12 items in 4 SH-related areas, and only conclude a contract when it scores 70 points or higher.

In addition, in the annual capability assessment (SAT, Supplier Assessment Tool) for suppliers, we check their status through 10 SH items, conduct an evaluation to prevent potential risks, and take remedial measures. These items include questions to check suppliers' SH regulations and training and manage SH of external workers and visitors.

Overview of the Inspection on the Establishment of Safety & Hygiene Management Systems

Inspection method	<ul style="list-style-type: none"> Self-checklist: Conduct interviews, check relevant procedure statements, etc. based on the self-checklist provided by the Ministry of Employment and Labor.
Inspection targets	<ul style="list-style-type: none"> Manufacturing sites Non-manufacturing functions Logistics centers Procurement Team/Procurement Division
Inspection items	<ul style="list-style-type: none"> Inspect a total of 145 obligation items, including 9 major items and 31 sub-items. Add implementation measures for safety & hygiene education
Inspection schedule	<ul style="list-style-type: none"> First half: May 22 to June 15, 2023 (9 days) Second half: November 13 to November 21, 2023 (4 days)

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SOCIAL

Seven Mandatory Inspection Items under the Enforcement Decree of the Serious Accidents Punishment Act



Evaluate in accordance with internal criteria

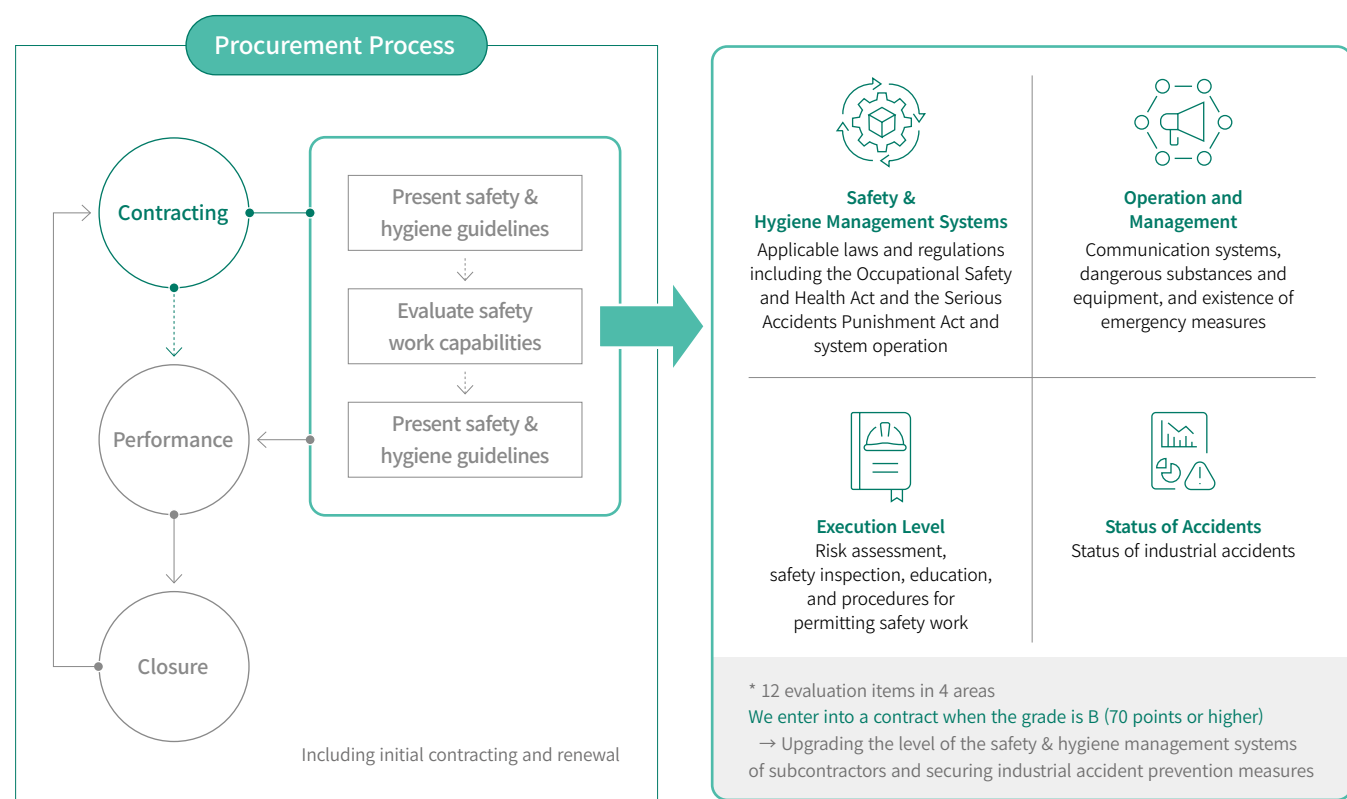
Activities to Create and Improve a Culture of Safety & Hygiene

Safety Cross Audit

Kimberly-Clark conducts safety cross audits to identify safety risks at business sites and benchmark best practices. A team comprised of safety & hygiene managers and SH divisions of business sites visits each business site and audit manufacturing facilities to check compliance with Kimberly-Clark's EHS standards and safety regulations and procedures under domestic laws, identify potential non-compliance, and discover best practices.

In March 2024, we conducted the first round of cross audits at Choongju and Taejon Mills, and will conduct additional cross audits at all manufacturing sites in the second half of the year to improve safety levels of all operations.

Procedures for Evaluating Qualified Subcontractors



People-Centered Safety (PCS) Observations

Yuhan-Kimberly conducts the behavioral safety monitoring program for all employees of manufacturing sites to eliminate unsafe behaviors or practices that are one of the causes of accidents. The PCS program is an activity that workers and observers observe and give feedback to each other, and we can expect a caring culture and people-centered safety process in the field. In 2024, we plan to achieve an average of 2 observations per observer per month, increase the observer participation rate to 85%, and encourage all employees at business sites to participate.

Conducting Crisis Response Emergency Drills

Yuhan-Kimberly conducts crisis response drills twice a year with new crisis response scenarios every year. Each business site prepares its own manual for emergency situations, and the manual includes actions to be taken when an accident occurs, reporting systems, emergency contact networks, evacuation routes and allocation of roles.

In the first half of 2023, we performed major serious accident theme training and blackout response training, and in the second half of the year, we conducted joint fire drills. In addition, we plan and implement various programs including safety & hygiene education at the headquarters, to spread the safety & hygiene culture to the entire company.

Remediating one-person/two-person work

Since 2022, Yuhan-Kimberly has discovered and analyzed single-person or two-person work in manufacturing sites and tried to reduce risks by converting one-person work into two-person work, or introducing new smart technologies. This is a countermeasure against the recent occurrence of many serious accidents during one-person work. In 2023, we identified 53 issues and took remedial measures. We share and apply best practices through mutual exchange with other factories.

Employee Health Programs

Yuhan-Kimberly is carrying out various activities to protect the body and mental health of employees by diversifying the scope and targets. In addition to general health checkups for all employees, we provide additional special health checkups for employees who have a risk of being exposed to hazardous substances, and also endeavor to prevent musculoskeletal disorders. For the mental health of employees, we have operated psychological counseling programs (EAP) since 2002, and are making efforts to keep employees healthy by conducting healthcare activities at each business site.

Employee Healthcare Activities in 2023

Activity	Responsible Organization	Time
Providing special health checkups (Employees who have a risk of being exposed to hazardous substances)	Safety & hygiene organization at each business site	1. Annual special health checkups: noise, dust, nighttime work 2. Once every 6 months (the examination cycle is different depending on the hazardous chemicals handled)
Job stress test	Entire company	Not less than once a year (different at each business site)

Healthcare Activities at Each Business Site in 2023

Business Site	Activities	Targets
Kimcheon Mill	Programs to make healthy habits	Applicants
	Monthly healthcare for employees with disease symptoms	Employees who need to control high blood pressure, hyperlipidemia, diabetes, liver disease, or weight
	Hearing test to prevent noise-induced hearing impairment	Field employees and employees with disease symptoms
Taejon Mill	Food and nutrition management	Field employees and employees with disease symptoms
	Luncheon stretching program to prevent musculoskeletal disorders	Daytime workers
	Intensive management of high-risk brain cardiovascular diseases	High risk employees
Choongju Mill	Blood pressure measuring before external workers start work	External workers
	Education on diet and nutrition management	Employees with disease symptoms
	Providing education on exercise methods after measuring body fat, assigning individual goals, and awarding prizes to those who have achieved goals	All employees

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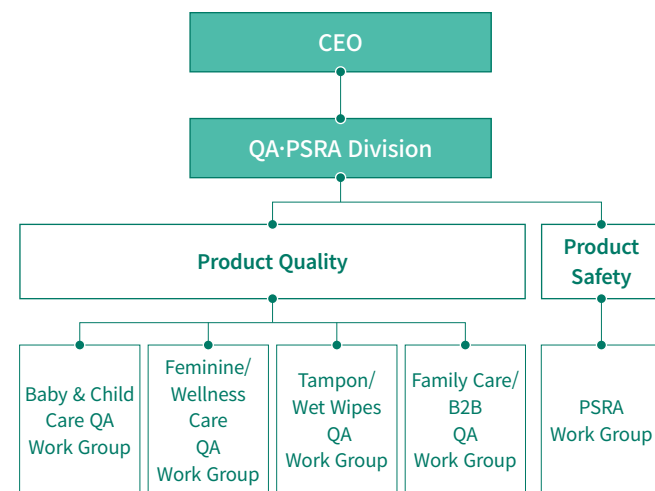
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Consumer-Oriented Management_Product Safety and Quality

Product Safety Management System

Yuhan-Kimberly aims to realize the "quality that gives comfort to consumers." We not only comply with domestic laws but also conduct Yuhan-Kimberly's preliminary safety review and Kimberly Clark's preliminary safety review (verification by global product safety experts) to meet social expectations for high-quality safe products, and has upgraded safety management systems through diagnosis to prevent serious civic accidents. We also publish our product safety policy on the website and conduct various activities based on our four-step process for product safety and quality management.

Safe Product Management Organizational Chart



Product Quality Strategies

Quality Control of Internally Produced Products



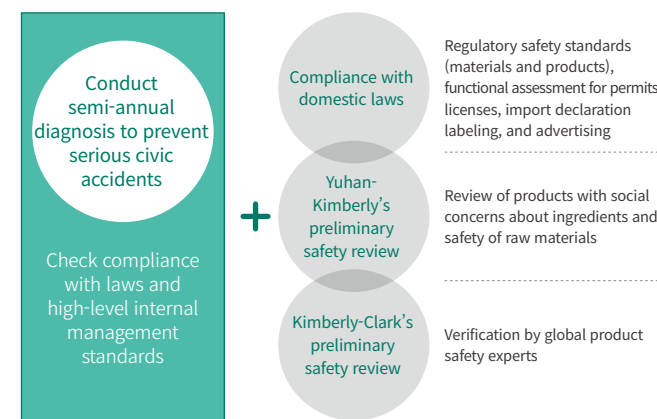
Quality Control of Outsourced Products



Organizations for Product Safety

The QA-PSRA, which directly reports to the CEO, is dedicated to the management of product quality and safety and consists of five work groups. For product quality, we operate QA work groups for four business lines, which thoroughly control the quality of products produced in those lines. In addition, the PSRA Work Group, which is in charge of product safety, sends product safety newsletters on the 1st day of each month to related departments including marketing, quality, environmental management, and communication to enhance employee understanding and proactive response. It also monitors domestic and overseas news related to various product safety issues and shares them regularly.

Product Safety Assurance System



Product Safety Policy

[Link](#)

Spotlight

Efforts to Prevent Serious Civic Accidents

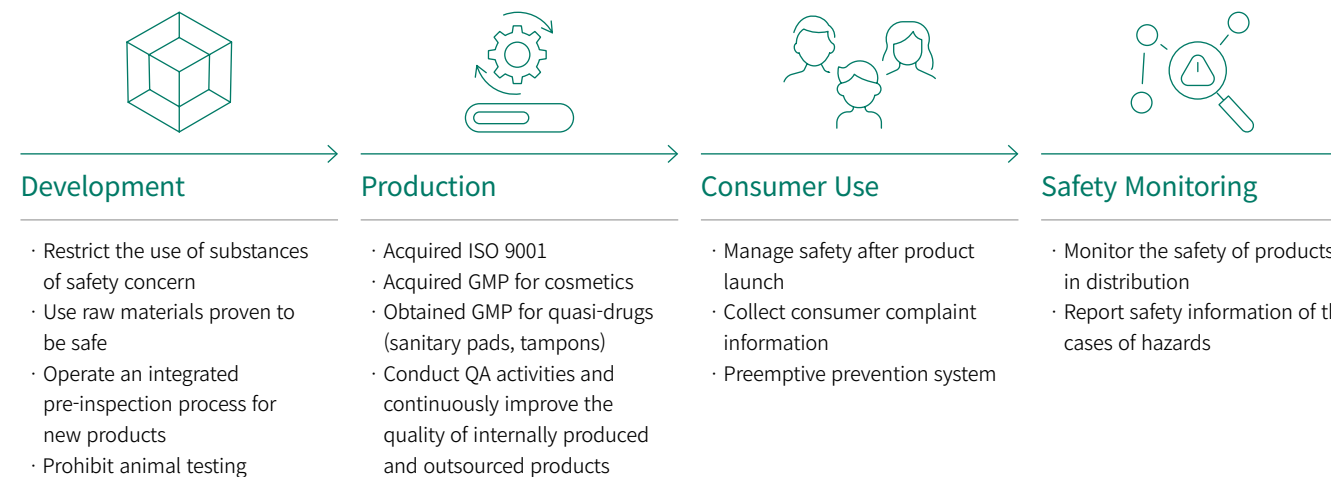
The Serious Accidents Punishment Act, which took effect in January 2022, requires enterprises to conduct inspection for serious civic accidents that may occur not only from industrial accidents but also from product safety and take preventative measures. Yuhan-Kimberly has conducted inspection on the performance of obligations under applicable laws and regulations in regard to seven product lines (quasi-drugs, medical devices, household chemicals, food appliances, cosmetics, sanitary supplies, and industrial safety supplies) at least once a half year, and is additionally implementing autonomous checks and take remedial measures. In particular, we have prepared for the strengthened responsibility for managing suppliers through focused inspection of the legal compliance of outsourced products.

Product Development

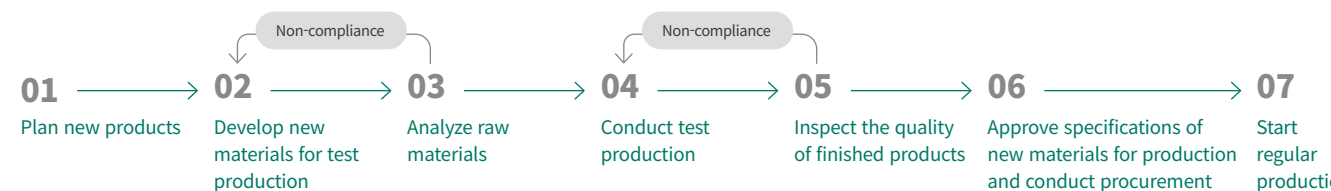
Examining Safety of Raw Materials

Yuhan-Kimberly has a self-imposed policy restricting the use of substances of safety concern that have raised safety concerns in society, and manages the safety of raw materials by establishing its own safety standards (17 items) stricter than legal standards. We disclose 190 'Chemicals of Concern' on the website, and evaluate the safety of raw materials and take measures at least once a half-year with an external expert advisory committee, referring to the latest domestic and international regulatory trends and consumer safety issues. In addition, we examine and manage the safety of raw materials through the raw materials pre-verification process before the regular production of raw materials.

Step-by-Step Product Safety Assurance



Preliminary Raw Materials Verification Process



Characteristics of Chemicals of Concern Subject to Our Voluntarily Restriction of Use

- Materials that are regulated abroad or have movements to toward stricter regulation
- Materials that raise potential safety concerns among consumers
- Materials that recent researches identified as posting safety risks
- Materials with insufficient safety information

Integrated Process for Preliminary Review of New Products

In developing new products, Yuhan-Kimberly examines product safety, compliance, and potential social issues through the integrated pre-inspection process. In 2023, we conducted pre-inspection in a total of 1,968 cases (224 cases of product safety, 448 cases of legal review, and 1,296 cases of labeling and advertisement review).

Number of Product Safety and Regulatory Reviews

Classification	2019	2020	2021	2022	2023
No. of Safety and Regulatory Reviews	919	2,029	1,947	1,829	1,968

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Prohibition of Animal Testing

Globally, interest in animal testing as well as product safety, sustainable materials, and environmental impact of products is increasing within the FMCG & Household & Personal Care product groups. To proactively respond to this global trend, Yuhan-Kimberly is working with its shareholder, Kimberly-Clark, to eliminate animal testing by using alternative methods. We also apply the principle of no animal testing of products or ingredients unless such testing is required by laws and regulations to ensure human safety or there is no alternative method.

Production

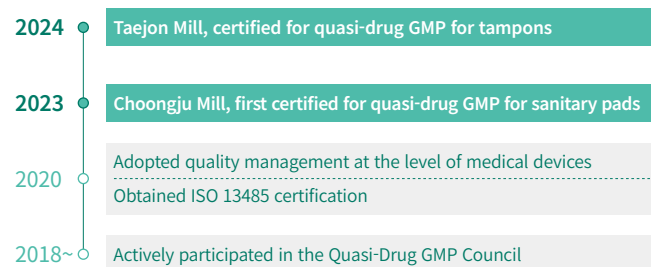
ISO 9001 and GMP for Cosmetics

All of Yuhan-Kimberly's manufacturing sites (Taejon, Choongju, and Kimcheon) have renewed the certification of ISO 9001 (Quality Management System), and the Taejon Mill that produces cosmetics has also renewed the Good Manufacturing Practice (GMP) certification. ISO 9001 is an international standard that defines the requirements of quality management systems applicable to all industries and activities, and GMP is a manufacturing and quality control standard recognized by the Ministry of Food and Drug Safety.

First Feminine Care Product Manufacturing Facility that Obtained GMP for Quasi-drugs

Yuhan-Kimberly has enhanced its capabilities in all areas, including manufacturing facilities, quality, hygiene, and human resources, to meet the requirements for GMP for quasi-drugs. After the Choongju Mill was certified for GMP for quasi-drugs for the first time as a manufacturing facility of sanitary pads in 2023, the Taejon Mill, which produces tampons, was also certified for GMP for quasi-drugs in March 2024. As the GMP

Sanitary Pads and Tampons Obtained the GMP Certification for Quasi-drugs



certification is granted only to Korean-based manufacturers that are proven to have reliable and excellent quality, it is confirmed that Yuhan-Kimberly meets stringent standards for conformity, quality control, monitoring, and on-site screening in all manufacturing processes.

Quality Control of Internally Produced and Outsourced Products

We have continuously worked on quality improvement projects to control the quality of internally produced products and making efforts to provide only the best quality products through digitalization.

In addition, we control the quality of externally manufactured products more strictly as outsourcing is increasing in line with the growing production scale. To this end, we are conducting regular meetings and periodic visits to major suppliers to enhance preventive inspections. We also distribute videos of safety and quality training and provide related training. In 2024, we will inspect and manage the Quality Management System (QMS) to ensure that the quality control of externally manufactured products will be maintained at the same level as that of internally produced products.

Pre-Release Conformity Testing

To ensure quality, compliance, safety, and efficacy of products before release, we classify products into high-risk, medium-risk or low-risk for conformity testing. High-risk products are examined through the design change management or by the Project Review Board (PRB), while medium-risk and low-risk products follows a standardized process that pre-release conformity is verified and advertisements are reviewed and approved by the Product Compliance Committee (PCC). In 2023, we had one design change management, 15 PRB reviews and 52 PCC reviews.

Consumer Use

Safety Management after Launching

We constantly monitor consumer concerns and media coverage about the materials that became social issues. To ensure safety and respond quickly, we request third-party testing institutions to conduct analysis from time to time when necessary to ensure accuracy and objectivity and to quickly cope with issues.

Collecting Information on Consumer Complaints

Yuhan-Kimberly sets the annual consumer complaint rate as a KPI to continuously reduce consumer complaints. We analyze consumer complaints by type and take remedial measures through collaboration with related departments based on the results. In 2023, consumer complaints decreased by 6% from the previous year, and complaints about externally manufactured products as well as internally produced products decreased.

Proactive Prevention System

Related departments such as the PSRA Work Group and the Customer Satisfaction Division work together to collect information on consumer complaints in accordance with after-sales safety management standards. In addition, to prevent critical defects from occurring, we conduct preventive activities against crises through the early warning process.

Monitoring

Safety Monitoring of Products in Distribution

Yuhan-Kimberly regularly monitors and reports the safety of its products, and conducts integrated safety monitoring once a year for all business units (Baby & Child, Feminine Care, Family Care, Wellness Case and B2B).

Based on the safety management standards of products in distribution, we select representative products every year in accordance with laws and voluntary in-house standards on a regular basis to comply with legal safety requirements. In addition, we voluntarily check the content of harmful substances that are likely to be social issues and perform integrated management of the process to supply safe products to consumers. In particular, to quickly respond to issues, we

request third-party specialized testing agencies to analyze materials that are likely to be social issues or that are regulated overseas to ensure accuracy and objectivity of the results.

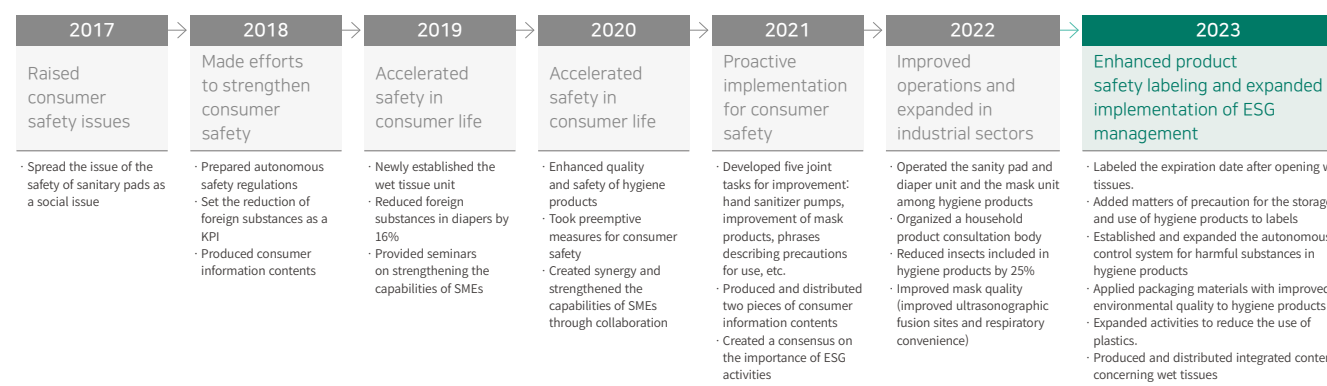
Efforts to Internalize the Quality First Culture

Yuhan-Kimberly conducts related training and various campaigns for each business site and team to internalize the quality first culture. Through the two-day Quality & Hygiene 2325 campaign which took place on February 22 and 23, 2023, the Choongju Mill strengthened its commitment to providing safer and cleaner products through quality improvement and quality assurance. In addition, the Taejon Mill held a mindset event with simple games to celebrate the Quality Week and pledged to comply with basic quality principles. In 2024, we plan to strengthen our internal quality capabilities by expanding the training of internal quality experts.

Responding to Consumer Safety Issues through the Hygiene Product Consultation Body

Yuhan-Kimberly participates in the Hygiene Product Consultation Body together with the Korea Consumer Agency, a government agency, to proactively and comprehensively respond to social safety issues. In 2023, we performed activities to apply eco-friendly packaging materials and reduce the use of plastics for hygiene products that are widely consumed by people, such as toilet paper, wet tissues, masks, etc. In addition, together with the Korea Consumer Agency, we supported the distribution of Braille sanitary pads to ensure the daily safety of the visually impaired and made efforts to create a virtuous cycle of resource circulation.

Activities of the Hygiene Product Consultation Body*



* Achievements of the Korea Consumer Agency & the Hygiene Product Consultation Body

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Consumer-Oriented Management_Consumer Satisfaction

Efforts for Consumer Satisfaction

Consumer-oriented management is a method of thinking and conducting all corporate activities with a focus on consumers. A company implementing this approach makes innovative efforts and carries out continuous improvement activities to proactively reflect the voice of the customer (VOC). Yuhan-Kimberly declared consumer-oriented management based on a philosophy that innovation lies in the voice of the customer, and actively collects the VOC by establishing "seven principles for consumers" to reflect such voices in product and service innovation. In 2024, we aim to set higher goals and strategies and systematically implement detailed initiatives and programs accordingly.

Organization to Promote Consumer Satisfaction

Our Customer Satisfaction Division is a control tower to manage consumer complaints and maximize customer satisfaction. Its leader is responsible for proactive prevention and ex-post relief of consumer complaints, response to complaints, strengthened customer satisfaction, and enhanced partnerships with consumer organizations. In addition, the Customer Satisfaction Division is in charge of consumer complaint processing, preventive activities, customer center management, consumer education, etc.

Consumer Consultation

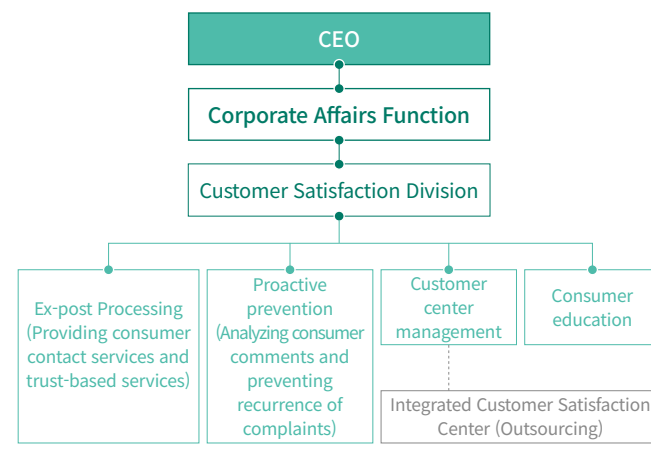
Consumer Consultation Process

Yuhan-Kimberly listens to the VOC through various online/offline communication channels and quickly and efficiently solves problems through an integrated consultation system. The VOC collected through communication channels is utilized for quality improvement, product development, service improvement, marketing, etc.

7 Principles for Consumers

1	Prioritizing consumer-centered management	2	Handling consumer complaints with responsibility
3	Protecting consumer information	4	Ensuring easy access
5	Quick processing	6	Clear and transparent communications
7	Continuous improvement		

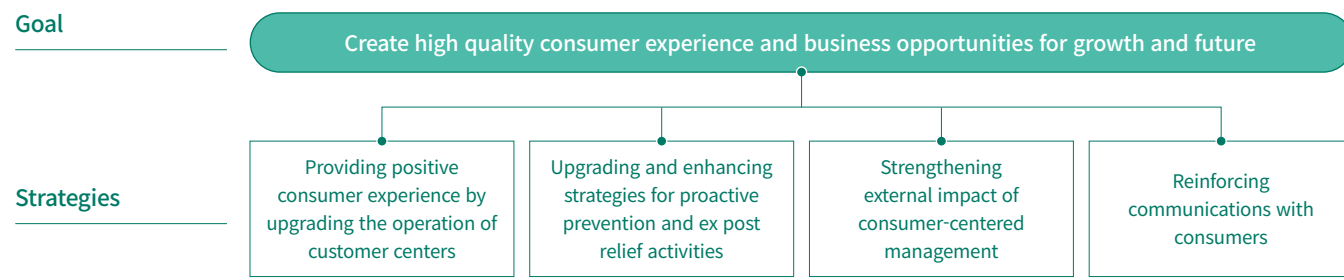
Customer Satisfaction Organizational Chart



Consumer Consultation Process

1	Receiving consumer inquiries and complaints	2	Advanced VOC management system	3	Handling consumer issues and consultation
	<ul style="list-style-type: none"> Activities to improve the quality of consumer contact services Operating various channels to receive consultation requests (text messages, chatting, chatbot, telephone, email) 		<ul style="list-style-type: none"> Integrated consumer care system 		<ul style="list-style-type: none"> Addressing issues through standardized regulations and processes Operating the consumer complaint meeting (QWS)

Customer Satisfaction Goal and Strategies in 2024



Receiving Consumer Inquiries and Complaints

Yuhan-Kimberly delivers value at the closest point of contact with consumers through consumer consultation services. Since high-quality services lead to differentiated high-quality consumer experiences, we performed four activities to improve the quality of consumer contact services, including introducing various features tailored to the digital era and enhancing the expertise of consumer service representatives, in 2023.

In particular, the introduction of KakaoTalk consultation channel improved consumer accessibility and convenience, and we produced a sign language video of the frequently asked questions (FAQs) and provided it through the KakaoTalk chatbot to improve the accessibility of consumers with hearing impairments.

Advanced VOC Management System

Yuhan-Kimberly integrates various reception channels and handles consumer consultations for all businesses in an integrated manner through an integrated consumer care system.

Since consumer service representatives have access to the database of all Yuhan-Kimberly consumers within the system, they can have a comprehensive view of the consumer information during consultation. In addition, they have quick access to FAQs, product manuals, complaint manuals and event information through the integrated search of the system, which enables them to provide effective consultation.

In addition, the Customer Satisfaction Division manages the criteria for such issues as product safety, critical defects

that require quick resolution such as foreign substances and important consumer complaints through the dashboard on the system. When such an issue is reported, it is automatically reported to the executives of relevant departments of the product in real time.

Ex-Post Relief Process for Handling Consumer Issues and Consultations

Yuhan-Kimberly addresses issues quickly, fairly, and efficiently through standardized regulations and processes to address consumer complaints identified during consultation.

We respond to consumers in real time via websites, chatting, SMS, etc., and provide answers quickly in accordance with the 3-hour response principle. In addition, we consistently and fairly resolve consumer complaints in accordance with Yuhan-Kimberly's Consumer Complaint Resolution Standards which were made based on the Consumer Dispute Resolution Standards.

FAQs are provided through the website and the chatbot. If an issue cannot be simple resolved, the employees in charge of customer satisfaction, quality, and logistics professionally analyze the cause of the consumer complaint based on objective evidence and reply to consumers. In addition, we disclose dispute settlement standards and procedures related to consumer damage on the website.



Sign Language Video of FAQs

Major Activities to Improve the Quality of Consumer Contact Services

Phase 1	Phase 2	Phase 3	Phase 4
2022 Oct. - Dec.	2023 Jan. - Mar.	2023 Apr. - June	2023 Sept. - Dec.
Prepared to open a new consumer support center	Opened and stabilized the new customer support center	Enhanced digitalization	Standardized and upgraded the service quality
<ul style="list-style-type: none"> Created a work environment optimized for consultation Conducted pre-opening tests 	<ul style="list-style-type: none"> Held a ceremony to announce the Declaration on Protection of Emotional Laborers' Human Rights Established and continuously improved quality control standards Reset the customer center as a highly immersive customer center 	<ul style="list-style-type: none"> Introduced KakaoTalk consultation Enhanced the visible ARS Upgraded the screenbot Sophisticated and standardized the consultation management system 	<ul style="list-style-type: none"> Obtained KSQI certification (2024) Upgraded e-commerce consultation

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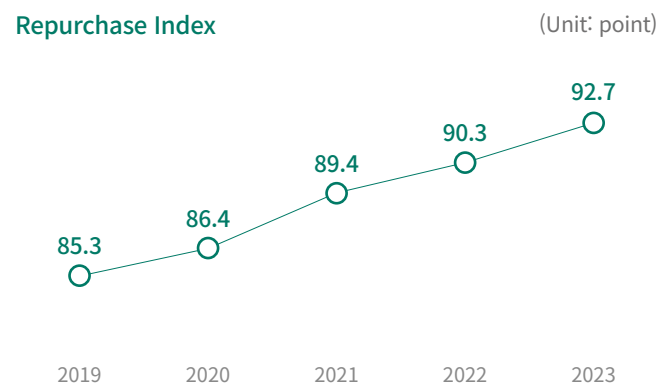
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Managing Consumer Satisfaction for Consultation Services

The service quality and customer satisfaction has been continuously improved thanks to the strengthening of organic cooperation between e-commerce and product consultation and consultation expertise. Yuhan-Kimberly has a real-time mobile consumer satisfaction survey and automatic analysis system, and set and manage the Consumer Satisfaction Index (CSI) and the repurchase index obtained through the system as KPIs.

The consumer satisfaction scored 96.4 points in 2023, 2 points higher than the target, and we plan to maintain 95 points or above in 2024. In addition, the repurchase intention index, which shows the impact of consultation services on product purchases, scored 92.7 points in 2023, and we plan to maintain the high score, setting 92 points as the 2024 goal.

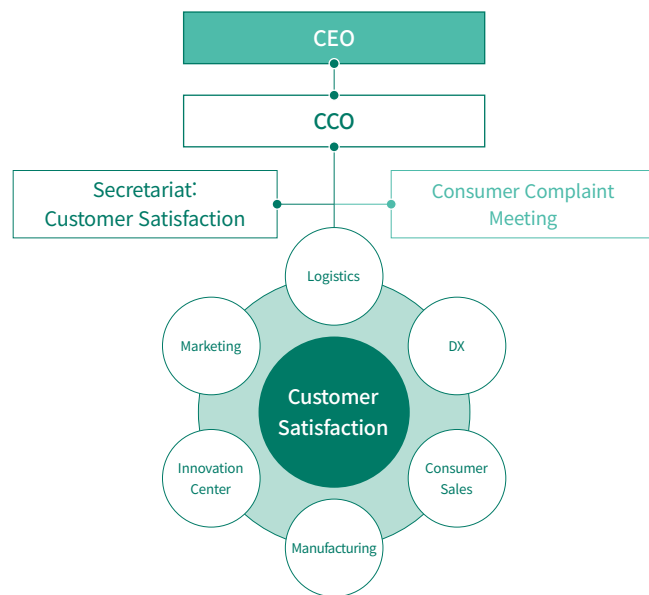
In addition, Yuhan-Kimberly won the grand prize in the Consumer Complaint Evaluation Award that analyzes 130,000 consumer complaints submitted to the Consumer Complaint Center and selects companies with the best complaint management for 5 consecutive years.



Efforts to Prevent Consumer Complaints in Advance Consumer-Centered Management Committee

Yuhan-Kimberly operates the Consumer-Centered Management (CCM) Committee under the direct supervision of the CEO to achieve the goal of reducing consumer complaints. For more responsible operation, the Committee reflects customer satisfaction results on the KPIs of the CEO and division leaders and has the Chief Consumer Officer (CCO) who is responsible for management and supervision. The Committee held a meeting twice a year until 2022, but it held a meeting once in the first half of 2023, and was subsequently incorporated into the VOC meeting as it is held once a month.

Consumer-centered Management Committee Organizational Chart



Major Agenda items of the Consumer-Centered Management Committee in 2023

- Improving the level of preventative services of e-commerce platforms
- Preemptive launch and leading of products made of eco-friendly materials

Voice of the Consumer Meeting

The CEO, division leaders, and relevant department leaders meet with consumer service representatives at the Voice of the Consumer (VOC) Meeting and listen to actual consumer opinions and demands. They discuss key issues submitted to the customer center in all areas of consumer contact and the management makes prompt decisions. We steadily check whether the meeting items can be reflected, and respond quickly to the VOC by continuously tracking their status. In addition, we prepare a report on the discussed matters after the meeting and provide it to the management.

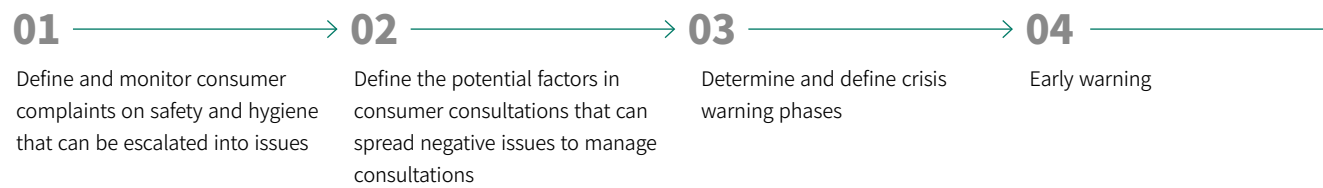
In the first half of 2023, we changed the bimonthly meeting into a monthly meeting to more actively collect the VOC. In the 9 meetings held, we discussed 81 items, identified 77 tasks for improvement and remediated 81%. The improvement rate of key items are tracked real time through the dashboard.

Crisis Management to Prevent the Spread of Negative Issues

Through the early warning process, Yuhan-Kimberly warns the Crisis Response Team about safety & hygiene-related complaints that are likely to be escalated into consumer issues, and makes an official response if rapid action through company-wide collaboration is required.

The crisis warning levels are divided into caution (consumer complaints can be resolved), alert (an issue is likely to spread), and serious (a negative issue has already spread). Since the caution and warning levels are before negative issues spread, the Customer Satisfaction Division and the Crisis Response Team work together to address consumer complaints, while at the serious level, the Response Team makes an official response at the company level. In 2023, there were 24 early warnings, and the issues were blocked in advance through cooperation of related divisions.

Early Warning Process for Consumer Complaints



Consumer Experience Program for Employees

Yuhan-Kimberly runs a consumer experience program through which employees of the headquarters, factories, and suppliers can experience the voice of the customer in person to accelerate remedial measures for consumer complaints and internalize consumer-centered management. Targets are employees in the Marketing, R&D, Manufacturing, and QA who are in charge of the improvement of complained matters and they personally experience the situations of complaining consumers' visits and telephone consultations. In 2023, 62 employees participated, which is 66% of the target employees. A survey found that 91% of the employees came to have a better understanding of consumers, and 93.4% said they would reflect the experience of the program directly on their job.

Major Agenda Items and Remedial Measures from the VOC Meeting in 2023

No.	Major Agenda Items	Remedial Measures
1	Proposal for improving the opening cap of wet tissues	Modified the mold of the opening cap
2	Stain due to the ink on product packaging	Changed the packaging design and enhanced communications
	Shared e-commerce VOC	Prepared measures to minimize human errors
3	Inquiry on the inefficacy of the cell air freshener	Distributed a guide on the places for installing the air freshener and the product
4	Proposal for launching sanitary pads for summer	Decided to launch sanitary pads for summer (launched Goodfeel Summer Edition in April 2024)
	Complaint that can be raised from design	Modified product specifications and changed suppliers
5	Complain that can be raised from the product structure (adhesion of the nursing hole, balls of yarn)	Modified the mold and enhanced the vision detection
6	Enhancing monitoring of labels and advertisements	Modified the text of the advertisement and changed images
	Inspecting labels on precautions for use	
7	Consumer communication regarding specific ingredients	Provided a consumer response manual regarding ingredients
8	Discoloration of the product with plant-derived materials / inherent alien substances in non-bleaching products	Provided a consumer response guide and remediated raw materials / enhanced readability of packaging and consumer communications
9	Absorbing power of adult diapers	Adopted the speedy absorption lines

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Raising Consumer Confidence by Enhancing Transparency in Product Information

Efforts to Provide Accurate Information

Yuhan-Kimberly has established the Labeling and Advertising Guidelines to deliver accurate information to consumers and not violate labeling and advertising laws when promoting products through advertising media. The Guidelines clearly stipulate the matters that should be observed for products, such as the criteria for appropriate advertising under the regulations of competent agencies and the Act on Fair Labeling and Advertising, and are revised on a yearly basis to reflect new expressions and changed operations due to the amendment of laws and development of new technologies. Prior to the launch and promotion of a product, the Product Safety, the Legal & Compliance, and the Environmental Management Work Group conduct a three-way review of the wording of the labels and product window advertisements of all products based on the Guidelines, and perform semi-annual monitoring of advertised products. In the first half of 2023, the Product Safety and the Environmental Management Working Group reviewed ads of all Yuhan-Kimberly products registered in momQ concerning environmental performance and revised

matters that needed remediation in consultation with the Marketing and the RA.

We endeavor to advance our review system by managing review results and approval of advertisements through internal systems to provide consumers with the accurate information on the environmental and social impact of our products.

Training for Employee Internalization

Yuhan-Kimberly holds an briefing session on green washing and exaggerated environmental advertising for employees in charge of marketing and product development on a yearly basis. In 2023, the Environmental Management Work Group held a session and informed that we should not use expressions such as eco-friendliness and eco, but clarify comparison targets and identify specific grounds and scope of application based on the Act on Fair Labeling and Advertising. In addition, the session shared the Q&A provided by the Korea Environmental Industry & Technology Institute based on Yuhan-Kimberly products, so that the relevant employees could understand them easily and apply them on the job.

Scope of Application and Target Products of Yuhan-Kimberly's Labeling and Advertising Guidelines

Scope of Application	Target Products
Labeling and advertising of Yuhan-Kimberly products in all advertising media for general consumers, including product packaging, the Internet (websites, blogs, etc.), newspapers, magazines, TV, radio, etc.	All products sold by Yuhan-Kimberly

Key Contents of Monitoring in the First Half of 2023

Before Remediation	Directions for Remediation
Terms and expressions concerning comprehensive features and efficacy · Environment-friendly · Green · Environmentally Friendly · Eco-Friendly	· Use these keywords only when "an eco-label is obtained" or "a low-carbon certification" is obtained.
Terms and expressions concerning the use and reduction of resources · Minimizing plastic packaging · Minimizing the use of package ink	· Clarify targets and criteria and provide accurate numbers in saving or reduction-related expressions
Terms and expressions concerning reduction of content and emissions of substances harmful to human body and the environment · Contribution to responding to climate change and global warming · Reduction of greenhouse gas emissions	· Use them only when we have objective evidence (results of the life cycle assessment, internal database of primary materials, etc.)
Use of eco-labels, phrases, etc. · Internal labels · FSC certified labels · KKG label	· Mark the "corporate label" when using a corporate label · Unapproved design/wording should be modified to the extent approved · FSC certified design/wording should be reviewed by the relevant institution and the responsible officer. · When introducing KKG in a product brand, be careful so that the campaign is not mistaken to be performed by the brand rather than the company

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Supply Chain

Necessity of Supply Chain Management

Globally, interest in enterprise supply chain management is increasing and related regulations are being tightened. Against this backdrop, supply chain management was selected as a material issue in the last year's Yuhan-Kimberly materiality assessment. As a result, Yuhan-Kimberly selected supply chain management as a new task in 2024 and checked the current status based on the supply chain management checklist. The checklist reflects some of the due diligence requirements set out in the Corporate Sustainability Due Diligence Directive (CSDDD).

Major Requirements of the Corporate Sustainability Due Diligence Directive

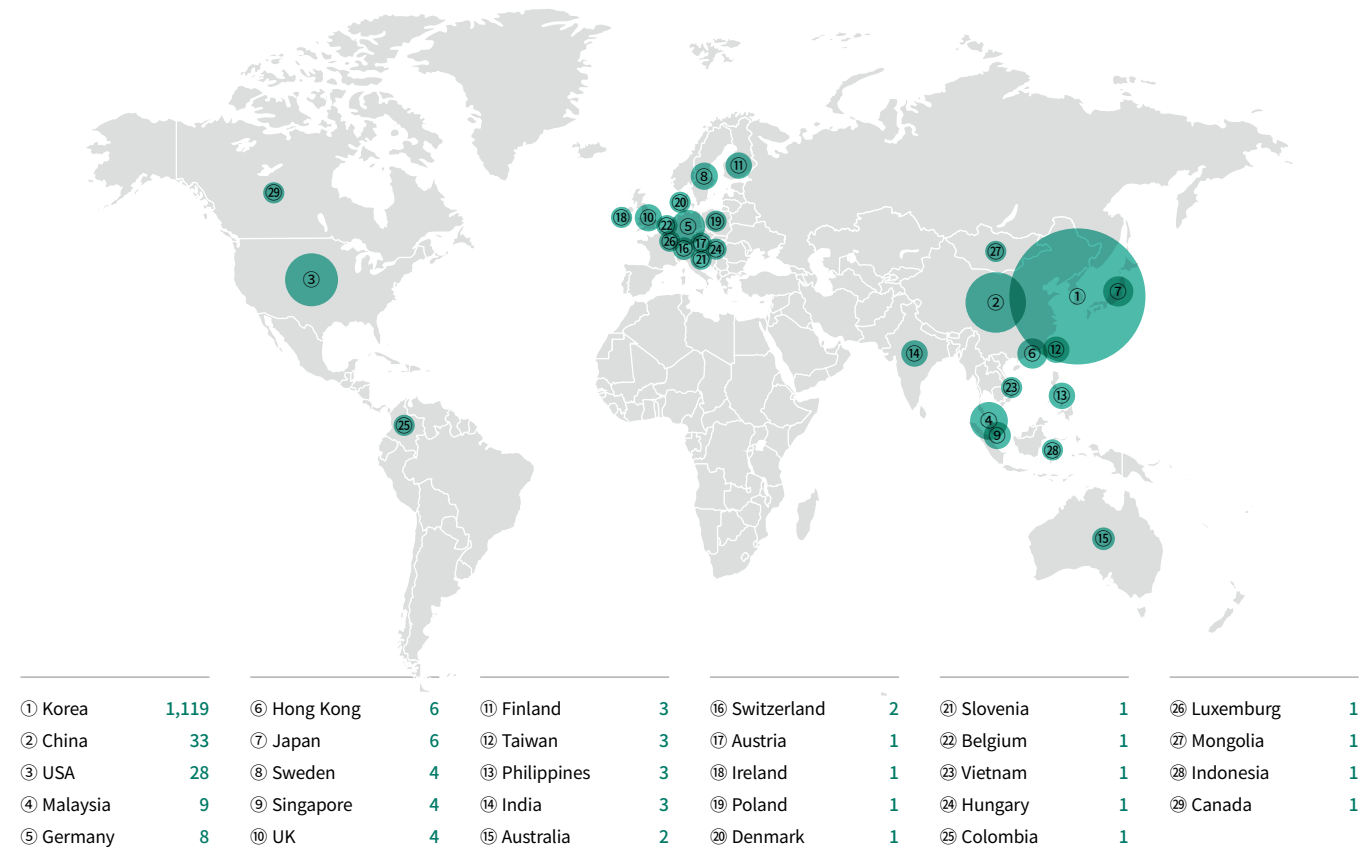
- Internalize the duty of due diligence
- Identify actual and potential adverse effects on human rights and the environment
- Prevent and mitigate potential adverse effects on human rights and the environment
- Eliminate and minimize actual adverse effects
- Establish grievance handling procedures
- Effective monitoring of due diligence policies and measures
- Disclose details of performance of the due diligence duty

Status of Suppliers

In 2023, there are a total of 1,250 suppliers in Yuhan-Kimberly's supply chain, and about 90% of the suppliers are Korean companies. In addition, domestic companies account for about 73% of the total transaction amount, which demonstrates Yuhan-Kimberly's close cooperation with the domestic market.

Yuhan-Kimberly's suppliers are divided into primary materials companies, external contract manufacturing (ECM) companies, contractors, and other vendors excluding the above. Primary materials companies supply raw materials for product production, and ECM companies produces and supplies finished products. Contractors are entrusted with work by the employer and performs the work delegated by the employer at the employer's business site. Other vendors include distributors, companies with direct transactions, advertising agencies, IT companies and financial companies. In 2023, the purchase of primary materials accounts for the highest proportion of 44%.

Distribution of Suppliers by Country



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Supply Chain Management Policies

Yuhan-Kimberly provides ethical guidelines and code of conduct for consumers, the environment, and local communities that suppliers must comply with through the Supply Chain Code of Conduct. In addition, we have a supply chain management system for each stage from open sourcing to supplier selection, regular evaluation, and follow-up management, and document them according to the Sustainable Procurement Policy. In addition, we prevent the risks that may arise in the process of procuring raw materials by purchasing materials in accordance with the sustainable pulp procurement policy and Kimberly-Clark's cotton standards.

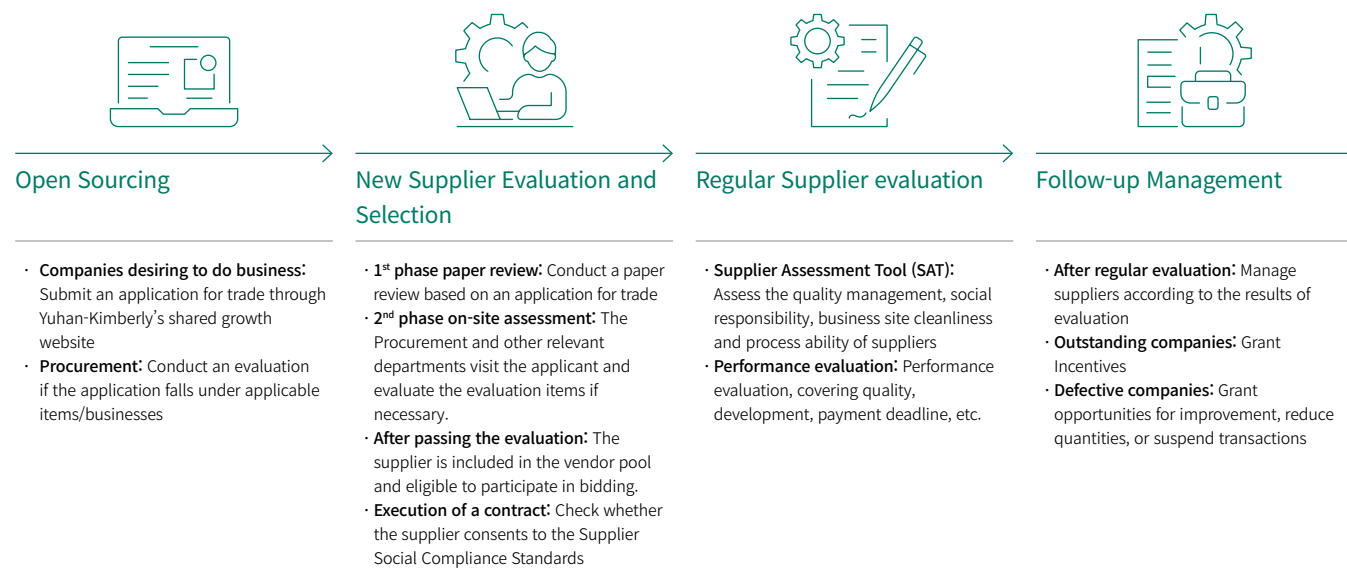
[Sustainable Procurement Policy](#) [Link](#)

[Supply Chain Code of Conduct](#) [Link](#)

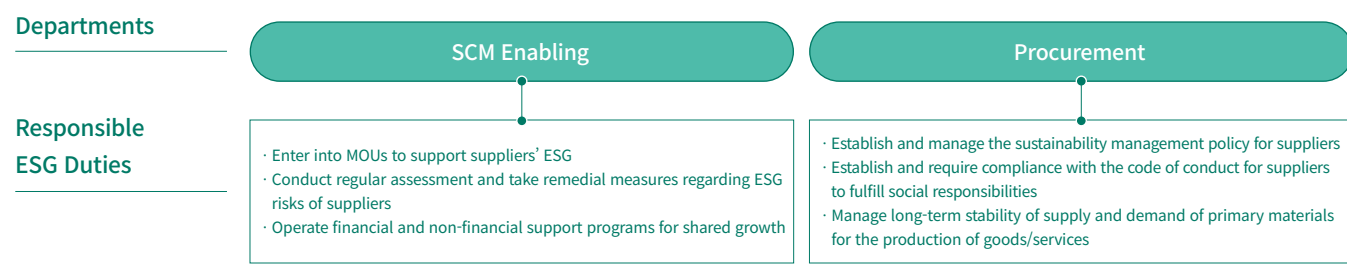
Organization to Implement Supply Chain Management

Yuhan-Kimberly's SCM Enabling and Procurement divisions are in charge of supply chain management. The SCM Enabling performs ESG evaluation, risk management, support for education, consulting and productivity, and complaint handling for suppliers, while the Procurement requires suppliers to comply with the Code of Conduct when concluding contracts and manages the stability of the supply and demand of primary materials. To enhance the competitiveness of suppliers, the Strategic Manufacturing, Win-Win Innovation, and SCM Excellence Work Group, which were in different divisions, have been integrated into the SCM Enabling since January 2024.

Phased Supply Chain Management System



Organizations Responsible for Supply Chain Management



New Suppliers Evaluation and Selection Risk Management concerning New Suppliers

Yuhan-Kimberly discovers potential suppliers through open sourcing, conducts the first-phase paper review, and perform the second-phase on-site assessment if necessary to select new suppliers. In addition, when entering into a contract with a new supplier, we check whether the supplier agrees to comply with the Code of Conduct, and only trade with suppliers that agreed to it. The Supplier Social Compliance Standards cover prohibition of child labor and forced labor, prohibition of discrimination, provision of safe and sound workplace, environmental protection, business honesty, and conflict minerals. In addition, we also provide suppliers with a handbook explaining the matters that suppliers must observe in relation to Kimberly-Clark's Supplier Social Compliance Standards and such topics as ethics, quality, safety, health, and environment.

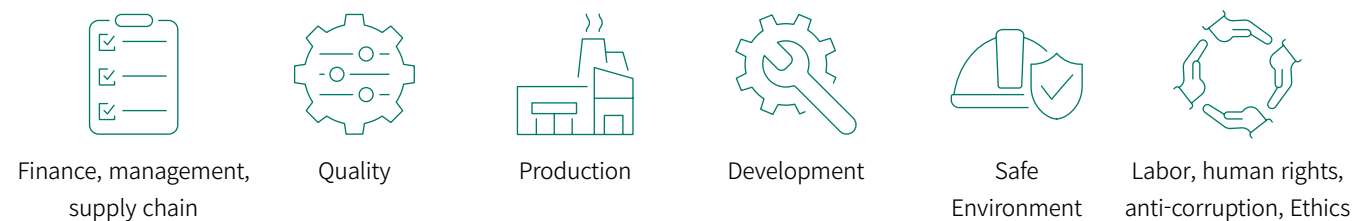
Paper Review of All Potential Suppliers

Yuhan-Kimberly discovers potential suppliers through open sourcing and automatically screens them based on the information entered by them. Only regarding the companies that have passed the screening, we conduct the first-phase paper review, checking the labor-related compliance (4 major insurances, retirement benefit plans, and minimum wage law) on the application for trade submitted by the suppliers.

On-site Assessment of New Suppliers

If a potential supplier that has passed the first-phase paper review is determined to need the second-phase on-site assessment, we conduct the second-phase on-site assessment. The second-phase on-site assessment is an in-depth evaluation, and the relevant departments forms an evaluation team and evaluate the supplier in six evaluation areas after due diligence. In 2023, we conducted the on-site assessment for seven companies, and took measures to supplement certain issues concerning waste and hazardous chemicals management.

New Supplier On-site Assessment Areas



Major Risks Identified and Measures Taken in On-Site Assessment in 2023

Evaluation Areas	Risks Identified	Measures Taken
Safe Environment	<ul style="list-style-type: none"> Storage facilities for waste and hazardous chemicals were not installed The Material Health Safety Data Sheet (MSDS) was not kept at the place where chemicals are used Outsourcing contracts were not prepared. 	<ul style="list-style-type: none"> Requests for remediation of facilities and supplementation of legal requirements were immediately complied with and we confirmed the status after measures were taken.

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Regular Supplier Evaluation

Supplier Capability Assessment

Yuhan-Kimberly regularly implements the Supplier Assessment Tool (SAT) to check suppliers' capabilities and management levels to identify potential risks in advance to prevent negative impacts, and to eliminate actual adverse impacts. The capability assessment is conducted in five stages, and 76 assessment items in four areas are evaluated. In 2023, in particular, we added four additional evaluation items to the topics of ESG management and ethics management in the social responsibility area to strengthen the evaluation of social responsibility. The social responsibility area includes assessment items related to environmental regulations, environmental management systems, fire management, safety management, communications, ethics management, health management, warehouse and product management, and other ESG management.

In addition, we maintain business relationships that can boost mutual development by granting incentives or encouraging remediation based on the evaluation results. In 2023, we held a meeting of outstanding suppliers and invited and awarded suppliers that received high scores. On the other hand, we may terminate contacts with suppliers with low scores as a last resort if they fail to take remedial measures successfully.

Targets and Results of Supplier Capability Assessment

We categorizes primary materials suppliers and ECM companies larger than a certain size, excluding foreign companies and large companies, as primary targets to implement the SAT. We conduct on-site assessment, and

its results are shared with the Procurement and related departments and reflected in the next year's assessment plan. In 2023, we conducted capability assessment of 56 suppliers, and the average score was 88.1 points. As a result of the 2023 evaluation, major risks were identified in the categories of safety and health, labor, and management of waste and hazardous chemicals, immediate action was taken and remediation was confirmed.

Classification of Suppliers based on Supply Risk Levels in 2023

Supply Risk Level	Classification	No. of Suppliers	Proportion in Procurement (%)
Top Tier	Primary materials suppliers and ECM companies larger than a certain size, excluding foreign companies and large corporations	63	29
2nd Tier	All domestic primary materials suppliers, ECM companies, large corporations, and foreign companies except the above companies	50	12
3rd Tier	Contract service providers	33	8
Others	Other companies (including foreign companies)	1,104	51

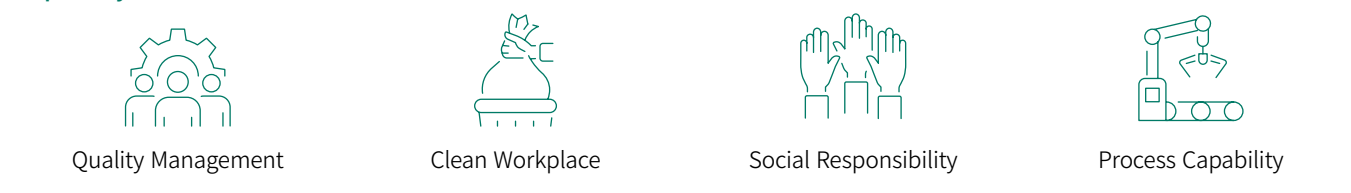
Major Risks and Measures Taken in the Social Responsibility Area in 2023

Classification	Risks Identified	Measures Taken
Safety management	Insufficient provision and management of appropriate protective equipment	Immediate remediation (replacement) and re-inspection at the next visit
Health management	Failure to inspect harmful factors concerning musculoskeletal disorders	
Fire management	Violation of regulations on fire extinguishers and fire hydrant management	
Warehouse/ product management/ others	No labor-management council regulations related to grievance handling and no meeting minutes	Email confirmation of the establishment of related regulations and preparation of meeting minutes
Environmental regulation	The Material Health Safety Data Sheet (MSDS) is not kept at the place where chemical substances are used	Immediate remediation and re-inspection at the next visit

Supplier Capability Assessment Process



Capability Assessment Areas



Establishing Four Implementation Items for Fair Trade

Yuhan-Kimberly prepares and implements four implementation items for fair trade to establish a fair trade order. In particular, we have established and utilized the Supplier Management Advisor (SMA), a system to share production and demand information, for efficient information sharing with suppliers and timely supply of primary materials. In addition, we disclose the Procurement Ethics Charter and the Duty of the Integrity Pledge on our website for transparent transactions, and prepared the unfair trade reporting system by opening an unfair trade reporting center. Also, we strive to ensure transparent and fair trade with our suppliers by including the obligation of the integrity pledge in our standard subcontracting agreement.

Four Implementation Items for Fair Trade



Mutual Growth

Efforts for Mutual Growth

Yuhan-Kimberly has carried out various win-win cooperation programs even before the concept of mutual growth was emphasized. In particular, since 2013, we have published a mutual growth booklet containing obligations and support programs related to mutual growth, and have communicated transparently with stakeholders including suppliers through the shared growth website. We also strive to collect opinions and grievances of employees of suppliers through regular surveys, visits, and meetings.

Shared Growth Website [Link](#)

Support Programs for Mutual Growth

Yuhan-Kimberly has executed the agreement on fair trade and win-win growth and operated various support programs to improve competitiveness, such as supporting technological development, improving payment conditions, and enhancing expertise. In 2023, we signed the agreement with 58 companies, and the procurement amount from them was approx. KRW180.9 billion, 21% of all suppliers.

Development of Programs for Win-Win Cooperation and Mutual Growth

Laying the groundwork for win-win cooperation	Spreading win-win corporation	Settling mutual growth	Advancing mutual growth
2002 - 2007	2008 - 2012	2013 - 2017	2018
<ul style="list-style-type: none"> Established win-win cooperation organizations Supplier diagnosis system Supplier training programs Conducted projects for suppliers' quality and safety 	<ul style="list-style-type: none"> Operated the Information Sharing System (SAM) Performed collaboration projects Technical support projects Introduced the UN Global Compact 	<ul style="list-style-type: none"> Enhanced win-win cooperation organizations Performed the agreement on fair trade and win-win growth Supported the agreement on win-win growth between primary and secondary suppliers Supported win-win growth of distributors Operated the Voice of the Customer (VOC) Obtained the highest rating in the evaluation of the win-win growth index consecutively since 2015 	<ul style="list-style-type: none"> Selected as the best/excellent honorary company in the win-win growth index for eight consecutive years since 2017 Supported win-win growth of secondary or lower-tier suppliers

Achievements of Major Shared Growth Programs in 2023

Programs	Achievements
Financial support	<ul style="list-style-type: none"> Mutual Growth Cooperation Fund of KRW17 billion (operated in collaboration with IBK)
Support for technical development, quality improvement and technology protection	<ul style="list-style-type: none"> Technical support in 65 cases Technical protection in 6 cases
Improvement of payment conditions for non-contracted companies	<ul style="list-style-type: none"> Made efforts to improve payment conditions (cash payment ratio, payment period, etc.) for non-contacted suppliers through the Nice WinC payment monitoring system Applied cash payment monitoring to 12 non-contracted primary suppliers Paid KRW9.15 billion in cash through the cash monitoring system Average payment period of 33.2 days
Support for sales increase	<ul style="list-style-type: none"> Supported participation in overseas exhibitions (1 company, conducted export negotiations to increase sales)
Other support	<ul style="list-style-type: none"> Provided ESG response education (once for 5 companies) Installed LED to improve productivity

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Creating Community Value

Creating Community Value and Spreading Social Impact

Yuhan-Kimberly strives to contribute to creating community value and further spreading social impact through diverse efforts for forests and people. We make efforts to solve social problems through forests with the “Keep Korea Green” campaign, and improve the quality of life of vulnerable groups through the activities for spreading social attention for the socially disadvantaged and product donations and education to improve hygiene and health. To this end, we have established and managed the goals for "coexistence of forests and people" and "improvement of the quality of life of the vulnerable" related to social impact in our 2030 sustainability goals, and has determined and disclosed the Social Contribution Declaration and the Community Donation Principles on the website. Yuhan-Kimberly discusses and approves the goals and governance of social contribution and social impact at the ESG Committee and community-related projects are implemented by the Corporate Social Responsibility Work Group.

[Community Donation Principles](#) [Link](#)

Social Contribution Declaration

First,
Yuhan-Kimberly pursues coexistence of people and forests.

Second,
Yuhan-Kimberly enhances diversity and inclusion capacity for a healthy society.

Third,
Kimberly makes efforts to spread a culture of sharing with society

Three Commitments

Commitment 1.
We actively participate in the Keep Korea Green campaign and plant and cultivate more than 947 trees* per person to protect the environment.

Commitment 2.
We take the lead in realizing a family-friendly society through healthy communications and making a happy family.

Commitment 3.
We actively participate in donations and volunteer activities for future generations, seniors, and underprivileged groups.

* 947 fine trees are necessary to absorb approx. 2.6 tons of CO₂ (greenhouse gas) that one person emits during lifetime (source: National Institute of Forest Science's Carbon Neutral Offset Standards)
Released in 2020

Efforts to Protect Forests through the Keep Korea Green Campaign

Newlyweds and Employees Planted Trees to Restore Forest Fire Damaged Areas

The Newlyweds Tree Planting, a representative program of the Keep Korea Green campaign, started in 1985 and celebrated its 40th anniversary in 2024. Prospective couples and newlyweds who take a new, first step can plant trees and contribute to creating a healthy forest for future generations. To restore the Chogu-dong, Donghae-si where a large-scale forest fire broke out in 2022, we conducted a tree-planting event on March 31, 2024 as a follow-up of the last year's event. On March 30, 2024, celebrating the 40th anniversary of the Keep Korea Green campaign, we held a tree-planting event to restore the forest fire damaged area in the presence of employees and former and current CEOs of all Yuhan-Kimberly business sites and social leaders. During the two tree-planting sessions held in March 2024 for the restoration of the East Sea forest fire damaged area, more than 700 people including 125 couples participated and planted 11,000 trees.

Conserving the Endangered Korean Fir

Korean fir, well known overseas as the Christmas tree, is a unique species of Korea that grows only in Halla Mountain and Jiri Mountain, and is highly valuable in terms of biodiversity. Currently, the Korean Fir is in dire need of conservation efforts as it is endangered due to rising temperatures and reduced snowfall caused by climate crisis. Yuhan-Kimberly signed an MOU with the Korea Arborea and Gardens Institute to protect and conserve Korean fir and endangered alpine coniferous trees on September 29, 2021, and established a detailed plan to create an ex-situ conservation center for Korean fir in the Baekdudaegan National Arboretum in Bonghwa, Gyeongsangbuk-do. We plan to collect 90,000 Korean fir seeds directly from Baekun Mountain, etc. and sow them with the seeds collected from Jiri Mountain and Halla Mountain. To this end, we built greenhouses for growth experiments and for raising mass-produced seedlings in the Baekdudaegan National Arboretum to lay the groundwork for creating Korean fir forests. We plan to secure Korean fir seedlings by conducting a nation-wide search for natural habitats, collecting seeds and raising seedlings by 2025 and create an ex-situ conservation center from 2026 to 2030.

Creating the Native Plant Honeybee Forest

As the second biodiversity conservation project, we have monitored native plants* that have long inhabited national forests and created a forest with necessary honey plants** to supply food to gradually endangered bees. Together with the Peace Forest Work, we plan to create honey plant forests along the border in Naesan-ri, Yeoncheon-gun from 2022 to 2029, by planting flowers and trees that call for bees. This is the first attempt to preserve forest biodiversity in the DMZ border area. 45,000 trees will be planted in 240,000m² excluding existing vegetation preservation and buffer areas in the Yeoncheon forest development zone by 2027 to supply healthy habitats and sources of food.

* Native plants means indigenous plants that have originally lived in a certain area, and in a broad sense, they refer to plants that grow in their natural state without human protection. Hence, naturalized foreign plants are also included in native plants (source: Naver Knowledge Encyclopedia).
** Honey plants: The source that bees suck honey from. They refer to plants that have a lot of flowers and honey (source: Naver Korean Dictionary).

Activities to Protect Changgyeonggung Palace Forest

Yuhan-Kimberly signed an MOU to protect forests in Changgyeonggung with the Changgyeonggung Management Office of the Royal Palaces and Toms Center and the Seoul Green Trust in November 2022, and will participate in the creation of a sustainable management environment for trees and green belt restoration in the Changgyeonggung area for three years until 2025. Based on the experience of creating and managing urban forests for the past 20 years, we have established a plan to cultivate forests in Changgyeonggung. Starting from the tree planting in April 2023, our employees and their families volunteered to cultivate palace forests with citizens four times a year. This is expected to gain public empathy and support for preserving trees and green areas in Changgyeonggung, and provide citizens who visit Changgyeonggung with opportunities to participate in the cultivation of palace forests.



2023 Changgyeonggung Palace Forest Protection

Green Camp, Forest Experience Program for College Students

Yuhan-Kimberly has operated the Green Camp, a forest experience program for high school students, since 1988 to foster future female forest environment leaders. The Green Camp supports the dream of becoming future environmental leaders through experiments and experiences in real forests. In 2023, we provided college students interested in climate action and forest environment with more professional learning and human networking opportunities with experts in relevant fields. It was co-hosted by civic groups and public organizations such as the Forest for Life, Seoul Green Trust, Peace Forest Work, and Korea Arborea and Gardens Institute to provide opportunities to vividly experience climate crisis response activities. Participants selected one of the five major forest environment topics of the Keep Korea Green campaign and participated in activities such as field trips and problem-solving idea planning.

Efforts for Diversity and Inclusion

Female NGO Leadership Fostering Fund

Yuhan-Kimberly created the "Female NGO Leadership Fund" with the Korea Foundation for Women to contribute to enhancing the inclusion and diversity of our society by strengthening female leadership. Since its inception in 2007, the Female NGO Leadership Fostering Fund has been a representative three-way collaboration program involving a company, a civic group, and a university in which we provide funds and the university provides education to scholarship students selected by the Korea Foundation for Women. This project consists of a long-term course titled Future Female NGO Leadership and a short-term course titled In-depth NGO Leadership. The Future Female NGO Leadership course provides educational expenses to students majoring in practical women studies (master's course of four semesters) at the Graduate School of Civic Peace at Sungkonghoe University. Yuhan-Kimberly supported 1,136 activists by December 2023 through this program.



2023 Green Camp

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Efforts to Develop Products for Diversity and Inclusion

Yuhan-Kimberly develop products with an aim to implement inclusion and raise social attention to the socially disadvantaged. To help developmentally disabled women who have difficulty replacing sanitary pads, we developed the Goodfeel First-time Sanitary Panties in 2020, and have provided the First-time Sanitary Panties for teaching, panties for students, educational brochures and videos, etc. mainly to special schools, so that developmentally disabled children and women who need repeated practice of using sanitary pads can learn how to replace them easily and comfortably. We also made efforts to increase accessibility for the visually impaired by applying braille to the packaging of Goodfeel and White tampons and Goodfeel La Nature sanitary pads. In addition, we are the only manufacturer in Korea that produces Huggies' ultrasmall diapers for preemies born earlier than the average 37-week pregnancy period or weighting less than 2.5kg, and the smallest size is supplied free of charge. We have supplied more than 5 million preemie diapers to 33,723 preemies free of charge by 2023.

Life-Loving Newlywed School

Since 2009, Yuhan-Kimberly and Seoul YWCA have operated the "Life-Loving Newlywed School" for newlyweds to learn through communication. The Newlywed School is based on the principle that happy couples are the foundation of a happy society, and aims to help new couples create healthy families and further contribute to solving the issue of low birth rates. In 2023, the Newlywed School distributed a webtoon series regarding couples who understand, embrace, and care for each other through communications, provided expert lectures on the exploration of happy couples and organized a challenge to strengthen healthy solidarity of couples. 25,440 people participated in the Together Challenge in which couples walked together and communicated, and 145 couples (290 people) attended and enjoyed the field program.



Braille packaging of Goodfeel Tampon



Braille packaging of Goodfeel La Nature Sanitary Pads



Huggies Ultrasmall Diapers for Preemies



Spreading Value through Donations

Donation Platform

Yuhan-Kimberly uses its donation platform to provide a place for communication where consumers can sympathize with and donate to those who need help. The donations are provided to non-profit organizations and public institutions which aim to cooperate with local communities and increase the public interest, and we establish and disclose the donation principles to implement sustainable management and fulfill corporate social responsibility. In 2023, more than 340,000 consumers joined donation or support comments, and more than 20,000 socially and economically vulnerable people received donated goods.

Donation of Greener Products

Since 2021, Yuhan-Kimberly has named its products with improved environmental quality the Greener Product and performed the "Greener Product Donation Campaign" that donates Greener Products to the economically vulnerable. In 2023, we conducted a consumer vote on products with improved environmental quality and donated relevant products to 5,000 environmentally vulnerable people. A total of 120,000 consumers participated in the campaign.

Donating One Million Goodfeel Sanitary Pads

Yuhan-Kimberly has made donations to strengthen the universal menstruation right, a right of all women to have healthy menstruation. Together with the Korea Foundation for Women, we have performed the "Cheer up Daughters" campaign since 2016 and donated more than 1 million Goodfeel sanitary pads per year and delivered more than 10 million sanitary pads to about 750,000 people until 2023. Along with product donations, we develop education materials on menstruation and work with donation partners to discover people who need support for sanitary pads every year, including out-of-school female teenagers and youth preparing for self-reliance.

Employee Donations

Yuhan-Kimberly continuously offers opportunities for donations and volunteer activities to its employees. The "1% Monthly Salary Donation," which is a representative employee engagement program to help seniors in vulnerable groups, was first implemented in 2015 and has a matching fund system in which if an employee donates 1% of the monthly salary, Yuhan-Kimberly donates the same amount. Since 2019, this program also raised funds from consumers through the Happy Bean platform, which enables employees, Yuhan-Kimberly and consumers to spread value together. 798 employees participated in the campaign in 2023 and 10,017 employees participated cumulatively. With the matching funds, Yuhan-Kimberly delivered 1,870 boxes of Depend hygiene products to 3,743 seniors through the Korea Medical Foundation. Meanwhile, in 2023, 921 employees participated in the "Hope for Daughters" donation relay which started in 2005 to contribute to the spread of gender equality culture and the promotion of women's rights, and 11,425 employees participated in this program cumulatively. The funds from the donation relay are donated to the Korea Foundation for Women through the Happy Bean.

Social Contribution Activities in 2023

Business Site	Social Contribution Activities
Common	<ul style="list-style-type: none"> Donation relay, Hope for Daughters 1% monthly Salary Donation (cash donation) Hope Bank diaper donation
Choongju Mill	<ul style="list-style-type: none"> Choongju City' help for the less fortunate Provided scholarship to 4 middle and high schools in Choongju Donated goods for people of national merit to the Chungbuk Northern Regional Office of Patriots and Veterans Affairs Volunteer activity to clean the national land in collaboration with Choongju City Our Mountain Cleanup
Taejon Mill	<ul style="list-style-type: none"> Made donations to welfare centers Sharing Kimchi of love
Kimcheon Mill	<ul style="list-style-type: none"> Volunteer activity for free meals Volunteer activity for house repair Briquette donation Kimjang campaign, Kimchi Delivers Love



2023 Hope Bank Choongju Mill



2023 Hope Bank Taejon Mill



2023 Hope Bank Kimcheon Mill

Social Contribution Activities for Local Communities

Yuhan-Kimberly endeavors to play its role as a corporate citizen to grow with the communities where its business sites are located. Labor and management of regional factories are actively engaged in social contribution activities in collaboration using the Community Development Fund while employees also help neighbors through donations and volunteer activities. In 2023, the Community Development Fund was operated as a consumer matching fund with 7,451 consumers participating in the fundraising, and the funds were delivered to nine charity organizations including the Community Chest of Korea. In addition, employees of production sites participate in volunteer activities every year in the Hope Bank, which delivers Huggies diapers to infant care centers and vulnerable groups in the communities where the factories are located.

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SOCIAL

Green Impact Fund

In 2021, Yuhan-Kimberly launched the "Green Impact" project, which fosters social ventures that will lead sustainable social and environmental changes, together with PPL Korea and MYSC (fund management company). Yuhan-Kimberly Green Impact Fund No. 1, first formed in 2021, attracted additional investments due to its expansion in scale through collaboration with KOICA, and made investment in 10 startups which are linked to the UN Sustainable Development Goals and in conformity with the axis of value of living and global environment for three years from 2021 to 2023. It helps growth through investment in various business areas to improve social and environmental issues such as water batteries and eco-friendly packaging.

Senior Impact Fellowship

Yuhan-Kimberly has carried out a pilot project "Senior Impact Fellowship" to support social innovators who present innovative and sustainable measures that can contribute to solving the problems of the superaged society and expand senior business opportunities. The Senior Impact Fellowship discovers social innovators in senior fields and provides monthly fellowship funds for one year with the Work Together Foundation based on the experience of creating senior jobs over the past decade. The companies selected as the first-term fellows through the 2023 contest are Care U Co., Ltd., NaeYiLuLi Co., Ltd., and Dr. Diary Co., Ltd., which are addressing problems of the superaged society in senior education, job creation, and healthcare, respectively. We have confirmed the possibility of coping with the increase in the elderly population and the resulting problems with various services and platforms of the fellow companies. In 2024, we are recruiting and selecting new participants for the second term.

Major Efforts for Social Impact of Product Brands

Brand	Program	Description	Link to UN SDGs
Huggies	Campaign for Preemies	· Developed contents to improve awareness of preemies and provided diapers for preemies free of charge	
	Childcare Forum	· Developed educational materials and gave lectures that are helpful in raising children	
	Hug Box	· Provided diapers, childcare supplies, and educational materials to prospective parents who are pregnant or about to give birth	
	Happy Bean Good Action / Hope Bank	· Donated diapers to the economically disadvantaged	
Greenfinger	Happy Bean Good Action	· Donated skincare products to the economically disadvantaged	
Kleenex	Kleenex Happy Clean Campaign	· Developed and distributed educational materials to improve children's awareness of hygiene · Improved the hygiene of the vulnerable by donating Kleenex products and improving toilets	
Goodfeel	Cheer Up Daughters	· Contributed to the strengthening of universal menstrual rights through the donation of the First-time Sanitary Panties/sanitary pads	
	Daldabang (Menstruation and Health Information Platform) / We Have Menstruation	· Raised awareness of menstruation through the development and communication of educational materials on menarche and menstruation	
	Hope for Daughters	· Contributed to the spread of gender equality through the fundraising from employees	
Depend	Today Plus	· Produced and communicated information contents for senior citizens	
	Employee 1% Depend Donation	· Contributed Depend products to the economically vulnerable	
	Senior Impact Fellowship	· Supported social innovators in the senior sector	

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Yuhan-Kimberly's Social Contribution Activities in Numbers

Forests

Contents	Unit	Beginning Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative Contribution ¹⁾
Trees subject to planting and forest protection ²⁾ (including vegetation and tall trees)	No.	1984	323,880	601,016	602,800	760,661	556,130	497,779	591,941	531,090	461,678	57,090,039
Areas subject to forest protection	ha	1984	109	224	213	256	188	139	191	175	154	18,583
Participation in voluntary activities	Person	2015	-	2,509	2,183	4,361	2,459	-	-	57	105	11,674
Newlyweds Tree Planting	Person	1985	600	600	650	650	639	11,902	20,000	5,610	220	59,815
Environmental Education for Youth (Green Camp)	Person	1998	120	110	98	98	176	209	400	400	100	5,770
Senior Mountain Village School ³⁾	Person	2016	-	79	78	80	40	632	-	-	-	927

1) Cumulative contribution: Total cumulation of contribution activities from the beginning year
 2) Base on the Keep Korea Green 40th Anniversary White Paper
 3) The Senior Mountain Village School was closed in 2021.

People¹⁾

Contents	Unit	Beginning Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative Contribution ²⁾
Baby & Child												
Helping children from vulnerable groups (diaper donation)	Pad	2012	487,146	532,950	919,914	1,072,374	3,266,898	1,158,984	1,250,454	1,103,133	956,551	11,636,698
Consumer education (Childcare Forum)	Person	2011	11,952	14,738	13,234	23,091	53,163	95,190	295,263	370,385	184,681	1,096,921
Senior												
Senior (job creation) ³⁾	No.	2002	54	127	147	168	68	-	-	-	-	746
Helping underserved seniors (1% monthly salary donation)	Person	2015	1,277	877	1,042	1,040	1,019	2,242	848	874	805	10,024
Women												
NGO Women (Leadership Education)	Person	2007	72	70	36	70	72	83	81	83	78	1,136
Newlyweds (Life-Loving School)	Person	2009	166	180	288	304	544	890	7,616	26,024	294	37,332
Low-income women (sanitary pad donation)	Person	2016	-	699,786	13,888	10,393	4,925	7,159	6,220	6,587	8,200	757,158
Creating a society of gender equality (employee donation relay)	Person	2005	793	861	1,253	1,211	1,138	1,152	975	785	921	11,426
Consumer education (education on menstruation for youth)	Person	1972	323,917	299,681	354,360	367,540	867,924	896,200	1,153,934	611,996	317,339	19,460,808

1) Major achievement regarding total beneficiaries and participants (excluding indirect participants) were summarized by field.
 2) Cumulative contribution: Total cumulation from the beginning year.
 3) The senior job creation program ended in 2019.

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Special Report

Yuhan-Kimberly 40th Anniversary of Keep Korea Green Campaign Achievements and Implications



The year 2024 marks the 40th anniversary of Yuhan-Kimberly's Keep Korea Green, Korea's first and longest-running private sector-led forest environment campaign.

For 40 years, the campaign has planted and nurtured trees in degraded mountains, created forests in gray cities and schools, restored forests in North Korea and Mongolia, and educated citizens about the importance of trees and forests. This has been achieved through governance involving various stakeholders, such as the government, local authorities, corporations, civil society organizations, academia, and citizens.

Yuhan-Kimberly has analyzed the outcomes and impacts beyond the quantitative outputs of 57 million trees planted and cared for, held meetings of the Stakeholders Committee and conducted a study on social and environmental performance to hear the opinions of various stakeholders, and published a white paper in collaboration with the organizations and institutions it has worked with. This was part of our efforts to measure the social value of the Keep Korea Green campaign.

This year's report includes this special report on the 40th anniversary of Keep Korea Green that summarizes the outcomes of the forest environment campaign and its impact on stakeholders from various perspectives. In addition, we have published 40 years of data in the white paper to celebrate the 40th anniversary of Keep Korea Green, so that anyone can easily access and apply them as a reference case for companies and society. We invite you to explore the implications of the 40-year secret, "sustainability based on sincerity," as shared by various stakeholders.

20th Stakeholders Committee

- 39 Years of Keep Korea Green, Achievements and Values

Research on Keep Korea Green

- (Summary) Social Performance and Directions for Development
 - JaeHyun Kim, Professor of Konkuk University
- (Summary) Performance based on UN SDGs
 - Peace Forest Work
- (Summary) Case Study
 - Donga Business Review Issue 392

40 Years of Keep Korea Green

- Agendas and Activities of the Campaign
- Summary of Outputs of the Campaign



White Paper on 40th Anniversary of Keep Korea Green

Link



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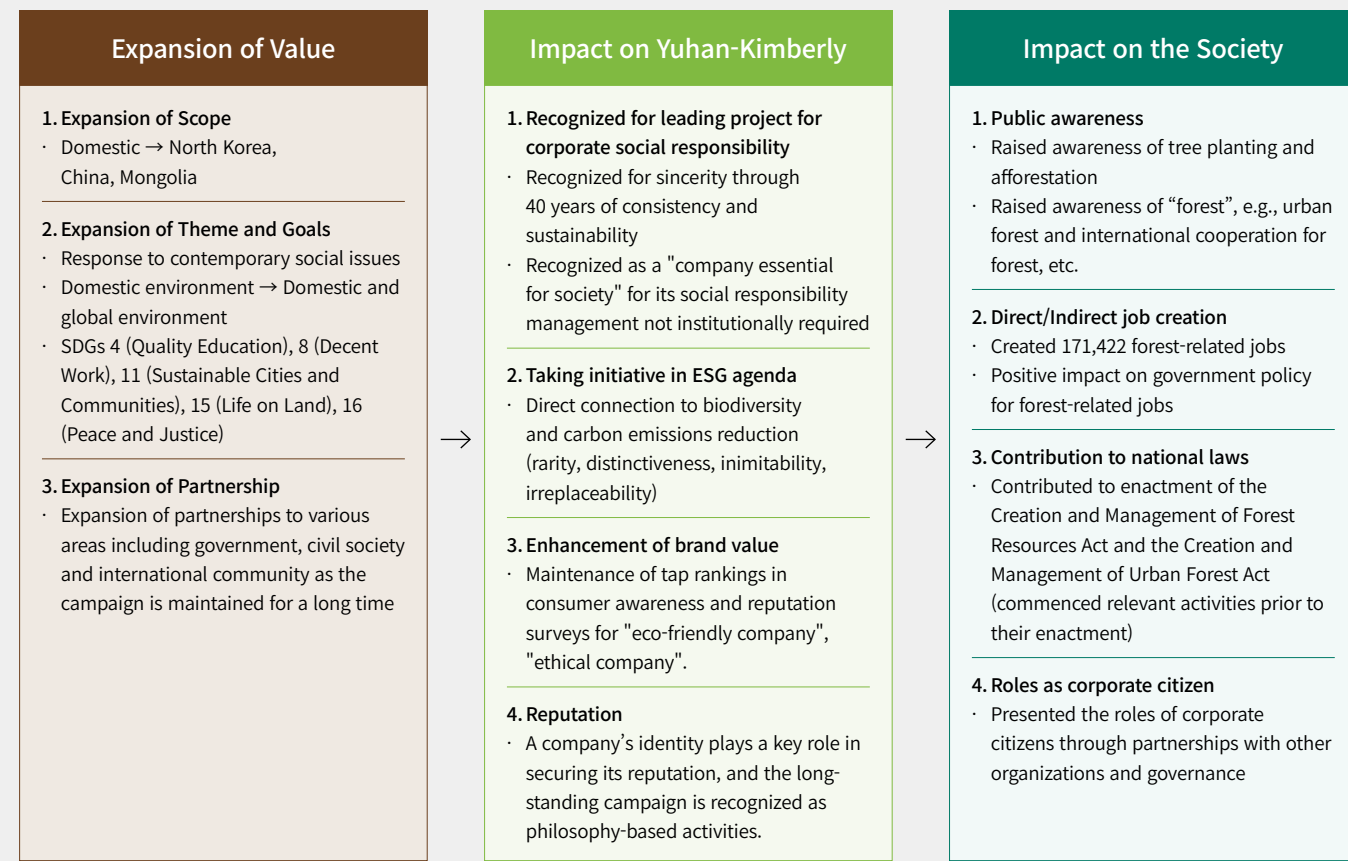
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20th Stakeholders Committee 39 Years of Keep Korea Green - Achievements and Values

At the meeting of the 20th Stakeholders Committee, held on October 11, 2023, experts reflected on the 40th anniversary (2024) of the "Keep Korea Green" campaign, which has had many achievements such as afforestation, job creation, and public awareness, and intensively discussed the future of the Yuhan-Kimberly Campaign. Here are some of the comments from the panelists.

↓ Summary of the impacts of the Keep Korea Green campaign*



Keep Korea Green is a campaign that pursues social sustainability based on environmental sustainability and has expanded three main values: it has (1) expanded its scope of campaign from Korea to North Korea, China, and Mongolia (2) responded to the contemporary social and environmental issues by expanding its themes and goals; and (3) expanded and strengthened partnerships with various sectors. As it has spread its influence on the national level, it now needs to set a vision that can contribute to sustainable development and comprehensively manage its performance for further spread of the social impact.

JaeHyun Kim, Professor of Konkuk University

Yuhan-Kimberly has become necessary for society by practicing socially responsible and ethical management that is not institutionally required. This is a corporate identity based on philosophy and vision, the most important factor in securing a positive reputation. I expect it to take more active ownership of global issues to maintain the identity, communicate its unique capabilities, and implement communication strategies that strengthen internal communication, expand global partnerships, and enhance the visibility of its reputation.

HeeWon Cha, Professor of Ewha Womans University

The key to Keep Korea Green is sustainability and sincerity, as evidenced by the partnership. The company needs to think about what changes it can make for another four decades.

JunSeok Choi, Former President of the National Forestry Cooperative Federation

In an era where corporate social contribution is a commodity, Yuhan-Kimberly needs to make efforts to communicate its sincerity. In particular, as various unintended issues may arise in an increasingly complicated business environment, I expect the campaign to become a social activity that can turn young consumers into enthusiastic supporters.

ByeongKyu Kim, Professor of Yonsei University

Keep Korea Green is a good example of a campaign that has changed consumer perceptions of forests and trees and has been running for 40 years in line with the company's vision. I suggest that it transform into a campaign focused on 'me' moving people's hearts.

KangKyun Shin, Former Director of ORICOM, Former Professor of Hansei University

The initiative of Keep Korea Green can be explained by the historical background that in 1984, companies were only focused on capital and labor due to the industrial revolution and urbanization. Moreover, the 40 years of time and consistency regardless of the emergence of environmental management distinguishes it from fake environmentalist companies and shows its sincerity. I also believe that it has made the best choice in terms of the three principles of environmental/social value creation: (1) the principle of multiplication (benefits must be greater than costs), (2) the principle of comparative advantage (do what you do better than your competitors), and (3) the principle of materiality (prioritize projects according to their impact on the company and society).

JungBien Moon, Professor of Korea University

Yuhan-Kimberly turned the "national greening project" into the catchphrase "Keep Korea Green" and has communicated it throughout the country and further developed it. I suggest that Yuhan-Kimberly compile the philosophical background that encompasses the ideological foundations that have been utilized to respond to the needs of various times at home and abroad for 40 years.

SeokGwon Kim, Former President of Forest Production Technology Research Center under the National Institute of Forest Science

The efforts of the members of the partnerships and a corporate culture based on learning and growth largely contributed to the achievements of Keep Korea Green. I suggest that the Yuhan-Kimberly embrace the contemporary discourse that education is a common good and think how to participate in forest education, which is a representative example of common good.

InHo Kim, President of Korea National Environmental Education Center

Keep Korea Green has had a great impact on the Korean society in that it has led the way for corporate social contributions to engage with civil society while practicing governance partnerships at the national or city level. Now, it is time to come up with strategies for changes and innovations from a new perspective.

GangOh Lee, President of Korea Forestry Promotion Institute

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* Source: Report from the 20th Stakeholder Committee of Yuhan Kimberly prepared by ESG Research Center of Seoul School of Integrated Sciences & Technologies (aSSIST)

Studies on Keep Korea Green Campaign Summary of Social Achievements and Establishment of Development Plan

The Keep Korea Green campaign has contributed to a variety of impacts on the Korean society through a collaborative governance of the government, the private sector and citizens, including raising national awareness of forests, directly and indirectly creating forest-related jobs, and building foundations for forest-related legislations. In order to expand and deepen the impact of the Campaign in the future, we conducted a study to measure the social achievements that the Campaign has accumulated over the past 40 years using objective indicators and seek ways to build on such achievements. We have extracted and summarized part of the research report, Summary of Social Achievements and Establishment of Development Plan for Keep Korea Green Campaign', which was conducted by Peace Forest Work in August 2023.

Research report [Link](#)

Background and Need for the Study

Yuhan-Kimberly has conducted the Keep Korea Green (KKG) campaign since 1984, which not only plants and cares for trees, but also contributes to solving contemporary social problems through forests.

As the need for national land afforestation emerged, Yuhan-Kimberly commenced a project for creation of forest resources and took the lead in creating jobs linked to the forestry business to solve the unemployment problem caused by the Asian Financial Crisis. It has continued projects to respond to social and environmental issues

such as urban problems and yellow dust, and to coexist with them by utilizing mature forest resources in a healthy manner. Recently, it has created 'carbon-neutral forests' and 'biodiversity forests' and is spreading consensus among citizens through programs that encourage their engagement.

Yuhan-Kimberly decided that, in order to expand and deepen the social contributions of the Campaign, it needed to measure the social achievements accumulated over the past 40 years using objective indicators and seek ways to build on such achievements.

First, Catalyst for Raising Public Awareness of Forests

Yuhan-Kimberly has played an important role in promoting public awareness of forests through various programs, e.g., 'Forest Nurturing', 'Urban Forest', and 'North-South Forest Cooperation'. In particular, 'forest nurturing' was not even included as an item in the national survey conducted by the Korea Forest Service until 1997, but in 2010 and 2023, 23% and 82.9% of respondents, respectively, answered that it was necessary, showing that consensus on forest nurturing has gradually spread.

This awareness-raising began in 1998, when Yuhan-Kimberly and civil society took the initiative to propose a public labor project for afforestation and launch the 'National Campaign for Forests for Life'. Even after the turning point in 1998, Yuhan-Kimberly has continued to promote public participation and consensus building on various forest-related keywords through a number of campaigns based on a partnership with the civil society.

Second, direct/indirect creation of forest-related jobs

Through these campaigns, Yuhan-Kimberly created a total of 170,000 forest-related jobs as of 2023. In addition to such direct creation of jobs, it has also indirectly contributed to the creation of forest-related jobs at the national level by positively influencing the government's forest job policies. For example, the company played a pivotal role in the discussion on forest jobs by proposing the policy for 'Public Labor Project for Forest Nurturing' to the government in 1998.

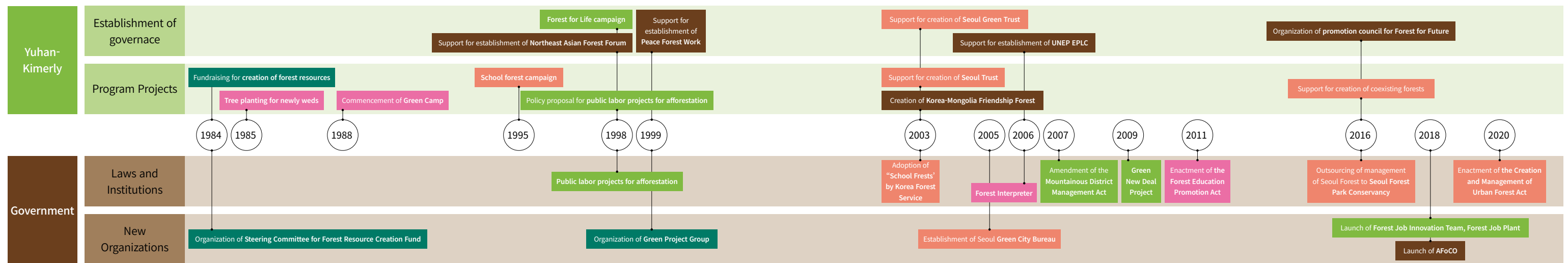
Third, Contribution to the Formation of National Legislation

By continuously identifying forest-related keywords in response to social issues and contributing to promoting public consensus on them, Keep Korea Green has played a critical role in forming the national legal systems and organizations. In particular, the establishment of the forest resource creation fund in 1984, which led to the formation of the Korea Forest Service's Green Project Group in 1999, can be seen as the beginning of a structure in which various stakeholders participate in the government's forest resource creation and management.

The Green Camp, which started in 1988, contributed to creation of relevant jobs such as "forest interpreters" by activating the keywords of 'forest experience' and 'forest education' and the enactment of the Forest Education Promotion Act, which served as the first step towards active support by the government.

The school forest campaign that began in 1995 and the establishment of the Seoul Green Trust and its support for the creation of the Seoul Forest Park in 2003 have led to an enhanced public consensus on 'urban forests' and 'citizen-engagement urban forest management.' This was one of the catalysts for the systematic institutions for urban forests, such as the outsourcing of the operation and management of Seoul's urban parks to the private sector and the enactment of the Creation and Management of Urban Forest Act.

Foundation for Laws, Institutions and Organization on National Level



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Study on Keep Korea Green Campaign Connection of UN SDGs and the Campaign

The report by Peace Forest Work, “Summary of Social Achievements and Establishment of Development Plan for Keep Korea Green”, comprehensively evaluated various social outcomes created through the Keep Korea Green Campaign from the perspective of the UN Sustainable Development Goals (SDGs).

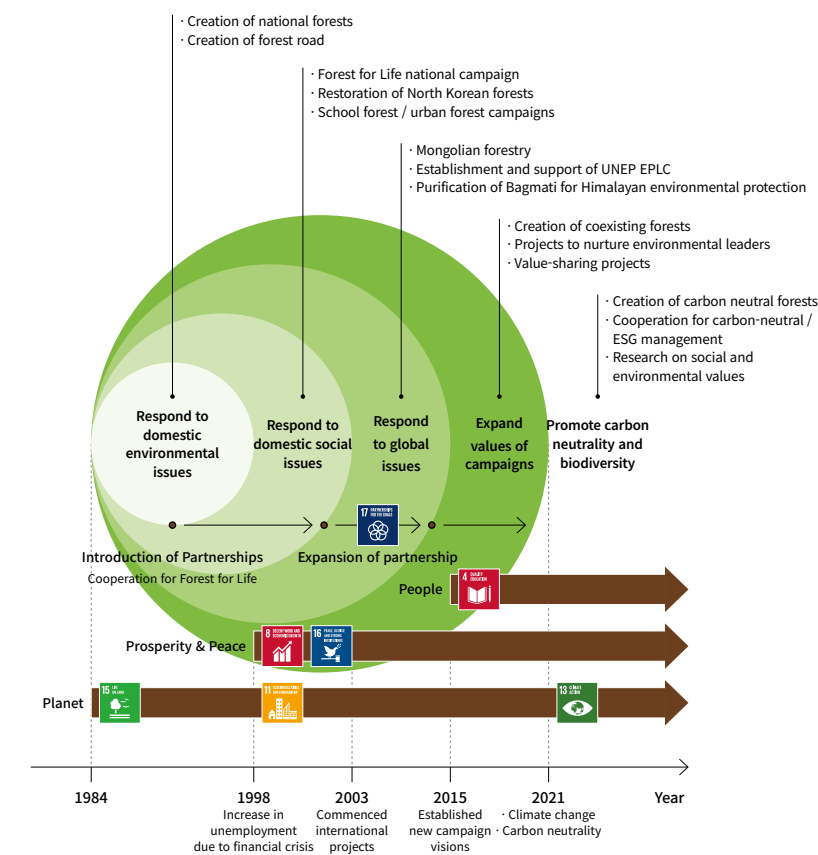


The Keep Korea Green campaign is linked to the achievement of seven of the 17 UN SDGs, including No.15 (Life on Land). Starting from contributing to the greening of the national land and responding to domestic environmental issues, the campaign has gradually expanded its scope by integrating forests with contemporary social issues, and in the process, it has evolved in a manner that creates social outcomes across the 5P (five factors for sustainable development) in the SDGs: People, Prosperity, Planet, Peace, and Partnership. In doing so, it has expanded and strengthened partnerships with various stakeholders to ensure the scalability and sustainability of the campaign.

Connection between Keep Korea Green and Goals of UN SDGs

Major Goals of UN SDGs	Major Activities of the Campaign
4 Quality Education Ensure inclusive, equitable quality education and promote lifelong learning opportunities for all	Green Camp
8 Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Public Labor Project for Forestry
11 Sustainable Cities and Communities Make cities sustainable	School forest campaign Urban forest campaign
13 Climate Action Take urgent action to combat climate change and its impacts	Carbon neutral forest Biodiversity conservation forest
15 Life on Land Terrestrial ecosystems	Projects to create forest resources School forest campaign Urban forest campaign Coexisting forest Northeast Asia desertification prevention projects
16 Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Restoration of devastated land in North Korea
17 Partnerships for Sustainable Development Partnership	Establishment of governance with government, civil society and experts

Diagram of Development of Keep Korea Green Based on 5P of SDGs*



* 5P: The principles of the UN Sustainable Development Goals (SDGs), which can be categorized into People, Planet, Prosperity, Peace, and Partnership. They include three directions, i.e., social development, economic growth, and environmental conservation, and two implementation methods, i.e., establishment of systems and cooperation for implementation.

Study on Keep Korea Green Campaign Case Study – Donga Business Review Issue 392

In May 2024, the Donga Business Review published a case study on the Keep Korea Green campaign, which is Korea’s longest-running (40 years) public interest campaign for forest environment. We have summarized the comments by experts in business administration from various perspectives that were covered in the article.

'Institutional Entrepreneurship' Ahead of Stakeholder Demands

SunTae Kim, Professor of Johns Hopkins Carey Business School

From an ESG perspective, the greatest value of Yuhan-Kimberly's Keep Korea Green campaign is its persistence over 40 years. Rather than dynamically changing the focus of ESG management to meet the changing needs of various stakeholders, the company has maintained the core value of the campaign. Another characteristic of Yuhan-Kimberly's institutional innovation it has shown with the campaign is that it has achieved institutional changes through collaboration with partners from various sectors, including the government, civil and environmental organizations, schools, and cities. In organizational studies, a corporate activity that creates new institutions by leveraging resources from the existing institutional environment or innovatively changes the existing institutional environment is referred to as an institutional entrepreneurship. In this respect, the Keep Korea Green campaign is an example of how institutional entrepreneurship is embedded in Yuhan-Kimberly's organizational DNA, proactively changing the institutional environment rather than reacting to institutional constraints.

Reputation Capital from 40 Years of Heritage Strengthened through AAA storytelling

HeeWon Cha, Professor of Ewha Womans University Department of Communications and Media

Corporate reputation is the result of a comprehensive judgment of a company's past, present, and future activities by various stakeholders, and it needs to be effectively managed in consideration of the spill-over effects that mutually affect both market and non-market aspects. "Issue ownership" is a perception that certain company has the ability and resources to solve a specific social problem, and in the case of Yuhan-Kimberly, the reason and philosophy for the launch of Keep Korea Green originated from the company's business activities, and therefore, it has outstanding issue ownership with a high degree of sincerity and positive reputation. Yuhan-Kimberly's reputation is unique and distinctive as it has been built on its corporate identity for over 40 years. If it extends such reputation to global issue ownership through consistent and continuous communication through storytelling based on the 'Ability-Activity-Accomplishment' cycle model and changes stakeholder perceptions, it will be able to become a corporate brand with a 100-year reputation.



Case Study of "Keep Korea Green", which has built reputation capital and raised corporate value through "Brand Activism" DBR (donga.com)

Creation of Inimitable Brand Value through 40 Years of Hard Work

JungBien Moon, Professor of Korea University Business Administration Department

Professor Birger Wernerfelt of the University of Michigan emphasized in his paper 'A resource-based view of the firm' that the most important factor of a firm's competitive advantage is not the competitiveness of products but the intangible resources that cannot be imitated by other firms. Recently, various ESG assessments have stressed the importance of the natural environment as a stakeholder in corporate management activities. In this regard, the value of the Keep Korea Green campaign, which has continued for 40 years since 1984, is a time-compression diseconomy that cannot be imitated by competitors. In other words, the competitors will not be able to easily catch up with the brand and reputation that has been built up over a long period of time. The factor that separates eco-friendly companies with sincerity from fake environmentalists is credibility, which can only be achieved through consistency and the time invested. Keep Korea Green has enhanced the brand value and achieved financial outcomes as a campaign that meets the VRIO criteria of Valuable, Rare, Inimitable, and Organizable resources.

Goal-Oriented Management with Proven Sincerity, 'Brand Activism'

HyunAm Shin, President of Factory 8 Research Center

Unlike cause-related marketing, which is often linked to increased sales, public campaigns have a relatively tenuous connection to marketing. According to Professor Philip Kotler, who is known as the father of marketing, the value of cause-related marketing can be explained by the concept of brand activism*. Yuhan-Kimberly has raised a consistent voice since 1984, four years before Nike's "Just Do It" campaign, which is a representative example of brand activism. The campaign is meaningful in that the vision of 'We act Life-Health-Planet' has been translated into actual actions for 40 years. Therefore, Keep Korea Green is a public campaign that is unrivaled even on the global stage, and it is even more meaningful in that it has a 40-year heritage. Yuhan-Kimberly has a competitiveness as a corporate brand that practices brand activism by raising voices and being active on social issues, and it has a potential to attract a large number of loyal fans. It is time for the company to come up with communication strategy for the next step.

* A phenomenon of where a brand takes certain stance on a social issue while actively voicing its opinion and taking actions

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40 Years of Keep Korea Green Agenda and Activities



First and Longest Public Campaign for Forest Environment Led by the Private Sector

Yuhan-Kimberly's Keep Korea Green campaign, launched in 1984, is Korea's first and longest-running private-led forest environment campaign. The goal of the campaign is to contribute to solving social problems through forests. Initially, it started as an activity to recognize the importance of restoring devastated forests, to plant trees in national and public forests and nurture forests, but it has taken on more important values as it has been combined with global environmental issues, e.g., climate change, desertification, and fine dust.

Approximately 57 million trees (as of the end of 2023) have been planted and cared for under the Keep Korea Green campaign, which has grown into a representative environmental campaign of Korea by changing people's perceptions of the forest environment through practical actions and effective communications in various areas of the forest environment, ranging from the national forestry campaign, creation of school forests, conversion to urban forests, creation of biodiversity conservation forests and restoration after forest fires.

Efforts to Resolve Social Problems through Forests

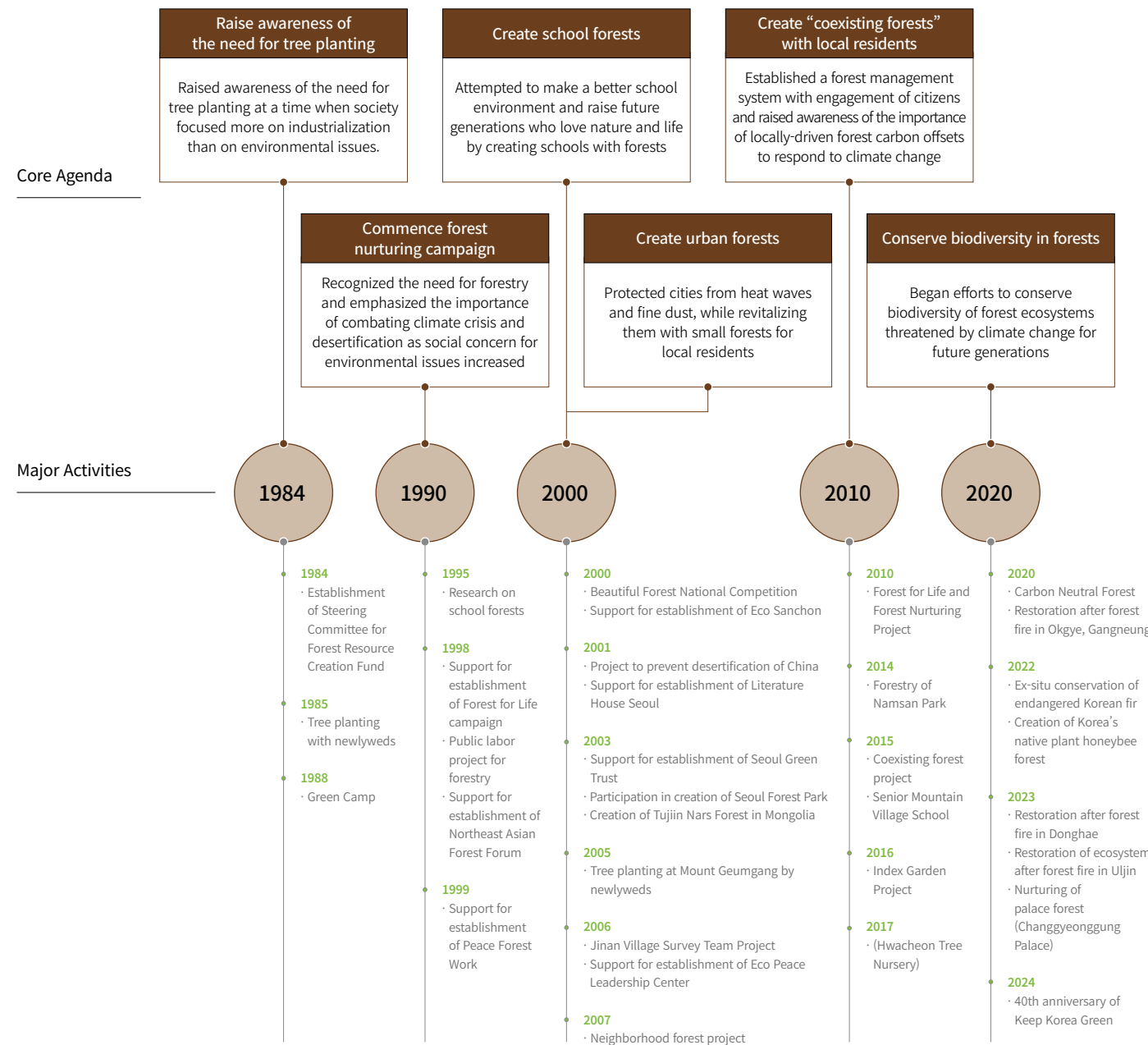
Yuhan-Kimberly is striving to contribute to solving social problems through forests under the Keep Korea Green campaign. We pioneered corporate social and environmental responsibility activities in the 1980s, when there was a lack of interest in the environmental issues, and demonstrated the potential for companies to contribute positively to local communities and the lives of people. From the initial stages of the campaign, we have raised

awareness and built consensus on the forest environment through public service advertisements with a wide range of themes. We have also established governance through collaboration among diverse actors such as companies, civil society, experts, and relevant government agencies, while presenting a new model of social innovation. Further, we have contributed to solving social problems, e.g., by creating jobs linked to the forestry business to address the unemployment issue caused by the Asian financial crisis.

Direct and Indirect Impacts on the Environment and Society

We have created forests in China and Mongolia to prevent desertification of Northeast Asia, and built tree nurseries and planted forests in Mount Geumgang to restore forests on the Korean Peninsula. We also respond to major social issues, e.g., by creating "carbon-neutral forests" and "biodiversity conversation forests" to address the recent climate crisis. The Green Camp, which began in 1988, contributed to the promotion of certain keywords including 'forest experience' and 'forest education' and the emergence of related professions such as 'forest interpreters', and served as a foundation for the enactment of the Forest Education Promotion Act; the school forest movement, which began in 1995, paved the way for the concept of 'school forests' of the Korea Forest Service; and the establishment of the Seoul Green Trust in 2003 and support for the creation of the Seoul Forest Park served as a catalyst for the systemization of institutions related to urban forests, such as outsourcing of urban forest management to the private sector and the enactment of the Creation and Management of Urban Forest Act.

Major Agenda and Activities



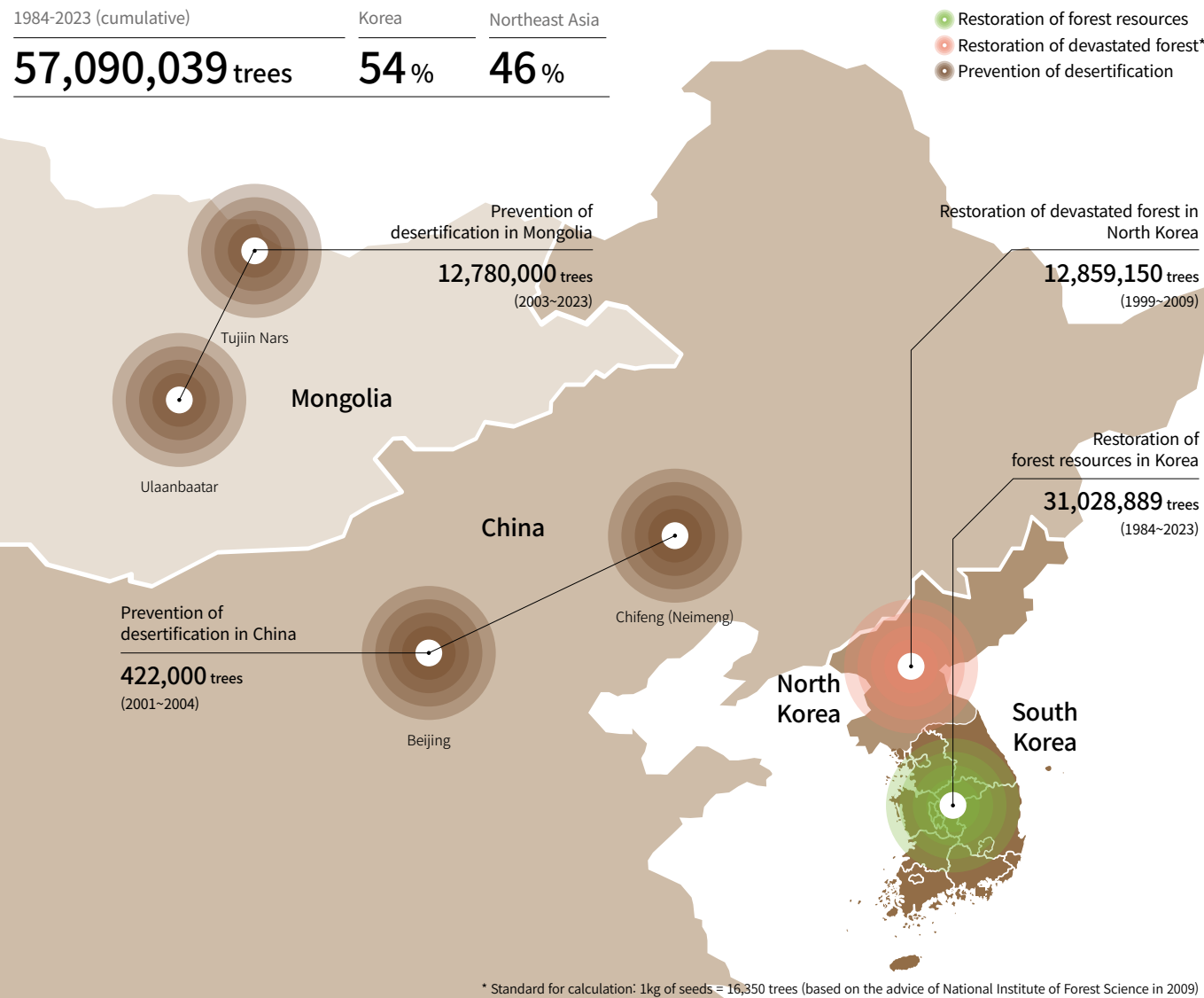
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40 Years of Keep Korea Green in Numbers



↓ Forests planted and nurtured by Keep Korea Green for 40 years

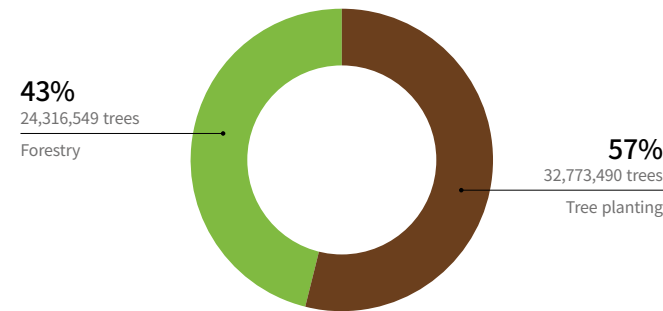


↓ Tree Planting and Forest Creation 1984-2023 (Cumulative)

Total Performance and Percentage

Project Performance (Cumulative)

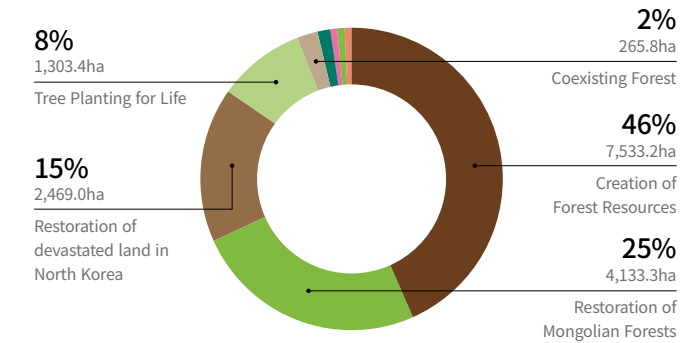
57,090,039 trees



Total Area of Major Projects

Project Area

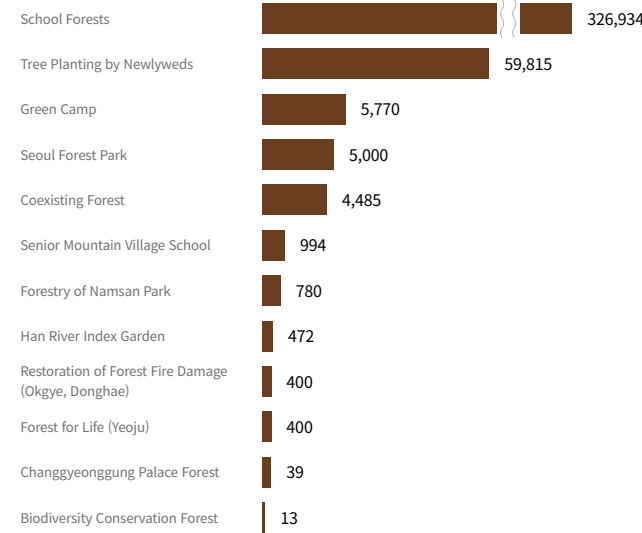
16,451.5 ha



Citizen Engagement of Each Project

Number of Participants

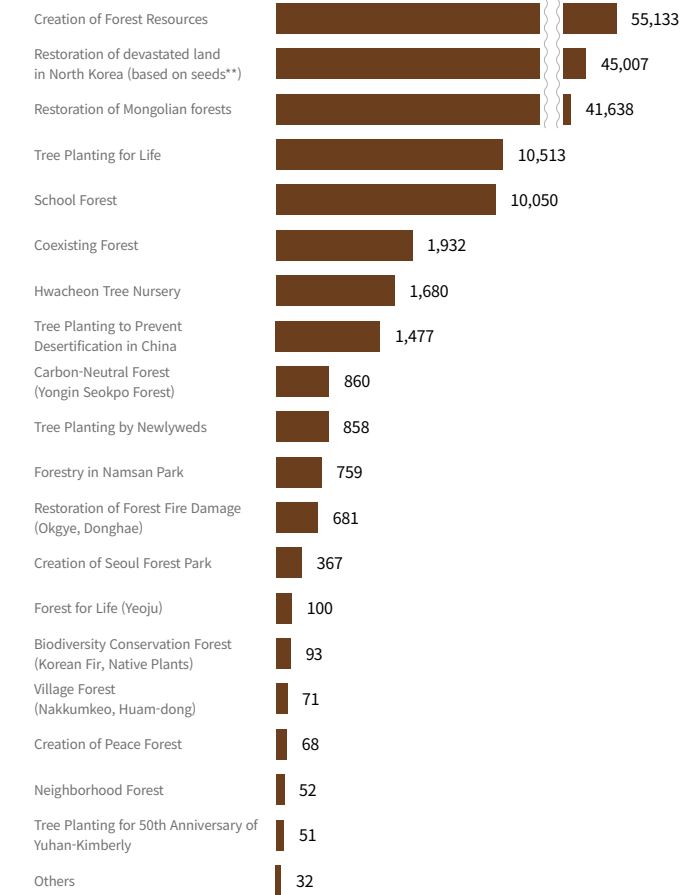
405,102



Job Creation

Number of Jobs Created*

171,422



* Calculation of job creation: 3.5 jobs per 1,000 trees planted; 7 jobs per 1 ha of forest created
 ** Standard for calculation: 1 kg of seeds = 16,350 trees (based on the advice of National Institute of Forest Science in 2009)

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ESG Output

Economy & Governance

Financial Performance

Category	Unit	2021	2022	2023
Sales	KRW 100 million	14,671	15,092	14,440
Operating profit	KRW 100 million	2,159	2,099	2,025
Total assets	KRW 100 million	10,816	8,135	8,330
Exports	KRW 100 million	1,632	1,375	1,130

Domestic Sales to Exports Ratio

Category	Unit	2021	2022	2023
Domestic sales	%	88.9	90.9	92.2
Exports	%	11.1	9.1	7.8

Sales Growth Rate of the Business Unit

Category	Unit	2021	2022	2023
Baby Diapers	%	15.0	-7.2	-3.5
Wet wipes, towels, adult diapers, skincare and others	%	-11.1	3.8	-17.5
Facial paper and toilet paper	%	-1.8	5.3	7.5
Feminine sanitary pads	%	-4.5	7.5	3.0
B2B sales	%	-6.7	8.1	-9.3

Distribution of Economic Value

Category	Unit	2021	2022	2023
Shareholders	Dividends ¹⁾ KRW 100 million	4,010	1,440	1,700
Employees	Salaries and benefits KRW 100 million	1,949	2,216	2,123
Partner companies	Cost of goods and services KRW 100 million	9,633	10,190	9,463
Local community	Government Corporate tax, other taxes and utility charges KRW 100 million	1,125	733	725
	Local community / consumers Corporate social contribution expenses KRW 100 million	56	56	53

1) The accrual accounting applied

Activities and Investment Results of Research & Development (R&D)

Category	Unit	2021	2022	2023
R&D personnel	Persons	59	53	57
Facility investment	KRW 100 million	389	498	656
R&D investment	KRW 100 million	125	134	142
Sales of new products	KRW 100 million	2,003	1,484	1,698
Facility investment ratio to sales	%	2.7	3.3	4.5
R&D investment ratio to sales	%	0.85	0.89	0.98
Contribution ratio of new products to sales	%	13.7	9.8	11.8

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Ethics and Compliance

Category		Unit	2021	2022	2023	
Unethical behavior report by stakeholders	Partners	Cases	0	1	0	
	Employees	Cases	2	0	0	
	Consumers	Cases	0	0	0	
	Others	Cases	0	0	0	
Number of reports on violation of Code of Conduct	Harassment/sexual harassment at work	Cases	0	0	0	
	Personal use of company assets	Cases	1	0	0	
	Breach of business processes	Cases	0	1	0	
	Bribery and graft with partners	Cases	0	0	0	
	Attendance violation	Cases	0	0	0	
	Leakage of trade secrets	Cases	2	0	0	
Number of disciplinary actions on violation of Code of Conduct	Others	Cases	0	0	2	
	Harassment/sexual harassment at work	Cases	1(major disciplinary action)	0	2	
	Personal use of company assets	Cases	0	1	0	
	Breach of business processes	Cases	1(major disciplinary action)	0	1	
	Bribery and graft with partners	Cases	0	0	0	
	Attendance violation	Cases	0	0	1	
	Leakage of trade secrets	Cases	0	0	0	
	Others	Cases	4	1	0	
	Total number of disciplinary actions	Cases	6	0	4	
	Anti-competitive behavior	Litigation related to anti-competition and monopoly prohibition	Cases	0	0	0
Education	Code of Conduct	Number of target participants	Persons	683	668	685
		Number of participants	Persons	683	668	685
		Completion rate	%	100	100	100
	Fair trade ¹⁾	Number of target participants	Persons	-	-	24
		Number of participants	Persons	-	-	20
		Completion rate	%	-	-	83
	Statutory education ²⁾	Number of target participants	Persons	1,443	1,422	1,419
		Number of participants	Persons	1,443	1,422	1,419
		Completion rate	%	100	100	100

1) Education has been provided every year, but data collection began in 2023.
 2) Education on disability awareness, sexual harassment prevention, and workplace harassment prevention

Government Subsidies

Category	Unit	2021	2022	2023
Amount of government subsidies received	KRW 100 million	18	0	0

Environment

Environment¹⁾

Greenhouse Gases

Category		Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Greenhouse gas emission allowance (goal)		tCO ₂ e	175,606	238,130	243,016	236,637	204,434	204,434	204,434	213,194	213,194	212,621	
Total emissions (Scope 1 + Scope 2) ²⁾		tCO ₂ e	172,097	201,723	204,943	202,986	202,102	202,435	201,903	192,751	192,694	191,357	
Direct emissions (Scope 1)	Total	tCO ₂ e	13,042	17,161	20,638	21,257	22,829	23,750	23,221	22,186	24,373	25,989	
	Emissions by business site	Kimcheon Mill	tCO ₂ e	12,783	16,870	20,350	20,954	22,521	23,464	22,913	21,765	23,903	25,564
		Taejon Mill	tCO ₂ e	39	36	36	44	36	44	33	16	19	14
		Choongju Mill	tCO ₂ e	35	35	25	30	29	33	155	338	391	346
		Others ³⁾	tCO ₂ e	186	220	227	229	244	209	120	67	61	65
Indirect emissions (Scope 2)	Total	tCO ₂ e	159,058	184,564	184,308	181,730	179,274	178,689	178,684	170,568	168,325	165,371	
	Emissions by business site	Kimcheon Mill	tCO ₂ e	107,824	131,904	132,870	134,835	135,141	133,463	130,579	123,093	124,019	122,968
		Taejon Mill	tCO ₂ e	37,524	38,872	37,462	32,617	29,274	29,502	32,667	33,647	29,788	28,086
		Choongju Mill	tCO ₂ e	12,085	11,974	12,125	12,488	13,266	14,168	14,508	12,964	13,632	13,471
		Others ³⁾	tCO ₂ e	1,626	1,815	1,851	1,791	1,594	1,556	931	864	885	846
Greenhouse gas emission intensity (Scope 1 + Scope 2)	tCO ₂ e / product ton	0.735	0.779	0.812	0.865	0.916	0.903	0.845	0.821	0.857	0.857	1.107	
Other indirect emissions (Scope 3) ⁴⁾	Total	tCO ₂ e	-	-	-	-	-	-	-	10,262	9,037	639,669 ⁵⁾	
	Upstream	Products & services purchased	tCO ₂ e	-	-	-	-	-	-	-	-	-	332,110
		Capital goods	tCO ₂ e	-	-	-	-	-	-	-	-	-	1,883
		Fuel and energy-related activities	tCO ₂ e	-	-	-	-	-	-	-	-	-	32,548
		Upstream transportation & logistics	tCO ₂ e	-	-	-	-	-	-	-	-	-	21,001
		Waste generated from operation	tCO ₂ e	-	-	-	-	-	-	-	-	-	917
		Business travel	tCO ₂ e	-	-	-	-	-	-	-	-	-	255
	Downstream	Employee commuting	tCO ₂ e	-	-	-	-	-	-	-	-	-	682
		Upstream leased assets	tCO ₂ e	-	-	-	-	-	-	-	-	-	47
		Downstream transportation & logistics	tCO ₂ e	-	-	-	-	-	-	-	10,262	9,037	6,302
Use of products sold		tCO ₂ e	-	-	-	-	-	-	-	-	-	8,062	
Disposal of products sold	tCO ₂ e	-	-	-	-	-	-	-	-	-	235,854		

1) Yuhan-Kimberly basically reports performance of 10 years, but the reports for newly added indicators cover the latest three years.
 2) GHG emissions are based on the emissions when submitting emission rights, and there is a discrepancy in the final value because emissions in each business site were rounded down.
 3) Seocho Life Innovation Research Center, Jukjeon Life Innovation Research Center (closed in 2023), Headquarters, Anyang Logistics Center, Headquarters
 4) In 2020 and 2021, only downstream transportation & logistics were covered, but in 2023, a calculation tool for Scope 3 was established, which covered 11 categories (C10. Processing of products sold, C13. Downstream leased assets, C14. Franchise and C15. Investment categories are not applicable)
 5) There is a discrepancy in the total value because emissions in each category were rounded off.

Energy

Category		Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total energy consumption ¹⁾		TJ	3,445	3,945	4,009	3,977	3,967	4,074	8,227	3,957	3,947	3,865
Consumption by each energy source	Electricity	TJ	2,494	2,907	2,900	2,830	2,787	2,814	2,842	2,726	2,683	2,669
	Steam	TJ	696	701	705	730	733	794	814	795	785	688
	LNG	TJ	252	333	401	413	445	463	453	434	476	509
	Others ²⁾	TJ	3	4	3	4	3	3	3	2	3	3
	Energy consumption intensity ³⁾	GJ/Product ton	-	-	-	-	-	-	-	16.86	16.86	17.56
Renewable energy consumption ⁴⁾	TJ	0	0	0	0	0	0	0	0.45	0.46	0.46	

1) Aggregate of each company's emissions cut in units of integer for each business site
 2) Gasoline, diesel, LPG, propane
 3) The data have been managed since 2021.
 4) Installation of solar energy facilities in Choongju Mill in 2020.

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Water Resources

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Intake	Total		m ³	2,846,816	3,924,777	3,516,738	3,561,610	3,407,973	3,279,092	3,414,250	3,318,173	3,694,824	4,281,211
	Intake by source of intake	River water	m ³	2,650,303	3,719,091	3,332,427	3,401,403	3,227,216	3,097,578	3,199,174	3,100,310	3,454,334	4,072,796
		Industrial water	m ³	42,360	38,480	36,060	29,914	43,261	45,386	70,541	72,724	107,411	55,922
		Public water	m ³	154,153	167,206	148,251	130,293	137,496	136,128	144,535	145,139	135,079	152,493
Recycle	Recycling rate ¹⁾		%	66.7	59.0	65.9	53.8	50.4	50.7	42.5	42.7	39.6	34.1
Discharge	Discharge volume intensity		m ³ / product ton	10.2	13.5	12.4	13.2	13.3	13.2	12.7	12.6	14.6	19.7
	Total usage ²⁾		m ³	4,746,898	6,239,758	5,835,263	5,478,174	5,126,741	4,942,192	4,864,696	4,734,030	5,158,039 ³⁾	5,656,296
Use	Water use intensity		m ³ / product ton	11.7	15.3	13.9	15.2	15.4	14.6	14.3	20.2 ³⁾	23.0 ³⁾	27.1

- 1) Recycling rate: Reuse volume / total intake x 100; the result is different from the previous year due to the change in the formula.
- 2) Usage = Intake + recycle volume
- 3) (Intake + recycled volume) / recycled volume x 100; the result is different from the previous year due to the change in the formula.

Waste¹⁾

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total waste emission			ton	43,838	52,067	45,425	38,020	33,476	34,051	32,597	31,123	32,781	31,142
Waste emission by method of disposal	General	Total	ton	43,585	51,989	45,359	37,918	33,396	34,011	32,551	31,064	32,733	31,106
		Recycling	ton	43,249	51,263	44,460	37,217	32,805	33,529	32,250	30,584	32,480	30,862
		Incineration	ton	283.85	672.97	806.56	648.41	548.12	400.78	289.49	409.85	253.11	229.73
		Landfill	ton	51.82	52.51	91.74	52.61	42.50	80.51	11.19	70.68	0	14.39
	Specified	Total	ton	253.07	78.09	66.59	101.89	80.00	40.01	45.87	58.87	48.29	26.01
		Recycling	ton	14.67	25.05	32.28	28.64	38.34	21.38	22.37	15.24	12.68	20.46
		Incineration	ton	111.44	51.09	33.34	73.25	41.66	18.63	23.5	43.63	35.61	11.39
		Landfill	ton	126.96	1.95	0.97	0	0	0	0	0	0	0
Waste emission intensity			ton/ product ton	0.18	0.20	0.18	0.16	0.14	0.15	0.13	0.13	0.14	0.15
Waste recycling rate ²⁾			%	98.9	90.4	97.9	97.5	97.9	98.6	99.1	96.3	99.3	99.2
Waste levy ³⁾			KRW 100 million	85	90	86	77	68	67	68	69	75	71

- 1) Managed by the Allbaro system
- 2) (Recycled waste / General waste generated) x100
- 3) Applied to single-use diapers and general plastic products

Pollutants

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water pollutant emission (intensity)	Total organic carbon (TOC) ¹⁾		kg/ Product ton	-	-	-	-	-	-	-	-	-	0.142
	Chemical oxygen demand (COD)		kg/ Product ton	0.143	0.222	0.243	0.207	0.261	0.294	0.230	0.246	0.220	0.216
	Biological oxygen demand (BOD)		kg/ Product ton	0.008	0.013	0.015	0.020	0.035	0.043	0.031	0.032	0.037	0.040
	Suspended solid (SS)		kg/ Product ton	0.022	0.041	0.043	0.031	0.038	0.043	0.041	0.040	0.042	0.056
	Nitrogen oxide (NOx) ²⁾		kg/ Product ton	0.022	-	-	-	-	-	-	-	-	0.022
Air pollutant emission (intensity)	Sulfur oxide (SOx) ²⁾		kg/ Product ton	-	-	-	-	-	-	-	-	0.002	0
	Dust		kg/ Product ton	0.009	0.028	0.024	0.023	0.028	0.017	0.015	0.013	0.001	0.001
Hazardous chemicals Usage intensity ³⁾			kg/ Product ton	-	-	-	-	-	-	-	0.105	0.147	0.158

- 1) Reported from 2023 to reflect the gradual transition from COD to TOC as a measure of organic matters in water pollutants, in accordance with national regulations
- 2) Measurement began in 2022 due to strengthened legislation.
- 3) Performance reported from 2021

Sustainable Raw Materials

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Percentage of recycled paper ¹⁾			%	29.9	33.4	29.8	20.2	18.4	18.6	17.4	16.9	17.9	17.6
Percentage of domestic old paper			%	89.7	78.3	71.8	59.8	54.3	56.9	60.7	58.9	65.8	83.1
Pulp	Use of pulp ²⁾		ton	-	-	-	-	-	-	-	125,331	133,253	131,662
Packaging	Percentage of recycled plastic packaging ³⁾		%	-	-	-	-	-	-	-	-	17	30
	Packaging recycling fee ⁴⁾		KRW 100 million	7	9	9	9	10	12	15	15	12	12
Palm oil	Sustainable palm oil used ⁵⁾		ton	-	-	-	-	-	-	-	-	38.73	30.01
	RSPO-certified use		ton	-	-	-	-	-	-	-	-	0	0

- 1) (Imported old paper usage + domestic old paper usage) / (Imported old paper usage + domestic old paper usage + pulp usage) x 100
- 2) Pulp usage reported from 2021
- 3) Usage of recycled plastics for packaging / overall usage of packaging x 100
- 4) Calculated in accordance with the Act on the Promotion of Saving and Recycling of Resources
- 5) Calculated in accordance with the standards of Kimberly-Clark

Green Purchasing and Sales

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Purchase amount of sustainable pulp ¹⁾			KRW 100 million	-	-	-	-	-	1,013	829	934	1,171	1,391
Green sales/services	Number of eco-labeled products ²⁾		KRW 100 million	-	-	-	-	-	-	37	35	40	23
	Sales		KRW 100 million	-	-	-	-	-	-	-	370	371	341

- 1) Refers to pulp supplied by foreign forest certification organizations such as FSC and PEFC, domestic and imported old paper (recycled fiber), alternative pulp, etc., and the purchase amount of sustainable pulp has been calculated from 2019.
- 2) Refers to eco-labeled products under Article 17 (Certification of Eco-Label) of the Environmental Technology and Industry Support Act

Cost of Environmental Operation

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total cost of environmental operation			KRW 100 million	161.8	177.1	171.9	148.1	126.0	132.9	131.6	130.0	147.0	163.0
Proportion to sales			%	1.20	1.20	1.10	1.10	0.90	1.0	0.88	0.89	0.98	1.13

Environmental Management

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Certification for environmental (safety) management system ¹⁾	Number of applicable business sites		Sites	3	3	3	3	3	3	3	3	3	3
	Number of certified business sites		Sites	3	3	3	3	3	3	3	3	3	3
Environmental legislations	Number of violations		Cases	0	0	0	0	0	0	0	0	0	0
	Amount of violations		KRW 1 million	0	0	0	0	0	0	0	0	0	0

- 1) ISO 14001, ISO 9001 certifications

Environmental Education

Category			Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of participants in environmental education ¹⁾	Total		Persons	1,446	1,482	1,612	1,163	817	842	890	998	895	1,396
	Business site	Kimcheon	Persons	418	463	549	256	308	321	363	452	438	1,104
		Taejeon	Persons	395	239	422	428	420	398	470	327	311	205
		Choongju	Persons	633	780	641	479	89	123	57	219	146	87
	Total		Hours	1,628	2,100	1,409	880	968	1,002	974	924.5	878.5	841
Hours of environmental education	Business site	Kimcheon	Hours	600	965	926	402	380	356	392	363.5	339.5	503
		Taejeon	Hours	395	255	449	428	453	434	492	342	311	218
		Choongju	Hours	633	880	34	50	135	212	90	219	228	120

- 1) Regular environmental education, environmental management, EMS personnel, emergency response drills, environmental policies and safety rules, etc.

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Society

Employees

Category		Unit	2021	2022	2023	
Employment	Total number of employees	persons	1,481	1,470	1,429	
	Employment type	Permanent employees	persons	1,457	1,441	1,398
		Contract employees ¹⁾	persons	24	29	31
	Job type	Production workers	persons	711	700	686
		Sales workers	persons	139	135	121
		Office workers	persons	770	770	622
	Gender	Female	persons	303	306	296
		Male	persons	1,178	1,164	1,133
	Country	Korea	persons	1,475	1,464	1,424
		Others ²⁾	persons	6	6	5
	Age group	Under 30s	persons	52	65	63
		Between 30s and below 50s	persons	922	804	806
		50s and above	persons	507	601	560
	Employment rate of persons with disabilities ³⁾	%	2.3	2.2	2.2	
Number of persons of national merit	persons	16	13	11		
Average years of service	years	21.5	21.7	22.3		
New hires and turnover	Total number of new hires ⁴⁾	persons	56	67	41	
	Gender of new hires	Female	%	54	48	39
		Male	%	46	52	61
	Turnover ⁵⁾	%	3.8	5.5	3.3	
Voluntary turnover ⁶⁾	%	1.4	2.8	2.0		
Employee satisfaction ⁷⁾	Number of employee satisfaction survey respondents	persons	1,182	1,238	1,214	
	By gender	Female	persons	186	212	209
		Male	persons	996	1,026	1,005
	Average employee satisfaction survey score	points	79	77	76	
	By gender	Female	points	72	66	67
		Male	points	80	79	78

- 1) Contract-based duties with a predetermined contractual term
- 2) USA, China, Canada
- 3) (Number of employees with disabilities / number of permanent employees (as of December)) x 100; Based on the standard of the Korea Employment Agency for Persons with Disabilities
- 4) There are discrepancies from the previous year's report as the numbers are rounded off to the nearest integer from 2023
- 5) Including permanent and contract employees
- 6) Limited to permanent employees and excluding the fixed-term employees for up to two years
- 7) There are discrepancies from the previous year's report as the numbers are rounded off to the nearest integer from 2023
- 8) (Number of voluntary resignations (turnovers) of the year / total number of employees as of the end of the year) x 100
- 9) Scores of the Engagement section in the myVoice survey

Employees

Category		Unit	2021	2022	2023		
Education for capacity building	Total cost of education	KRW 10,000	54,761	60,711	51,975		
	Total hours of education	hours	58,961	69,748	68,489		
	Participants of education	persons	1,481	1,470	1,429		
	Education cost per person ¹⁾	KRW 10,000	37.0	41.3	36.4		
	Education hours per person	hours	39.8	47.4	47.9		
Safety and hygiene	Number of industrial accidents ²⁾	cases	1	1	2		
	Industrial accident rate ³⁾	%	0.07	0.07	0.10		
	Employee total recordable incident rate (TRIR) ⁴⁾	cases	0.14	0.33	0.58		
	Employee lost time injury rate (LTIR) ⁵⁾	cases	0.07	0.07	0.13		
	Partner lost time injury rate (LTIR) ⁵⁾	cases	0	0	0		
	Fatal accidents	cases	0	0	0		
	Occupational illness frequency rate (OIFR) ⁶⁾	%	0	0	0		
	Education	Total hours of education	hours	23,248	22,770	22,112	
		Number of participants	persons	997	978	944	
		Education hours per person	hours	23.3	23.3	23.4	
Female workforce	Proportion of female employees	%	20.5	20.8	20.7		
	Proportion of female permanent employees ⁷⁾	%	19.5	20.2	20.4		
	Proportion of women in revenue-generating departments ⁸⁾	%	32.0	33.2	39.1		
	Proportion of women in STEM departments ⁹⁾	%	15.0	13.1	18.1		
	Proportion of female managers (Work Leader and above) ¹⁰⁾	%	12.5	15.4	15.8		
	Proportion of female management (executives)	%	15.2	18.2	18.2		
Maternity and childcare	Maternity	Users of maternity leave	persons	7	10	4	
		Return rate after maternity leave ¹¹⁾	%	100	100	100	
	Childcare	Gender of childcare leave users	Female	persons	8	14	15
			Male	persons	1	1	2
		Female childcare leave utilization rate ¹²⁾	Female	%	100	100	100
		Return rate after childcare leave ¹³⁾	%	100	100	90	
Retention rate after returning from childcare leave ¹⁴⁾	%	100	88	100			

- 1) Total cost of education / number of participants in education
- 2) Employees
- 3) (Number of persons affected by accidents / total number of permanent employees) x 100
- 4) Based on KC Reportable (including MTC)
- 5) Number of accidents that caused loss of work due to an industrial accident (accident accompanied by temporary rest of workers) in accordance with the reporting standards under the Occupational Safety and Health Act x 200,000 / total work hours
- 6) (Number of occupational illness / total work hours) x 200,000
- 7) (Number of female permanent employees / total permanent employees) x 100
- 8) Departments involved in actual supply of products or services, except the supporting departments (HR, IT, Legal Affairs)
- 9) Science, Technology, Engineering, Mathematics; positions that use the relevant technologies for business purposes
- 10) Work Leader, Factory Director, Division Leader, Function Leader
- 11) Proportion of employees who have not resigned after maternity leave (including employees who used childcare leave or returned to work)
- 12) Proportion of employees who used maternity leave and childcare leave together among those who are eligible to use maternity leave
- 13) (Number of employees who actually returned in the year / number of employees who are supposed to return in that year) x 100
- 14) (Number of employees who maintained employment for 12 months after return from childcare leave / number of employees who returned from childcare leave in the previous year) x 100

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Employee

Category		Unit	2021	2022	2023	
Recharging vacation	Number of eligible persons	persons	751	751	721	
	Number of days used ¹⁾	days	17	19	22	
Flexible work system	Number of employees using selective work system	persons	19	14	15	
	Number of employees using recognized work system	persons	116	111	107	
	Number of employees using autonomous work system ²⁾	persons	137	137	146	
	Number of cases of remote work used ³⁾	cases	12	14	13	
Retirement pension	DC	Number of subscribers	persons	388	399	438
		Operating amount	KRW 1 million	14,512	12,767	17,612
	DB	Number of subscribers	persons	1,029	969	919
		Operating amount	KRW 1 million	202,413	206,847	232,658
Labor union	Number of union members	persons	737	723	701	
	Union membership rate ⁴⁾	%	99.7	99.7 ⁵⁾	99.6	

1) Average number of annual leave days taken, including recharging vacations

2) Among leaders eligible for the autonomous work system, sales leaders are classified and managed as those eligible for recognized work.

3) Yuhan-Kimberly adopted a remote work system in May 2015 to realize the core values of challenge and creativity through work-family balance and improved work performance. Employees with children in the third or lower grade in the elementary school and employees who are deemed to need to work from home for other urgent reasons are eligible.

4) (Number of union members / number of employees eligible for unionization) x 100

5) In 2022, the figure was rounded up to 100, but has been corrected to 99.7% in order to show the number to one decimal place.

Information Security

Category		Unit	2021	2022	2023
Information security violation	Information security violations	cases	0	0	0
Education	Number of employees subject to the education	persons	688	686	694
	Number of actual participants	persons	688	686	682
	Rate of participation	%	100	100	98.2

Product Safety

Category		Unit	2021	2022	2023
Safety regulation violations	Safety regulation violations	cases	0	0	0
Product recall	Voluntary/involuntary product recalls	cases	3 ¹⁾	1	0
Advertisement and labelling violations	Advertisement and labelling violations	cases	0	0	0

1) Corrected from 2 to 3 due to omission of data in 2021

Customer Satisfaction

Category		Unit	2021	2022	2023
Customer consultation status	Total number of customer consultations	cases	192,563	168,892	127,173
	Service consultation	cases	159,377	139,657	102,061
	Product consultation	cases	33,186	29,235	25,112
Customer satisfaction status	Activities for addressing customer dissatisfaction	persons	5,102	7,574	7,443
	Customer satisfaction for consultation	points	90.4	93.2	96.4
Recall status	Cost of recall	KRW 1 million ¹⁾	57	23	0

1) There are discrepancies from the previous year's report as the unit is changed to KRW 1 million and the figure is rounded off accordingly

Partners

Category		Unit	2021	2022	2023	
Purchasing status of partners	Total number of partners	Companies	1,171	1,122	1,250	
	Purchasing status by partner type	Primary materials	Number of partners / purchase (KRW 100 million)	145 / 3,920	92 / 3,700	93 / 3,754
		ECM ¹⁾	Number of partners / purchase (KRW 100 million)	94 / 2,519	56 / 2,305	60 / 1,637
		Contract service	Number of partners / purchase (KRW 100 million)	35 / 835	38 / 849	33 / 725
		Other companies ²⁾	Number of partners / purchase (KRW 100 million)	897 / 1,405	936 / 2,096	1,064 / 2,445
Management of ESG of partners	Rate of implementation of partner capability evaluation (SAT)	%	71	80	71	
	Average score of partner capability evaluation (SAT)	points	89.5	89	88.1	
	Rate of new partners with integrity pledges	%	100	100	100	
Mutual growth	Financial support	KRW 100 million	170	170	170	
	Technical support	cases	Technical Support 29	Technical Support 83	Technical Support 65	
			Technical Protection 6	Technical Protection 6	Technical Protection 6	
	Manpower support	companies	10	8	14	

1) External Contract Manufacturing; companies that produce and deliver finished products

2) Distributors and direct sales, advertising agencies, IT, and financial companies

Local Community

Category		Unit	2021	2022	2023
Donation		KRW 1 million	2,946	3,127	3,026
Membership fees for affiliated organizations		KRW 100 million	2.0	1.9	2.1

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GRI Index

Statement of use	Yuhan-Kimberly has applied the Global Reporting Initiative (GRI) Standards in reporting information on sustainability for the period from January 1, 2023 through December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Currently unavailable (as of the date of reporting in June 2024, no standards have been published for the industries applicable to Yuhan-Kimberly)

Topic	Index	Reporting page	Comment
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	10	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	-	Discrepancies with the previous year are separately explained in footnotes
	2-5 External assurance	144-145	
	2-6 Activities, value chain and other business relationships	10-11, 99	
	2-7 Employees	130	
	2-8 Workers who are not employees	130	
	2-9 Governance structure and composition	34	
	2-10 Nomination and selection of the highest governance body	34	
	2-11 Chair of the highest governance body	34	
	2-12 Role of the highest governance body in overseeing the management of impacts	16-17	
	2-13 Delegation of responsibility for managing impacts	16-17	
	2-14 Role of the highest governance body in sustainability reporting	16-17	
	2-15 Conflicts of interest	-	Not applicable
	2-16 Communication of critical concerns	16-17	
	2-17 Collective knowledge of the highest governance body	-	Not conducted
	2-18 Evaluation of the performance of the highest governance body	-	Not conducted
	2-19 Remuneration policies	17	
	2-20 Process to determine remuneration	17	
	2-21 Annual total compensation ratio	-	Cannot be disclosed due to internal confidentiality
	2-22 Statement on sustainable development strategy	6-9	
	2-23 Policy commitments	35, 84	
	2-24 Embedding policy commitments	36-37, 84-85	
	2-25 Processes to remediate negative impacts	37, 85	
	2-26 Mechanisms for seeking advice and raising concerns	37, 85	
	2-27 Compliance with laws and regulations	126, 129, 132	
	2-28 Membership associations (initiatives)	140-141, 147	
	2-29 Approach to stakeholder engagement	21	
	2-30 Collective bargaining agreements	132	

Topic	Index	Reporting page	Comment
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	22-24	
	3-2 List of material topics	25	
Material Topics 1. Product safety and quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 90-93	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	91-93	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	132	
Material Topics 2. Packaging and plastics			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 48-52	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	129	
	301-2 Recycled input materials used	129	
	301-3 Reclaimed products and their packaging materials	-	Not applicable
Material Topics 3. Customer hygiene and health			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 64-67, 90-93	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	91-93	
Material Topics 4. Customer relations and trust / transparency			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 28-31, 94-98	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	91, 98	
	417-2 Incidents of non-compliance concerning product and service information and labeling	132	
	417-3 Incidents of non-compliance concerning marketing communications	132	
Material Topics 5. Development of sustainable product and technology			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 19, 48-52	
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	-	Not applicable
Material Topics 6. Resource circulation and waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 52-53	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	53	
	306-2 Management of significant waste-related impacts	53	
	306-3 Waste generated	128	
	306-4 Waste diverted from disposal	128	
	306-5 Waste directed to disposal	128	
Material Topics 7. Greenhouse gases			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 56-60	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	127	
	305-2 Energy indirect (Scope 2) GHG emissions	127	
	305-3 Other indirect (Scope 3) GHG emissions	127	
	305-4 GHG emissions intensity	127	
	305-5 Reduction of GHG emissions	58	
	305-6 Emissions of ozone-depleting substances (ODS)	-	Not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	128	

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Topic	Index	Reporting page	Comment
Material Topics 8. Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 56-60	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	127	
	302-2 Energy consumption outside of the organization	-	Not managed
	302-3 Energy intensity	127	
	302-4 Reduction of energy consumption	58	
	302-5 Reductions in energy requirements of products and services	-	Not applicable
Material Topics 9. Ethical and compliance management			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 35-37	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	37	
	205-2 Communication and training about anti-corruption policies and procedures	37, 126	
	205-3 Confirmed incidents of corruption and actions taken	126	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	126	
Material Topics 10. Talent acquisition and development			
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 72-75	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	130	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	76-78	
	401-3 Parental leave	131	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	131	
	404-2 Programs for upgrading employee skills and transition assistance programs	72-75	
	404-3 Percentage of employees receiving regular performance and career development reviews	74	
Non-material Topics			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12-13	
	201-2 Financial implications and other risks and opportunities due to climate change	57-60	
	201-3 Defined benefit plan obligations and other retirement plans	132	
	201-4 Financial assistance received from government	126	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	104-121, 133	
	203-2 Significant indirect economic impacts	25	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	-	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	54	
	303-2 Management of water discharge-related impacts	55	
	303-3 Water withdrawal	128	
	303-4 Water discharge	128	
	303-5 Water consumption	128	

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GRI 304: Biodiversity 2023	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	62	
	304-2 Significant impacts of activities, products and services on biodiversity	63	
	304-3 Habitats protected or restored	104-105, 109	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	101	
	308-2 Negative environmental impacts in the supply chain and actions taken	102-103	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	86	
	403-2 Hazard identification, risk assessment, and incident investigation	83, 87-89	
	403-3 Occupational health services	87-89	
	403-4 Worker participation, consultation, and communication on occupational health and safety	83	
	403-5 Worker training on occupational health and safety	87, 131	
	403-6 Promotion of worker health	89	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	87	
	403-8 Workers covered by an occupational health and safety management system	-	100%
	403-9 Work-related injuries	131	
	403-10 Work-related ill health	131	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	81	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	37, 126	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	82	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	-	Not applicable
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Not applicable
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	-	Not applicable
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	-	Not recognized
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	21, 104-108	
	413-2 Operations with significant actual and potential negative impacts on local communities	-	Not applicable
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	133	
	414-2 Negative social impacts in the supply chain and actions taken	102	
GRI 415: Public Policy 2016	415-1 Political contributions	-	Not applicable
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	132	

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TCFD Index

The Task Force on Climate-related Financial Disclosures (TCFD) recommendations require companies to analyze and disclose the impact of climate change on their financials. Yuhan-Kimberly publishes a sustainability report that reflects the TCFD recommendations and discloses the status of its GHG reduction and performance of each year on an annual basis.

Category	TCFD recommendations	Yuhan-Kimberly's status in 2023	Reporting page
Governance	a) The board's oversight of climate-related risks and opportunities.	Through the ESG Committee under the Board of Directors, Yuhan-Kimberly discusses ESG issues and climate change. The ESG Committee meets twice a year, and reports key climate change-related agenda to the board in the second half of the year.	56
	b) Management's role in assessing and managing climate-related risks and opportunities	The ESG Committee has the Environmental/Social/Governance Subcommittees, led by the Manufacturing Function Leader, the CEO, and the CFO, respectively, and the secretariat. The subcommittees assess and manage climate-related risks and opportunities.	
Strategy	a) The climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Yuhan-Kimberly has identified climate-related risks for the short (less than one year), medium (one-five years), and long (five years or above) terms and analyzed their potential financial impact. Key risks include rising carbon credit prices, stricter waste management regulations, and increased frequency of disasters caused by extreme weather conditions, while opportunities include expansion of renewable energy generation and larger markets for sustainable products.	57
	b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Yuhan-Kimberly analyzes the impact of climate-related risks and opportunities on its organization's business and financial planning. For example, rising carbon credit prices lead to an increase in costs and a larger market for sustainable products results in increased portfolio profitability.	
	c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Yuhan-Kimberly analyzes the long-term climate change scenarios by considering RCP 2.6 scenario ¹⁾ and RCP 8.5 scenario ²⁾ of the IPCC and the water resource assessment method of CDP.	
Risk management	a) The organization's processes for identifying and assessing climate-related risks.	Yuhan-Kimberly assesses the risks and opportunities posed by climate change based on the TCFD framework. The identified risks are prioritized through a potential risk assessment and materiality assessment.	56
	b) The organization's processes for managing climate-related risks	The ESG Committee reviews material risks and opportunities and makes relevant decisions, and they are reflected in business strategies.	
	c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Performance in reducing GHG emissions is measured in connection with KPIs of the Manufacturing Function Leader and leaders of each business site. Material risks and opportunities including the investment for improving environmental performance are reflected in business strategies after discussions at the ESG Committee and report to the board.	
Metrics and targets	a) The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Yuhan-Kimberly discloses key metrics, e.g., GHG emissions, energy use, and percentage of investment for improving environmental performance. For greenhouse gas emissions, we have set a target of reducing GHG emissions by 25% until 2030 compared to 2015, and the reduction performance is connected with KPIs of the Manufacturing Function Leader and leaders of each business site	58-60
	b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	The total Scope 1 and Scope 2 emissions are 191,357 tCO ₂ e in 2023. Scope 3 emissions internally calculated for 11 categories are 639,669 tCO ₂ e. The main sources of Scope 3 emissions are purchased products and services, and disposal of products sold, and we will manage the Scope 3 emissions more efficiently and reduce GHG risks related to supply chains through enhancement of the method of calculating emissions and the cooperative system of Green Action Alliance.	
	c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Yuhan-Kimberly assigns reduction targets for each business site in line with the company-wide goals to reduce the absolute GHG emissions by 25% until 2030 (compared to 2015) and shares the emission status every month at MLT. Further, it has set targets for each business unit to achieve the goal of increasing the percentage of sustainable products in the overall sales to 95% by 2030 and monitors the performance on an annual basis.	

1) The most optimistic scenario, where global warming is limited to 1.5 to 2°C

2) The most pessimistic scenario, where humans fail to reduce greenhouse gas emissions and global temperature rises by more than 4°C

SASB Index

The SASB standards are industry-specific reporting standards created by the U.S. Sustainability Accounting Standards Board, established in 2011, for the purpose of identifying and reporting important sustainability issues in terms of ESG. Yuhan-Kimberly discloses sustainability indicators following the Household & Personal Products standards of the consumer goods sector.

Category	Code	Detailed indicators	Status of Yuhan-Kimberly in 2023
Water management	CG-HP-140a.1	(1) Total water withdrawn (m ³)	4,281,211m ³
		(2) Total water consumed (m ³)	5,741,726m ³
	Percentage of each in regions with High or Extremely High Baseline Water Stress (%)	Percentage of water withdrawn in regions with High Baseline Water Stress or above: 24% Percentage of water consumed in regions with High Baseline Water Stress or above: 18%	
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	We monitor the water resource risks of the regions where our mills are located based on the scenario analysis utilizing WRI's Aqueduct Tool. We minimize water-related risks around our business sites by replacing leaky pipelines, requiring all tissue machines to meet quarterly targets, and conducting water management task-force activities.
Product Environmental, Health and Safety Performance	CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	We ensure product safety on all stages from product development and production to consumer use. To this end, we monitor compliance with internal management standards and domestic laws and regulations and have global product safety experts verify such compliance. None of our products contain REACH substances of very high concern.
	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	In principle, we voluntarily restrict the use of materials of safety concern, while monitoring the materials of concern and taking appropriate actions at least semi-annually in accordance with the Serious Accidents Punishment Act. The list of chemicals of concern are constantly amended based on the safety assessment that takes into account the latest regulatory trends in Korea and abroad, consumer safety, and academic data.
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	Our revenue from eco-labeled products in 2023 is KRW 38 billion.
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total weight of packaging (ton)	3,880ton
		(2) Percentage made from recycled or renewable materials (%)	30.1%
	(3) Percentage that is recyclable, reusable or compostable (%)	Based on our Guidelines for Development of Sustainable Products and Packaging, we increase the recyclability of our products while managing the recycling grade according to the results of the material structure evaluation of packaging, as well as the targets to increase the amount of recycled plastic used for packaging.	
	CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	We have built our own LCA simulation tool to identify issues with highly contributing to environmental impacts and are conducting scenario analysis in line with our reduction goals, for the purpose of reducing the environmental impact of packaging throughout its lifecycle.
Environmental & social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Amount (ton) of palm oil sourced, percentage (%) certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim	In 2023, we purchased 30.01 tons of raw materials (Formulated Solutions) containing palm oil, none of which is RSPO certified.
Activity Metrics	CG-HP-000.A	Units of products sold, total weight of products sold (ton)	Due to the diversity of our product portfolio, we do not disclose information on the units and total weight of products sold.
	CG-HP-000.B	Total number of production sites	Three (Taejon Mill, Kimcheon Mill, Choongju Mill)

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Compliance with 10 Principles of the UN Global Compact

UNGC Compliance Status

Category	10 Principles	Yuhan-Kimberly's Efforts (2023)	Reporting Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> Conducted employee code of conduct training Released human rights management declaration and declared 8 principles of human rights management Operated Yuhan-Kimberly I&D Committee Operated a dedicated organization for human rights management 	80, 84-85
	2. Businesses make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Conducted personal information protection training Conducted human rights education Implemented a fair-trade compliance program Operated an grievance handling channel and process for each stakeholder group Conducted company-wide Speak Up workshops Conducted the myVoice survey 	35-37, 84-85
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> 99.6% of labor union participation rate Conducted Labor-Management Councils and Grievance Handling Committees on a quarterly basis 	82-83
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	<ul style="list-style-type: none"> Complied with employment regulations and collective agreements Complied with Supplier Social Compliance Standards (SSCS) of Kimberly-Clark (shareholder) 	84-85, 101-102
	5. Businesses should uphold the effective abolition of child labour.	<ul style="list-style-type: none"> Participated in Kimberly-Clark's Supply Chain Human Rights (SCHR) program and measured 10 suppliers' compliance with key human rights rules, e.g., child labor, forced labor, and discrimination 	
Environment	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Female employee ratio of 20.7% 100% of return rate after maternity leave Checked whether new supplier agrees to comply with the Supplier Code of Conduct, only trading with those that agreed to it 	77, 84-85, 101-102, 131
	7. Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> Implemented Environmental Management 3.0 Conducted the Keep Korea Green campaign Conducted ESG Self-Assessment Conducted an in-house evaluation using the CDP water resource evaluation methodology and identified potential risks 	20, 46, 56-57, 110-121
Anti-corruption	8. Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> Operated the ESG Environmental Subcommittee that reports directly to the CEO Concluded the Green Action Alliance MOU for the establishment of a sustainable ecosystem across the industry Created the Yeoncheon Honey-Source Native Plant Honeybee Forest for honeybee biodiversity preservation Collaborated with Baekdudaegan National Arboretum on the storage and research of Korean Fir seed vault Commenced restoration of Changgyeonggung Palace Forest Used less than 30,000 tons of boreal forest pulp Invested in startups leading social/environmental innovation through the Green Impact Fund 	47, 52, 104-105, 110-121
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> Developed and manufactured products to achieve the target of 95% of sales from sustainable products by 2030 Conducted Life Cycle Assessment (LCA) for major products Established a strategy to replace plastics and mid- to long-term goals for packaging; monitored progress Expanded the project to establish a resource circulation process for hand towels 	48-52
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Conducted code of conduct training for all employees Activated education on anti-corruption, ethics, and fair-trade compliance Participated in the Declaration of CEO at the Yoonkyung ESG Forum for 21 consecutive years Participated in the UN Global Compact anti-corruption pledge 	35-37, 84-85

Regular General Meeting of the UN Global Compact Network Korea

Yuhan-Kimberly was recognized as a UN Global Compact Leadership Excellence and Development (LEAD) company for the third consecutive year at the 2023 UNGC Korea Leaders Summit, organized by the UN Global Compact Network Korea. The UNGC Korea Leaders Summit is a forum that disseminates and shares the sustainability agenda of companies and the international community, including the four core values promoted by the UNGC—human rights, labor, environment, and anti-corruption—as well as the UN's Sustainable Development Goals (SDGs). Various stakeholders, including member companies, government representatives, international organizations, academia, and civil society leaders, have participated in this summit. At this summit, Yuhan-Kimberly was recognized as a leading company in the fields of human rights, labor, environment, anti-corruption, and SDGs among Korean member companies that support the UNGC's 10 principles and have embedded these principles into their strategies and policies. Hence, we were selected as a LEAD company by the UNGC Network Korea.

UN Guiding Principles Reporting Framework

Category	Reporting Principle	Reporting Page
Governance of respect for human rights	A1. Policy commitment	35, 84, 100
	A2. Embedding respect for human rights	35-37, 84-85
Defining the focus of reporting	B1. Statement of salient issues	25-27, 35, 84, 100
	B2. Determination of salient issues	22-24, 101-102
	B3. Choice of focal geographies	84, 99
	B4. Additional severe impacts	N/A
Management of salient human rights issues	C1. Specific policies	35, 84-86, 94, 100, 103
	C2. Stakeholder engagement	21, 23, 37, 82-83, 85, 95, 97, 102
	C3. Assessing impacts	22-24, 84
	C4. Integrating findings and taking action	16-17, 26-27, 39, 84-85, 101-102
	C5. Tracking performance	22-24, 39, 84-85, 96
	C6. Remediation	37, 85, 95



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Activities to Contribute to UN SDGs

The United Nations Sustainable Development Goals (UN SDGs), proposed by the UN for the sustainable development of the international community, contain 17 goals and 169 targets for economic growth, social inclusion, and sustainable environment. At Yuhan-Kimberly, we support the UN SDGs and are committed to contributing to the realization of

UN SDGs	Category	Principles	Targets	Yuhan-Kimberly's Activities	Reporting Page
Goal1	No poverty	End poverty in all its forms everywhere.	1.3 Substantial coverage of the poor and the vulnerable	· 'Hope Bank' diaper donation campaign for underprivileged children in local communities · Sanitary pad donation campaign, 'Cheer Up Daughters,' for marginalized adolescents	106-108
Goal3	Good health and well-being	Ensure healthy lives and promote well-being for all at all ages.	3.2 End preventable deaths of newborns and children under 5 years of age 3.7 Ensure universal access to sexual and reproductive health-care services 3.8 Achieve universal access to quality essential health-care services for all 3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution	· Producing and donating ultra-small diapers for preemies · Providing menstrual education content through the 'Daldabang,' women's wellness app · Operating menstruation-related information blogs such as 'We are on period' / 'We have menstruation' · Operating the Today Plus hygiene healthcare platform to support healthy lifestyles · Establishing a product safety system considering consumer safety and disclosing related information	106 69, 70 90-98
Goal4	Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	4.4 Increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship 4.5 Eliminate discrimination in education based on gender, disabilities, and ethnicity	· Implementing the 'YK Learning,' program to enhance employee capabilities · Operating a mutual growth academy program for employees of partner companies · Creating an NGO leadership fund to strengthen women's rights leadership	72-75, 103 105
Goal5	Gender equality	Achieve gender equality and empower all women and girls.	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate 5.5 Ensure women's participation for leadership at all levels of decision-making in political, economic and public life 5.6 Ensure universal access to sexual and reproductive health and reproductive rights to all women and girls	· Inviting male employees with expecting spouses and their team leaders as well as expecting employees to a "Prospective Parent Meeting" to provide information on the company's policies on maternity and parenting · Creating an NGO leadership fund to strengthen women's rights leadership · Participating in UN Global Compact Target Gender Equality (TGE) Round II · Establishing a 2030 goal on percentage of high-ranking female leaders · Donating more than 10 million sanitary pads (cumulative) by 2023 through the "Cheer Up Daughters" campaign, aiming at donating sanitary pads to vulnerable adolescents, including out-of-school female youths and youths preparing for independence · Cooperating with a health education teachers association for menstrual education and awareness improvement · Developing and donating First Period Hygiene Panties for developmentally disabled women and children with first period · Developing and providing tampons and sanitary pads with braille packaging for women with visual impairment · Conducting the "Hope for Daughters" campaign	77 81, 105 106-109
Goal6	Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all.	6.2 Achieve access to equitable sanitation and hygiene for all and end, paying special attention to the needs of women and girls and those in vulnerable situations 6.3 Improve water quality by reducing pollution, minimizing release of hazardous chemicals and materials, and substantially increasing recycling and safe reuse globally 6.4 Increase water-use efficiency, address water scarcity and ensure sustainable withdrawals and supply of freshwater	· Conducting the Kleenex Happy Clean campaign for vulnerable children · Upgrading the water purification facility and enhancing treated water reuse at Kimcheon Mill · Participated in Choongju Mill's water footprint reduction program · Establishing mid- to long-term goals for water use reduction at the Kimcheon Mill and managing them as sustainability KPIs · Conducting self-assessment using CDP (Carbon Disclosure Project) Water Guidance methodology and identifying potential risks	108 54-55
Goal7	Affordable and clean energy	Ensure access to affordable, reliable, and modern energy for all.	7.3 Improve energy efficiency	· Ensuring energy efficiency by implementing a workplace Energy Management System (EMS) · Ensuring energy efficiency by retrofitting aging facilities · Optimizing delivery routes and reducing fuel consumption through logistics projects	58-60
Goal8	Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added sectors 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.8 Protect labor rights and promote safe and secure working environments for all workers, in particular those in precarious employment	· Using sustainable materials such as recycled plastics in product manufacturing and packaging · Increasing productivity by streamlining DT and logistics at business sites · Entering and growing overseas markets (Asia-Pacific) · Selecting the next core categories based on growth potential and marketability and building a diversified product lineup · Operating the Yuhan-Kimberly Green Impact Fund, which invests in social ventures and startups with potential in the sustainability area · Supporting social venture entrepreneurs to expand senior business opportunities through the 'Senior Impact Fellowship' · Declaring the Six Policies for Protecting the Rights of Emotional Laborers to protect their human rights · Implementing the right to suspend consultation for the protection of customer service representatives' human rights and conducting a campaign to cultivate a safe workplace · Practicing family-friendly management by operating internal systems such as pre-labor maternity leave and remote work system for employees during childbirth and childcare periods, in addition to those required by laws and regulations	48-49, 60, 64-70 108 76-77, 84-85, 132

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sustainable development around the world through our operations and business activities. In order to fulfill our roles and responsibilities as a company, we will continue to actively work toward the achievement of the UN SDGs.

UN SDGs	Category	Principles	Targets	Yuhan-Kimberly's Activities	Reporting Page
Goal9	Industry, innovation and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	· Establishing the energy management system and ensuring more efficient energy management through DT of business sites · Innovating the supply chain of the industry through Green Action Alliance	52, 58, 68
Goal10	Reduced inequalities	Reduce inequality within and among countries	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race or religion, etc. 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	· Operating the Inclusion and Diversity Committee · Establishing and managing 2030 targets for percentage of female leaders (executives, division leaders/work leaders, managers) · Specifying non-discrimination in the human rights management declaration · Hosting the Cultural Diversity Festival · Supporting the economically vulnerable through donation platforms · Operating the "Hope Bank" program that aims to deliver diapers to childcare facilities, infant households, and other socially vulnerable children	17, 80-81 80, 84 106-108
Goal11	Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage 11.5 Reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses caused by disasters 11.6 Pay special attention to air quality and municipal and other waste management	· Keeping the use of boreal forest pulp below 30,000 tons · Installing flood barriers under the Flood Management and Mitigation Program of the Taegon Mill · Establishing a Task Force for each business site dedicated to preventing damage from storms and floods · Managing each business site's air quality, water quality, soil and waste through the ISO 14001 and the Ministry of Environment's integrated environmental management system	17, 63 54 46, 55
Goal12	Responsible consumption and production	Ensure sustainable consumption and production patterns	12.2 Achieve the sustainable management and efficient use of natural resources 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse 12.6 Adopt sustainable practices and integrate sustainability information into their reporting cycle 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	· Establishing mid- to long-term goals regarding reduction of water and carbon footprints, use of sustainable pulp and recycled paper, and forest · Developing and selling sustainable products · Developing sustainable resources/materials and promoting supply transition through the Green Action Alliance · Preparing the sustainable product development guidelines based on the 3R (Reduce, Reuse, Replace) principles · Reusing primary materials, e.g., trim of non-woven fabrics from Taegon Mill · Reporting the status of the target to reach 95% of sales from sustainable products, reduction of environmental impacts in manufacturing and management of supply chain, etc. through the annual Sustainability Report · Providing employee ESG education · Conducting various campaigns, e.g., minimization of paper printing, use of personal cups and the World Environment Day, etc. · Conducting the Hand Towel Recycling Campaign and the Keep Korea Green campaign (public campaign for forest environment)	17-19, 48-52 48, 53 17-19, 48-52 47, 52, 110-121 46-47
Goal13	Climate action	Take urgent action to combat climate change and its impacts	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	· Identifying climate-related risks and opportunities based on the TCFD framework · Prioritizing relevant issues through materiality assessment and potential risk assessment · Contributing to the national goal of reducing GHG emissions through the GHG Emission Trading System · Establishing mid- to long-term goals for reduction of GHG emissions · Managing the supply chain GHG emissions by establishing the Scope 3 management system · Allocating 30% of CAPEX to investment in improvement of environmental performance · Operating the ESG Committee and the Environmental Subcommittee under the CEO's direction · Providing employee education and internal programs for internalization of environmental management	20, 24, 39, 57 56-59 46-47
Goal14	Life below water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.1 Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris	· Replacing plastic and reducing microplastic waste by complying with the Guidelines for Development of Sustainable Products	48-51
Goal15	Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.1 Ensure the conservation, restoration and sustainable use of forests, wetlands, mountains and drylands 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally 15.5 Reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species	· Contributing to sustainable forest management and biodiversity conservation by using FSC-certified pulps · Conducting forest environmental campaigns, including 'Keep Korea Green' · Conducting afforestation projects in Yuhan-Kimberly Forest in Mongolia and desertification prevention forest research projects · Carrying out restoration activities in forest fire-affected areas near the East Sea · Creating a Yeoncheon Honey-Source Native Plant Honeybee Forest for biodiversity conservation · Collaborating with the Baekdudaeagan National Arboretum for the permanent storage of Korean fir species in the seed vault	17, 63 104-105, 110-121 121
Goal16	Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.3 Promote the rule of law and ensure equal access to justice for all 16.5 Substantially reduce corruption and bribery in all their forms 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	· Providing annual employee education on compliance with the Code of Conduct · Operating a channel to report violations of the Code of Conduct · Operating the fair trade compliance program · Including anti-corruption policies in the Code of Conduct · Promoting inclusive management activities through engagement of various stakeholders, e.g., communications with the labor union	35-37, 85, 100 35 21, 82-83
Goal17	Partnership for the goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	17.16 Enhance the Global Partnership, complemented by multi-stakeholder partnerships that share knowledge, expertise, technology and financial resources	· Continuing the forest environment governance through the Keep Korea Green campaign · Participating in UN Global Compact activities (from 2017) and adhering to its ten principles · Executing the Green Action Alliance MOU to build a sustainable ecosystem throughout the industry	52, 104-105, 108, 110-121, 140-141

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Third Party Assurance Statement

To readers of 2024 Yuhan-Kimberly Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by Yuhan-Kimberly to conduct an independent assurance of its 2024 Sustainability Report (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of Yuhan-Kimberly. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with Yuhan-Kimberly and issue an assurance statement.

Scope and Standards

Yuhan-Kimberly described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team. Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal Standards
- Topic Specific Standards
 - GRI 205: Anti-Corruption
 - GRI 206: Anti-competitive Behavior
 - GRI 301: Materials
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 306: Waste
 - GRI 401: Employment
 - GRI 404: Training and Education
 - GRI 416: Customer Health and Safety
 - GRI 417: Marketing and Labeling

As for the reporting boundary, the engagement excludes the data and information of Yuhan-Kimberly’ partners, suppliers and any third parties.

KMR’s Approach

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

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

Limitations and Recommendations

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

Conclusion and Opinion

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

Inclusivity

Yuhan-Kimberly has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

Yuhan-Kimberly has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

Yuhan-Kimberly prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Yuhan-Kimberly’ actions.

Impact

Yuhan-Kimberly identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Yuhan-Kimberly and did not provide any services to Yuhan-Kimberly that could compromise the independence of our work.

June 2024 Seoul, Korea



CEO 

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Greenhouse Gas Verification Statement

Greenhouse Gas Emissions

Subject of Verification

Korean Foundation for Quality (KFQ) conducted the verification of greenhouse gas emissions of Yuhan-Kimberly Co., Ltd. (the “Company”) in 2023.

Verification Scope

KFQ’s verification was conducted on all greenhouse gas emitting facilities in the entire domestic business sites under operational control of Yuhan-Kimberly Co., Ltd. as of 2023.

Verification Standard

The Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Systems¹⁾, the Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System²⁾ and ISO 14064-3 were applied to the verification.

1) Ministry of Environment Notification No. 2023-221

2) Ministry of Environment Notification No. 2021-112

Level of Guarantee

The verification was planned and carried out in accordance with the procedures stipulated in the Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System, and the verification was carried out to meet the reasonable guarantee level. Whether the pre-verification procedure had been effectively carried out was clarified through internal reviews.

Limitations of Verification

The verification is subject to inherent limitations that may arise in the course of applying the standards and methodologies.

Conclusion of Verification

The following conclusions are presented on greenhouse gas emissions data on the statement.

- 1) The greenhouse gas emissions were correctly calculated in accordance with the Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Systems and the ISO14064-1.
- 2) The result of the materiality assessment on each company’s GHG emissions shows that each company’s GHG emissions is less than 500,000 tCO₂e, and they satisfy the quantitative threshold for materiality, i.e., 5% of total emissions.
- 3) Thus, KFQ concludes that the Greenhouse Gas Emissions of the Company in 2023 is correctly calculated and stated.

(Unit: tCO₂e)

Scope 1	Scope 2	합계
25,989.069	165,371.12	191,357

* According to the Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Systems, the total emissions are the sum of emissions of business sites that were rounded down to the nearest integer and therefore, the sum of Scope 1 and Scope 2 emissions may differ from the total emissions.

* The emission in this Verification Statement is based on the standard emissions when submitting emission rights. Due to the change in the emission factor of external steam, the emission amount at the allocation for the 4th basic plan period is 213,692 tCO₂e.

June 3, 2024

CEO Ji-Young Song



Korea Foundation for Quality

Key Awards, Certifications and Collaboration Partners

Key Awards and Certifications

Category	Date	Detail	
Overall Sustainability	May 2023	Ranked 1st in the 2023 ESG reputation in South Korea, 1st in consumer goods/distribution, 3rd in the environment, and 3rd overall (by Statista)	
	November 2023	Selected as a UN Global Compact Leadership Excellence and Development (LEAD) company for the third consecutive year	
	November 2023	Household goods category of the Korean Sustainability Conference (KSI) for the 13th consecutive year	
	November 2023	Sustainability Report Award in the manufacturing category of the KRCA	
	February 2024	Selected as Korea’s Most Admired Companies for the 21st consecutive year	
	May 2024	1st place in the hygiene product category of the 2024 ‘Consumer Complaint Evaluation Award’ for the 6th consecutive year	
	Certification	February 2023	ISO 9001 certified for all mills in Kimcheon, Taejon, and Choongju
		November 2023	Choongju Mill, 1st quasi-drug GMP for sanitary pads
		April 2024	Taejon Mill, 1st quasi-drug GMP for tampons
	Economy	March 2023	Kleenex, selected as Korea’s No. 1 for Brand Star in the toilet paper category in 2023
March 2023		1st place in the diaper industry according to the 2023 Korea Brand Power Index for the 25th consecutive year	
March 2023		1st place in the sanitary pad industry according to the 2023 Korea Brand Power Index for the 23rd consecutive year	
March 2023		1st place in the toilet paper industry according to the 2023 Korea Brand Power Index for the 21st consecutive year	
March 2023		1st place in the senior diaper industry according to the 2023 Korea Brand Power Index for the 3rd consecutive year	
July 2023		Scott, 1st place in the fabric deodorizer category of the Consumer Well-being Environmental Satisfaction Index	
August 2023		Greenfinger, awarded with Red Dot Design Award for sustainable paper package	
December 2023		White, Silver Award at the Korea Digital Advertising Festival	
December 2023		Huggies, Silver Award at the Korea Digital Advertising Festival	
April 2024		1st place in the best brand toilet of the Korea Customer Appraisal	
Society & Environment	February 2023	Keep Korea Green Metaverse Forest, A.N.D. Award for Social Contribution, Event/Campaign	
	April 2023	Awarded by the Chairperson of the Anti-Corruption and Civil Rights Commission	
	November 2023	Hand Towel Recycling Campaign, selected as the best practice of carbon neutrality	
	February 2024	Huggies, awarded with the plaque of appreciation from Childfund Korea for its care for preemies	
	March 2024	Paper-packed handwash, awarded the Main Award in the category of package design in 2024 iF Design Award	

Status of collaboration partners within local communities

(in Korean Alphabetical order)

Major societies and associations (35)	Headquarters Common	Business Management Committee, Organization of Consumer Affairs Professionals in Business, Green Company Council, Korean Nurses Association, Korean Bar Association, Korea Industrial Safety Association, Korea Cosmetic Association, Meerae Forum, Korea Fire Safety Management Association, Korea Safety Equipment Association, UN Global Compact Network Korea, Yoonkyung ESG Forum, Association of Dangerous Substances Director, Federation of Korean Industries, Korean Enterprises Federation, Fair Competition Federation, Korea Society of Toxicology, Korea International Trade Association, Korea Industrial Technology Association, Korea Fire Safety Institute, Korea Medical Devices Industry Association, Korea CISO Association, Korea Paper Association, Korea Paper Resource Association
	Manufacturing Site	Kyeongbuk Enterprises Federation, Gyeongbuk Environmental Engineering Federation, Gimcheon Chamber of Commerce & Industry, Gimcheon Environmental Safety Director Association, Daegu Gyeongbuk Environment Protection Association, Daeduk Industrial Engineer Association, Daejeon Chungnam Sejong Environmental Engineering Federation, Chungbuk Environment Protection Association, Chungju High-tech Complex Association
Major collaboration organizations (47)	Business Collaboration	3, 4 Industrial Complex Management Conference, KOKJE, Institute for Industrial Policy Studies, Hygiene Product Business Consultation Body, Korea Exchange, Korean Academic Society of Business Administration, Korea Management Association, Korean Association of Gerontology and Geriatrics, Korea AEO Association, Korea Technical Association of The Pulp and Paper Industry, Korean Society for Quality Management, Korea Toilet Association, Toilet Paper Fair Trade Association
	Social Responsibility	Gyeongbuk Fostercare Center, Gyeongbuk Community Chest of Korea, Gyeongbuk Welfare Center for the Blind, Climate Change Center, National Council of the Green Consumers Network in Korea, Green Korea United, Daejeon Community Chest of Korea, Daejeon Hanter Protected Workplace, Literature House Seoul, Love Asia, Friends of Love, Community Chest of Korea, Forestry Cooperative in Korea, Seoul Green Trust, Seoul Korean Federation for Environmental Movement, Seoul YWCA, Forest for Life, Womenlink, Chungju Social Welfare Joint Committee, Chungju New Village Association, Chungju Senior Club, Chung-Ju Center for Independent Living, Peace Forest Work, People and Peace Link, Korea Arboreta and Gardens Institute, Korea Women’s Association United, Korea Women’s Hot-Line, Korea Foundation for Women, Work Together Foundation, Korea Federation for Environmental Movements, Citizen’s Movement for Environmental Justice, K-Green Foundation, AfoCo, K-WIN

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Greenwashing Report

Yoon & Yang LLC has been requested to conduct a limited review of the greenwashing in the June 2024 Sustainability Report (the "Report") of Yuhan-Kimberly. Yoon & Yang LLC has reviewed the greenwashing issues related to a limited part of the Report (the "Scope of Review") as agreed upon by Yuhan-Kimberly, based on the applicable laws, i.e., the Act on the Fair Labeling and Advertising (Fair Trade Commission), and the Environmental Technology and Industry Support Act (Ministry of Environment).

Scope of Review

The Scope of Review is the eco-friendly products and management activities contained in the Report of Yuhan-Kimberly.

Eco-friendly Products and Management Activities	Reporting Page
a) Message from the CEO	6-9
b) Yuhan-Kimberly's 2030 Sustainability Goals	18
c) Sustainable Products	19, 48
d) Greener Product	51

Except for the above 'Scope of Review', the sustainable products and management activities with respect to the areas or matters that were not requested to be reviewed by Yuhan-Kimberly are excluded from this review.

Conclusion

We have reviewed the potential greenwashing issues in the Scope of Review based on applicable laws. In the eco-friendly products and management activities in a), b), c) and d) above, which fall under the Scope of Review, we have not found any incorrect report in accordance with the standards for review of greenwashing under the applicable laws.

This review is commissioned by Yuhan-Kimberly and does not constitute an endorsement of the presence or absence of greenwashing issues in the Yuhan-Kimberly's Report. We are not responsible to any stakeholder other than Yuhan-Kimberly for the results of our review and the conclusions contained in this review. The purpose of this report is to assist the management of Yuhan-Kimberly in the assessment of its compliance with applicable laws, and has no other purpose.



June 19, 2024

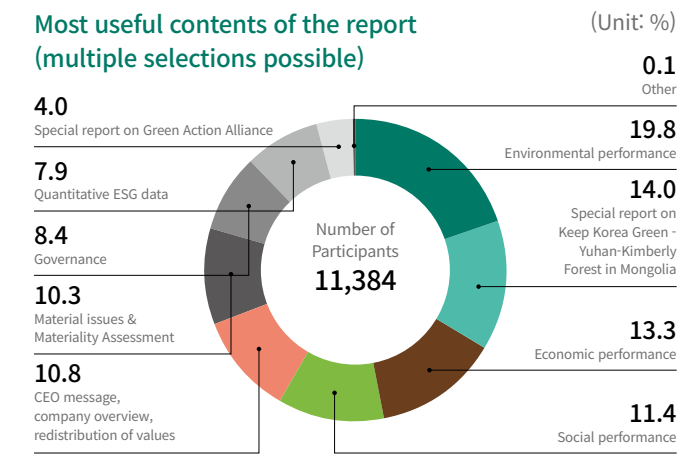
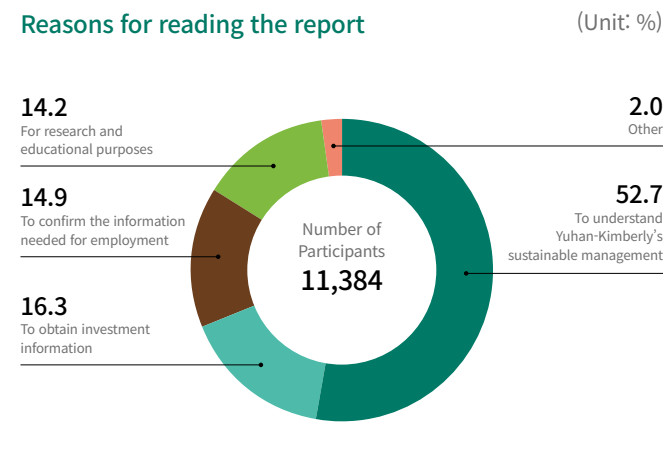
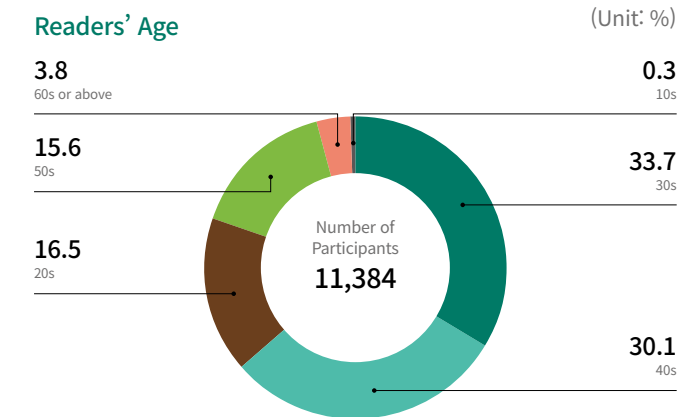
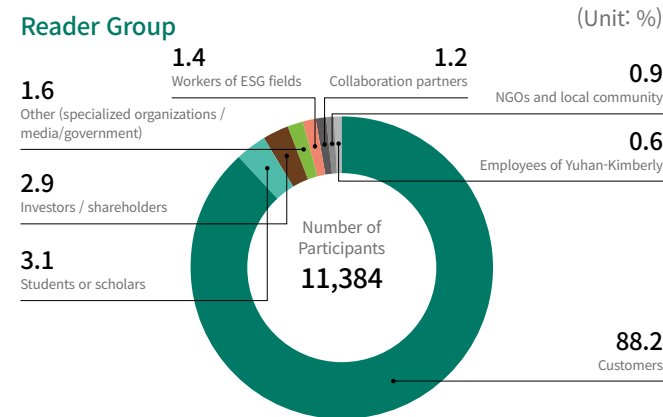
Yoon & Yang LLC, Keun Woo Lee, Esq.



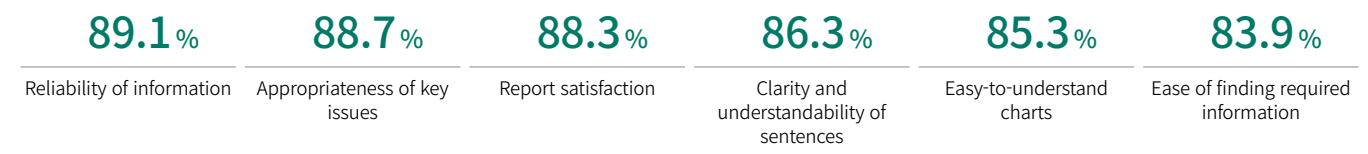
Sustainability Report Reader Feedback

We at Yuhan-Kimberly share our internal and external efforts for sustainable management through our sustainability report. Our 2024 Sustainability Report received the Sustainability Report Award in the manufacturing category of the KRCA along with the 1st place of the household goods category of the 2023 Korean Sustainability Conference of the Korean Standards Association. In order to produce a better report, we have analyzed feedback from a total of 11,382 readers who read our last Sustainability Report in 2023, and reflected the feedback from the planning stage for this year's report. Yuhan-Kimberly will continue to value our readers' opinions and strive for ongoing communication and improvement for better reporting in the future.

* Rounded off to the first decimal place.



Overall satisfaction with the report



Reader Feedback Survey

Thank you to all our readers who love and have read the Sustainability Report of Yuhan-Kimberly. We would like to hear from all our stakeholders to create a better report. We would appreciate your participation in the survey via the QR code.

Web Report: <https://www.yuhan-kimberly.co.kr/Society/Opinion>



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We have always cared deeply about our consumers, society, and the environment, and have worked to solve a wide range of issues together. We established the principle of eco-friendly procurement in 1971 and have led innovations throughout the entire process, from product design to manufacturing and disposal. Since we declared ethical management in the 1980s, we have spread transparency in society, while contributing to solving social problems through forests for the past 40 years under the Keep Korea Green campaign. These efforts have made Yuhan-Kimberly a reliable company and a trustworthy brand. However, we would not stop here. Rapid and unpredictable changes are ahead of us. To capitalize on these changes, let's create a flexible and resilient corporate culture with innovation efforts that focus more on the consumers. Let's pursue innovation for the environment, innovation for the society and innovation and interaction through an expanded governance.

As trees come together to form a large forest, the commitment and efforts of each one of us will lead to a more sustainable future.

Message from the CEO on the 40th anniversary of the Keep Korea Green campaign (March 2024)

