

People ask how Sustainability Report has made a difference to our business. Many ask whether all the targets were not tough to meet. They also ask whether there was no resistance from the employees when the company committed to transparency.

Yuhan-Kimberly soundly put all these concerns to rest: we are becoming more mature each year as we publish our Sustainability Report, we have gained a more holistic and longer-term perspective, and we have come to better understand where we lack.

As a result, we have come to set a bigger vision. Also, whereas we had mostly focused on the bottom line in the past, we now focus more on what we have to do for a sustainable future. We have also come to realize that we cannot thrive unless the communities in which we operate thrive. We will continue to sincerely fulfill our social responsibilities, and we will share our activities through our Sustainability Report.



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Summary of Yuhan-Kimberly 2007 Sustainability Report

사람이 희망이다

People are the Source of Hope



Yuhan-Kimberly

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ABOUT THIS REPORT

Our Sustainability Report illustrates how we have fulfilled our responsibilities for the economy, society, and environment as well as how we have delivered on our social commitments.

STANDARDS AND CRITERIA

This report is provided in accordance with the Global Reporting Initiative (GRI) and the B.E.S.T. Sustainability Reporting (BSR), developed specifically for Korean enterprises.

STRUCTURE

This report comprises of five sections - Report Overview, Economic Value, Social Value, Environmental Value, and Appendix.

REPORTING PERIOD

The reporting period is from January 2006 to May 2007.

REPORTING CYCLE

Yuhan-Kimberly is planning to publish a sustainability report annually. The first sustainability report was published in 2006.

CONTEXT AND SCOPE

This Report deals with the company’s headquarter, its mills, and its export markets.
The currency used in this report is the Korean won (KRW).

DIFFERENCES WITH OUR PREVIOUS REPORT

This report differs from the previous report in the following areas: inclusion of materiality test results, disclosure on management approach (DMA), improved stakeholder engagement and feedback, strengthened strategies and profile, value-specific report structure, disclosure of compliance with the UN Global Compact.

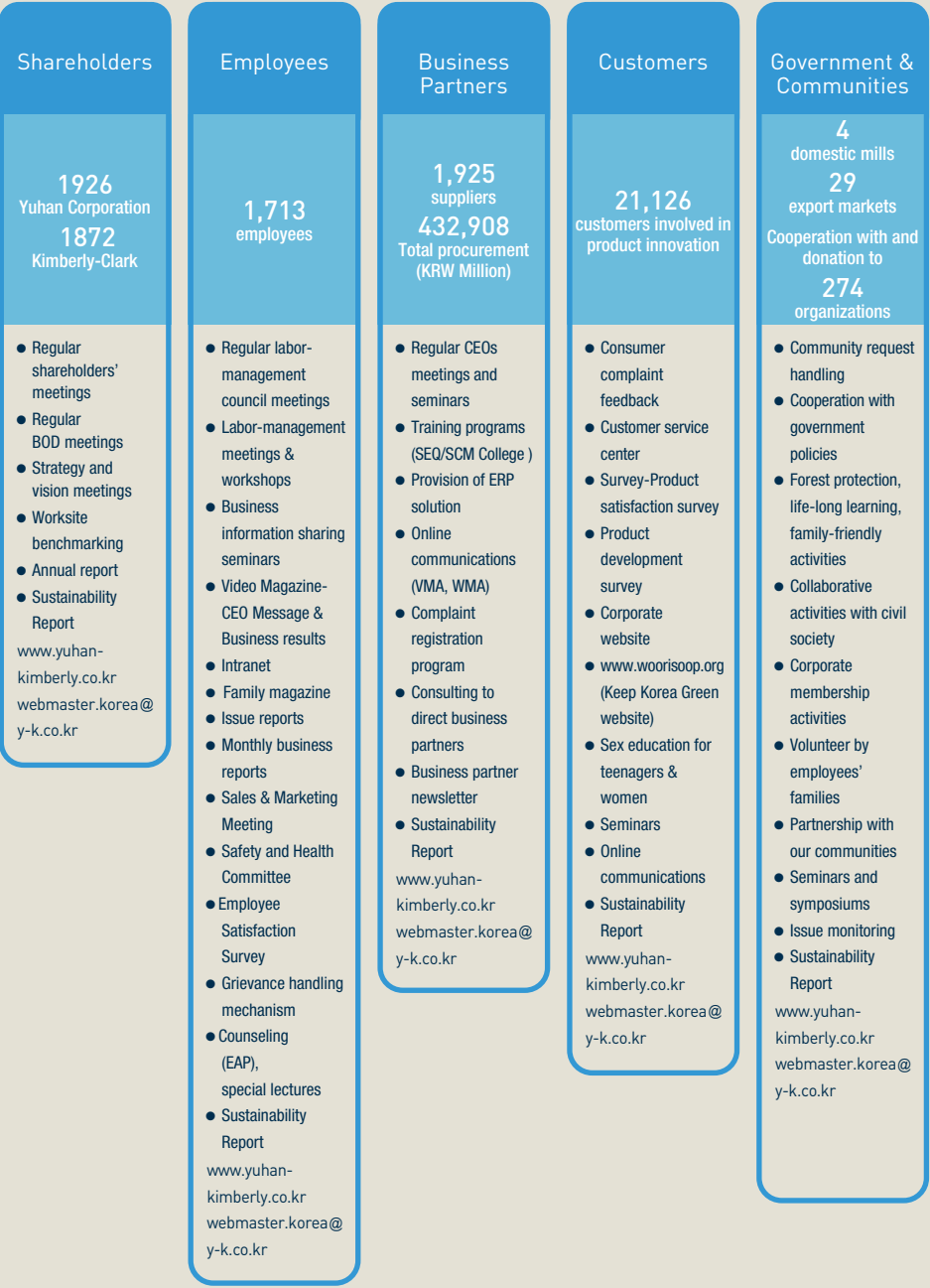
ASSURANCE

This report has been read and commented on by a team of independent specialists versed in economic, social, and environmental areas. In addition, its data have been assured by a third party, The Institute for Industrial Policy Studies.

Stakeholders’ Survey on the Sustainability Report

Methodology	Period	Details	Stakeholders
Printed Questionnaire	Jan-Feb, 2007	Survey on Sustainability Report Satisfaction	Employees (431) Business partners (61) Community (121)
Focus Group Interview	Feb, 2007	Retaining in-depth opinion	Korea Consumer Agency, East Asia Institute, KOTRA, Academia
Professional Consultation and Assurance	Feb-Mar, 2007	Consultation and assurance for the reliability of the Report	5 Professionals from Academia

HOW WE COMMUNICATE WITH OUR STAKEHOLDERS



RESPECT FOR LIFE AND FOCUS ON PEOPLE

TOWARDS SOUL AND CREATIVITY MANAGEMENT

The year 2007 saw a deepening and broadening in discussions on ensuring a sustainable future in Korea. Fervently welcoming this trend, we, at Yuhan-Kimberly, have ushered in this year with our inspirational goal of becoming a world-class enterprise that represents the culmination of our endeavors to respect life and people.

Prior to embarking full-scale on our mission, however, we took upon ourselves to first review where we stand. To that end, we examined how we have delivered on our goals last year, with a particular focus on our mid- to long-term initiatives. Last year, our activities were geared towards five broad goals: expanding domestic demand, implementing comprehensive innovation initiatives, practicing society- and family- friendly management, enhancing our R&D capability in Korea, and completing and sharing Vision 2015. In addition to these goals, our activities initiated several years ago and concluded last year opened new windows of opportunity for us. One case in point was the rapid expansion of our presence overseas in the last one to two years. Our “Green Partnership” project, which we jointly conducted with our business partners, was also finished successfully, and our “nano colorant,” one of the core technologies for our new businesses, was internationally recognized for its superiority.

To sum up last year, though it was marked with considerable challenges, it was also a year that brought invaluable benefits that far outweighed them. These benefits are also the source of new opportunities which we are actively exploring in 2007.

Of course, it goes without saying that we still have much to do: we will innovate ourselves in holistic innovation manner to realize our vision for 2015, and we will continuously enhance trust and transparency with our business partners and build trust in our communities. We will also dedicate ourselves to transforming ourselves into an enterprise with world-class talents, capabilities, and corporate culture. We will continue to take and fulfill our social responsibilities seriously, and to make sure our employees enjoy a work-life balance. We will also enhance our competitiveness which will translate into stronger profits and thereby demonstrate our potential as a major global player. Our enhanced status in turn will serve to catalyze our quest to become a corporation and a corporate citizen that is most admired in the world, and more specifically in Asia.

A new vision brings a new future. When we became a proud member of the UN Global Compact in March 2007, we opened a new chapter in our company’s history as an active global citizen that is committed to sincerely fulfilling its responsibilities.

We are poised for a new vision and a new era on the back of creative innovation and passionate leadership, with respect for life and people as our guiding principles. With that said, I ask for your continued interest and support. Thank you.

June 2007


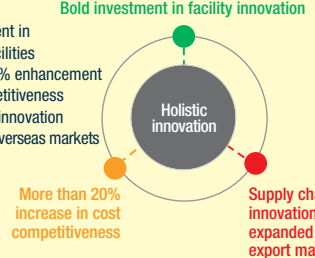

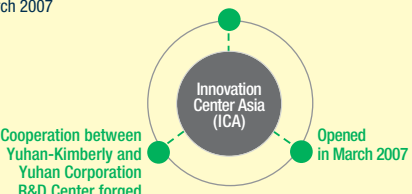
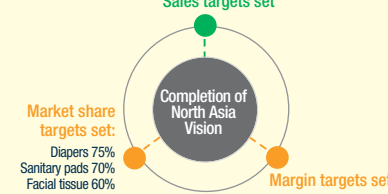
Moon, Kook-Hyun

President & CEO, Yuhan-Kimberly

문국현

Goals and Performances

Color | ● Satisfactory ● Fair ● Unsatisfactory

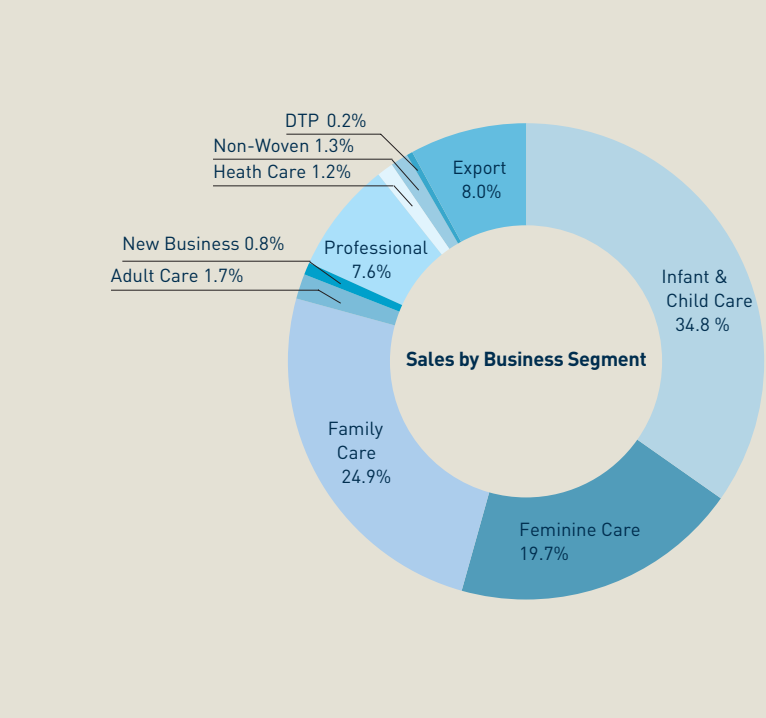
	Goal	Key Strategies and Assessments	Mid- to Long-Term Initiatives
Economic Goals	1. Strengthening domestic market	<div><ul style="list-style-type: none">* HUGGIES® Magic Panty successfully launched* Kotex® WHITE* Premium, successfully managed* Washable Kitchen Towel, with innovative quality, successfully launched</div>	<ul style="list-style-type: none">• Attract new investment for HUGGIES® brand• Launch sanitary pad globally• Innovative quality-based production
	2. Bold innovation and facility investment	<div><ul style="list-style-type: none">* Bold investment in innovative facilities* More than 20% enhancement of cost competitiveness* Supply chain innovation expanded to overseas markets</div>	<ul style="list-style-type: none">• Bold innovative facility investment• Innovate cost competitiveness• Innovate supply chain in our export markets• Reduce environmental load
Social Goals	3. Society & family-oriented company	<div><ul style="list-style-type: none">* Received the Presidential Award for the Most Family-Friendly Company in May 2006</div>	<ul style="list-style-type: none">• Expand social responsibility campaign• Expand family-friendly management
	4. Enhanced R&D capability	<div><ul style="list-style-type: none">* Global R&D Center opened in March 2007</div>	<ul style="list-style-type: none">• Create jobs for high-caliber researchers• Cooperate in R&D capability
Overall Sustainability Goals	5. Vision completion and sharing	<div><ul style="list-style-type: none">* Vision declaration in March 2007</div>	<ul style="list-style-type: none">• Enhance individual employee's capability• Align organization capability, facility, and investment plans with corporate vision

CORPORATE PROFILE

Since its inception in 1970 as Korea’s first joint venture company, Yuhan-Kimberly has grown steadily with integrity as our guiding principle, and has set an example for the business community. In 1995, we intensified our efforts by incorporating environmental management, ethical management and life-long learning into all aspects of our business to evolve into one of Korea’s most socially responsible companies.

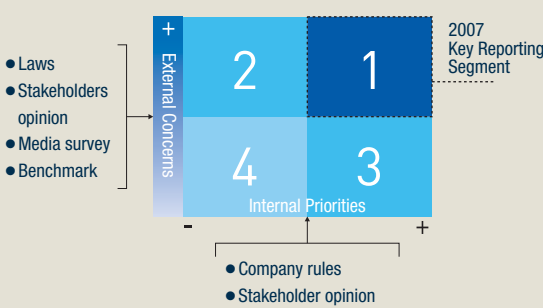
Size of Organization

Company	Yuhan-Kimberly	Country	Republic of Korea
Date of Establishment	March 30, 1970	Major Worksites	Anyang Mill, Kimcheon Mill, Taejon Mill, Seoul Headquarter
Business	Manufacturing	Main Brands	HUGGIES® Kotex® WHITE*, KLEENEX®, POPEE®
CEO	Moon, Kook-Hyun	Business Areas	Personal care products, family care products, professional products, health care products, digital printing textile (DTP)
No. of Employees	1,713	Target Markets	Individuals, corporations, research centers, public buildings, restaurants, hospitals, textile manufacturers
Revenue	KRW 834 billion (in 2006)	Main Products	Diaper, sanitary pad, bathroom tissue, facial tissue, nonwoven fabric, paper towel, wet wipes, safeskin glove, mask, protective work wear, professional wiper, oil absorbent, surgical drape, gown, sterilization wrap, digital textile printer and software

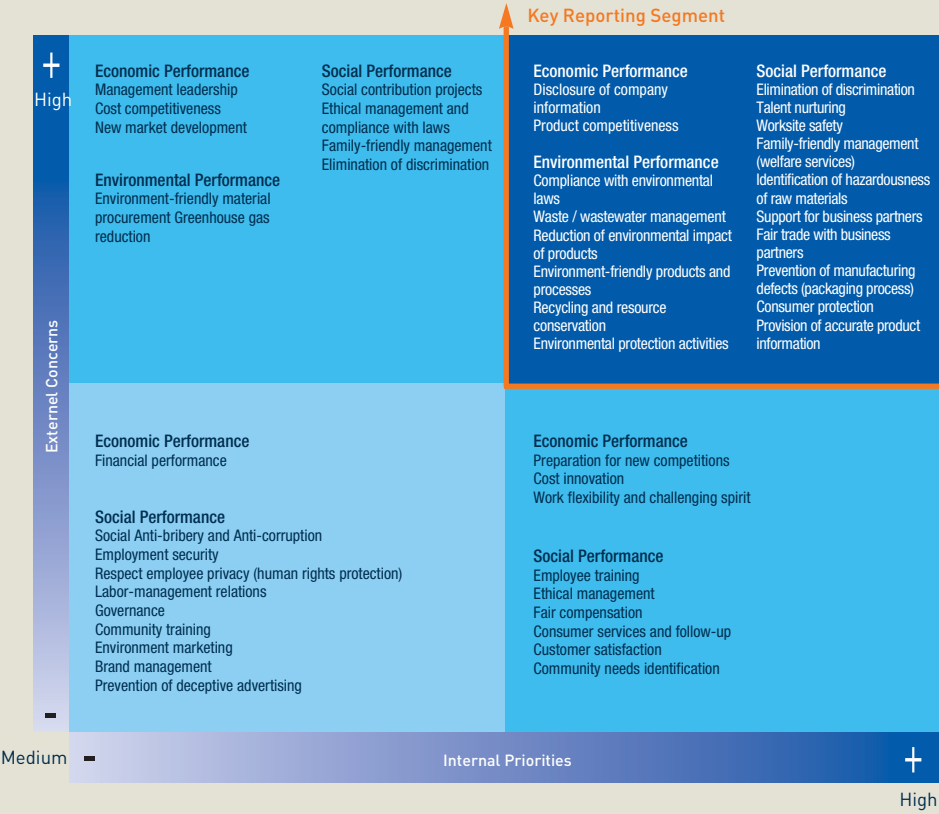


DISCLOSURE ON MANAGEMENT APPROACH

We identified two principal criteria affecting materiality for Yuhan-Kimberly: external concerns and internal priorities. The former comprises of laws, stakeholder opinion (not including employees), media survey results, and benchmarking results, and the latter consists of company rules and stakeholder opinion (employees). We have illustrated Yuhan-Kimberly’s 2007 materiality issues as below:



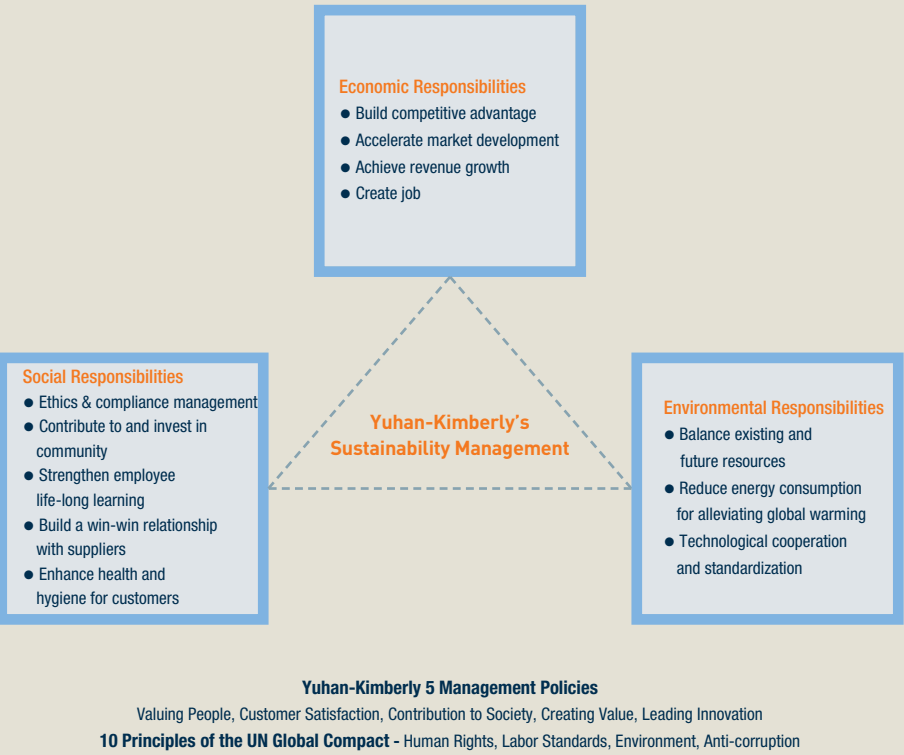
Yuhan-Kimberly 2007 Materiality Matrix



PRINCIPLES AND POLICIES

Yuhan-Kimberly’s sustainability management is geared towards achieving sustainable economic, environmental, and social performances, to ultimately secure competitive advantage, which will serve as the foundation of sustainable corporate value. Our five management philosophies and the 10 principles of the Global Compact, which we entered in March 2007, form the cornerstone of our sustainability management.

Yuhan-Kimberly’s Economic, Social, and Environmental Responsibilities



VISION AND STRATEGIES

In March 2007, we proclaimed Vision 2015, a strengthened vision over previous ones that will thrust Yuhan-Kimberly to the position of Asia’s most admired company. Vision 2015 is a specific sustainable growth path for the future and prescribes acquisition of global competitiveness and development of new businesses.

PRODUCT AND SERVICE COMPETITIVENESS

Despite various threats in the domestic market stemming from the low fertility level and the growing number of and low prices of imported products in Korea; we maintain the largest market share thanks to the high quality of our products and services. We have endeavored to develop new markets (including overseas markets) and to create new businesses to prepare for the future. Our efforts have paid off, and our new business, health care products, non-woven business, DTP, and export have seen a 24.3% average growth compared to the previous year in market share, which clearly demonstrates their sustainable growth potential.

Link (Key Businesses and Products)- Page 13, Sustainability Report 2006, <http://www.yuhan-kimberly.co.kr/>

Sustainability Management Organizational Chart



* This chart shows the diverse business units involved in sustainability reporting.
* The chart is not the organization chart of the company.

SUSTAINABILITY MANAGEMENT

YUHAN-KIMBERLY’S GROWTH PATH

We at Yuhan-Kimberly continually strive to innovate ourselves for the future. The transformations we have achieved have gained social recognition, and have become an integral part of Yuhan-Kimberly’s assets.

- 1970s

We spearheaded the development and expansion of health & hygiene culture in Korea through the first mass production of sanitary pad, facial tissue and bathroom tissue.
- 1980s

We launched our “Keep Korea Green” campaign, a forest and environmental protection program, which has become a signature corporate social responsibility campaign in Korea. We also launched Korea’s first diaper.
- 1990s

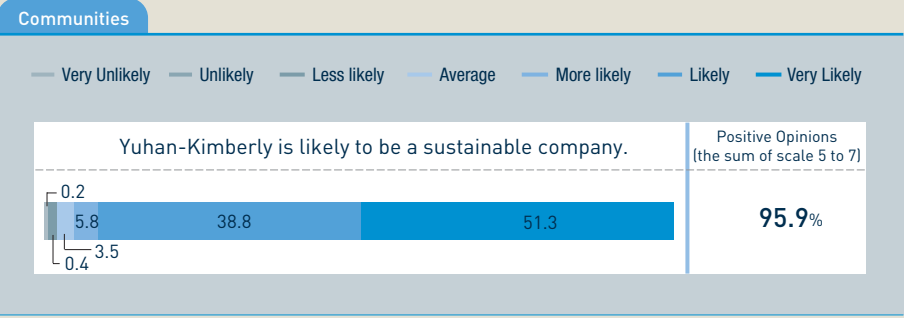
Ethical management, environmental management and knowledge management have become an integral part of our corporate culture. We established the foundation of innovation-accompanied sustainability management.
- 2000s

Yuhan-Kimberly was selected as the most respected company, the best employer, and a representative family-friendly company in Korea. We achieved strong business results on the back of our differentiated and high-quality products and services.

Social Responsibility Agreements and Performances

Year	Quarter	Key Activities
2007	1Q	2007 Ethical Management Pledge Participation in the UN Global Compact
2006	4Q	Agreement for growing into a “Meerae Company” Agreement on the establishment of Kimberly-Clark’s Global R&D Center Innovation agreement with the Ministry of Environment
	3Q	Presentation of the result of Green Partnership with Small, Medium, and Large Companies. Collective bargaining agreement concluded Taejon and Kimcheon mills re-designated as environment-friendly businesses
	2Q	Voluntary participation in green procurement
	1Q	2006 Ethical Management Pledge Publication of Sustainability Report Edition 1

STAKEHOLDERS’ SURVEY RESULT - ABOUT SUSTAINABILITY



The result, having the reliability of 95%, includes data collected and analyzed from the survey of 431 employees, 61 business partners, and 121 community stakeholders. ‘Positive opinions’ indicates the sum of top three scales among the 7-point scale that we used.



ECONOMIC VALUE

This section of our report describes indirect and direct economic achievements from our activities and economic value created as a result of these achievements.

01

- Direct Economic Achievements

| Sales and net income increased by 7.7% and 10.9% respectively while tax payment amounted to KRW 75.1BN. We also made an investment of KRW11.25BN for local communities.
- Indirect Economic Achievements

| Global R&D center was opened successfully in Korea. We were able to increase job creation by 1.5%. We also completed a number of government projects while recruiting from local communities (i. e. 55% for Taejon Mill and 100% for Kimcheon Mill).
- Building Infrastructure for Non-core Business

| Total of 674 designers graduated from Yuhan Design Institute and 143 designers were employed after graduation.
- Brand Value

| Yuhan-Kimberly maintained the top position in terms of brand power as HUGGIES[®], Kotex[®]WHITE[®] and KLEENEX[®] were elected as the best brand in respective category for the nine, seven and five consecutive years respectively.
- Innovative Management

| Yuhan-Kimberly embarked on Six Sigma project to achieve quality innovation and fulfill customer satisfaction. We also led sales and logistic innovations to sharpen its competitive edge.
- Creative Management

| Yuhan-Kimberly expanded into new export markets such as Turkey, Russia and Israel. We also led innovation with the use of nano-colorants for digital textile printing and a series of new product launches.

ECONOMIC VALUE CREATION AND DISTRIBUTION

FINANCIAL PERFORMANCE

Net sales and net income went up 7.7% and 1.7% year-over-year respectively while net profit margin posted 10.9%, reflecting sound cash flow. Temporary decrease in tax payment in 2005 was due to corporate income tax reduction for investment in new equipment.

Financial Highlights

(Unit: KRW 100 million)

Category			2004	2005	2006
Economic value created	Income	Net sales	7,227	7,743	8,340
		Exports	405	561	667
		Operating profit	1,186	1,102	1,073
		Ordinary income	1,277	1,205	1,251
		Net income	905	895	907
	Capital		900	2,000	2,000
	Asset		7,024	7,197	7,789
	Liability		1,574	1,197	1,386
Economic value distributed	Shareholder's equity		5,449	5,999	6,403
	Government	Corporate income tax	362	250	336
		Other tax	358	408	415
	Employees	Salary & welfare	994	1,157	1,393
	Shareholders	Dividends	250	1,660	504
	Investment in local communities (Social responsibility activities)	Keep Korea Green(KKG) campaign	47.5	57.4	54.0
		Environmental protection campaign	17.2	21.8	19.7
		Family intimacy and social development	7.6	11.5	31.6
		Literature mecenat	5.9	7.9	7.2
		Total	78.2	98.6	112.5

* Mecenat : corporate activities sponsoring culture, arts and sports and supporting public projects based on social responsibility
* Other tax payment includes VAT, tax withheld and other taxes and dues. (Tax amount is based on the applicable tax year.)

CORPORATE IMAGE AND REPUTATION

- Most Respected Company in Korea (2006 and 2007 by KMAC)
- 2006 BEST HRD Certification (Ministry of Education & Human Resources Development
- Ministry of Commerce, Industry and Energy and Small and Medium Business Administration)
- First Sustainable Management Award (aSSIST and KRIMA)
- Presidential Award for Family-Friendly Companies (Ministry of Gender Equality & Family)

BRAND VALUE

Yuhan-Kimberly's main product lines hold significant brand value as they have been selected as the best brand in its respective category for a number of years in the Korea Brand Power Index published by KMAC, which was released in March 2006 and 2007. HUGGIES®, Kotex®WHITE* and KLEENEX® maintained their top position for the nine, seven and five consecutive years. In particular, HUGGIES® recorded the highest brand power index across all industries.



OPENING GLOBAL R&D CENTER IN KOREA

Innovation Center Asia (ICA), Kimberly-Clark's global R&D center, was opened on March 2, 2007 in Giheung, Gyeonggi Province, Korea. It occupies 1.3 acre of Yuhan Corporation's Central Research Complex. Innovation Center Asia is the first global R&D center that Kimberly-Clark opened outside of the US. This testifies that Korea will become a R&D hub in Asia.

Decision to open a global R&D center in Korea was made based on Yuhan-Kimberly's successful management of the business in North Asia, its reputation in Korea and reliable partnership with the partners.

ICA plans to hire a total of 80 researchers with master's and doctoral degrees, and they will focus on the development of next generation health and hygiene technology and products. Most of global R&D will be carried out here in Korea. Innovation Center Asia will serve as a R&D hub for Asia including China and India, focusing on the research and development of health and hygiene products. We expect to see synergy in terms of new product development and export.



BUILDING INFRASTRUCTURE FOR NON-CORE BUSINESS: YUHAN DESIGN INSTITUTE

Yuhan-Kimberly opened the Yuhan Design Institute, which is a partner in Labor Ministry's small and medium business job training consortium, with the objective of developing human resources specializing in digital textile printing (DTP). Total of 674 designers graduated from the institute in 2006, currently contributing to the development of textile design sector. We also lead talent development effort by hosting a national digital textile design contest. Please refer to the following link for Yuhan Design Institute's programs: <http://dtplink.com/edu/>

INNOVATIVE MANAGEMENT

DEVELOPING INNOVATIVE PRODUCTS AND MATERIALS

Three core technologies of Yuhan-Kimberly are in the areas of fiber, non-woven fabrics and absorbency, and we continue to create innovation in these areas. We started to manufacture high-quality elastic non-woven fabrics on our own starting from October 2006. The market share of HUGGIES® Magic Pants exceeded 10% in May 2006 within seven months since the launch. This was the result of engaging in consistent product innovation and conducting active customer surveys.

SELECTING KEY PERFORMANCE INDICATORS - IMPLEMENTATION OF STRATEGIC MANAGEMENT INFRASTRUCTURE

Yuhan-Kimberly compiled 150 lists through correlation mapping for the selection of key performance indicators or KPIs, which are assessment measures to forecast environment change and manage goals in 2006.

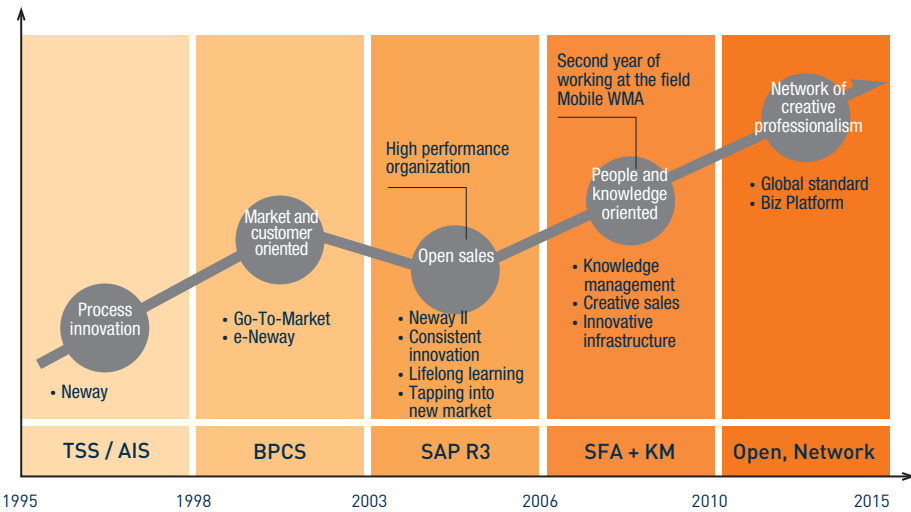
PRODUCTION, COST INNOVATION THROUGH SIX SIGMA PROJECT

Taejon mill embarked on Six Sigma project to achieve quality innovation and fulfill customer satisfaction in 2006. Total of 47 initiatives were carried out as part of the project, resulting in cost saving of KRW 1,432 million. Anyang mill also adopted Six Sigma approach and saved KRW 1,645 million in cost through reduction of waste of raw material.

SALES INNOVATION FROM INSIDE- BUILDING INFRASTRUCTURE

Innovation of personal care product sales from inside focused on three aspects in 2006. First, "Human-Tech" is to develop sales consultants who build a win-win partnership with our customers. Second, "High-Tech" is to provide service through a ubiquitous sales environment. Three, "High-Touch" is to improve working environment and corporate culture based on employee satisfaction survey.

Phases of Innovation in Personal Care Product Sales

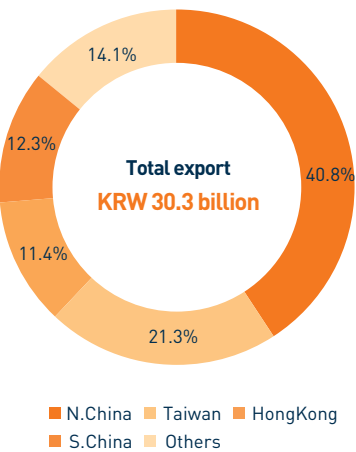


CREATIVE MANAGEMENT

CREATING NEW MANAGEMENT MODEL, DEVELOPING NEW MARKETS OVERSEAS

Yuhan-Kimberly is shifting its focus from domestic market to global markets. We are shipping our products to 19 countries as of 2006, and the export of finished goods, mostly premium diapers, accounts for 63% of total export. Export has been rapidly growing as its volume grew 200% in the past four years.

Breakdown of countries where Yuhan-Kimberly diapers are sold



Export Performance

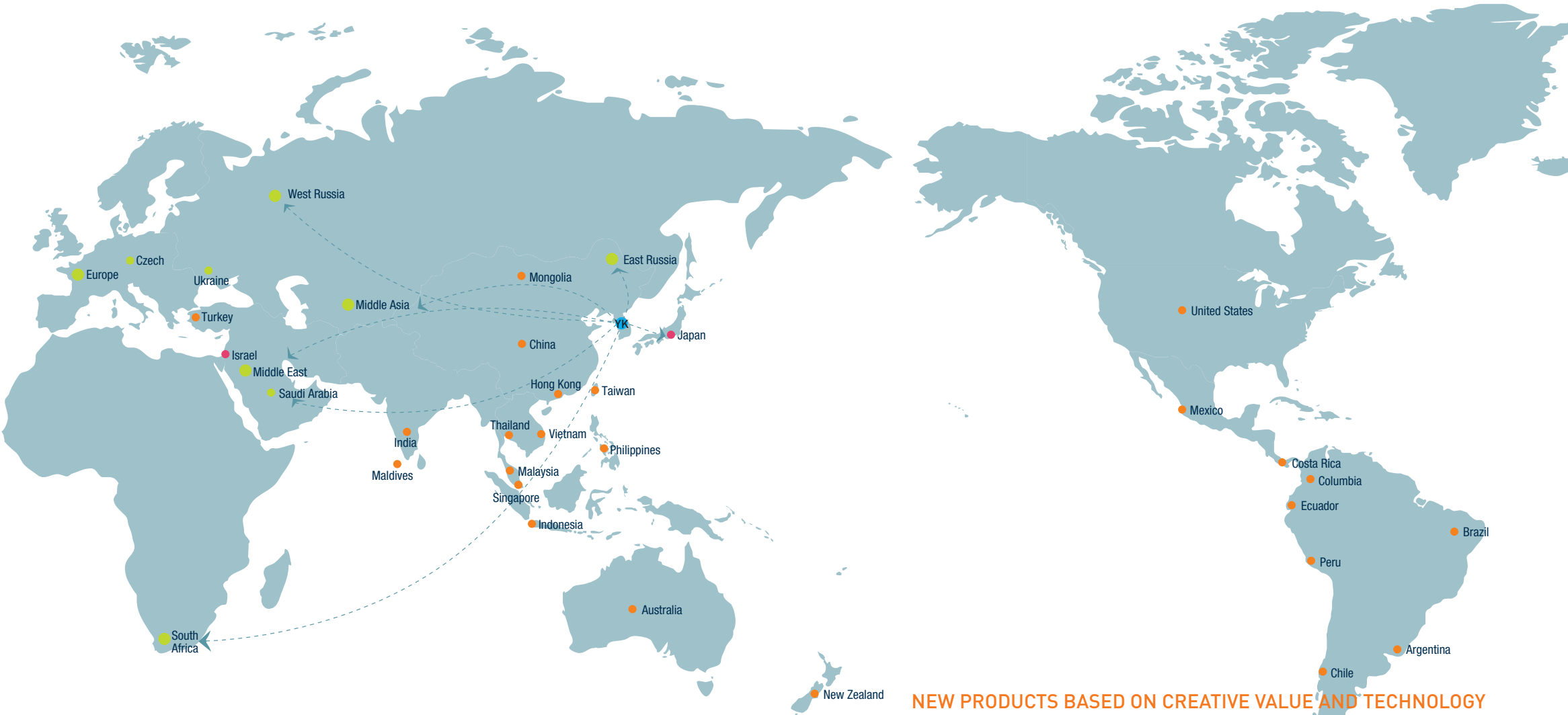


CREATING AN OPPORTUNITY, "COLLABORATIVE PARTNER FOR CO-EXISTENCE IN THE OVERSEAS MARKETS"

Yuhan-Kimberly did not make any foreign investment, but we have been promoting information and human resource exchange since Kimberly-Clark, one of its shareholders, delegated Kook-Hyun Moon, CEO of Yuhan-Kimberly, to manage Northern Asian business for the past four years. Through this effort, we put in place various programs to promote co-existence and closely work together to find new growth engine for the future.

SUPPORTING THE IMPLEMENTATION OF ERP AND DEVELOPING HUMAN RESOURCES IN NORTH ASIA

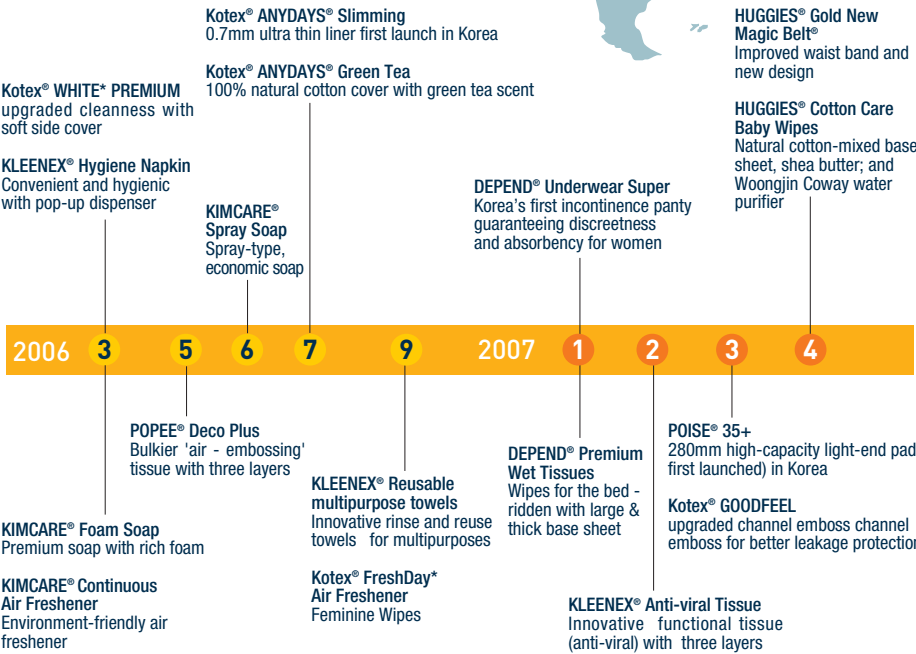
Yuhan-Kimberly provided consulting for innovation in management to K-C China's teams in China and Hong Kong from September 2005 to March 2006 based on successful implementation of NEWAY on top of export of our products and services. We are providing support to K-C China to launch ERP system from July 2007. We also exchange our best practices through the dispatch and invitation of professionals. We provide language and cultural education on those countries we plan to enter for the purpose of successful business there.



CREATING VALUE IN WELL-BEING MARKET AND EMERGING MARKETS

Yuhan-Kimberly is developing the health and hygiene market such as surgical products, personal care products and digital textile printing in order to determine a business growth engine for the next-generation. Among other products, our export of wet wipes and masks to Australia, Taiwan and South China grew 28% year on year. Our products have been successful in the domestic market thanks to our devotion to value creation.

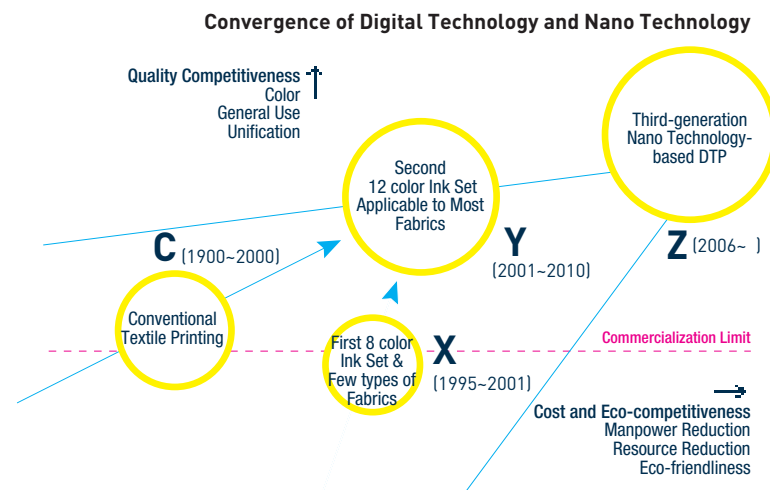
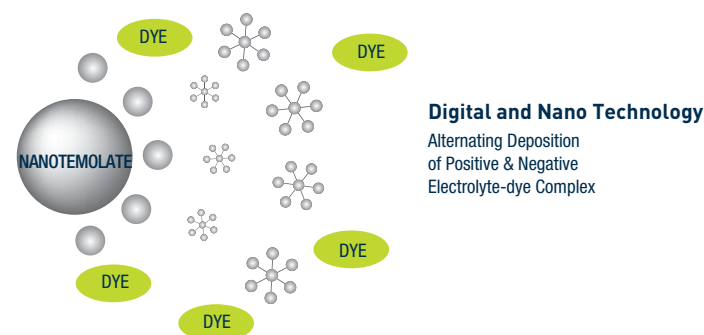
NEW PRODUCTS BASED ON CREATIVE VALUE AND TECHNOLOGY



ECONOMIC VALUE

PIONEERING THE DIGITAL TEXTILE INDUSTRY THROUGH COMMERCIALIZATION OF NANO COLORANT

Clean textile printing was put into use as we made nano-colorants available to the market in September of 2006. The Nano Cleaner Technology Center completed the development of this technology in September 2005, which allows users to skip the pre-processing step and replace the water polluting post-processing with a clean, dry, post-processing step. We are now equipped to manufacture this high quality product and maintain excellent colors. We are confident that this new technology will greatly contribute to the implementation of Korea's digital textile printing technology among the global textile and fashion industries.



NEW CHALLENGES FOR DTP- REVIEWING THE FEASIBILITY OF EXPORT

Yuhan-Kimberly participated in a number of local and global events to introduce DTP to the textile and fashion markets. One case in point is 'Heimtextil Frankfurt 2006', where Y-K and Yuhan Design Institute jointly participated to advertise Yuhan-Kimberly's nano colorants within the European market.



SOCIAL VALUE

An enterprise dedicated to Corporate Social Responsibility (CSR) management, Yuhan-Kimberly incorporates social and economic issues and interactions with the stakeholders in our corporate values and activities.

02

Shareholders | Transparent management has become an integral part of our company with our joining of the Global Compact. We conducted a potential risk diagnosis and implemented a systematic risk management mechanism.

Employees | We increased job creation by 1.5%, and provided annual 306 training hours to our production workers. Our training costs increased by 5.8% year-on-year and our industrial accident rate was 0.12% as of the end of 2006. We conducted Code of Conduct trainings 4 times a year, held company-wide vision-sharing meetings. Our labor union transferred their wage negotiation rights to the company, and we concluded our collective bargaining agreement (includes extension of retirement age). We expanded our On-Field Work system at our headquarter. We received The Best Family-Friendly Company Award.

Business Partners | We engaged all business units for determining the scope of business partners and for developing strategies for supporting them (1,029 business partners). We presented the results of our Green Partnership with Small, Medium, and Large Companies Project, and expanded our support for the development of win-win relationships with our business partners.

Customers | We implemented Product Safety Policy, and promoted quality improvement projects for reducing product impacts. We conducted a program with the operators for personally experiencing the source of consumer complaints, and gathered feedback from more than 210,000 customers. We also expanded our customer survey to our overseas markets, while communicating with more than 1.2 million online members. We provided sex education to more than 200,000 women and teenagers.

Communities | We invested KRW 11.25 billion in our social contribution fund. We increased our social development investment by 2.7-fold to create a family-friendly society, to provide life-long learning, and to support the innovation of SMEs. We also expanded our Keep Korea Green campaign overseas, and engaged 15,142 people in total 218 volunteer activities.

SHAREHOLDERS

GOVERNANCE

Yuhan-Kimberly is 30% owned by Yuhan Corporation, and 70% by Kimberly-Clark Trading LLC.

JOINING THE UN GLOBAL COMPACT

On March 8, 2007, Yuhan-Kimberly joined the UN Global Compact, which encourages businesses to voluntarily take part in fulfilling their social responsibilities. We are committed to sincerely fulfilling the 10 principles of the Global Compact and to sharing our activities with our stakeholders. Through such efforts, we hope to set an example for Korean businesses to also become a participant.

SYSTEMATIC RISK MANAGEMENT POLICIES

Our risk management system is designed to prevent risks in advance. We conducted a potential risk diagnosis between July and September 2006, and in November, conducted a risk diagnosis comprising of 32 categories with our directors. The diagnosis identified 15 categories including product safety, raw material safety, and regulations and import/expert barriers showing above-the-average risk levels, and we are managing these intensively. In 2006, we also upgraded our risk management manual (in December), conducted risk management trainings (throughout the year), performed risk diagnosis (18 interviews over 3 months), and monitored issues and published reports.

EMPLOYEES

UPHOLDING THE HUMAN RIGHTS OF EMPLOYEES

Our recruitment officers receive trainings on human rights protection for protecting the human rights of and for eliminating discrimination against job applicants prior to the job interviews. Trainings on the protection of human rights stipulated in the Constitution and in the Criminal Law are also provided to our patrols, guards, and security staff.

EQUAL EMPLOYMENT

At Yuhan-Kimberly, we promote equal employment opportunity based on our respect for human rights, and prohibit any employment discrimination based on gender, age, religion, nationality and physical disability. Our employees are evaluated fairly and objectively for their performance and receive compensations accordingly regardless of gender as according to the company's personnel rules and regulations for appraisals and promotions. Our voluntary notification mechanism for discriminatory practices is further proof of our strong commitment toward eliminating discriminations in our company.

LIFE-LONG LEARNING

Through our systematic life-long learning, we nurture our employees to become competitive knowledge workers. The mechanism contributes to the development of sustainable employees,

companies, society and country. Our training to labor cost ratio was 7.62% as of the end of 2006 and is rising every year.

JOB CREATION AND TURNOVER

Our average annual turnover rate of 0.20% as of the end of 2006 was below that of Korea's manufacturing industry (2.4%, Korea National Statistical Office's Labor Statistics), and reflects Yuhan-Kimberly's job security and employee job satisfaction. Our average length of service was 12.9 years and our new job creation rate was 1.5% as of the end of 2006.

FREEDOM OF ASSOCIATION

Employees are free to form a trade union or an organization representing the employees, and except otherwise stated in the collective agreement as according to the Trade Union and Labor Relations Act, they are free to join or withdraw from a labor union at will.

COMPLIANCE WITH PROVISIONS ON PROHIBITION OF CHILD LABOR AND FORCED LABOR

Yuhan-Kimberly strictly adheres to the International Labor Organization (ILO)'s principles on the elimination of child labor and forced labor. Moreover, to strengthen our maternity protection, we prohibit overtime and night work for women one year post delivery and for pregnant women, and instituted 90-day maternity leave in our Rules of Employment and Collective Bargaining Agreements. We had no violation of these regulations in 2006.

Yuhan-Kimberly's Employment Status

Category		2004	2005	2006	2007
Recruitment	Employees (person)	1,602	1,680	1,706	1,713
	Employment of disabled persons (person)	1.7	1.9	2.0	2.2
	Contract workers	19	19	24	14
	Job creation rate (%)	0.06	4.9	1.5	0.4
	Average service year (year)	11.6	11.8	12.6	12.9
Turnover	Turnover rate (%)	0.3	0.2	0.2	0.1
Women worker	Total (%)	15.0	15.5	15.7	15.7
	Senior management level and above (%)	9.5	9.8	9.3	11.3
	Staff and researchers (%)	31.5	33.1	33.0	31.2
	New recruits (%)	35.9	21.0	29.4	38.5
Childbirth / maternity	Maternity leave usage rate (%)	100	100	100	100
	Maternity leave users (person)	34	18	21	15
	Return-to-work rate post-maternity leave (%)	100	100	100	100
	Usage rate of paternity leave (%)	100	100	100	100
	Paternity users (person)	96	63	103	40
Education	Labor cost to training cost ratio (%)	6.09	6.42	7.62	
	Total training costs(KRW 10,000)	6,052	7,252	7,675	
	Per person training costs (KRW 10,000)	3.78	4.32	4.50	
	Per person training hours (hour)	306	306	306	
Labor Union	Participation (%)	79.7	80.4	80.5	
Workplace Injury (%)		0.19	0.18	0.12	

— Job creation rate = (Total number of employees leaving the company this year -Total number of employees in the previous year)/Total number of employees in the previous year ×100
— Turnover rate = (Monthly average number of employees leaving the company/Monthly average number of workers) ×100
— Women directors : 13.7% in 2007
— Employment of disabled people : the figure was calculated using the guidelines of the Korea Employment Promotion Agency for the Disabled (Monthly average number of disabled people employed × 12)
— Total training costs = Training costs (based on Annual Report)+Lecturer's expenses + overtime expense for training
— Per person training hours = Job training hours of a production worker

BUSINESS PARTNERS

WIN-WIN RELATIONSHIP WITH OUR BUSINESS PARTNERS

We select our business partners using fair selection criteria and evaluation system, and pursue a win-win relationship with them. In 2006, we conducted business with 1,925 companies, among whom we selected 35 based on their strong commitment to consumer protection and product liability and helped to strengthen their competitiveness. We also helped them to overcome their difficulties in attracting talents and training their employees, and their limitations in securing technologies and information. We are currently expanding our scope to assist these companies fulfill their social responsibilities in the areas of human rights, ethics, labor, and anti-corruption. The culmination of these activities was the declaration of 24 business partners to commit to sustainability management in the areas of environmental protection, compliance with laws, social responsibilities, anti-corruption, ethics management, and human rights at a seminar in November 2006.

COMMUNITIES

INTERNAL PROCEDURES FOR HANDLING COMPLAINTS FROM OUR COMMUNITIES

We take our duty of communicating with our communities seriously and have set up relevant channels to this end: we operate a consumer service center for the customers, and residents are encouraged to communicate via each of our plant in their communities. Donation requests are handled by the Corporate Social Responsibility Office. Requests and complaints filed via our website are transferred to and handled by relevant departments, and are also reflected internally.

COMMUNITY-RELATED POLICIES

Yuhan-Kimberly endeavors to set an example for our communities through the incorporation of the following rules in the company’s Code of Conduct.

Anti-Bribery and Corruption Policies and Management Employees shall not receive gifts of a value of higher than KRW 30,000.

Elimination of Irregular Practices As the first step towards the successful realization of ethical management, illicit expenses and congratulation and condolence expenses, and liquor or golf entertainment were abolished.

Prohibition Against Offering of Money or Other Gifts to Public Officials Employees shall not offer political contributions of any kind to political parties or committees.

Policies for Managing Contributions / Lobbying Activities, and Donations to Political Parties or Committees Employees shall not offer illegal political contributions, money, or other gifts.

Reporting Violations of Company Policies Any person can report about a violation of the company policies via a code of conduct hot line. The person’s anonymity will be protected. Confidentiality will be guaranteed, and the outcome of the reporting will be notified to the relevant person.

Reporting Inappropriate Accounting, Internal Controls, Auditing Practices Anonymity will be guaranteed. Protection will be provided to the reporter.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

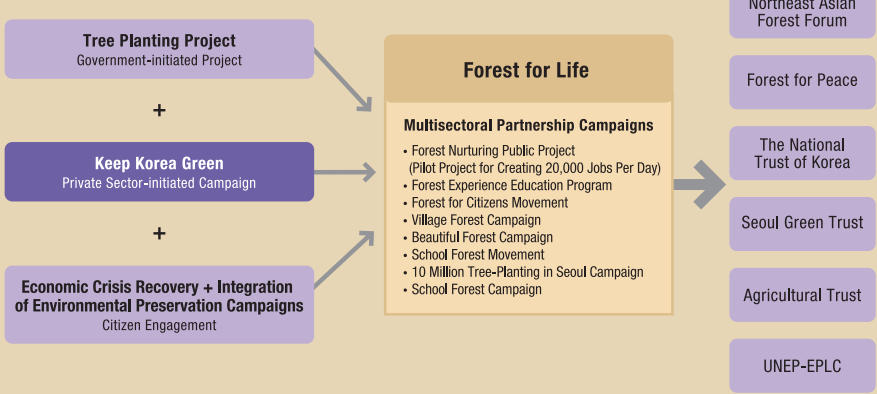
KEEP KOREA GREEN



KOREA'S HALLMARK FOREST AND ENVIRONMENTAL PROTECTION CAMPAIGN

We have advocated “Keep Korea Green” campaign since 1984 as part of our policy to contribute to the communities in which we operate. Under the campaign, we conduct diverse forest and environmental protection activities.

Expansion of Multisectoral Partnership for Keep Korea Green



Keep Korea Green in 2006

	Key Activities	Period
Korea	Newly-Weds Tree Planting	Apr 2006, Apr 2007
	Teenager's Forest Experience Education (Green Camp)	Jul~Aug 2006
	Forest creation and education-related activities	Year-long
	Selection of model school for Forest for School Campaign (116 schools)	Year-long
	The 7th Beautiful Forest Competition	May~Nov 2006
	Workshops with forest protection groups Study of best practices for city forest and Greenway	Jul 2006
	Study of cultural content in agricultural and mountain villages	Year-long
	Support for "Seoul Forest," a program for creating a city park	Year-long
	Donation of "thinking benches" for the Seoul Forest	Mar 2006
	Flower bed creation volunteering by employee families	May~Nov 2006
	Support for The National Trust of Korea's development of campaign vision and for benchmarking trip	Year-long
	Sponsor of Chollipo Arboretum education and membership programs	Year-long
international	Participation in the creation of a forest on "NewIlHan Street," the first street named after a Korean entrepreneur	Jun 2006 ~
	Sponsor for creation of forests in North Korea	Year-long
	Tree planting in the desertification areas in Mongolia (Tujin-nars)	Year-long
	Support for the establishment of UNEP-EPLC aimed at establishing a life and peace forum in Asia Pacific	Aug 2006
	Support for meetings of the NGOs in Asia Pacific	Nov 2006

Newlywed's Tree Planting Yuhan-Kimberly provides newlyweds an opportunity to experience the value of the nature. In 2006 and 2007, we invited newlyweds and opinion leaders to reforest the deforested areas in North Korea. A total of 14,024 newlyweds have participated in this program during the last 24 years.

Continued Restoration of Deforested Areas in North Korea							Chestnut seedlings
Year	1999	2000	2001 ~2002	2003	2004	2005	2006
Trees Planted	2,167,830	130,000	211,750	30,115	131,096	203,804	10,000

Prevention of Desertification in North East Asia - Tree Planting in Mongolia						
Year	2001	2002	2003	2004	2005	2006
Number of Trees Planted	500	1,000	200,000	150,000	150,000	150,000
Region	Inside a children's park in Mongolia	Avenues in Ulaan Bataar	Tujilin Nars in Selenge State			
Tree Type	Fir trees / larch trees	Pine trees / fir trees	66.12ha of pine trees	49.59ha of pine trees	49.59ha of pine trees	49.59ha of pine trees

Forest Experience Education Under the “Keep Korea Green” campaign, we have run “Green Camp,” a forest experience education program, every year since 1988. In 2006, 141 high school students participated in the program. As of 2006, A total of 2,794 students have taken part in the forest experience education. Green Camp is recognized as Korea’s first environmental education camp and was introduced as a best practice case of environmental education.

Selection of Pilot School for the Creation of School Forests In 1995, Yuhan-Kimberly launched an initiative called “School Forest Campaign” for creating forests in schools for raising awareness of the value of nature and respect for life among Korean teenagers. Between 1999 and 2006, a total of 616 schools were selected as pilot schools for the initiative, among which 116 were selected most recently in the 8th term of the campaign in 2006. To support the campaign, we also celebrate “The Day of School Forests,” as well as nurturing experts, organizing workshops, and publishing case studies of School Forests.

Greenway Campaign As part of our City Forest Campaign, we introduced “Greenway” as an initiative for enhancing the quality of life of our future generation and for raising the competitiveness of cities, and ultimately the nation, in a book entitled, “Greenway - The Life of Cities.” The book comprises of seven volumes and was published in January 2006. We also held an international workshop in February for promoting the Greenway. We provided a development contribution to accelerate the campaign, and we are assisting the operation of the “Public City and Environment Design Center,” launched in May with the aim of creating an environmentally-friendly city.

Seoul Forest Creation To further advance the City Forest Campaign, Yuhan-Kimberly participated as a corporate partner in the creation and operation of Seoul Forest, which is located in the downtown area of Seoul. In 2006 alone, we sponsored more than 500 programs organized by the Seoul Forest, which drew 23,947 people, donated benches for the Forest in March, and assisted in organizing City Forest symposiums which engages the citizens in November. To create Seoul

Forest, we collected contributions from 70 businesses and 5,000 people in 2003, and began its development in June 2004, and opened the Forest in 2005. Inside Seoul Forest, there is a 4,000-acre forest named Yuhan-Kimberly Forest, which is tended by our employees and their families.

KEEP KOREA GREEN PUBLICATIONS

Total 6 volumes published in 2006. “Greenway, the Vitality of Cities,” “Schools for Field Studies” and “A School in the Forest” were selected as “the most excellent academic publications” and as “the most recommended publications for teenagers” by the Ministry of Culture and Tourism. A total of 30 books have been published between 1993 and 2006.

MECENAT ACTIVITIES FOR CULTURAL ADVANCEMENT

- Main Sponsor for Literature House, Seoul - a Communication Venue for Writers and Citizens**
A successful model of literature and artistic programs
- Concerts for Expansion of Art and Culture** Held on Oct. 17, 2006 with 1,300 attendees
- Participation in Disseminating Correct Korean Letters and Language Usage in Korea and Overseas**
Sponsor for international symposium in Oct, 2006
- Korea-China-Japan Cultural Content Project** Development of content for and special lectures on understanding the homogeneity and uniqueness of Northeast Asian culture



SOCIAL VALUE

A NEW PARADIGM FOR SOCIAL RESPONSIBILITIES /
EXPANDING KNOWLEDGE MANAGEMENT

At Yuhan-Kimberly, we are strongly dedicated to fulfilling our social responsibilities. We dispatched our employees to participate in projects aimed at developing life-long learning and working systems in SMEs and other organizations (24 employees engaged in 2004~2006). We are also involved with the Peter F. Drucker Society of Korea in enrooting the concept of Professor Peter Drucker’s knowledge worker in Korea. In June 2006, we helped the Peter F. Drucker Society of Korea to host the Ceremony for the Promulgation of the Constitution and symposiums.

PREVENTION OF INFECTION IN HOSPITALS AND
CLEAN TOILET CAMPAIGN

Infection control is an essential part of our respect of life, and in line with this belief, we organize relevant seminars every year to raise awareness in Korea (the last one was in October 2006). We are also an ardent participant in the campaign to raise the standard of hygiene and cleanliness of, and to this end, have developed standards for the hygiene management of public toilets, and have participated in the development of the 1st Golden Service Awards (GSA) for sharing best practices on November 21, 2006.

NEIGHBOR CARE

Yuhan-Kimberly encourages employees to voluntarily engage in volunteer activities.

Employees Volunteering Hours and Donations

Total participants (person)	Volunteering Hours (hour)	Quantity (time)	Donation
15,142 (family members of employees : 432)	13,196	218	KRW 117,404,920

WORK & LIFE
BALANCE

With low fertility and population aging exacerbating in Korea, we believe that creating a family-friendly society is crucial for the sustainable development of businesses, the society, and ultimately, the nation. Designed specifically to that end, Yuhan-Kimberly’s family-friendly management upholds our philosophy of respect for life and is grounded in a new paradigm geared towards building the competitiveness of individual employees, their families and the company. To that end, we implemented a flexible working system that takes into account family life-cycle events (marriage, childbirth, child-rearing, preparation for retirement), and a life-long learning that prevents the employees from overworking and that offers life-long learning opportunities.

Expansion of Family - Friendly Management

Between March and November 2006, we conducted a family-friendly campaign jointly with Munhwa Daily Newspaper, one of Korea’s main daily newspaper companies, aimed at creating a family-friendly society in Korea. We were actively involved in the enactment of related law and public hearings and have succeeded in raising awareness of the necessity and value of family-friendly management in Korea. Our efforts were recognized by the government with the Presidential Award for the Best Family-Friendly Company, and the Best Family-Friendly Company Award from the Korean Association of Family Relations in May 2006. Our family-friendly management was introduced as an example of best practices in the Family-Friendly Business Case Studies published by the Korean government in May 2006. It was also cited as “best practice” by Japan’s Asahi Shimbun (in Aug 2006) and Fuji TV (in Sep 2006).



ENVIRONMENTAL
VALUE

At Yuhan-Kimberly, our environmental management is aimed at realizing the following goals : minimizing the environmental load, promoting continuous environmental improvement, practicing efficient environmental management, fostering employees’ environmental management capabilities, disclosing environmental policies, and leading environmental protection campaigns.

03

- E&E Vision** | We developed our E&E(environment and energy) Vision 2015 in 2007.
- Environmental Load Minimization Policies and Investment** | We increased our environmental investment by 9%, and reduced total environmental protection costs by 4% over the previous year, engaged in the procurement of environmentally friendly pulp and consumption goods, provided 1.5 times per person of environmental trainings to the employees, and recycled 40% of sanitary pad plastics packaging materials.
- Raw Materials and Energy** | We reduced our indirect energy (electricity) consumption per ton of product by 7%, reduced energy consumption through the replacement of the fuels used for drying the tissue paper, and heat consumption in the nonwoven drying process.
- Environmental Impact Reduction** | We maintained our water recycling rate at 57%, increased the usage of domestic recycled fiber to 82%, reduced our biochemical oxygen demand, lowered our solid wastes generation by 17% year-on-year, and reduced total chemical use per ton of product by 69%.
- Global Warming Prevention and Greenhouse Gas Reduction** | We reduced our total carbon dioxide (CO₂) emissions by 10% compared to 2002 and reduced emissions of major air pollutants, set up a task force team for reducing greenhouse gas emissions, and implemented relevant activities in a structured manner.

E&E VISION 2015

Following the declaration of environmental policies in 1996, Yuhan-Kimberly launched a proactive vision for environmental management. The program was initiated with the development of Vision 2005 in the first phase, and was followed by Vision 2010 in the second phase in 2006. We have entered the third phase in 2007 and have developed and are striving to realize the Vision for 2015.

Goals and Performances

Category	Description	
	Vision 2015	Implementation and Plans for 2006~2008
Sites and Supply Chain	<ul style="list-style-type: none">• To become one of Kimberly-Clark's top 5 performers<ul style="list-style-type: none">- Fresh water use- Energy consumption- GHG emission- Solid wastes- Eco-design	<ul style="list-style-type: none">• Monitor and develop tools for compliance with applicable laws, regulations and other requirements• Enhance environmental performance of and promote certification of original equipment manufacturers and contract manufactures• Assess / improve environmental control facilities
Product, Process and Resources	<ul style="list-style-type: none">• To reduce the environmental load by 10% (vs. 2005)• To achieve 99% recycling or more for materials• To reduce and ultimately stop the use of hazardous substances	<ul style="list-style-type: none">• Analyze the environmental impact of major products and their processes• Develop and implement hazardousness evaluation system• Develop green procurement guideline• Develop eco-design guideline• Develop wastes recycling technologies and companies
Energy and Global Warming	<ul style="list-style-type: none">• To reduce the unit energy consumption by 10% (vs. 2005)• To use 10% of new and renewable energy• To reduce GHG and air pollutants emission by 10% and to develop related business (vs. 2005)	<ul style="list-style-type: none">• Secure and nurture energy experts• Evaluate and improve the energy efficiency of processes and facilities• Implement GHG reduction campaigns and incentives• Standardize energy facilities• Adopt clean energy• Conduct studies on new and renewable energy

ENVIRONMENTAL LOAD MINIMIZATION POLICIES AND INVESTMENTS

Every year, we calculate the anticipated environmental protection costs and incorporate them in our budget execution. In 2006, our total environmental protection costs declined to approximately KRW 9.05 billion compared to the previous year on the back of a 9% increase in environmental capital expenditure and a 4% decrease in the environmental protection costs year-on-year. The environmental protection costs comprise of facility investment and expenses that are more than 50% associated with environmental protection activities.

Total Environmental Protection Expenditures and Investments

Year	2001	2002	2003	2004	2005	2006
Total Expenditures and Investments (KRW 100 million)	88.1	91.6	83.6	84.5	94.2	90.5
Vs. Net Sales (%)	1.3	1.3	1.2	1.2	1.2	1.1

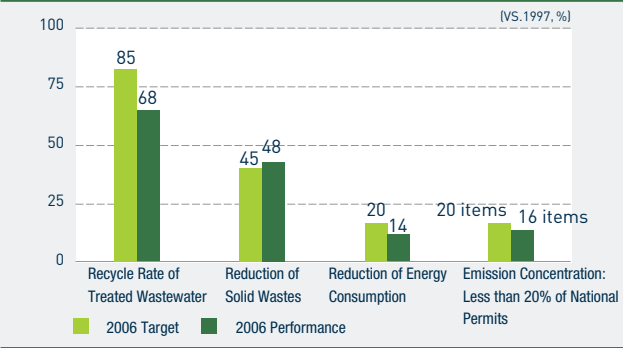
GREEN PURCHASING

At Yuhan-Kimberly, we practice environmentally friendly procurement through the development of green purchasing guidelines and firm establishment of a green purchasing procedure. For pulp, the primary raw material for our products, we either use pulp that has obtained certification under the international environmental standards, or pulp that has been produced in an environmentally friendly manner. Usage of environmentally friendly materials also serves as an important criterion for selecting our business partners.

QUANTITATIVE ENVIRONMENTAL MANAGEMENT TARGETS AND PERFORMANCE

Our environmental management is aimed at preventing negative environmental impacts from the earliest stages of our products: we adopt eco-design and clean production technologies when we design and manufacture our products. Moreover, we are committed to practicing environmental management in our daily operations. To this end, we set relevant targets which we endeavor to meet and even exceed, as was the case of the waste generation reduction target. We fell short of our energy consumption reduction target, however, due to a temporary increase in the energy consumption during repair of the tissue manufacturing facilities; but the improved facilities are expected to enhance productivity in the future.

Environmental Targets and Performances in 2006



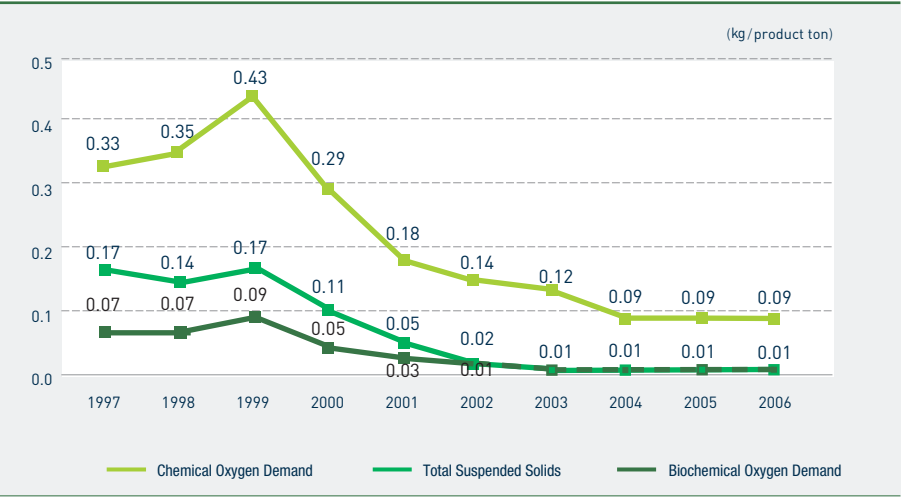
Percentage and Total Volume of Water Recycled and Reused



WATER POLLUTANTS DISCHARGE

We have halved our total biochemical oxygen demand per ton of product compared to 2001. In 2006, the positive result was realized thanks to the enhanced effectiveness of the washing system in the tissue manufacturing process (at Anyang mill, we have achieved a reduction of 0.7 ton for fresh water use per ton of tissue production, and reduction of use for detergent).

Water Pollutants Emission



SOLID WASTES BY SOURCE AND FINAL TREATMENT METHOD

Our focused efforts for reducing solid waste generation culminated in approximately 17% reduction over the previous year. In terms of source, 64% of solid wastes are generated from sludge, 14% from waste synthetic resin, 14% from incineration ash, 3% from waste paper, 1% from metal fragments, 1% from waste synthetic fiber, and 3% from others. The final treatment of solid wastes is conducted by external vendors with 92% recycled, 5% incinerated, and 3% landfilled.

Total Solid Waste Generation



WEIGHT AND RATIO OF RENEWABLE PRODUCTS

We self-impose a mandatory recycling rate for products or packaging materials as a producer. In 2006, we recycled approximately 40% of the total sanitary pad packaging plastics (408,567kg).

RAW MATERIALS AND ENERGY

INDIRECT ENERGY CONSUMPTION

At Yuhan-Kimberly, we strive to reduce the use of electrical energy such as the replacement of worn and eroded compressor with high-efficiency ones (annual energy reduction of 86,400kWh).

Indirect Energy Consumption



Direct Energy Consumption

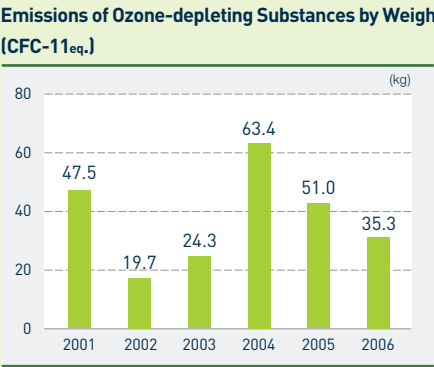


CLEAN ENERGY USE AND ENHANCED ENERGY EFFICIENCY WITH HIGH-EFFICIENCY FACILITIES

We replaced the fuel used in the steam producing boilers with liquefied natural gas (LNG), which emits less greenhouse gases, to successfully achieve both environmental and economic soundness through the reduction of our energy consumption and air pollution (cost saving of approximately KRW 890 million per annum).

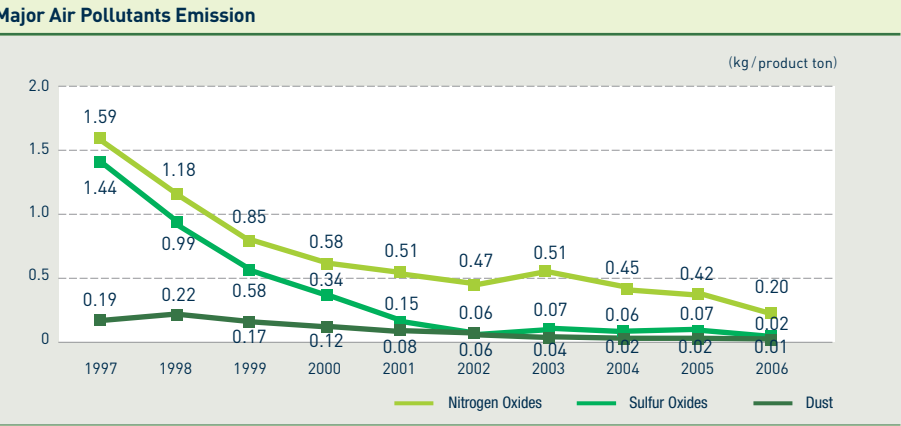
GLOBAL WARMING PREVENTION AND GREENHOUSE GAS REDUCTION

Thanks to intensified efforts geared towards reducing greenhouse gases, we have successfully reduced the total emissions by approximately 10% in 2006 compared to 2002 (174,198 ton CO₂ eq vs. 156,403 ton CO₂ eq). The emissions reduction was calculated using the Korea Energy Management Corporation’s guidelines for calculating greenhouse gas emissions. Carbon dioxide emissions from incinerators and from transportation were not included due to difficulty in quantification.



AIR POLLUTANTS EMISSION

We continually strive to minimize our air pollutants emissions by optimizing operational conditions, and by gradually replacing the fuels with a cleaner fuel, LNG at boilers and incinerators. As a result, we have reduced the emissions of NO_x, SO_x, and dust per ton of products by approximately 51%, 71%, and 47% respectively in 2006 year-on-year.



GREENHOUSE GAS REDUCTION INITIATIVES


At Yuhan-Kimberly, we are dedicated to reducing greenhouse gas emissions. To drive our efforts, we have set up a company-wide task force team to monitor GHG emissions, and have selected major strategies geared towards greenhouse gas reduction.

Greenhouse Gas Reduction Strategies and Programs

Greenhouse Gas Reduction Strategies	Key Programs
1. Focus on Low Energy Use Business	- Boost digital textile printing (DTP), a lower energy consumption and environmentally friendly business
2. Enhance Energy Efficiency	- Enhance energy efficiency by purchasing and using high-efficiency equipment for electric motor, lighting device, air conditioning equipment, inverter, and etc. - Recycle waste heat from bag filter, compressor and steam condensation - Use condenser for improving the power factor of compressors
3. Use Cleaner Fuel	- Use low-carbon fuel such as LNG for burners, incinerators and boilers - Promote an early adoption of new and renewable energy
4. Promote Campaigns	- Promote social campaigns such as “Keep Korea Green” for tree planting - Promote incentive programs such as carpool and bicycle riding - Implement No-driving Day Campaign

TAEJON MILL PARTICIPATING IN GHG REDUCTION THROUGH CAR POOL AND BICYCLE RIDING CAMPAIGNS

Taejon Mill continues to develop and conduct campaigns to engage its employees in protecting the world environment. Since 1998, the workers have participated in a Car Pool Campaign, and they have been carrying out a Bicycle Riding Campaign since 2005. In 2006, to give an additional boost to these campaigns, car-owners who participated in the Car Pool Campaign every month, and workers who commuted by bicycle for more than 10 days a month were awarded with book coupons.



Activities and Results

	Description	No. of Participants	Distance Saved(km)	Converted to Number of Trees
First Half of 2006	Car Pool Campaign	129	14,568	1,278
	Bicycle Riding Campaign	68	9,092	802
Second Half of 2006	Car Pool Campaign	124	11,376	1,004
	Bicycle Riding Campaign	107	13,406	1,183

APPENDIX

- Third Party Assurance Statement
- GRI Index
- Global Compact Principles
- Awards & Certifications
- Contributors & Compliance
- For More Information
- Questionnaire for Reader Opinion

THIRD PARTY’S ASSURANCE STATEMENT

TO THE MANAGEMENT OF THE YUHAN-KIMBERLY SUSTAINABILITY REPORT 2007



The Institute for Industrial Policy Studies (The Auditor) was engaged by Yuhan-Kimberly to review its 2007 Sustainability Report (The Report) to provide independent third-party assurance on its contents. Yuhan-Kimberly is responsible for the collection and presentation of all information within The Report as well as the maintenance of the underlying data collection system and internal controls. The key objective of our review was to provide independent assurance that all statements and data cited in The Report are free of material misstatement or bias and that the data collection systems used are robust. On the basis of the above, The Auditor presents the following third-party statement of assurance.

CONTEXT AND SCOPE

In The Report, Yuhan-Kimberly describes efforts and progress made toward sustainability management as well as its plans for the future. The Auditor’s review examined the following. **Reasonable assurance on whether** the data on financial performance specified in Section 2 of The Report (titled “01 Economic Value”) is properly derived from Yuhan-Kimberly’s audited Annual Report for 2006; **Limited assurance on whether** the data specified in Section 1 (“Report Overview”), Section 3 (“02 Social Value”), Section 4 (“03 Environmental Value”), Section 5 (“Appendix”) of The Report are stated adequately and in full and are free of material misstatement or bias.

*Reasonable assurance constitutes a higher level of assurance than limited.

OUR INDEPENDENCE

The Auditor was not involved in the preparation of any part of The Report, and with the exception of this work has no other affiliation with Yuhan-Kimberly that might compromise our independence or autonomy or place us under Yuhan-Kimberly influence, giving rise to possible conflicts of interest. The Auditor has no commercial relationship with Yuhan-Kimberly whatsoever regarding any of its for-profit operational activities.

STANDARDS AND CRITERIA

- The Auditor reviewed whether The Report was written in accordance with the following reporting guidelines.
- (1) The AA1000 Assurance Standard’s (AA1000 AS)* three core principles of Materiality, Completeness and Responsiveness
 - (2) The Global Reporting Initiative (GRI)’s G3 Sustainability Reporting Guidelines Version 3.0**
 - (3) The local BSR Guidelines (B.E.S.T Sustainability Reporting Guidelines)*** for sustainability management.

* AA1000 AS is an assurance standard for social and sustainable reporting developed by the U.K.-based Institute of Social and Ethical AccountAbility in November 1999. A nonprofit organization that promotes corporate social responsibility, business ethics and responsible business practices, AccountAbility aims to improve the quality of social and ethical accounting, auditing and reporting through the AA1000 AS.
** The Global Reporting Initiative (GRI)’s Sustainability Reporting Guideline was jointly convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. The newly revised G3 version was launched in October 2006.
*** The BSR Guideline (B.E.S.T Sustainability Reporting Guideline) was jointly developed by the Ministry of Commerce, Industry, and Energy (MOCIE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IIPS) and provides five levels of reporting rigor (Level 1 ~ 5)

WORK UNDERTAKEN AND SCOPE

- The Auditor reviewed the materiality, completeness, and responsiveness of The Report through the activities outlined below:
- a review of media reports relating to Yuhan-Kimberly

THIRD PARTY’S ASSURANCE STATEMENT

- a review of information contained in The Report as well as the underlying data collection system (review of internal organization in charge of sustainability management as well as relevant systems and activities)
- an intensive review of key statements in The Report; Yuhan-Kimberly’s internal policies, documentation and information systems after sampling data and assessing areas of high risk
- on-site review by visiting the Head office
- interviews with managers and staff in charge of sustainability management and reporting, as well as persons responsible for The Report’s source information
- interviews with senior executives in charge of sustainability management
- a reconciliation of financial information stated in The Report against the audited Annual Report

CONCLUSIONS

Based on the above, the Auditor did not find The Report to contain any material misstatement or bias. All material findings of The Auditor are included herein, and detailed conclusions and follow-up recommendations have been submitted to Yuhan-Kimberly.

• MATERIALITY

Does The Report cover economic, social and environmental issues of the greatest importance to Yuhan-Kimberly?

The Auditor does not believe that Yuhan-Kimberly has omitted or excluded any information of great importance to itself. Through materiality testing (internal company bylaws, legal/international guidelines; stakeholder engagement; industry benchmarking) Yuhan-Kimberly has been able to identify material issues facing its organization and given priority to reporting those issues of the greatest interest or potential risk. It is the Auditor’s recommendation, however, that Yuhan-Kimberly further refine its materiality testing methods to ensure continuous assessment of key stakeholder issues.

• COMPLETENESS

How reliable is the information and data stated in The Report, and is the underlying information and data collection system complete and robust?

The Auditor took note that through an internal company-wide organization in charge of sustainability management, Yuhan-Kimberly has been running various activities - Vision 2015 Committee (Committee for Sustainability Management - Vision and Final Decision Making), innovative management, risk management, ethical management, social contribution, supplier win win programs - in an organized and systematic manner. Notably, we verified Yuhan-Kimberly’s use of an enterprise resource management program to block errors or unethical practices from taking place in supplier dealings as well as ongoing efforts to set up a quick and transparent accounting system. We also found Yuhan-Kimberly to be managing its environmental performance with an overall system for measuring and managing environmental issues.

• RESPONSIVENESS

How well does The Report address information of importance to Yuhan-Kimberly stakeholders?

The Auditor determined that Yuhan-Kimberly has been making efforts to identify sustainability management issues of the greatest importance to its stakeholders and invite input by conducting surveys on executives and employees (431), business partners (61), local community residents and organizations (121) and interviewing focus groups across all economic, social, and environmental dimensions. Moreover, we noted that by incorporating stakeholder responses to a feedback survey on its 2006 sustainability report, The Report was much improved in terms of the

organization of contents and design and more reflective of stakeholder considerations. For next year’s report, however, the Auditor recommends that Yuhan-Kimberly present how actual performance measured up against targets promised to stakeholders.

ISSUES FOR FUTURE CONSIDERATION

In our opinion, compared to last year, The Report, which represents Yuhan-Kimberly’s second sustainability report, appears to indicate (1) stronger means and efforts by Yuhan-Kimberly to assess issues of material importance to its stakeholders, and (2) greater adherence to GRI and BSR guidelines.

In the interest of continued qualitative improvements in sustainability performance and reporting, the Auditor would like to make the following recommendations.

[Level of Adherence to BSR and GRI Guidelines]

Upon review of The Report against BSR reporting guidelines, the Auditor finds The Report to satisfy 98.6% of Level 5 requirements (from Level 1 ~ 5), marking an improvement on findings of 92%* of Level 4 in 2005. Areas showing the greatest improvement were social performance (corporate governance and risk management) and environmental performance (environmental impacts). Yuhan-Kimberly is advised to refer to the letter of recommendation submitted to management to supplement the remaining unfulfilled 1.4% portion of reporting requirements.

*2005 Assurance Findings: equivalent to 90.8% adherence to Level 5 requirements.

[Intensity of Reported Information]

- Present targets for major issues in each dimension (economic, social, and environmental), as well as the actual performance achieved against target to better demonstrate how committed Yuhan-Kimberly is to keeping its commitment to stakeholders.

- With the volume of content growing larger with each year’s publication, decrease when possible, the proportion of general information that of low materiality in the case of contents that appear repetitively in the first and second report, while providing more specific details on major activities conducted during the reporting period.

- Develop diverse channels through which stakeholders can access the contents of The Report and provide feedback.

Taking into account this assurance statement and the separately provided recommendation letter, we suggest that Yuhan-Kimberly continue to build and improve upon its sustainability management and reporting system to make them even more systematic.

June 2007

Cho, Dong-Sung

Director, Center for Sustainability Management, IPS
Professor, College of Business Administration, Seoul National University

Category	GRI	Wordings / Reasonings	Korean Version	English Version	Page
Vision and Strategy	1.1	Statement from the most senior decision-maker of the organization	■	■	4~5
	1.2	Description of key impacts, risks, and opportunities	■	■	4~5
Profile	Organizational Profile	2.1 Name of the organization	■	■	Cover
		2.2 Primary brands, products, and/or services	■	■	6
		2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	■	■	9
		2.4 Location of organization's headquarters	■	■	45
		2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	□	□	-
		2.6 Nature of ownership and legal form	■	■	20
		2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	■	■	6 3,6,16
		2.8 Scale of the reporting organization, including : * Number of employees; * Net sales (for private sector organizations) or net revenues (for public sector organizations);	■	■	2
		2.9 Significant changes during the reporting period regarding size, structure, or ownership	■	■	
		2.10 Awards received in the reporting period	■	■	42, 43
	Report Parameters	3.1 Reporting period for information provided	■	■	2
		3.2 Date of most recent previous report (if any)	■	■	2
		3.3 Reporting cycle (annual, biennial, etc.)	■	■	2
		3.4 Contact point for questions regarding the report or its contents	■	×	45
		3.5 Process for defining report content	▣	▣	2
		3.6 Boundary of the report	■	■	2
		3.7 State any specific limitations on the scope or boundary of the report	■	■	2
		3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	■	■	20
		3.9 Data measurement techniques and the bases of calculations	■	■	2
		3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	■	■	2
		3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	■	■	2
		3.12 Table identifying the location of the Standard Disclosures in the report	■	■	45
		3.13 Policy and current practice with regard to seeking external assurance for the report	■	■	2
	Management System	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	■	×	-
		4.2 Indicate whether the Chair of the highest governance body is also an executive officer	■	×	-
		4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	■	×	-
		4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	■	×	-
		4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	■	×	-
		4.6 Process in place for the highest governance body to ensure conflicts of interest are avoided	■	×	-
		4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	■	×	-
		4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	■	×	-
		4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	■	■	3, 12, 20
		4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	■	■	9
		4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization	■	■	20
		4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	■	■	Appendix
		4.13 Memberships in association advocacy organizations in which the organization	■	×	-
		4.14 List of stakeholder groups engaged by the organization	■	■	3
		4.15 Basis for identification and selection of stakeholders with whom to engage	■	■	3
		4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	■	■	2,3
		4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	■	■	7,22

■ Reported ▣ Partially reported □ N/A ✕ Not reported

Category	GRI	Wordings / Reasonings	Korean Version	English Version	Page
Economic	EC1	Direct economic value generated and distributed, including revenues, operating costs, employees compensations, donations and other community investment, retained earnings, and payments to capital providers and governments	■	■	12~13
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	×	×	-
	EC3	Coverage of the organization's defined benefit plan obligations	■	×	-
	EC4	Significant financial assistance received from government	■	×	-
	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	■	×	-
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	■	×	-
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	■	×	-
	EC8	Development and impact of infrastructure investment and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	■	■	13
	EC9	Understanding and describing significant indirect economic impact, including the extent of impacts	■	×	-
Environmental	EN1	Materials used by weight or volume	■	×	-
	EN2	Percentage of materials used that are recycled input materials	■	■	30
	EN3	Direct energy consumption by primary energy source.	■	■	31
	EN4	Indirect energy consumption by primary source	■	■	31
	EN5	Energy saved due to conservation and efficiency improvements	■	■	29,31
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	■	■	31
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	■	■	31
	EN8	Total water withdrawal by source	■	×	-
	EN9	Water sources significantly affected by withdrawal of water	■	×	-
	EN10	Percentage and total volume of water recycled and reused	■	■	29
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	□	□	-
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	□	□	-
	EN13	Habitats protected or restored.	■	×	-
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	□	□	-
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	□	□	-
	EN16	Total direct and indirect greenhouse gas emissions by weight	■	■	32
	EN17	Other relevant indirect greenhouse gas emissions by weight	×	×	-
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	■	■	32~33
	EN19	Emissions of ozone-depleting substances by weight	■	■	32
	EN20	NOx, SOx, and other significant air emissions by type and weight	■	■	32
	EN21	Total water discharge by quality and destination	■	×	-
	EN22	Total weight of waste by type and disposal method	■	■	30
	EN23	Total number and volume of significant spills	■	×	-
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	■	×	-
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	■	×	-
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	■	■	29
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	■	■	30
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	■	×	-
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	■	×	-
	EN30	Total environmental protection expenditures and investments by type	■	■	28
Social : Labor Practices and Decent Work	LA1	Total workforce by employment type, employment contract, and region	■	■	20,21
	LA2	Total number and rate of employee turnover by age group, gender, and region	■	■	20,21
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	■	×	-
	LA4	Percentage of employees covered by collective bargaining agreements	■	■	21
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	■	×	-
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	■	×	-
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	■	■	21

■ Reported ▣ Partially reported □ N/A ✕ Not reported

Category	GRI	Wordings / Reasonings	Korean Version	English Version	Page
Social : Labor Practices and Decent Work	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	■	×	-
	LA9	Health and safety topics covered in formal agreements with trade unions	■	×	-
	LA10	Average hours of training per year per employee by employee category	■	■	21
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	■	■	20, 21
	LA12	Percentage of employees receiving regular performance and career development reviews	■	×	20,21
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	■	■	21
	LA14	Ratio of basic salary of men to women by employee category	■	■	20
Social : Human Rights	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	■	×	-
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	■	■	22
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	■	■	21
	HR4	Total number of incidents of discrimination and actions taken	■	■	20
	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	■	■	21
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	■	■	21
	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	■	■	21
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	■	■	20
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	■	■	22
Social : Society	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	■	■	22
	SO2	Percentage and total number of business units analyzed for risks related to corruption	■	■	22
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	■	■	19
	SO4	Actions taken in response to incidents of corruption	■	■	22
	SO5	Public policy positions and participation in public policy development and lobbying	■	■	22
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	■	■	22
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	■	×	-
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	■	■	44
Social : Product Responsibility	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	■	×	-
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	■	■	44
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	■	×	-
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	■	×	-
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	■	■	2, 19
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	■	×	-
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	■	■	44
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	■	×	-
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	■	×	-

■ Reported ■ Partially reported □ N/A ✕ Not reported

Area	Principles	Supporting Rules and Regulations at Yuhan-Kimberly	GRI	Page
Human Rights	1. We support and respect the protection of internationally proclaimed human rights.	www.yuhan-kimberly.co.kr Fair Trade 	■ HR1 ■ HR6 ■ HR2 ■ HR7 ■ HR3 ■ HR8 ■ HR4 ■ HR9 ■ HR5	20, 21, 22
	2. We make sure that we are not complicit in human rights abuses.	www.yuhan-kimberly.co.kr Fair Trade 	■ HR1 ■ HR2 ■ HR8	20, 22
Labor Standards	3. We uphold the freedom of association and the effective recognition of the right to collective bargaining.	www.yuhan-kimberly.co.kr Labor-Management Cooperation 	■ HR5 ■ LA4 □ LA5	21
	4. We eliminate all forms of forced and compulsory labor.	www.yuhan-kimberly.co.kr Equal Employment Opportunity 	■ HR7	21
	5. We effectively abolish child labor.	www.yuhan-kimberly.co.kr Equal Employment Opportunity 	■ HR6	21
	6. We eliminate discrimination in respect of employment and occupation.	www.yuhan-kimberly.co.kr Equal Employment Opportunity 	■ HR4 ■ LA 2 ■ LA10 ■ LA13 ■ LA14	20, 21
	7. We support a precautionary approach to environmental challenges.	www.yuhan-kimberly.co.kr Fair Trade 	■ 4.11	20
	8. We undertake initiatives to promote greater environmental responsibility.	www.yuhan-kimberly.co.kr Fair Trade 	■ EN2 ■ EN18 ■ EN5 × EN21 ■ EN6 ■ EN22 ■ EN7 ■ EN26 ■ EN10 ■ EN27 × EN13 ■ EN30 □ EN14	28-33
Environment	9. We encourage the development and diffusion of environmentally friendly technologies.	www.yuhan-kimberly.co.kr Fair Trade 	■ EN2 ■ EN18 ■ EN5 ■ EN26 ■ EN6 ■ EN27 ■ EN7 ■ EN10	29-33
	10. We work against corruption in all its forms, including extortion and bribery.	www.yuhan-kimberly.co.kr Fair Trade 	■ SO2 ■ SO3 ■ SO4	19, 22

■ Reported ■ Partially reported □ N/A ✕ Not reported

1. COMPANY & CEO

Year	Month	Details of Awards	Sponsor
2000	12	Best Company Award (Tissue / Sanitary Napkins)	Women News
	12	New Millennium New Company Award (Environment / Safety)	KORCHAM, JoongAng Daily
2001	10	CEO KH Moon, Best Productivity CEO of Korea	The Korea Productivity Center
	10	Best Talent Management Company	KMA
	10	CEO KH Moon, Korean Figure 55	The KyungHyang
2002	01	CEO KH Moon, 100 Most Effective CEOs in Korea	Chosun Daily
	07	2002 Corporate Image Award, Best Ethics Management Company	KMAC
	07	CEO KH Moon, Best CEO Award	KMAC
	09	Top 50 Excellent Companies in Korea	Chosun monthly
	09	Anyang Mill, Korea Idea Management Award, 1st Prize	KMAC
	09	Taejon Mill, ROK Safety Award	MGAH, KyungHyang Shinmun
	10	CEO KH Moon, 2002 Global Korea Award	Michigan State Univ., Asia Institute
	11	Communications & PR, Asia Best PR Award	PR Week Asia Association
2003	12	KKG, PR Golden Award	KPRA
	01	Korea Ethical Management Award	Korea New Industry Management Institute
	01	Management Innovation Award	Forbes Korea
	02	CEO KH Moon, Best CEO Award	FKI IMI
	04	Best Employer in Asia Award	AWSJ, Hewitt, Meall Economics
	05	Korea Corporate Image Award	KMAC
	08	CEO KH Moon, Il-Ga Award	The Il-Ga Memorial Foundation
	11	Communication & PR, PR Week Award 2003	PR Week
2004	11	Most Admired Foreign Invested Company	Yonsei Univ., JoongAng Daily Economy Institute
	02	Korea Ethical Management Award	Korea Society of Company Ethics
	03	CEO KH Moon, Great CEO Award	JoongAng Univ.
	06	Most Respected Company in Korea	KMAC
2005	12	1st Life-Long Learning Company Award, Grand Prize	KEDI
	04	Most Respected Company in Korea	KMAC
	06	Top 30 Most Respected Companies	DongAh Daily, IBM Korea, BCS
	08	CEO KH Moon, CEO Award, Grand Prize	KASBA
2006	04	Most Respected Company in Korea	KMAC
	04	Sustainability Management Award, Grand Prize	aSSIST, KRIMA
	11	Social Responsibility Company Award, Grand Prize for Environmental Preservation	HanKyung Daily
	12	CEO KH Moon, nominated as Who's Next	Newsweek Korea
2007	01	Best Company, Corporate Social Responsibility Survey	EAI, Globe Scan, Meall Economics
	04	Most Respected Company in Korea	KMAC

2. GOVERNMENT AWARDS

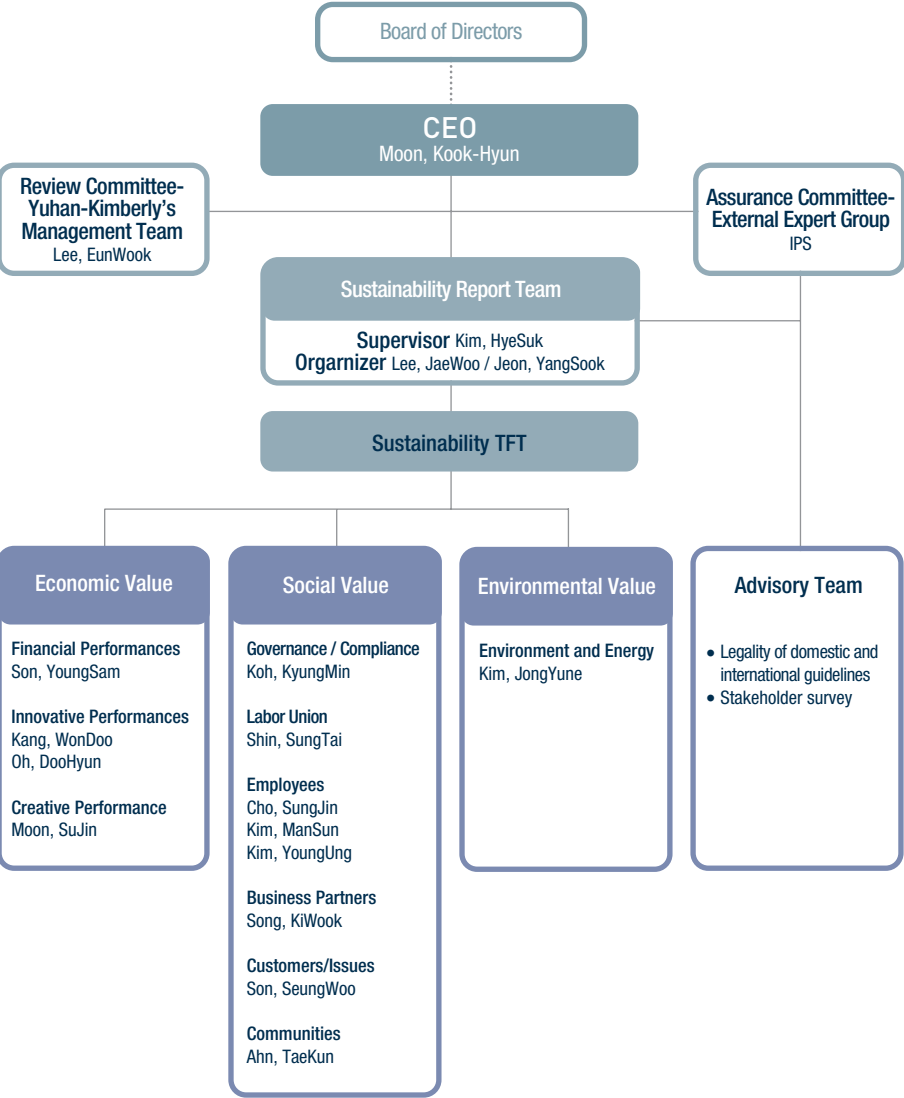
Year	Month	Details of Awards	Sponsor
2000	04	Yuhan-Kimberly, nominated as integrity taxpayer	Government
	08	Presidential Award for promoting social welfare	Government
2002	10	2002, Presidential Award for Distribution	Government
	10	DTP, Digital Innovation Award - Prime Minister Award	Government
2005	04	Gold Tower Order of Industrial Service Merit	Government
2006	05	Work & Life Balance Company, Presidential Award (MGEF)	Government
	12	KKG Public Website “Woorisoop” Korea Internet Award at Social Promotion Prime Minister Award (MIC)	Government

3. PRODUCTS AND ADVERTISEMENT

Year	Month	Titles & Contents	Sponsor
1999 ~ 2007	03	HUGGIES®, Kotex® WHITE*, and KLEENEX® ranked “Korea Industries' Brand Power” for 9 consecutive years (since 1999), 7 consecutive years (since 2001), and 5 consecutive years(since 2001) respectively	KMAC
1998~2006	11	KKG radio advertisement, Korea Advertisement Award (9 times)	KFAA
2000	03	KKG radio advertisement, Ad of the Year	KAS
2001	06	1st Korea consumption culture award, Environmentally Friendly Prize	Korea Society of Consumption Culture
	11	KKG TV advertisement, 2001 KyungHyang Advertising Award	KyungHyang
	12	Woorisoop (www.forestkorea.org/ www.woorisoop.org) - Best of Best web site	Yahoo Korea, HanKyung
2002	03	KKG radio advertisement, Good Advertisement Chosen by Consumers	KAA
	08	Professional, Environment Protecting Loyal Brand Award	Goodday
	10	Tissue, Best Consumer Satisfaction	KMA
	11	KKG radio advertisement and TV advertisement,	KyungHyang
		2002 KyungHyang Advertising Award, Grand Prize KKG, Newspaper Advertisement Award	WAA, CAG
2003	02	KKG, Marketing Frontier - Public Utilities Associated Award	KMA
	06	KKG printed advertisement, Green Advertising Award - Grand Prize	KFEM
	09	2003 Brand Star living goods - Best Hygienic Band Award	HanKyung
2004	03	KKG printed advertisement, Environmental Advertising Award	Environmental Movement Women's Association
		KKG printed advertisement, Best Korea Advertising Ethics Award	KARB
	05	DEPEND®, Luxury Brand Award at 12th Korea Marketing Award	KMAC
	09	Kotex® WHITE* - 2004 Korea Brand Star	HanKyung · Brand Stock
2005	03	2005 Aunties' Word of Mouth Power Brand - Awarded Environment-Loving Company	Inners Community
2006	09	HUGGIES®, certified as luxury brand	

4. CERTIFICATIONS

Year	Month	Details of Awards	Recipient
2000	05	Acquired HS Mark (Hygiene Safety Quality Certifying Mark) (KOMTRI)	Tissue Products
	12	Safety, Health, Fireproof Management System Certifications (KOSHA 2000) (KOSHA)	Kimcheon Mill
2001	04	Environmentally-Friendly Company re-certification (~2006, MOE)	Kimcheon Mill, Taejon Mill
	08	Safety/Health Excellent Company certification (MOL) for three consecutive years	Kimcheon Mill
2002	09	ISO 14001 Certification re-certification (~Oct. 20, 2005, MOE)	Taejon Mill
	11	New Labor and Management Culture - Best Company certification (MOL)	Taejon Mill
	12	Environmentally-Friendly Company re-certification (~Dec. 23, 2007, MOE)	Anyang Mill
2004	03	ISO 14001 re-certification (~Mar. 21, 2007, MOE)	Anyang Mill
	12	ISO 14001 re-certification (~Dec. 17, 2007, MOE)	Kimcheon Mill
2006	06	Environmentally-Friendly Company re-nomination (~ 2011, MOE)	Kimcheon Mill, Taejon Mill



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942, Daechi 3-dong, Gangnam-gu
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Republic of Korea
Tel. 82-2-528-1001

Yuhan-Kimberly Anyang Mill
27-4 Dajung-Dong, Gunpo-Si
Gyeonggi-Do, 435-831
Republic of Korea
Tel. 82-31-450-8503

Consumer Service
Tel. 82-2-528-1100~3

DTP Show Room
Tel. 82-31-450-8690

YK Professional
Tel. 82-31-450-8781~2

Sungnam D.C.
Tel. 82-31-746-8101~3

Yuhan-Kimberly Taejon Mill
41-1, 1 Block the 3rd, Industrial Complex
Munpyung-Dong, Daeduck-ku
Taejon-Si, 306-220
Republic of Korea
Tel. 82-42-939-7100

ChungChong Sales Office
Tel. 82-42-939-7252

Yuhan-Kimberly Kimcheon Mill
746-1 Daekwang-Dong, Kimcheon City
Kyungsangbook-Do, 740-170 Republic of Korea
Tel. 82-54-420-5500

Kangbuk D.C.
Tel. 82-31-947-0321

Kangseo D.C.
Tel. 82-31-446-8125~9

Daegu Sales Office
Tel. 82-53-743-3471

Busan / KyeongNam Sales Office
Tel. 82-51-517-8121~9

ChonBuk Sales Office
Tel. 82-63-255-4084

ChonNam Sales Office
Tel. 82-62-672-8488

DOMESTIC LAWS

Employment Act, Fair Trading Act, Human Rights Act, Commercial Code, National Tax Act, environment-related laws, Industrial Safety and Health Act, Consumer Protection Act

INTERNATIONAL AGREEMENTS

The UN Global Compact, ILO labor standards

VIOLATIONS

We had no violations (court rulings, punishments, penalties) of the following laws and agreements during the last five years:

- Laws related to customer safety and health promotion
- Product Liability Law
- Laws related to advertising and marketing

This is an English summary version of Yuhan-Kimberly 2007 Sustainability Report. The Korean version's compliance with the GRI G3 Guidelines is 97.5%. The full Sustainability Report is available on the company website. We also welcome you to participate in the Questionnaires for Reader Opinion at our website to give us your feedback on the report. For more information, please write to us on our homepage, and we will answer as quickly and sincerely as possible. Website www.yuhan-kimberly.co.kr E-mail webmaster.korea@y-k.co.kr

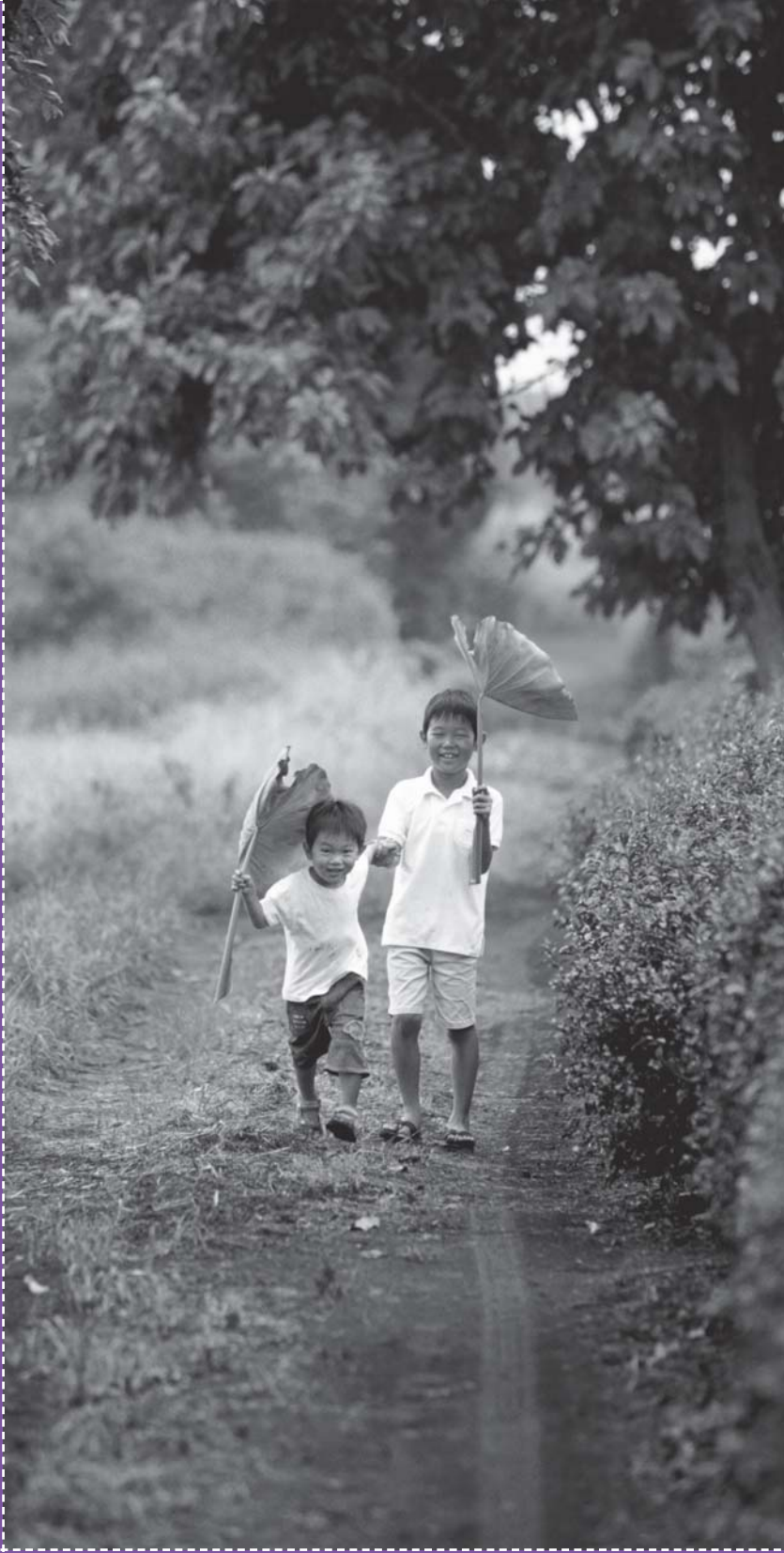
Summary of Yuhan-Kimberly 2007 Sustainability Report

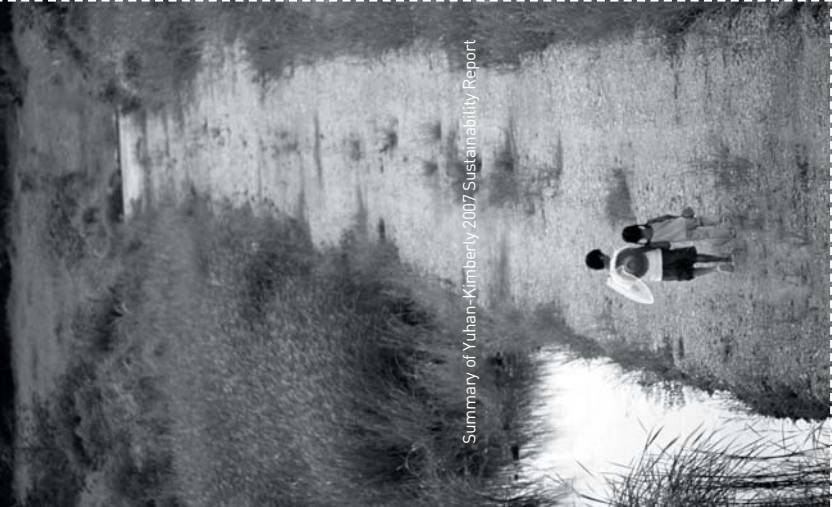
**QUESTIONNAIRE FOR
READER OPINION**

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

Mail | Yuhan-Kimberly Sustainability Report Team
942 Deachi 3-dong, Gangnam-gu, Seoul
135-725, Korea
E-mail | jwlee90y-k.co.kr
Fax | 82-2-528-1086

사람이 희망이다 People are the Source of Hope





If you wish to send your opinion by post, please tear along the perforated line and send it in an envelope to the following address.
Address Haeseong Building 942 Daechi 3-dong, Gangnam-gu, Seoul, 135-725, Korea, Yuhan-Kimberly Sustainability Report Team
E-mail webmaster.korea@y-k.co.kr Fax : 02-528-1086

Your feedback will be actively reflected in our reports and published in the future to heighten the fidelity and completion levels of their contents.

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

- ① Very much ② A little ③ Average ④ Not much ⑤ Not at all

2. Was this report easy to read?

- ① Very much ② A little ③ Average ④ Not much ⑤ Not at all

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

- ① About This Report ② Stakeholders ③ CEO Message ④ Economic Value
⑤ Social Value ⑥ Environmental Value ⑦ Appendix ⑧ Other

4. How would you evaluate this report?

- ① Very good ② Good ③ Average ④ Poor ⑤ Very poor

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

Name

Company / Department

Contact (Tel / E-mail)