

Which side are you on? Conservative vs. Progressive;  
South vs. North; Friend vs. Foe; Rich vs. Poor.  
Time after time, the world frequently suffers because  
we take sides.

Extreme division and polarization in particular,  
prevents our dreams for sustainability in the world.  
Do you see the faces of children playing tug of war on  
the front page? They are full of joy.  
Even though they are on different sides, they find joy  
in the play itself.

When creating a sustainable future, we need to be just  
like these children-carefree and innocent.

While the interest of each party might differ in the  
process of creating a sustainable future,  
we need to fill the gap through fair participation in the  
game of "tug of war," hence it is our hope that  
such a valuable process will be filled with joy

Yuhan-Kimberly 2008 Sustainability Summary Report

# 사람이 희망이다

People are the Source of Hope



Published by Kim, JoongKon | Edited by Lee, EunWook | Supervised by Kim, HeaSook | Organized by Lee, JaeWoo  
Yuhan-Kimberly Sustainability Report Team | 942 Daechi 3-dong, Gangnam-gu, Seoul, 135-725, Korea | Telephone +82-2-528-1058  
Fax 02-528-1086 | Published July 2008 | Designed by Intographic

 Yuhan-Kimberly







# Contents



- 002 About This Report
- 003 2008 Materiality Matrix
- 004 CEO Message
- 006 Corporate Profile



## 01

### Economic Value

- 012 Disclosure on Management Approach
- 013 Creation and Distribution of Economic Value
- 015 Innovative Management
- 018 Creative Management



## 02

### Social Value

- 022 Disclosure on Management Approach
- 023 Shareholders
- 024 Employees
  - Work&Life Balance
- 026 Business Partners
- 028 Customers
- 029 Government & Community
  - Keep Korea Green



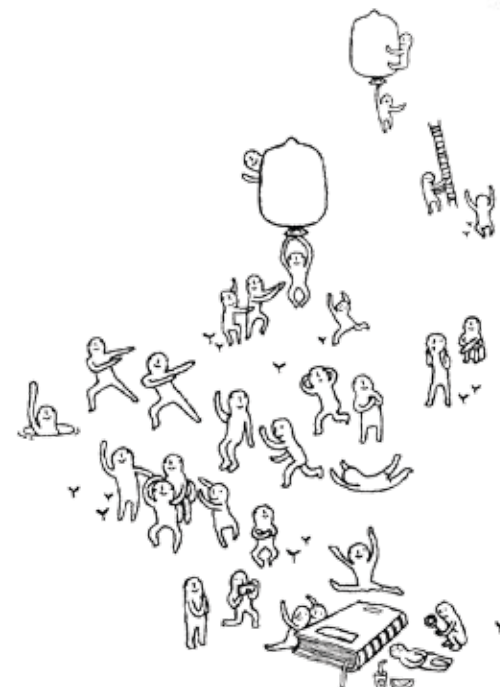
## 03

### Environmental Value

- 034 Disclosure on Management Approach
- 036 Overall Environment Management
- 037 Environment-friendly Products and Process
- 038 Yuhan-Kimberly's Efforts to Prevent Global Warming and Reduce GHG

### Appendix

- 043 Third-Party Assurance Statement
- 046 BEST & GRI Index
- 050 Awards & Certifications
- 051 For More Information
- 052 Contributors & Compliance
- 053 Questionnaires for Reader Opinion



About This Report

The 2008 Sustainability Report “People are the Source of Hope” is the third report published by Yuhan-Kimberly. The third sustainability report provides a more in-depth analysis on the changes, requirements, and critical issues based on further accumulated stakeholders’ data. Accordingly, the report focuses on choice and concentration by prioritizing issues the stakeholders care about.

**Standards and Criteria** This report is provided in conformity with the Global Reporting Initiative G3 (GRI G3) and BEST<sup>1</sup> Sustainability Reporting guideline.

**Reporting Period** January 2007 to May 2008.

**Structure** This report is comprised of 3 chapters. Priority on materiality test by chapter, and new adoption of disclosure on management approach (DMA)

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

**Assurance** Internal validation, experts’ advices, third party assurance

**Reporting Cycle** Published the report annually.

**Disclosure** Disclosed on [www.yuhan-kimberly.co.kr](http://www.yuhan-kimberly.co.kr)

**Contact** Tel + 82-2-528-1058 Fax + 82-2-528-1086

**Differences from the Previous Report** This report puts priority on issues derived from materiality tests. It provides three years’ trend of stakeholders, a stronger analysis on environmental performance based on time series, enhanced readability through new editing styles, case introduction, links to websites, and strengthened DMA.

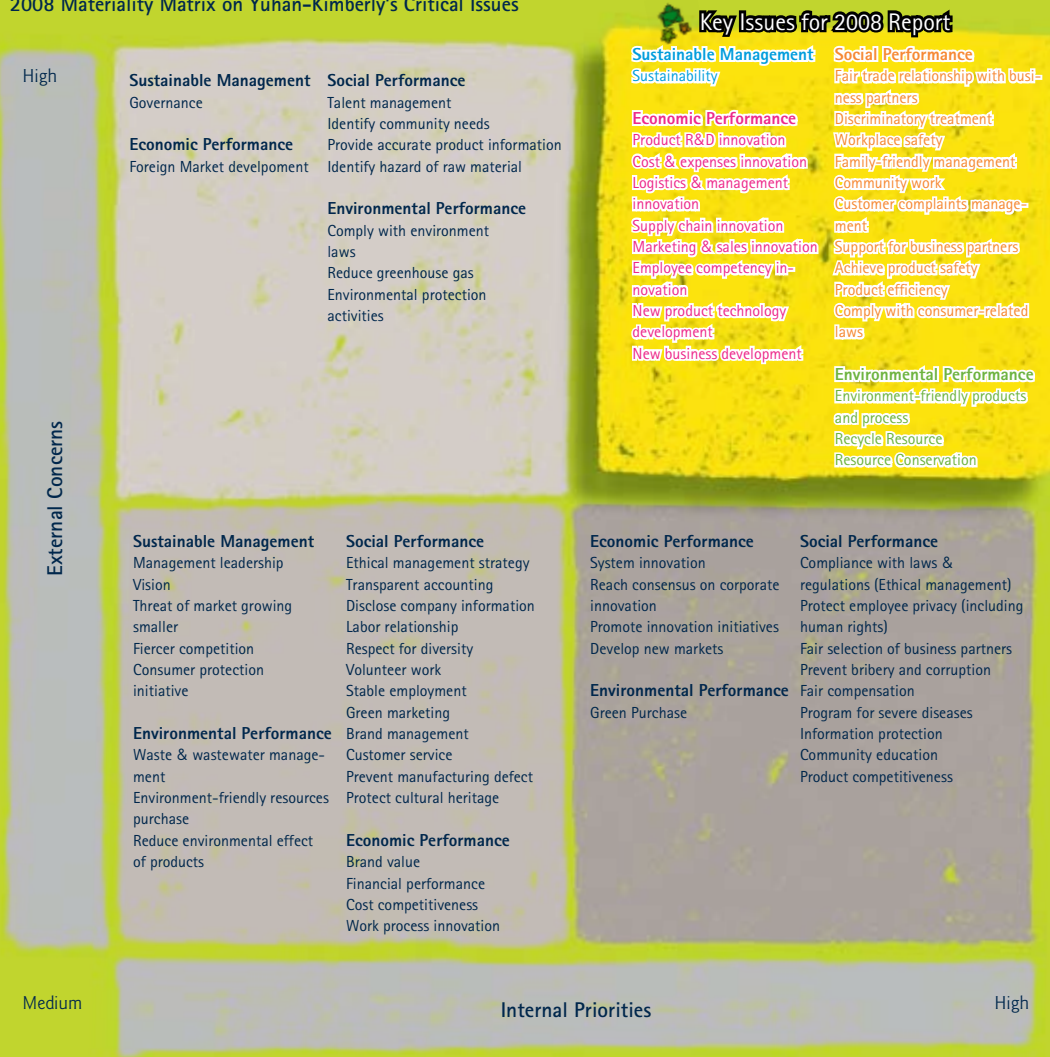
Stakeholders’ Survey on the Sustainability Report

Methodology	Period	Details
Printed Questionnaires	Feb. 2008	Employees (430), Business Partners (210), Communities (120)
Focus Group Interview	Feb. 2008	Hankyoreh Economic Research Institute, Seoul School of Integrated Sciences & Technologies, Korea Forest Service, Seoul National University, Seoul Green Trust
Professional Consultation and Assurance	Feb.~May, 2008	4 Professionals from Academia
Feedback on 2007 Sustainability Report	Jun. 2007 ~ Feb. 2008	281 Feedbacks

Yuhan-Kimberly 2008 Materiality Matrix

Based on the materiality test of external concerns and internal priorities according to the IPS materiality Test Model<sup>2</sup>, this report selected issues regarding external concerns. Each of these was based on the criteria of laws and regulations, opinion of stakeholders (other than employees), media research, and benchmarking. Additionally, this included various issues for internal priorities based on code of conduct and opinion of stakeholders (employees). Quadrant 1 shows critical issues derived, while quadrant 4 shows issues of less importance.

2008 Materiality Matrix on Yuhan-Kimberly’s Critical Issues



1. BEST (acronym for “Business Ethics is the Source of Top performance”): The reporting guideline jointly developed by the Ministry of Knowledge Economy, Korea Chamber of Commerce & Industry (KCCI) and the Institute for Industrial Policy Studies.  
2. The materiality test of Yuhan-Kimberly is an evaluation method to identify the priority of issues derived based on stakeholders’ interest and risk level. The test is modeled on the test matrix developed by the Institute for Industrial Policy Studies in December 2006.



“Beginning with the respect for life and focus on people”

# Viewing the world through the eyes of sustainability

- Setting off on a voyage toward VISION 2015

“Viewing the world through the eyes of sustainability”, means to rather find out what we should prepare in order to achieve VISION 2015 and for our next generation seeing the road in front of us than not to look back on the steps that we have already taken or to show off what we have accomplished up to now.”

It's the third year that Yuhan-Kimberly published its sustainability report. Yuhan-Kimberly already announced its VISION 2015 that guides the company on how to deliver long-term sustainable growth under the conviction of “Beginning with the respect for life and focus on people” consistently. This report is telling the story about the first year of our journey to move forward our VISION 2015.

To build up strong leadership in domestic markets


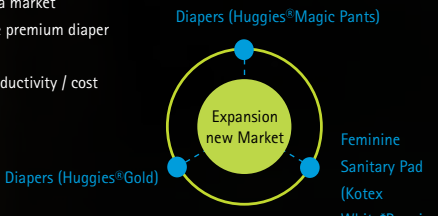
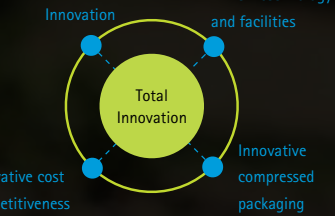

Last year we delivered noticeable business outcomes through many changes in organization, businesses and investment as a first step toward VISION 2015. We reinforced export function through reorganization to accelerate rapid growth, while newly stepped into the cosmetic business as a category expansion. We also installed state-of-the-art new tissue facilities and an additional diaper converting line up and running successfully. Socially, we did not only take the initiative in becoming a member of the UN Global Compact but held the high rank on all fronts with the reputaton of a respected, society and family-friendly, and sustainable company. Environmentally, we pushed ahead with some initiatives to reduce environment load and save energy.

To keep striving to act as a respected company

But, in the near future, Yuhan-Kimberly is facing many business challenges to be overcome such as oil price hike, financial woes, fierce price competition, flooding imports, etc. However, fortunately, birth rate is recovering from its ever decreasing trend. We saw national income per capita break through the entrance of \$20,000 and the North East Asian markets keep growing, which afford us huge opportunities to take advantage of offering our best-in-class products. On the other hand, we will further strengthen “Keep Korea Green” campaign, the leading corporate social responsibility program of Yuhan-Kimberly, to promote the value of forest and environment to the people of Korea. In addition, we are committed to be keen on and proactively participate in the efforts to resolve the issues now Korean society faces like low birth rate, consumers' concern on safety and global initiatives to reduce greenhouse gas emission. Here we promise never to stop in our efforts to become a more respected company. Thank you.

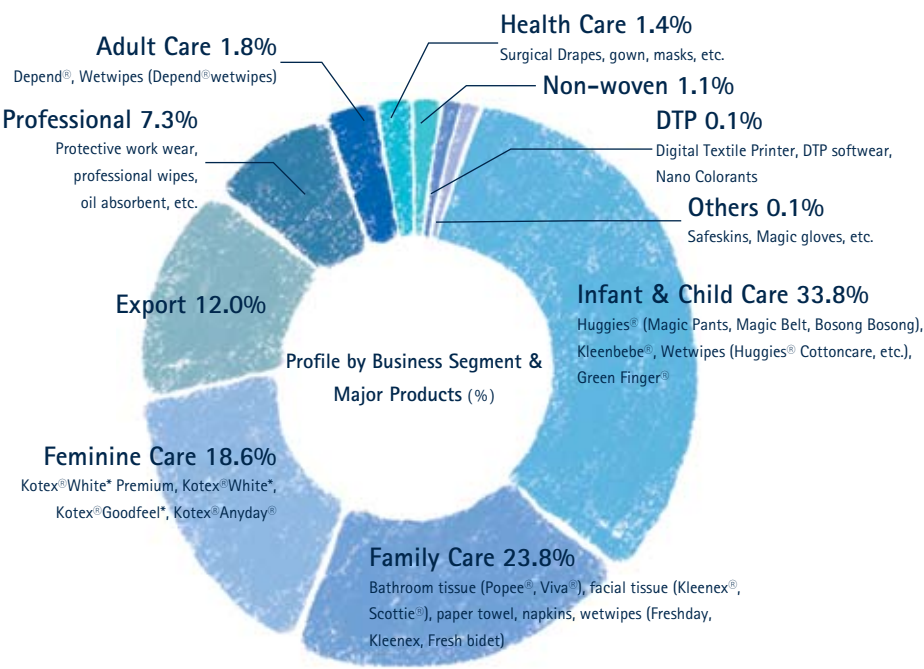
June 2008  
**Kim, JoongKon**  
President and CEO, Yuhan-Kimberly

Goals and Performance

Goal		Key Strategies and Assessments	Mid-to Long Term Initiatives
Economic Goals	1. Strengthening domestic market	<div><ul style="list-style-type: none"><li>* Huggies® Magic Pants</li><li>* Kotex® White® Herbrang &amp; Kotex® Goodfeels® Hanchorang successfully launched</li><li>* Kleenex® Cotton Soft successfully launched</li><li>* Green Finger® Baby Skin Care Products successfully launched</li></ul></div>	<ul style="list-style-type: none"><li>• Innovative quality based production</li><li>• Develop new market</li><li>• Develop new business</li></ul>
	2. Develop new export market	<div><ul style="list-style-type: none"><li>* Increased the number of countries in the oversea market</li><li>* Increased the premium diaper exports</li><li>* Improved productivity / cost</li></ul></div>	<ul style="list-style-type: none"><li>• Feminine Sanitary pad-challenge to the oversea market</li><li>• Diaper-production base in Asia</li><li>• Towel- take the initiative in Asia market</li></ul>
Economic-Environmental Goals		<div><ul style="list-style-type: none"><li>* Adopt Famtec (new tech for tissue machine)</li><li>* Cost reduction successfully-diapers</li><li>* Reduce size of diaper packaging by 15 percent</li><li>* Systemized the supply chain for exporting</li></ul></div>	<ul style="list-style-type: none"><li>• Successful investment</li><li>• Maximizing operation</li><li>• Reducing costs and expenses</li><li>• Reducing greenhouse gases</li><li>• Developing environmental friendly materials</li><li>• Green purchasing</li><li>• Reducing secondary packaging</li></ul>
Social Goals		<div><ul style="list-style-type: none"><li>* Dec 2007 Grand award for sustainability management (two consecutive years)</li><li>* Feb 2008 the Most Respected Company in Korea (five consecutive years)</li></ul></div>	<ul style="list-style-type: none"><li>• Compliance with the UN Global Compact Principles</li><li>• Expand corporate social responsibility</li><li>• Expand family-friendly culture</li><li>• Sustainability</li><li>• Expand life-long learning</li><li>• Strengthen customer management</li><li>• Enhance talent management</li></ul>

Corporate Profile

**Company** Yuhan-Kimberly | **Incorporation Date** March 30, 1970 | **Business** Manufacturing  
**CEO** Kim, JoongKon | **Revenue** KRW 905 billion (2007)  
**Main Brands** Huggies®, Kotex®White\*, Kleenex®, Popee®  
**Business Areas** Consumer goods, industrial goods, healthcare products, digital textile printing (DTP)  
**Major Worksites** Seoul Headquarter, Anyang mill, Kimcheon mill, Taejon mill  
**Target Market** Individuals, corporations, research centers, public buildings, restaurants, hospitals, textile manufacturers, schools, etc.  
**Main Products** Diaper, feminine sanitary pad, bathroom tissue, facial tissue, nonwoven fabric, paper towel, wet wipes, safe skin glove, mask, protective work wear, professional wiper, oil absorbent, surgical drape, gown, sterilization wrap, digital textile printer, software, etc.



How We Communicate with our Stakeholders<sup>3</sup>

Shareholders	Employees	Business partners	Customers	Government & Community
1926 Yuhan Corporation 1872 Kimberly-Clark (Founding years representing sustainability)	1,709*	1,725	26,469	4 <sub>domestic business sites</sub> 50 <sub>export markets*</sub> 236 <sub>organizations</sub>
<div>Communication with Stakeholders</div> <ul style="list-style-type: none"><li>Regular shareholders meeting</li><li>Regular BOD meeting</li><li>Strategy and vision meeting</li><li>Business sites benchmarking</li><li>Operational report</li><li>Sustainability report</li><li>www.yuhan-kimberly.co.kr</li></ul>	<ul style="list-style-type: none"><li>Regular labor-management council &amp; workshop</li><li>Public presentation on management information</li><li>Video magazine</li><li>Intranet</li><li>Family magazine</li><li>Issue report</li><li>Monthly business report</li><li>Safety and healthcare committee</li><li>Survey</li><li>Ombudsman system</li><li>Employee assistance program(EAP)</li><li>Sustainability report</li><li>webmaster.korea@y-k.co.kr</li></ul>	<ul style="list-style-type: none"><li>Periodic seminars</li><li>Regular meetings</li><li>Training support</li><li>Newsletter</li><li>Complaints &amp; feedback program</li><li>Consultation services for direct trading partners</li><li>Online comm.</li><li>Sustainability report</li><li>www.yuhan-kimberly.co.kr</li><li>webmaster.korea@y-k.co.kr</li></ul>	<ul style="list-style-type: none"><li>Customer complaints &amp; feedback</li><li>Customer service center</li><li>Customer satisfaction survey</li><li>Corporate image survey</li><li>Product development survey</li><li>Website</li><li>Menstrual education</li><li>Sustainability report</li><li>www.yuhan-kimberly.co.kr</li><li>webmaster.korea@y-k.co.kr</li></ul>	<ul style="list-style-type: none"><li>Community request handling</li><li>Community work</li><li>Collaborative activities with civil society</li><li>Fixed donation</li><li>Volunteer by employees' families</li><li>Partnership with our communities</li><li>Seminars</li><li>Sustainability report</li><li>www.yuhan-kimberly.co.kr</li><li>webmaster.korea@y-k.co.kr</li></ul>
<div>Indirect Effect on Economy</div> <ul style="list-style-type: none"><li>Distribute management performance</li><li>Enhance corporate brand value</li><li>Build sustainable competitiveness</li></ul>	<ul style="list-style-type: none"><li>Create decent jobs</li><li>Strengthen competency through life-long learning</li><li>Balance work and life</li></ul>	<ul style="list-style-type: none"><li>Fair trade</li><li>Share sustainability issues</li><li>Support securing competitiveness</li></ul>	<ul style="list-style-type: none"><li>Provide quality products &amp; services</li><li>Achieve product innovation through customer participation</li><li>Customer service center</li></ul>	<ul style="list-style-type: none"><li>Contribute to people's health and hygiene</li><li>Fulfill taxpayer's duty</li><li>Create job</li><li>Comply with social responsibilities</li><li>Contribute to community development</li></ul>
<div>Critical Issues for 2008 Report</div> <ul style="list-style-type: none"><li>Sustainability</li></ul>	<ul style="list-style-type: none"><li>Discriminatory treatment</li><li>Safe workplace</li><li>Family-friendly management</li></ul>	<ul style="list-style-type: none"><li>Fair trade relationship</li><li>Support activities of business partners</li></ul>	<ul style="list-style-type: none"><li>Product safety</li><li>Product efficiency</li><li>Compliance with consumer-related laws</li></ul>	<ul style="list-style-type: none"><li>Community contribution project</li></ul>

3. As of the end of 2007; as of March 2008 when marked with\*



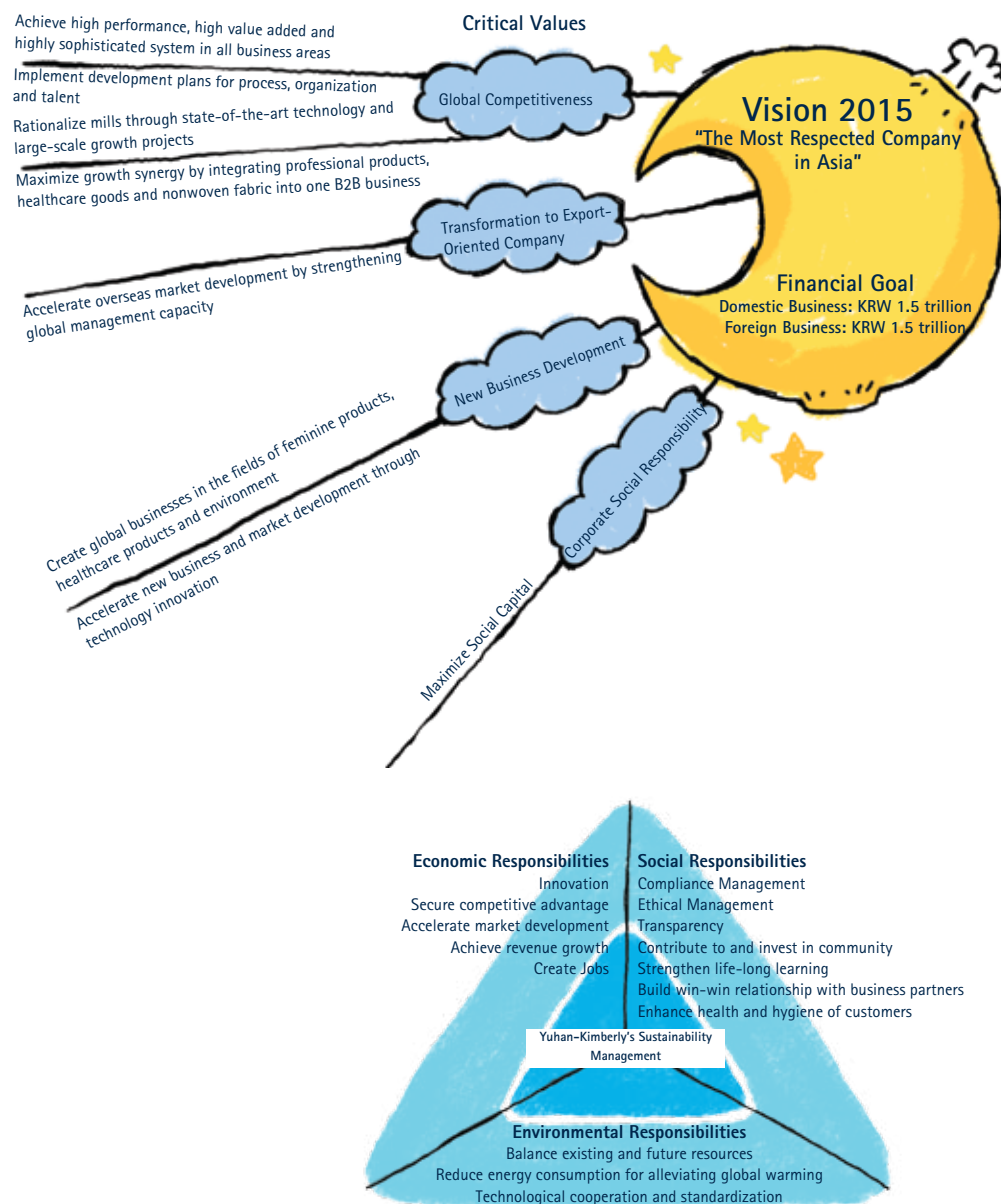
## Vision and Principle

### Major principles and policies of Yuhan-Kimberly

**Corporate Mission** Providing consumer preferred products and services, lead development of hygienic life-style and contribute to the health and welfare of people.

**5 Management Policies** Valuing People, Customer Satisfaction, Contribution to Society, Creating Value, Leading Innovation

**10 Principles of the UN Global Compact** Human Rights, Labor Standards, Environment, Anti-Corruption



## Product & Service Competitiveness

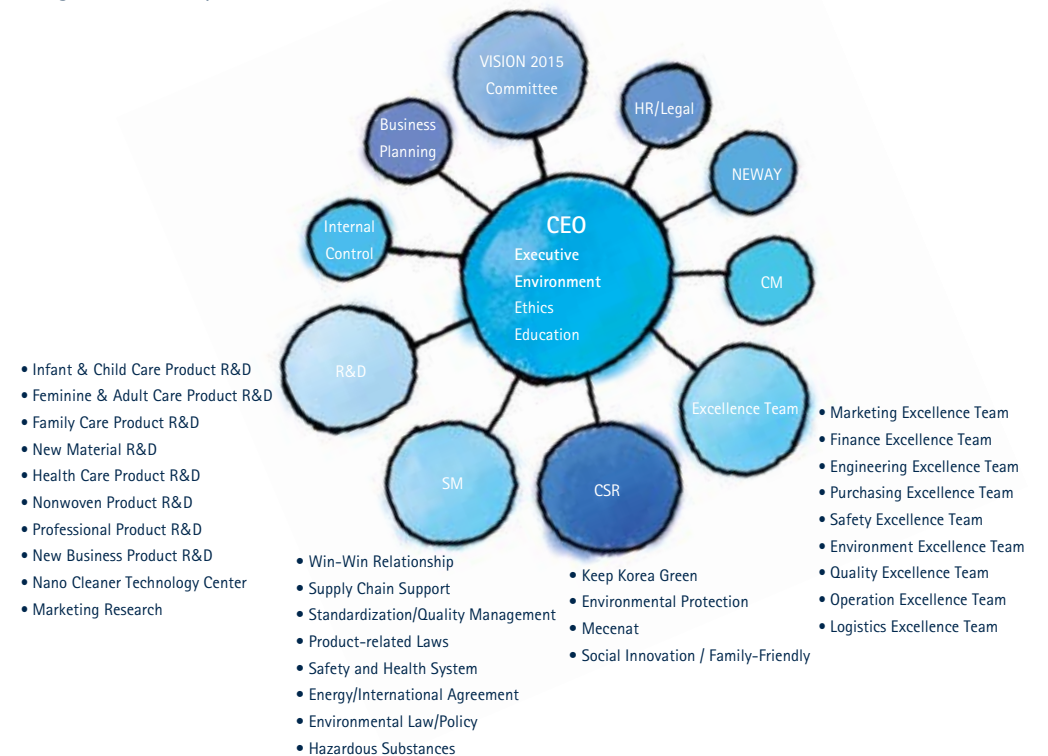
### Corporate Image and Reputation

In 2008, Yuhan-Kimberly was selected as "The most respected company in Korea" for five consecutive years provided by Korea Management Association Consulting (KMAC). Furthermore, the company was selected as having the best sustainability management practices by the Ministry of Knowledge Economy. Moreover, it was granted the Sustainability Management Award for the private company with the best sustainability management for two consecutive years. As such, Yuhan-Kimberly has a high reputation for sustainability management.

### Brand Value

KMAC Korea Brand Power Index selected Huggies®, Kotex® White\* and Kleenex® as the best brands of respective Korean industries for ten, eight and six consecutive years respectively. This proves the strong brand value of Yuhan-Kimberly.

### Organizational Competitiveness



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

# Product & Service Competitiveness

## Compliance and Transparent Accounting System

We at Yuhan-Kimberly comply with all relevant laws and regulations and faithfully fulfill the taxpayer's duty. We encourage compliance with fair trade laws and codes of conduct. We also run a hot line communication for business ethics.

## Promoting Transparent and Ethical Management

In order to live up to transparent and ethical management, we have around 570 work process forms. We also present employees with a code of conduct in order to raise their awareness and provide standard. Every quarter in 2007, we provided mandatory training sessions for our employees.

## Internal & External Information Protection Policy

In compliance with the code of conduct, we strongly ban disclosing confidential corporate information for the sake of personal interest or other purposes.

## 2008 Internal Control Webpage

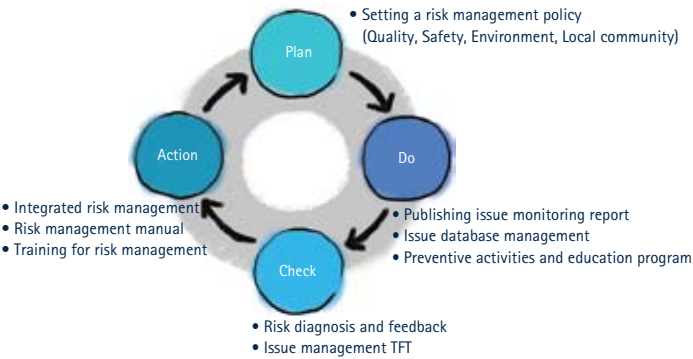
As means to live up to transparent management, Yuhan-Kimberly discloses work procedure forms, limits on the approval authority by job title, work allotment rules and CFI (Corporate Financial Instructions) since April 2008, in order to facilitate easy access for all employees.



## Issue & Risk Management System

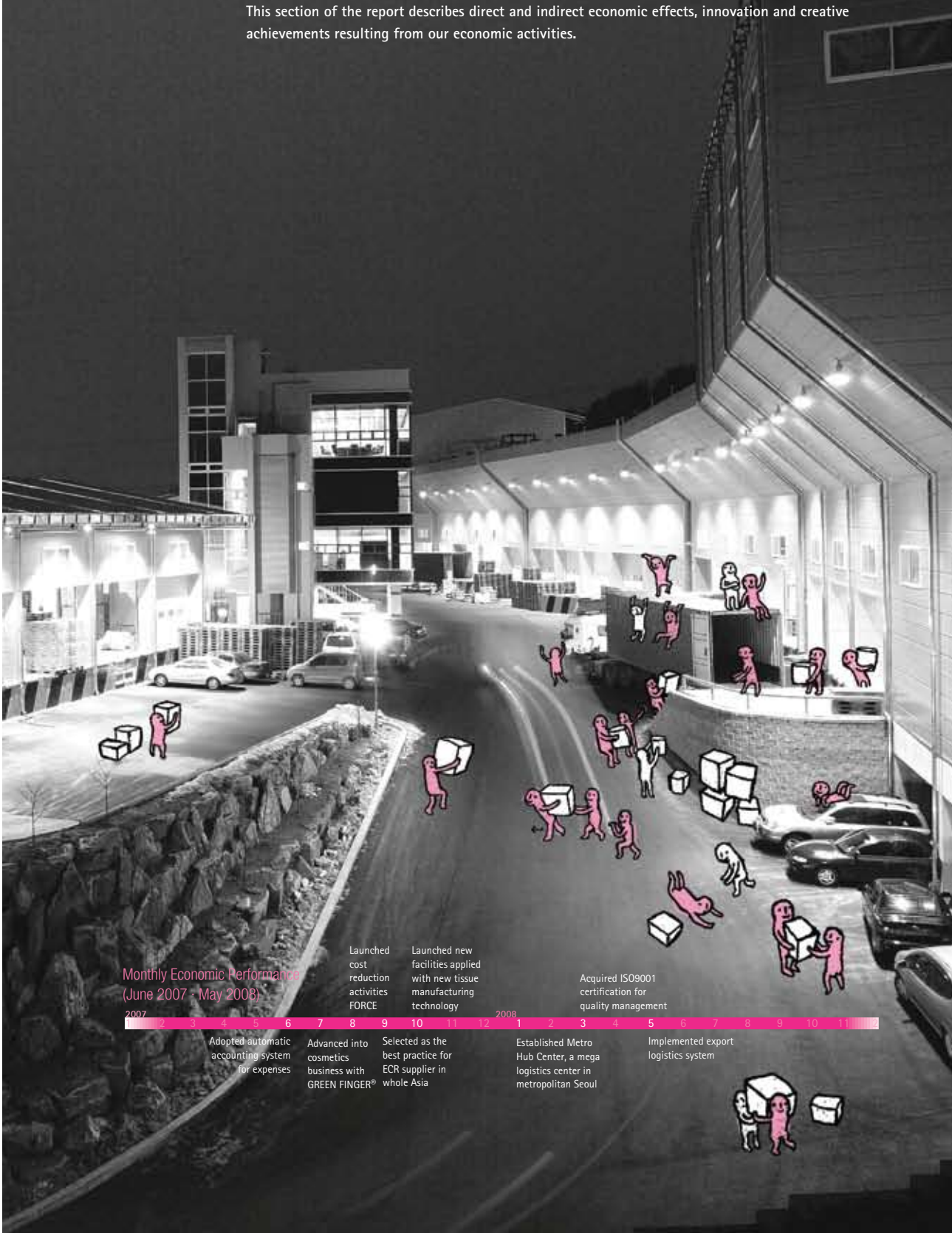
To assess the potential risk factor, we conducted that 32 items would be diagnosed in November 2007, based on which we currently focus risk management on 11 items, including product safety and raw materials safety.

### Yuhan-Kimberly Crisis Management System



# 01 Economic Value

This section of the report describes direct and indirect economic effects, innovation and creative achievements resulting from our economic activities.



# Economy

## Vision

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

## Policy

- Accelerate foreign market development
- Rationalize plants by adopting state-of-the-art technologies
- Maximize growth synergy through business integration
- Accelerate new business & market development through technology innovation-Implement 5 management innovation initiatives (employee & management, process, system, organizational structure, market development)
- Integrated management information

## Organization

Finance & ITS, Infant Care, Feminine & Adults Care, Family Care, B2B, DTP, Sales

## Major Achievements and Plans

Category	Sub Category	2007 Performance	2008 Plan
Financial Performance	Net Sales (KRW 100 Mil)	9,050	10,200
	Net Profit Margin (%)	12%	12%
Business	Export (% of Net Sales)	12%	15%
	New Emerging Business Growth (%)	20%	30%
	New Products Launch	Sanitary pad with odor control Bathroom tissue with new technology	Environmental friendly product
Transparency	Information Disclosure	2007 Sustainability Report	2008 Sustainability Report

## Priority Report Items based on the outcome of IPS Materiality Test Model

**Innovative management performance** Product R&D, cost & expenses, logistics & management, supply chain innovation, marketing & sales innovation, employee competency innovation

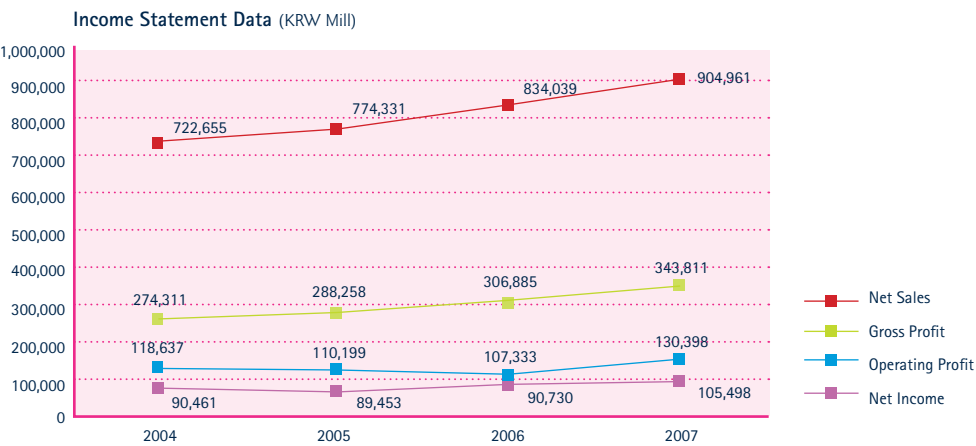
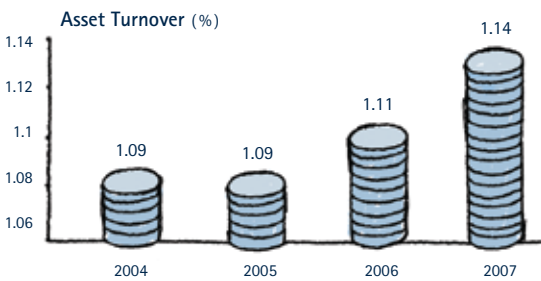
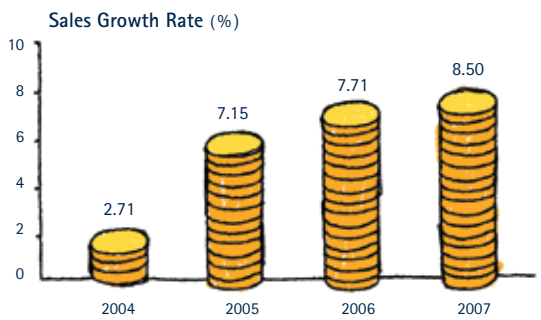
**Creative management performance** New product technology, new business development

## ECONOMIC VALUE

# Creation & Distribution of Economic Value

## Important Financial Figures

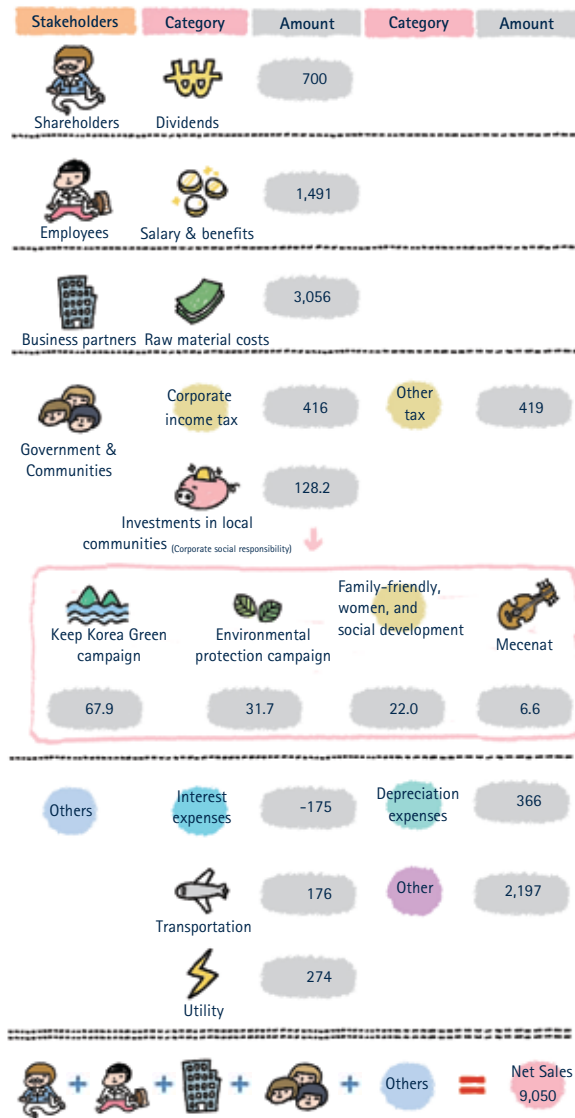
Yuhan-Kimberly's total revenue increased by 8.5 percent year-over-year and net income by 16.3 percent year-over-year. Net profit to net sales marked 11.7 percent, proving sound profitability for the company.





## ECONOMIC VALUE

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



\* Mecenat: corporate activities sponsoring culture, arts and sports and supporting public projects based on social responsibility.

\*\* Tax amount is based on the applicable tax year (not the year of payment)

\*\*\* Other tax payment includes VAT, tax withheld and other taxes and dues.

### Contribution to the Country and Society

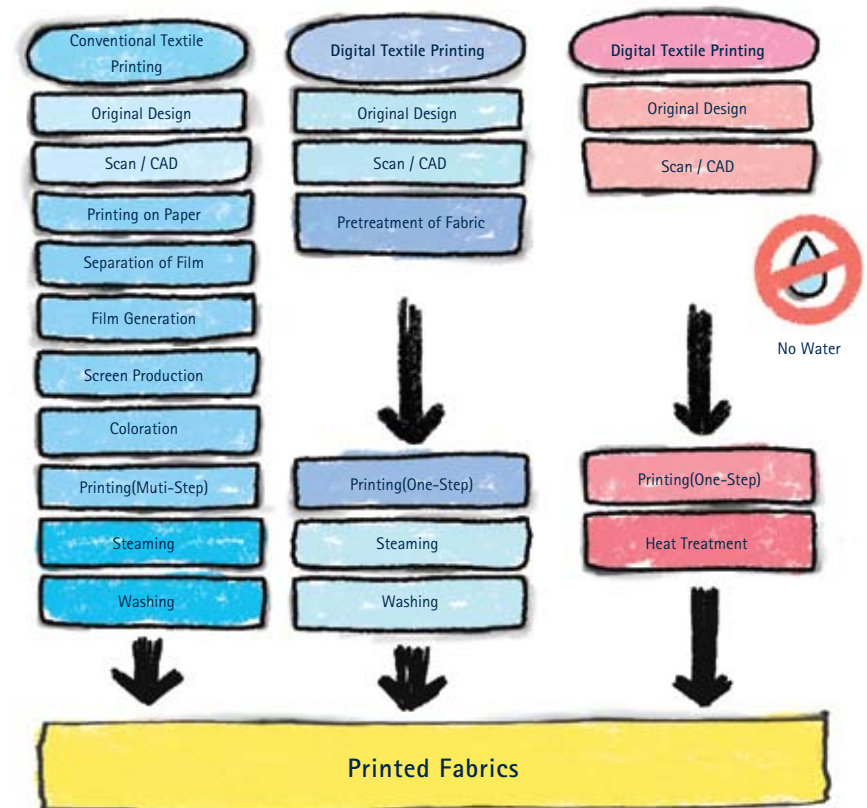
Yuhan-Kimberly's activities to contribute to the country and society starts from paying taxes. The activities expand to forest and environment protection, family-friendly and social development efforts, job creation for local communities and key national industries, and nurturing future talents.

## Innovative Management

### Product Development Innovation

#### Development of 8 Color Nano Colorant solution for high speed printer, contributing to localization

The Nano and Cleaner Technology Center at Yuhan-Kimberly developed eight (8) colors of Nano Colorant for high speed printers in February of 2008. This development will contribute to the localization of a state-of-the-art digital textile printing solution. This ink is optimized for high speed printing systems and will contribute to the replacement of imported products. In addition, we can become a world-class exporter of digital textile printing solutions through the use of Korean technology.



## Cost & Expenses Innovation

**Cost saved in 2007 by using homegrown raw material for diapers**  
By successfully localizing the production of high-quality nonwoven fabrics, Yuhan-Kimberly achieved significant cost reductions and secured its place as being highly competitive.

KRW  
**8.97** billion

**Cost saved annually through improved packaging process**  
Yuhan-Kimberly successfully compressed the packaging of exported diapers by 15 percent, enabling the reduction of raw material use and environmental load in both the logistics and delivery processes.

KRW  
**3.23** billion

**Cost saved in 2007 by adopting Six Sigma in Anyang and Taejeon mills**  
Yuhan-Kimberly production plants reduced cost by adopting Six Sigma and implementing 97 tasks in the fields of cost, safety, environment, quality, and business partners.

KRW  
**2.77** billion

**Cost saved in 2007 through design optimization**  
Yuhan-Kimberly's production and R&D achieved customer satisfaction and cost reduction by collaborating in design optimization.

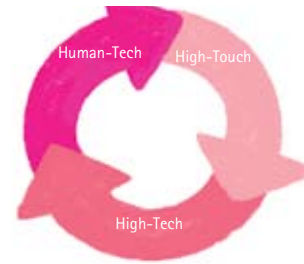
KRW  
**2.42** billion

**Cost saved annually through the establishment of export logistics system**  
Yuhan-Kimberly implemented a direct export customs system upon building an export logistics system in May 2008, which resulted in enhanced work efficiency and cost reduction.

KRW  
**0.13** billion

## Employee & Sales Competency Innovation

In 2007, we at Yuhan-Kimberly adopted a coaching program. We are also strengthening measures to enhance competency of sales forces systematically. In 2007, we conducted four sales expert trainings, and selected 11 employees to be supported with the resources for an MBA program, regional expert program in China, and special English program, etc.



## Logistics, Management, Supply Chain Innovation

### Innovation of export logistics information management, re-building logistics infrastructure

As phase 1 of the project (December 2007 to April 2008), the company completed the establishment of a customs and tariff refund system based on export logistics information management system and electronic commerce, EDI. On top of that, to build the logistics infrastructure designed to absorb increasing domestic logistics volume, the company constructed Metro Hub Center, a mega logistics center, in January 2008. Yuhan-Kimberly is now in possession of a logistics center with a throughput increased by more than 40%.

Best Practice for Supply Chain Innovation

### Efficient Consumer Response and Supply Chain Management are Future Competitiveness!



Yuhan-Kimberly, under collaboration with direct distributor Samsung Tesco, completed CPFR<sup>4</sup> pilot project in 2007. The company was awarded with the best supplier award at the 2007 ECR<sup>5</sup> Asia Pacific Conference as the first domestic consumer goods company in October 2007. The pilot project contributed in enhanced accuracy of sales forecast, increase in promotional sale, and improved defects of promotional sales by innovating the process.

<sup>4</sup> CPFR, collaborative planning, forecasting and replenishment

<sup>5</sup> ECR(Efficient Consumer Response) means efforts exerted to eliminate any inefficient factors emerging in distribution and supply chain in order to maximize consumer satisfaction.

## Products realizing the novel value and state-of-the-art technologies from June 2007 to May 2008



### Launch a brand new cosmetic business-'Green Finger®' out on the market

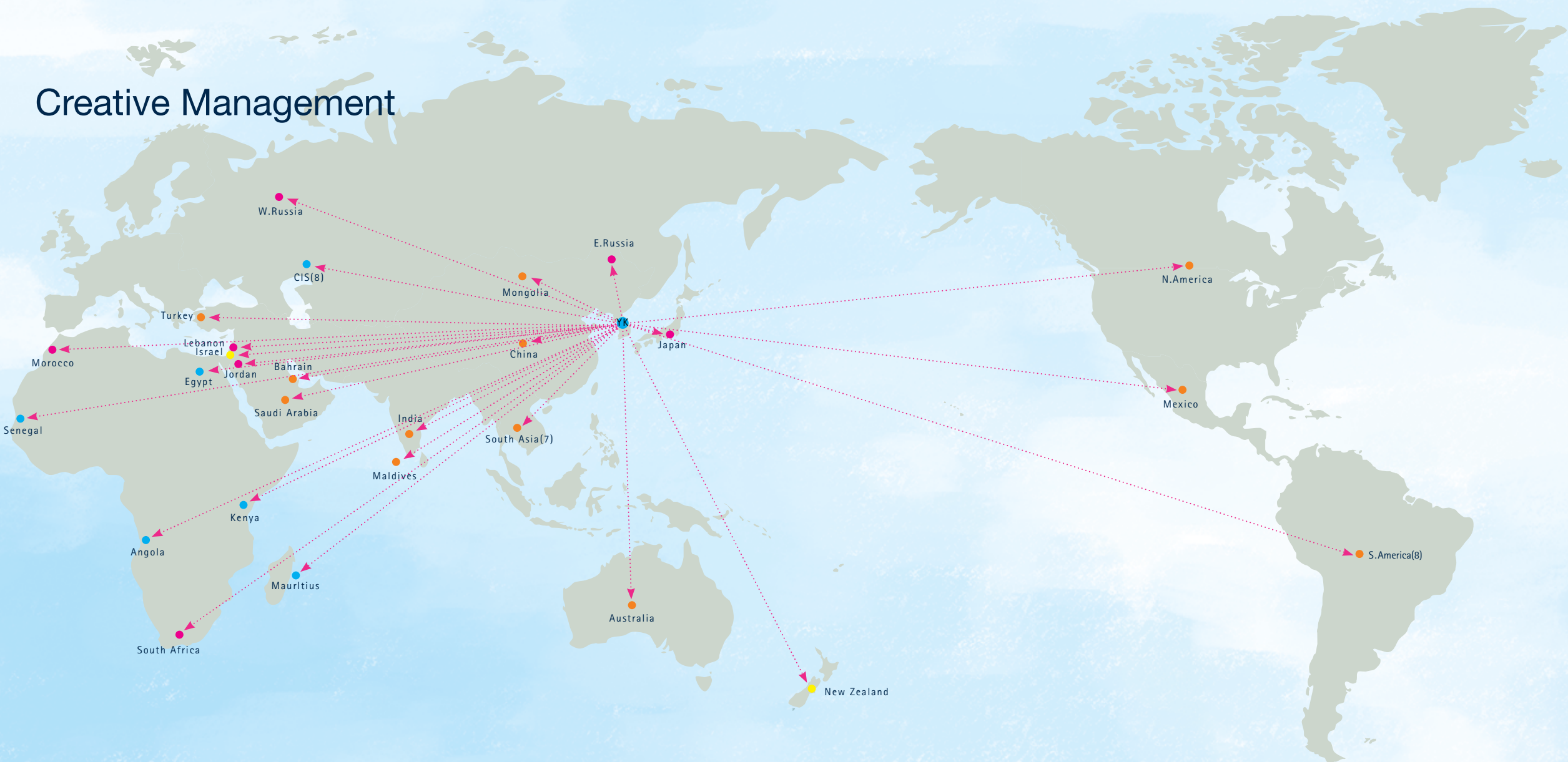
Yuhan-Kimberly, for the purpose of developing its future growth engine, started a new cosmetics business for the first time since its foundation on July 2007. 'Green Finger®', the brand new product born after four years of intensive research, is intended to fit the environment-friendly concept of cosmetics, which contain herbal ingredients that have a forest bath effect on the skin and additionally, is safe for use on sensitive skin.

### Succeeding in producing reusable multipurpose towel fabric

Yuhan-Kimberly has made continuous investments on and conducted expansion of facilities to secure its future growth engine. We have started expanding, from Feb. 2008 through Jun. 2009, facilities for producing multipurpose reusable towels for the first time in Korea.



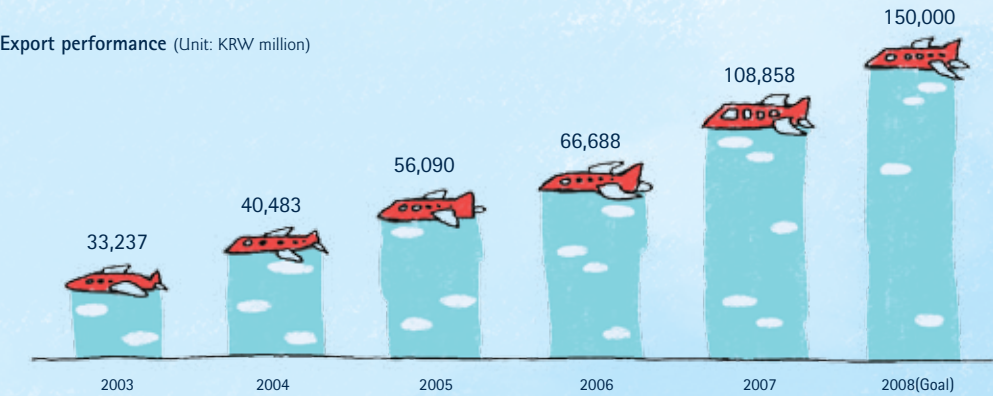
# Creative Management



As of March 2008  
 2005 : 28 countries    2006 : 29 countries    2007 : 37 countries    2008 : 50 countries

## Development of Export Markets in Seeking Growth Engine for Sanitary Products and Diapers Number of Export Markets expanded to 50

Because of concerted efforts in new export markets, Yuhan-Kimberly achieved 63% growth year-on-year in export, with the number of markets increased from 29 in December 2006 to 50 in March 2008. Furthermore, as part of accelerating export market development, the company acquired international quality management certificate ISO International Standards Organization 9001 in February 2008.





Three Years' Trend of Key Issues of Stakeholders (2006 - 2008)

## Product Safety-Top Priority of Korean Stakeholders

Yuhan-Kimberly was able to track down the trend of the interest of Korean stakeholders while conducting stakeholder surveys and materiality tests over the past three years. As a result, "product safety" was identified as the top priority, for which the company plans to exert further efforts in the future.



### Employees

Same issues for 2006 and 2007; product and innovation newly ranked as key issues in 2008

2006	2007	2008
1 Customer Satisfaction Management	1 Customer Satisfaction Management	1 Product Safety
2 Management Leadership	2 Management Leadership	2 New Market Development (incl. export)
3 Product Responsibility	3 Ethical and Transparent Management	3 Management Leadership
4 Ethical and Transparent Management	4 Strong Brand Development	4 Customer Satisfaction Management
5 Strong Brand Development	5 Product Responsibility	5 Product R&D Innovation

### Business Partners

Product and win-win relationship newly ranked as key issues in 2008

2006	2007	2008
1 Ethical and Transparent Management	1 Customer Satisfaction Management	1 Product Safety
2 Environmental Management	2 Product Responsibility	2 Customer Satisfaction Management
3 Strong Brand Development	3 Strong Brand Development	3 Product R&D Innovation
4 CEO Leadership	4 CEO Leadership	4 New Business and Product Development
5 Social Contribution Activities	5 Ethical and Transparent Management	5 Win-win relationship with Business Partners

### Communities

Product and environment issues newly ranked as key issues in 2008

2006	2007	2008
1 Ethical and Transparent Management	1 Product Responsibility	1 Environmentally Friendly Product Development
2 Environmental Management	2 Customer Satisfaction Management	2 Product Safety
3 Strong Brand Development	3 CEO Leadership	3 Ethical and Transparent Management
4 CEO Leadership	4 Nurturing Talents	4 Customer Satisfaction Management
5 Social Contribution Activities	5 Strong Brand Development	5 Compliance with Environment Laws

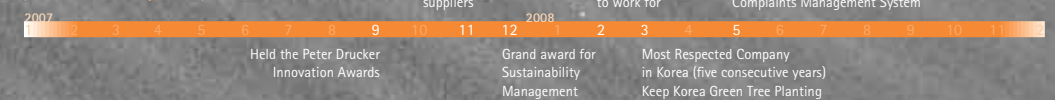
■ Top priority issue  
■ Newly ranked issue

# 02 Social Value

Corporate Social Responsibility (CSR) means an enterprise incorporates social and economic issues and interactions with the stakeholders in corporate values and activities.



### Monthly Social Performance (June 2007 - May 2008)





# Society

## Vision

To be the most respected company  
(To become a company representing family-friendly management, to devise a win-win relationship model, to be one of the most reliable companies producing health and hygiene products)

## Policy

- Balance the work and life of each employee
- Build close cooperation with partner companies
- Secure the safety and effectiveness of all our products
- Carry out Corporate Social Responsibility as a good corporate citizen.

## Organization

Human Resource, Corporate Communications, Family-friendly Research Team, Safety Team

## Major Achievements and Plans

Classification	Category	Achievements of 2007	Objectives of 2008
Employees	Work and life balance	• Renovation of nursing room	• Strengthening family-friendly relationship
Business Partners	Win-win cooperation program	• 8 times of win-win training program consisting of 24 subjects	• 20 times of win-win program consisting of 46 subjects
Customers	Management of consumer complaints	• Establishment of new CTI	• Introduction of consumer complaint management system (CCMS)
	Product safety	• Verification system of product safety of infant and child care products	• Enforcing no-negative impact on work system of hazardous materials
Government & Community	Protection of forest environment	• Expansion of city forest campaign : creation of village forest	• Upgrading 'Keep Korea Green' campaign to commemorate its 25 <sup>th</sup> anniversary
	Family-friendliness	• Support enactment of relevant laws for creating family-friendly environment in Korea	• Diversifying social cooperation for family-friendly environment
	Life-long learning	• Establishment of Peter Drucker Innovation Award • Launching a scholarship program to nurture Women NGO leaders	• Spreading life-long learning model into society
	Mecenat	• Establishment of Yejang Park for citizens	• Development of online culture program for citizens

## Priority Report Items based on the outcome of IPS Materiality Test Model

**Employees** Discrimination of officers and employees, safety at work, family-friendly management

**Business partners** Fair relationship with partners, sponsoring activities for partners

**Customers** Securing product safety, product efficiency, compliance with laws and regulations relevant to customers, handling customer complaints

**Government & community** Society contribution programs, environment protection activities

## SOCIAL VALUE

## Shareholders

# Shareholders

## Corporate Governance

Yuhan-Kimberly is 30% owned by the Yuhan Corporation, and 70% owned by Kimberly-Clark Trading LLC. The board of directors of Yuhan-Kimberly consists of seven standing and non-standing directors, and one auditor. In 2007, the board of directors elected Kim, JoongKon as president and CEO, Lee, DuckJin as chairman of the board, and Choe, ByeongSeon, chief operating officer, as a new member of the board.

Board of Directors meeting for 2008



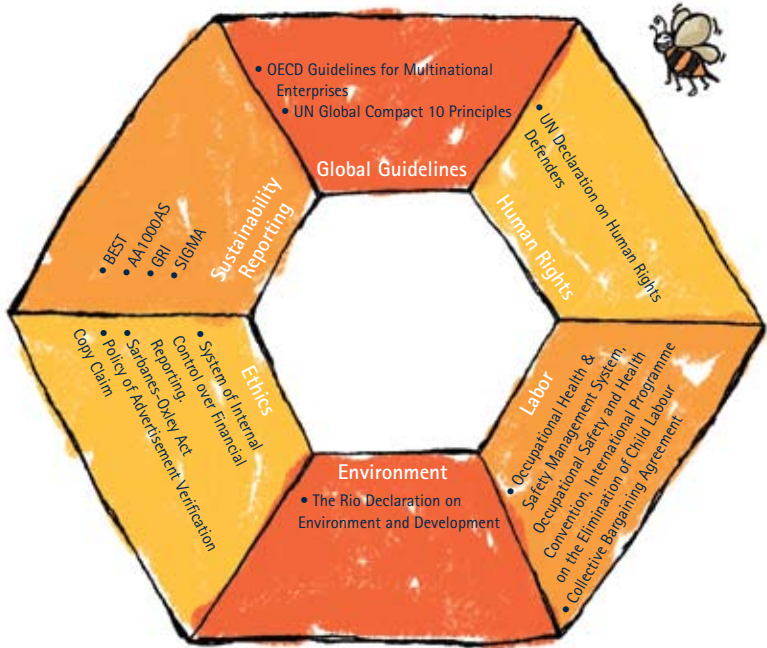
## Decision-making and reward system

The board of directors of Yuhan-Kimberly complied with the laws and regulations conforming to a corporation. Our reward system for officers is based on performance, and annual salary and incentives are given in accordance with the financial and non-financial evaluation results.

## Fulfilling 10 principles of 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 are sponsored by the UN Global Compact Network Korea. We disclosed, on June 2007, the performances and achievements to our stakeholders as a way of successfully accomplishing relevant communications with them.

## Compliance with Regulations and guidelines for sustainability



# Employees

## Current status of employee

Turnover rate our average annual turnover rate of 0.2% was one tenth of the average of Korea's Manufacturing Industry (2.23% in 2007, Korea National Statistical Office) and reflects Yuhan-Kimberly's job security and employee job satisfaction. Average length of service 13.3 years (as of Dec.2007). Occupational classification production work 54.2%, office work 21.6%, sales work 8.4%, technical work 9.2%, officer 2.2% others 3.6%. Gender ratio overall 84%:16%, office work at headquarter 59.5%:40.5%. 953 employees are eligible to join the labor union and roughly 80% of them joined the union. Average monthly working hours per employee was 183 hours in 2007.

### Yuhan-Kimberly Employment Status

Category		2004	2005	2006	2007	2008**
Recruitment	Employees (person)	1,602	1,680	1,706	1,695	1,709
	Employment of disabled persons (%)*	1.7	1.9	2.0	2.1	2.1
	Contract workers (person)	19	19	24	19	16
	Job creation rate (%)	0.06	4.9	1.5	-0.6	0.8
	Average service year (year)	11.6	11.8	12.6	13.3	13.5
Turnover	Average number of days absence (day)	12	5	11	5	-
	Turnover rate (%)	0.3	0.2	0.2	0.2	0.06
Women worker	Total (%)	15.0	15.5	15.7	15.7	15.9
	Senior management level and above (%)	3.5	3.5	3.4	15.7	16.6*
	Staff and researchers (%)	31.5	33.1	33.0	31	34
	New recruits (%)	35.9	21.0	29.4	48	33.3
Childbirth / maternity	Maternity leave usage rate (%)	100	100	100	100	100
	Maternity leave users (person)	34	18	21	25	11
	Return-to-work rate post-maternity leave (%)	100	100	100	100	100
	Baby care leave users (person)	0	1	1	5	3
Education	Baby care leave usage rate (%)	-	-	4.8	20.0	27.3
	Labor cost to training cost ratio (%)	6.09	6.42	7.62	5.79	
	Total training costs (KRW Million)	6,052	7,252	7,675	8,629	
	Per person training costs (KRW Million)	3.78	4.32	4.50	5.0	
Labor Union	Participation (%)	79.7	80.4	80.5	80.0	
Safety	Workplace Injury (%)	0.12	0.18	0.12	0.05	

- Job creation rate = (Total number of employees this year - Total number of employees in the previous year) / Total number of employees in the previous year x 100
- Turnover rate = (Monthly average number of employees leaving the company / monthly average number of employees) x 100
- Data for 2008 are accumulated data for January ~ March
- Total Training costs = Training costs (based on the annual report) + lecture's expenses + overtime expense for training
- Labor union participation rate is as of December 2007

## Prohibiting discrimination, respect for human rights

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. Trainings on the protection of human rights are provided to our recruitment officers, patrols, guards and security staff. Moreover, the education regarding code of conduct and sexual harassment are provided for all employees four times annually.

## Pursuit of safe workplace

Yuhan-Kimberly puts a top priority on safety in accordance with its respected human rights management philosophy. To this end, we operate a safety and health management system and abide by international standards and criteria. The rate of industrial disaster of 0.05% (total one person in 2007) is one fifteenth of 0.95%, the average rate for Korea's overall manufacturing industry. There have been no reports of any violation of regulations.

## Characteristics of talent management

Through our life-long learning, we nurture our employees to become creative and competitive knowledge workers based on our flexible working hours. Under the two shifts with four teams system, mill operators and technicians are provided with an average of 306 hours training per person annually.

## Communication policy

Yuhan-Kimberly transparently discloses its vision, management philosophy of CEO, annual sales objectives and status of business, market share, and financial status to its employees. In particular, the CEO has chances to explain the overall business management through video communication media published bi-monthly. We pursue a win-win relationship with the labor union, and this role model of partnership has contributed to preventing any labor strikes for the past 12 years (from 1996 to 2007).

### Family-friendly Management at Yuhan-Kimberly

## Work & Life Balance 2007

Yuhan-Kimberly, based on its management philosophy of valuing people, has 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 working overtime while offering life-long learning opportunities instead. In addition, we have helped solve mental and psychological difficulties faced by many employees through our Employee Assistance Program (EAP). All of these efforts have helped employees secure more time to spend for themselves, their families and society and, in return, they have contributed to increasing competency of themselves, their families and the company as well. Yuhan-Kimberly's family-friendly management was introduced as the most successful case in creating family-friendly social environment in Korea, and as a consequence it has contributed to the enactment of relevant laws. The following are the major activities carried out in 2007.

- Cooperation with the Seoul Metropolitan City Government for helping families with multiple children - No. of participating families: 719 (from May 2007 to Nov. 2007)
- Exhibition show for promoting birthrate with its business partner, E-MART, one of the large-scaled distribution company (from Apr. 17 to Apr. 23, 2008)
- Expansion of flexible working system
- Increased use of Employee Assistance Program, starting the financial assistance program
- Remodeling and introducing six facilities for work and life balance within the workplace

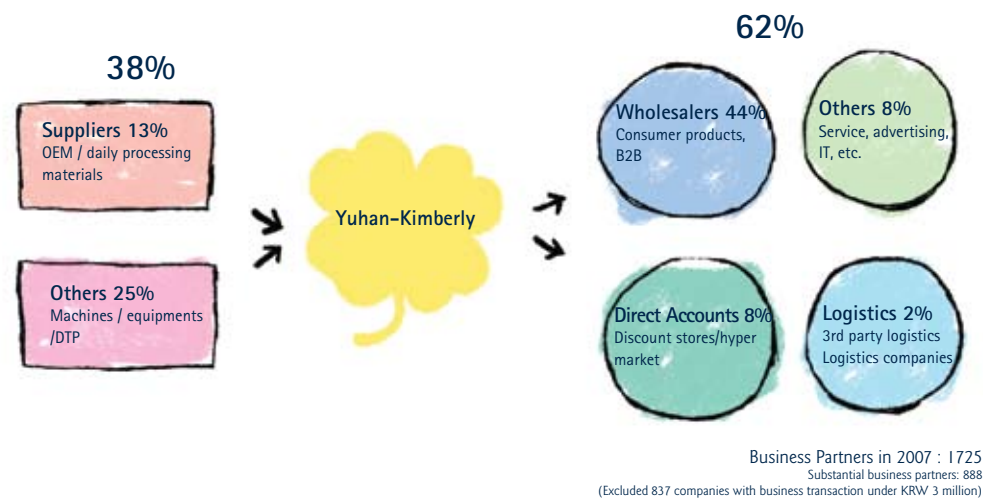
### Status of Yuhan-Kimberly's flexible working system

Classification	Flexible working system	Initial introduction	Details
Production line	Four team working system	1993	Working four days in a row and resting four days in a row, working four days in a row and resting three days in a row and getting a one-day training
Management	Flexible working hour system	1994	Employees are given choices to make between 7 AM to 10 AM for their hours to start working
Sales	On field Work 1999	1999	Go to the field directly instead of office in the morning



## Business Partners

Status of business partners

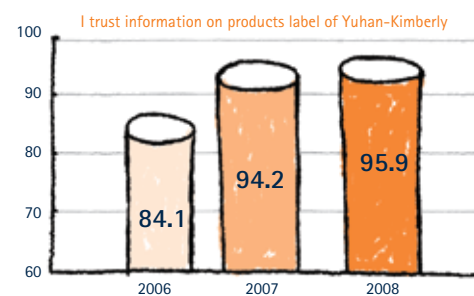


### Win-win relationship with partners

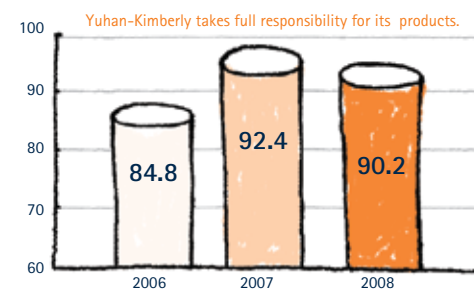
Yuhan-Kimberly since joining the UN Global Compact in 2007, has continually strived to increase the responsibility of its partners in areas of human rights, ethical issues, labor, anti-corruption. We have sponsored partners in improving business performance, strengthening competitiveness, promoting hygiene and safety, work environment renovation, and employee education.

Results of Stakeholders' Survey

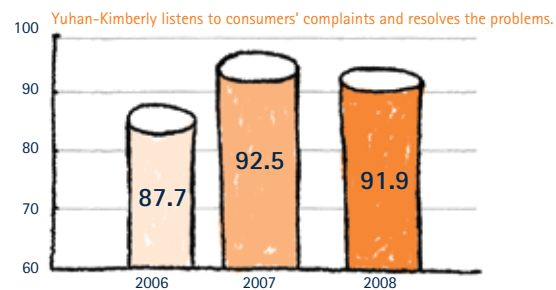
Information Reliability (%)



Responsibility for Product Safety (%)



Effort to Resolve Consumer Complaints (%)



Status of win-win programs of Yuhan-Kimberly with its business partners

Category	Field of cooperation	Major program	Contents of win-win cooperation in 2007
Suppliers	Establishment of infrastructure	• Evergreen network	• Establishment of environment management system (total of 14 companies)
	Quality/safety /environment	• Supply network quality management • Quarterly safety inspection • Anti-bug control system	• Establishment of quality management system (18 companies) • Establishment of quality control software (25 companies) • Identifying potential hazardous factors and consulting (quarterly)
	Productivity improvement	• Vendor Involved program • Implementing six sigma	• Operating TF for quality and production improvement • Supporting four tasks for three companies
	Life-long learning	• Win-win academy	• 144 subjects and 54 times as a total (accumulated number of participants : 1,823)
	Information sharing	• Newsletter • Network system • Supplier Management Advisor	• Providing information relevant to management/quality/safety (24 times)
Wholesalers	Sponsoring training	• Regular training program • Network system • Vendor Management Advisor	• System skill training (monthly), education of new products
	Information sharing		• Network system sharing information of sales plans and inventory
Distributors	Life-long learning	• Training program	• SCM college of distribution, reading correspondence training system
	Securing transparency	• Establishment of internal control system	• Support and training of internal control through previous diagnosis
	Quality/safety /environment	• Consulting • Reduction on waste gas	• Support renovation of distributors' quality/safety/environment of substitute distributors
	Information sharing	• Contracted transporter	• Sharing data regarding quality/safety/environment and diagnosis of risk

### Special Reporting

## The task of sustainability report

Expansion of cooperation with partners(total of 17 reports from 2005 to 2007)

Seen from a wider perspective, Yuhan-Kimberly's sustainability management has sought sustainable solidarity with business partners whom we need to cooperate with.

### Publication of sustainability report of business partners

In 2006, launching the sustainability report pilot business. Publishing 10 sustainability reports

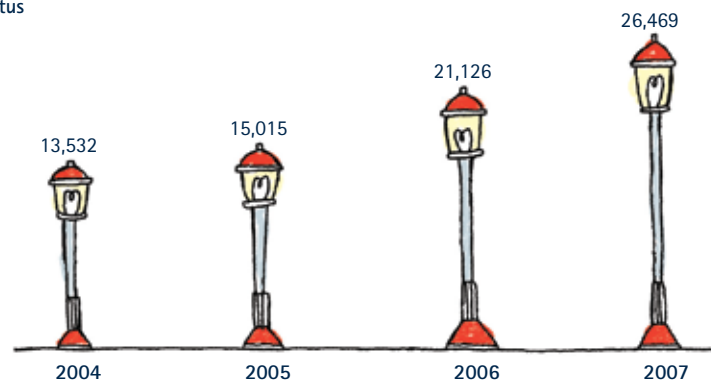
In 2006, those who issued sustainability reports are Dong-in mulsan, Daemyeong Hwahak, Kimberly distribution

In 2007, those who issued sustainability reports are Handok, Yujin Jeji, Hanjin P&C. Care



## Customers

Customer status



The number of customer participating for the product innovation (person)  
Yuhan-Kimberly's customers range from those at home to industrial centers, research centers, public buildings, bathrooms, restaurants, hospitals, fabric industry, and schools.

### Strengthening system to secure product safety, operating lab for examination of toxic substance

Yuhan-Kimberly has been operating Safety Clearance and Confirmation system to meet the international safety standards, Korean standards and social expectations for the safety in Korea. In addition, we opened a new research lab for examining hazardous materials in March 2007. Thanks to these efforts to maintain safety, there has not been any violation of regulation and no hazardous material has been found for the past five years. Besides, we exert our best efforts to provide truthful information to customers such as following the regulation regarding the inscription on the product label.

### Complying consumer-related laws and strengthening response to consumer complaints

Yuhan-Kimberly has adopted Secure Sockets Layer (SSL) system since 2007 to protect private information, and since then there has been no complaints filed regarding the violation of privacy. We also introduced Computer Telephony Integration consumer consulting system (Dec.2007) and Consumer Complaint management System (May 2008) as a way of carrying out consumer satisfaction management. We provided opportunities to production line operators to participate in Consumer Complaint Experience Program (from Mar to Sep, 2007) so that they had chances to think from consumer's perspectives.

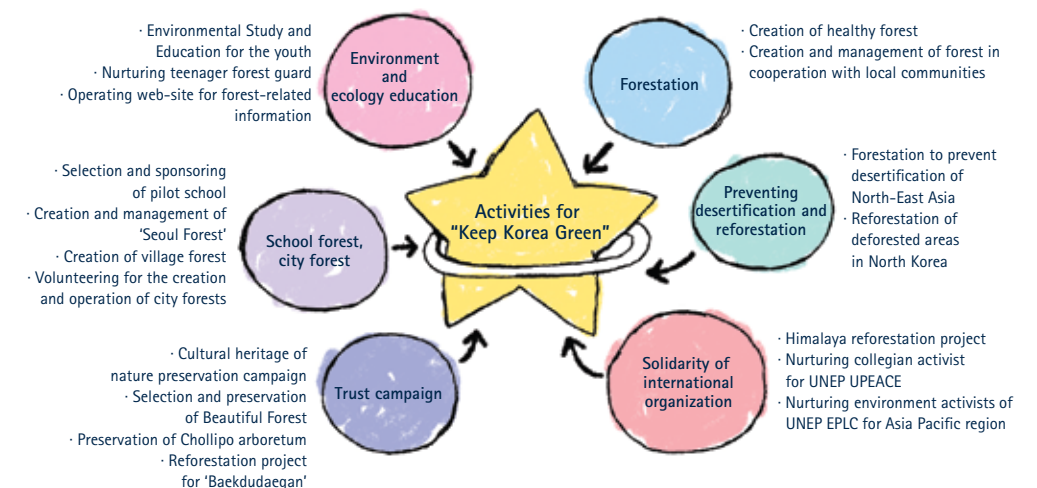
## Government & Community

Among the sustainable issues in the Korean society, Yuhan-Kimberly has been committed to the improvement in the areas of environment protection, life-long learning, family-friendly culture, health and hygiene, and nurturing women leaders of future.

### Keep Korea Green

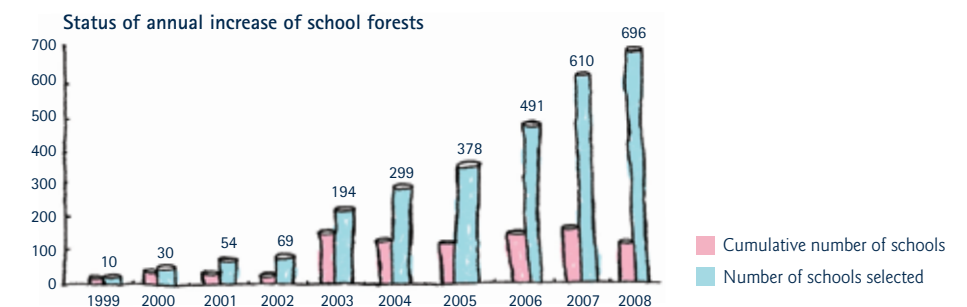
Korea's Hallmark Forest and Environmental Protection Campaign 1984 ~ 2008

We have advocated "Keep Korea Green" campaign since 1984 as part of our policy of making contributions to the society and communities. Commemorating 25th anniversary of the campaign, we have unfolded more diversified activities connecting six different areas to form a multi-sectoral partnership for tree planting and reforestation.



### Campaigns for school forest and for city forest

Since 1995, Yuhan-Kimberly has unfolded its 'School Forest' program in cooperation with civil societies and government agencies every year. In 2007, we additionally selected 86 pilot schools (a total of 696 schools selected from 1999 to 2007). We also participated in the creation of a city forest program and created the 'Village Forest No.1' and 'Village Forest No.2' in Dec. 2007.



for more details, visit our website - [www.yuhan-kimberly.co.kr](http://www.yuhan-kimberly.co.kr)



SOCIAL VALUE

Trust campaign for preservation of forest

Yuhan-Kimberly has led campaigns for the discovery of Beautiful Forests of Korea and fought for their preservation. In 2008, we discovered a total of 18 Beautiful Forests in cooperation with 'Forest for Life', a civil society of forest preservation (between 2000 and 2007 the total of Beautiful Forests numbers 123).

Environment study and education for the youth

Every year, Yuhan-Kimberly has held its environment study and education program for high school students. It is one of the oldest and most prominent environmental education program for teenagers in Korea. The camp was held two times in 2007. We are proud that from 1988 to 2007 the number of schools participating in this program totaled 2012. We also operate a website for public interest, at [www.woorisoop.org](http://www.woorisoop.org), which provides information regarding forestry, and contains a collection of publications concerning the environment and forestry books (the total number of published books: 38 from 1993 to 2008).

Preventing desertification and reforestation

Based on our successful experiences in Korean reforestation over the last 25 years, Yuhan-Kimberly has launched a subsequent campaign in an effort to reforest naturally devastated areas in North Korea since 1999. In March 2008, we have invited opinion leaders and newly-weds to plant trees in North Korea. Additionally, since 1999, we have participated in the prevention of desertification in China and Mongolia, preservation of water resources in Nepal and the restoration of natural regions in Asia Pacific region.

Prevention of Desertification in North East Asia – Tree Planting in Mongolia

Year	2001	2002	2003	2004	2005	2006	2007
No. of trees planted	500	1,000	200,000	150,000	150,000	150,000	800,000
Area	Inside the children's park in Mongolia	Avenues in Ulaan Bataar	Tuijin Nars in Selenge State				
Tree type	Fir trees/ Larch trees	Pine trees/ Fir trees	65 ha Pine trees	50 ha Pine trees/ larch trees	50 ha Pine trees	50 ha Pine trees	250 ha Pine trees

Forestation

Yuhan-Kimberly, with the objective of creating healthy forested areas in Korea, has planted 5,020,000 trees on 1,538 hectares of public and state owned areas since 1984. We also started a forestation project in an area of 5,976 hectares making a total area of 7,533 hectares of newly forested land. In 2008, with 'Forest for Life', a civil society for the preservation of forests, we held an international symposium, which helped to suggest the direction forestry campaigns in Korea need to take.

Solidarity with international organization in cooperative activities

Yuhan-Kimberly has continued working together with UNEP Eco Peace Leadership Center (EPLC) since 2006. We continue to have an open policy and have actively shared our knowledge and research result at the Asia-Pacific Environment Forum held in Jan. 2008.





## SOCIAL VALUE

### Providing opportunities to replenish future women leaders and elderly citizens through life-long learning

Since 2007, Yuhan-Kimberly has launched a number of scholarship programs for women activists who work in civil society organizations (No. of beneficiaries in 2007: 10, No. of beneficiaries in 2008: 10). Additionally, for the last two years we have run a program in cooperation with a research team of SungKongHoe University to help elderly citizens better communicate with their families (from Jul. 2006 to Mar. 2008, the total No. of participants: 800).

### Spreading life-long learning model throughout society through establishing Peter F. Drucker Innovation Award

Yuhan-Kimberly, with the intended the purpose of spreading the concept of life-long learning throughout the society, has worked together with experts from the Peter F. Drucker Society in Korea. We initiated the Peter F. Drucker Innovation Award in Sep. 2007 for the first time in Korea, since then we have held symposiums and conducted relevant research activities (total No. of research projects run in 2007:14).

### Creation of space for citizens and artists to share culture with each other : Establishment of Literature House and Literature park

Yuhan-Kimberly has helped Literature House operate their culture program, which provides opportunities for citizen and litterateurs to share literature and culture with each other (total No. of litterateurs participating in the program : 670, total No. of citizen participating in the program :12,000 from 2001 to Mar. 2008). We also participated in creation of Yejang Literature Park, a prime example of a nature-friendly space.

### Leading the campaign of prevention of infection inside hospitals

Yuhan-Kimberly has strived to prevent infection inside hospitals in Korea. We have held infection management seminars since 2002. In the 5th seminar, the importance of using appropriate surgical tools and supplies for the prevention of infection inside hospitals among patients and medical staff was highlighted.

#### Details of volunteering activities of employees

Total No. of participants	Total No. of activities	Total No. of hours	Total amount of donation
15,464	211	11,601 hours	KRW 90,307,950



## 03 Environmental Value

It has been 11 years since Yuhan-Kimberly declared its Environmental Management Policy in 1997. We know and feel how important it is to manage and maintain our visions and objectives after they are set.



#### Monthly Environmental Performance (June 2007 ~ May 2008)

Monthly Environmental Performance (June 2007 ~ May 2008)												Installed new air pollution prevention facility-Taejon Mill				Completed improvement of diaper packaging process -Taejon Mill				Environment friendly business implementation inspection - Kimcheon Mill			
2007												2008											
1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Completed nitrogen reduction in incinerators through Six Sigma						Concluded Taejon Mill Energy Conservation and Reduction Agreement with Daejeon City						Installation of dehydration and effluent sterilization facility (UV)- Kimchoen Mill						Completed environment certificate evaluation for exported tissue fabric					



# Environment

## Vision

We, as the leading enterprise of environmental protection, will keep contributing to society through achieving the goals of the Environment and Energy Vision by 2015.

## Policy

- Minimize the environmental load
- Continuously improve the environment
- Effectively manage the environment
- Nurture employees' environmental management capabilities
- Disclose environmental policies
- Lead environment protection campaigns

## Organization

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

## Major Achievements and Plans

Classification	Achievements	Plans	
	2007 Achievements	2008~2009 Plans	2015 Vision
Company-wide activities	<ul style="list-style-type: none"><li>Monitor and develop tools for compliance with applicable laws, regulations and other requirements</li></ul>	<ul style="list-style-type: none"><li>Enhance environmental performance of and promote certification of original equipment manufacturer and contract manufacturers</li></ul>	<ul style="list-style-type: none"><li>Become one of Kimberly-Clark's top five performers : water usage</li></ul>
Products / process / support	<ul style="list-style-type: none"><li>Green purchase/ green production (total sales revenue of green marked products: KRW 84 billion)</li><li>Reduce the volume by 15% of diaper packaging for export</li><li>Devise strategy for eco-design of diapers</li></ul>	<ul style="list-style-type: none"><li>Activating analysis of environmental impact</li><li>Environment-friendly pulp (obtain certification)</li><li>Voluntary joining of the Compact for environmental levy for plastic waste</li></ul>	<ul style="list-style-type: none"><li>Reduce environmental load by 10%</li><li>Achieve 99% of resource recycling rate</li><li>Reduce and ultimately stop the use of hazardous substances</li></ul>
Energy reduction, green house gas reduction	<ul style="list-style-type: none"><li>Reduce by 7% greenhouse gas GHG<sup>6</sup> (Vision 2015 target: 10% reduction)</li><li>Register achievements of early reduction of GHG</li></ul>	<ul style="list-style-type: none"><li>Evaluate and improve energy efficiency</li><li>Give incentives for reducing GHG</li><li>Standardize energy facilities</li><li>Introduce green energy</li></ul>	<ul style="list-style-type: none"><li>Reduce consumption of energy in producing a single product by 10%</li><li>Reduce GHG and air pollutants by 10% and to develop related business</li><li>Use renewable energy up to 10%</li></ul>

## Priority Report Items based on the outcome of IPS Materiality Test Model

**Environment-friendly products and process** Green purchasing and green production -environment-friendly pulp procurement policy.

**Recycle resources** Recycling water and other major raw materials.

**Resource conservation reducing** Reducing environmental load through improvement of diaper packaging process, reducing electric energy consumption.

## ENVIRONMENTAL VALUE

Environmental Performance Data (1997~2007)

Category			1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Environmental Protection cost	Total cost(KRW100 Mill)			52.8	57.3	65.2	88.1	91.6	83.6	84.5	94.2	90.5	86.9
	Percentage to Net Sales(%)			1.3	1.1	1.1	1.3	1.3	0.2	1.2	1.2	1.1	1.0
Energy	Direct Energy Consumption (10 <sup>6</sup> BTU/ton)		6.7	6.4	6.0	5.3	5.1	5.2	5.1	5.1	4.4	4.8	4.3
	Indirect Energy Consumption (10 <sup>6</sup> BTU/ton)		3.5	4.0	3.9	4.0	4.1	3.0	2.9	2.8	2.8	2.6	2.4
Water Use(m <sup>3</sup> /ton)			25.6	25.0	24.5	18.7	14.1	11.5	10.0	8.9	9.7	9.9	10.0
Recycle	Ratio of total recycled fiber(%)		10.1	14.2	18.9	37.3	57.7	74.2	70.8	76.0	75.5	81.8	86.4
	Ratio of domestic recycled fiber (10 <sup>4</sup> ton)		8.0	11.2	16.8	28.6	50.6	70.2	70.8	62.5	60.3	56.8	50.2
	Ratio of recycled water (%)		39.3	41.6	41.0	34.9	46.1	55.5	61.8	59.2	57.3	57.3	56.3
	Recycled Water (10 <sup>3</sup> ton)		2,357	2,266	2,579	1,488	2,131	2,847	3,198	2,429	2,429	2,591	2,702
Water management	Treated water discharge(m <sup>3</sup> /ton)		19.9	17.4	13.5	13.0	11.2	8.2	7.5	6.3	6.4	6.4	7.4
	Water pollutant discharge (kg/ton)	Chemical Oxygen demand	0.33	0.35	0.43	0.29	0.18	0.14	0.12	0.09	0.09	0.09	0.11
		Total suspended solids	0.17	0.14	0.17	0.11	0.05	0.02	0.01	0.01	0.01	0.01	0.02
		Biochemical Oxygen demand	0.07	0.07	0.09	0.05	0.03	0.01	0.01	0.01	0.01	0.01	0.01
Total Solid Waste Generation (ton/product ton)			0.54	0.50	0.47	0.38	0.38	0.44	0.45	0.37	0.34	0.28	0.26
GHG reduction	Total emission of CO <sub>2</sub> (1,000t CO <sub>2</sub> /year)				150.9	138.9	160	175	170	163	167	157	156
	Chlorofluorocarbon(kg)						47.5	19.7	24.3	63.4	51.0	35.3	22.2
	NOx(kg/production ton)		1.595	1.175	0.851	0.577	0.506	0.467	0.506	0.449	0.417	0.204	0.116
	SOx(kg/production ton)		1.443	0.994	0.581	0.341	0.154	0.058	0.067	0.060	0.070	0.020	0.004
	Dust(kg/production ton)		0.187	0.223	0.173	0.119	0.077	0.058	0.042	0.021	0.019	0.010	0.003

\*Data regarding greenhouse gas were compiled since 1999.

Percentage of fiber procurement from certified sources

Suppliers	Forest certification system	2007 (%)
CANFOR (North wood)	CSA <sup>7</sup> , SFI <sup>8</sup>	23.2
TEMBEC	FSC <sup>9</sup>	0.2
ARACRUZ	CERFLOR <sup>10</sup>	47.0
CANFOR (PRINCE GEORGE)	CSA, SFI	1.1
WEYERHAEUSER	SFI	9.0
KOCH	SFI	19.0
MONDI	FSC	0.5

6. GHG Greenhouse gas

7. CSA Canadian Standards Association's National Sustainable Forest Management Standards

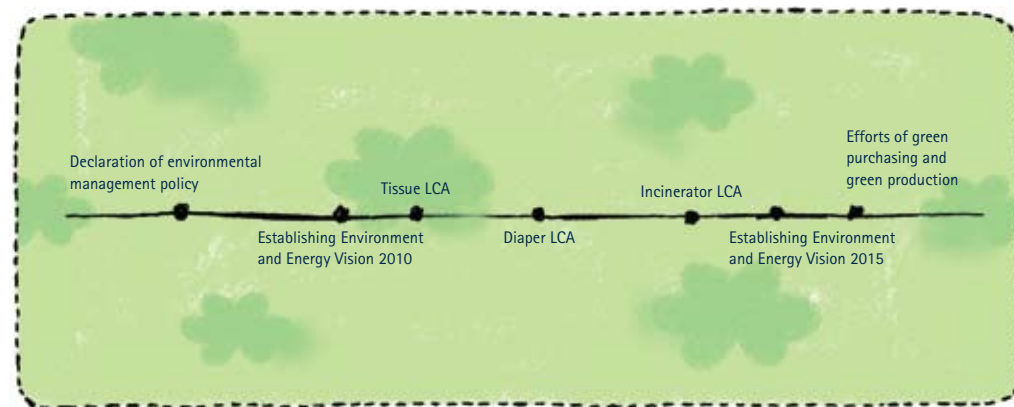
8. SFI Sustainable Forest Initiative

9. FSC Forest Stewardship Council

10. CERFLOR Sistema Brasileiro de Certificação Florestal in Brazil

## Overall environment management

Environment-friendly processes, recycling and resource saving



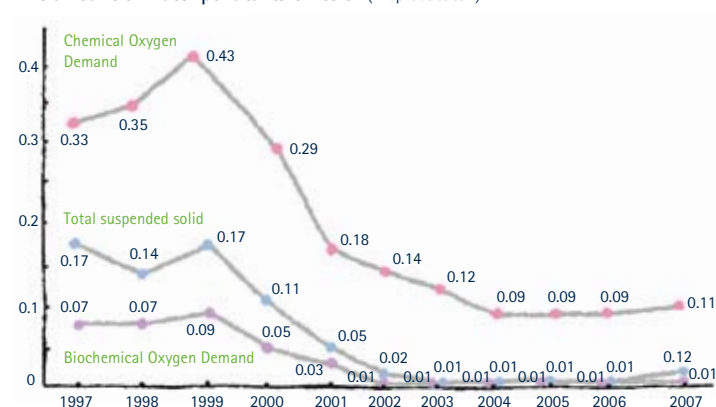
### Investments in environment-related business

Yuhan-Kimberly has and will continue to invest in the environment with such initiatives as installing remote measuring systems to accurately take account of materials discharged in water, air-circulation systems, water reclamation tanks, and by installing accurate waste scales. We started operating our Environment, Health & Safety Excellence Team in Apr. 2008 for the purpose of starting a systemic approach to risk management while achieving synergy between safety and the environment by streamlining our environment-related departments.

### Management of ecological impact on water quality and source water

Kimcheon mill which produces paper tissue is supplied the Gamcheon River an upstream tributaries of the Nakdong River. To minimize the ecological impact on source water, the effluent is discharged after being treated. Additionally, the total Biochemical Oxygen Demand (BOD) discharged when producing one ton of products has been reduced by 40% since 2000 through an improved washing system used to sanitize the raw material used in the production of paper tissue. Through systematic and regular check-ups on the intensified water treatment facilities we have effectively expanded the use of recycled water and reduced the rate of pollutants in the recycled and discharged water.

The amount of water pollutants emission (m<sup>3</sup>/product ton)



## Environment-friendly products and process

Inspectors examining environment-friendly pulp certification in May 2008

### Green purchasing and green production-Environment-friendly pulp procurement policy

Yuhan-Kimberly participated in the Voluntary Green Procurement Pact in Sep. of 2005. The conference was held for the express purpose of promoting environment-friendly production and consumption. For pulp, we use pulp that has obtained certification under international environmental standards, or pulp that has been produced in an environment-friendly manner.

### Reduction of environmental load through improvement of diaper packaging process

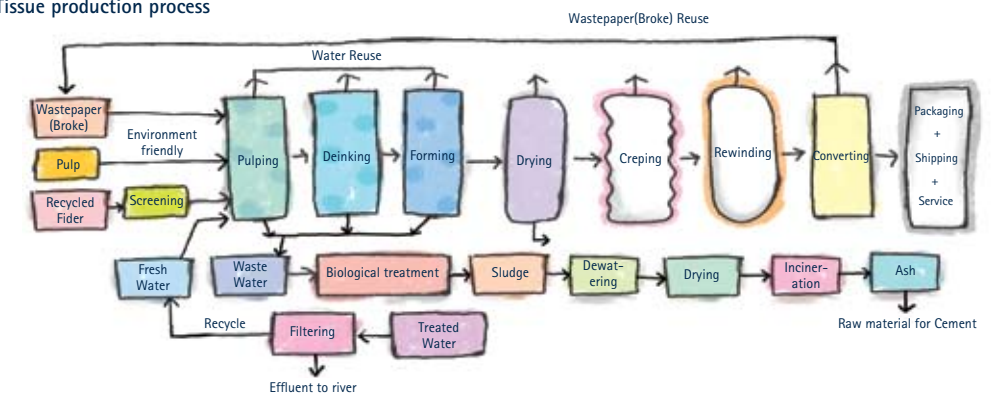
Yuhan-Kimberly has succeeded in compressed packaging of diapers for export in 2007 and reduced the total volume of its packaged product by 15%. As a consequence, the amount of raw and subsidiary materials used for packaging has been reduced and subsequently the environmental load in the process of distribution and transportation.

## Efforts to save and recycle resources

### Recycling water and other major raw materials

For the minimum use of water, we reuse water within the process and recycle it after being treated. The ratio of water recycling has been maintained at around 50% for the last six years. Other raw materials except water are pulp, recycled paper, and high polymer absorbents. We have continuously employed a policy of drastically increasing the use of recycled paper. We have recycled 92% of the waste generated from the production process and reduced waste by around 23% due to our continuous efforts

Tissue production process

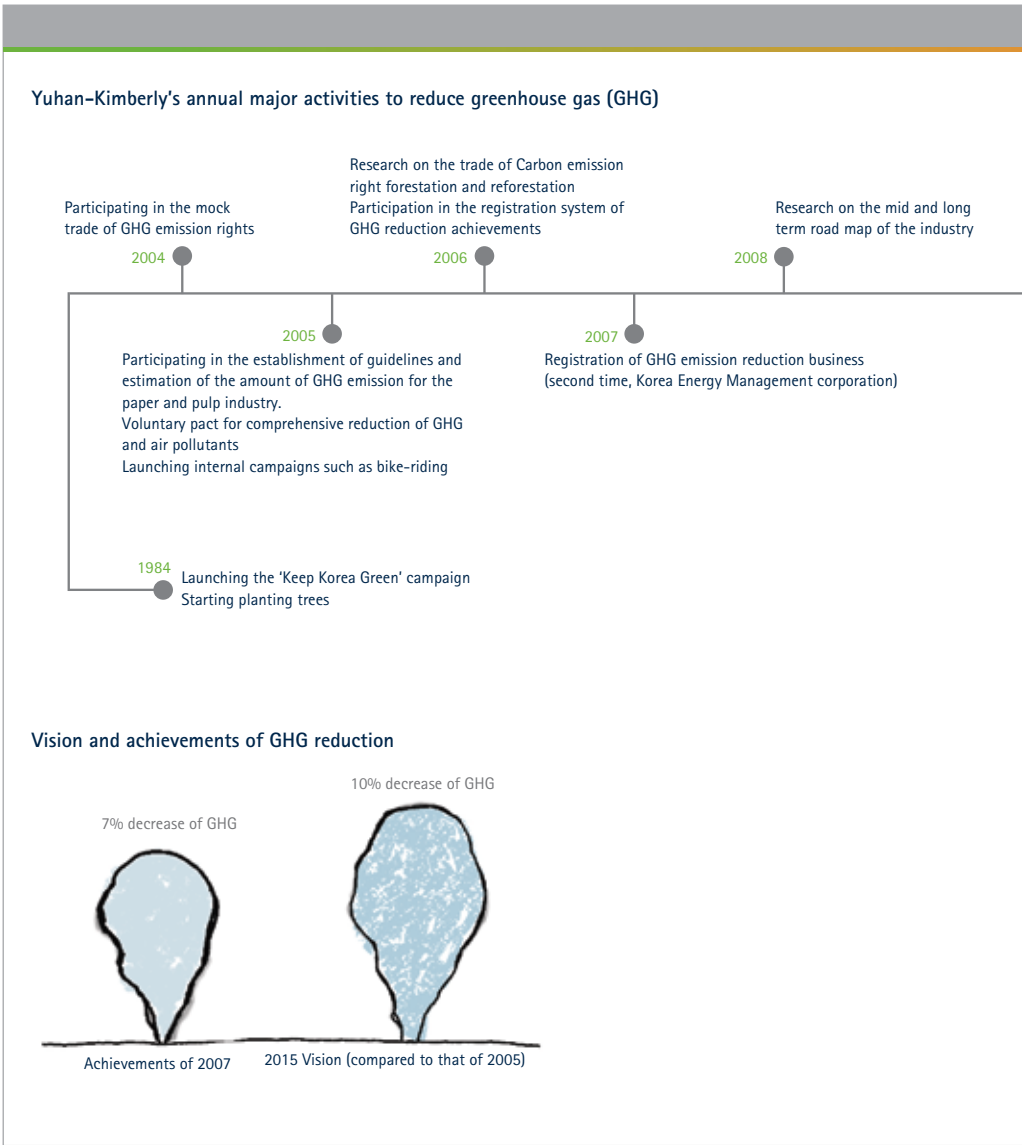


The ratio and amount of recycled paper use (unit: %)

Classification	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Ratio of recycled paper	10.1	14.2	18.9	37.3	57.7	74.2	70.8	76.0	75.5	81.8	86.4
Amount of recycled paper	8.0	11.2	16.8	28.6	50.6	70.2	70.8	62.5	60.3	56.8	50.2



# Yuhan-Kimberly's efforts to prevent global warming and reduce greenhouse gas



## Achievement of reducing GHG

Yuhan-Kimberly plans to reduce GHG from 2005 levels by 10% by 2015. We have already reduced Carbon Dioxide (CO<sub>2</sub>) output by 19,000 tons and also reduce CO<sub>2</sub> emissions generated in the production of 1000kg of products by 100kg. The method of estimating CO<sub>2</sub> is based on government guidelines. We saved about 6,888,000 kWh's of energy through analyzing the effects of reduction of electrical energy use in major industrial areas and its economic cost saving benefits. If converted into the amount of CO<sub>2</sub>, it means a total reduction of 2,883 tons of GHG.

CO<sub>2</sub> total amount of emission (Thousand tCO<sub>2</sub>/year)

Year	2001	2002	2003	2004	2005	2006	2007
Ratio of recycled paper	160	175	170	163	167	157	156

★Emission coefficient of TC based on electricity usage - use 0.424 tCO<sub>2</sub> (ton CO<sub>2</sub>) / MWh coefficient designated by Korea Energy Economics Institute

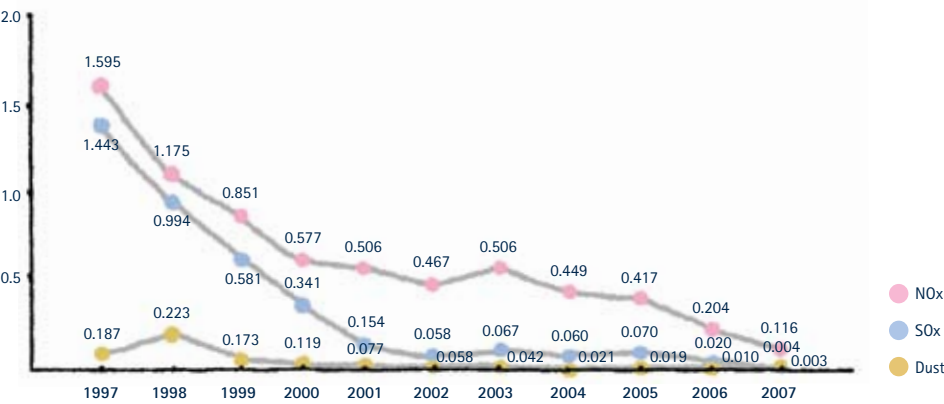
The amount of Chlorofluorocarbon usage (kg)

Year	2001	2002	2003	2004	2005	2006	2007
Amount of use	47.5	19.7	24.3	63.4	51.0	35.3	22.2

## Efforts to reduce the emission of major air pollutants

We continually strive to minimize our air pollutant emissions by optimizing operational conditions, and by gradually replacing the fuels with cleaner alternatives. As a result, we have reduced the emissions of NO<sub>x</sub>, SO<sub>x</sub>, and dust released per product ton by approximately 72%, 94% and 82% respectively in 2007.

Major Air Pollutant Emissions (kg/product ton)



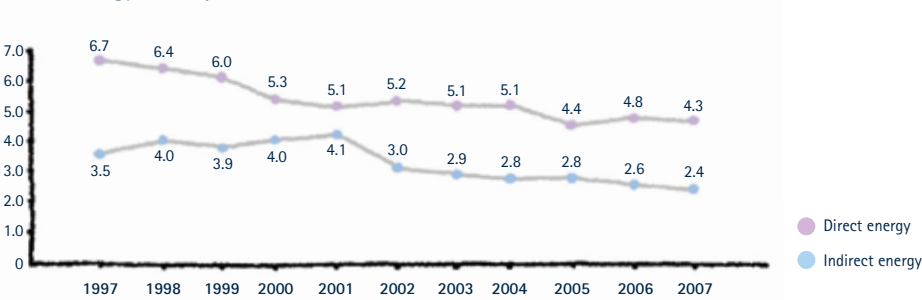
Greenhouse gas reduction initiatives - registration and practice of GHG reduction

Yuhan-Kimberly has participated in the government's pilot project of Voluntary Compact to reduce GHG and Registration of Achieved Reduction of greenhouse gas emission. Since its registration in 2004, we have continually reduced greenhouse gas emissions as to reduce more than five hundred CO<sub>2</sub> tons per year. We also registered for the replacement of burner for paper used in preparing a rough copy in 2007.

Reduction of energy consumption

Yuhan-Kimberly's direct energy is mostly used for production of tissue. We reduced by 9.2% electric energy through replacing steam and water pipes and bag house, and adoption of Six Sigma. In the area of distribution, due to the establishment of environmental distribution system, adoption of waste gas reducing facilities and the compressed packaging of products, we reduced approximately 500 tons of GHG emissions on a yearly basis.

Trend of energy consumption (unit-10<sup>6</sup> BTU/product ton)



Social campaigns to reduce GHG

Yuhan-Kimberly has planted a total of 36,000,000 trees through its forestry and environmental protection program 'Keep Korea Green' campaign from 1984 through 2008.

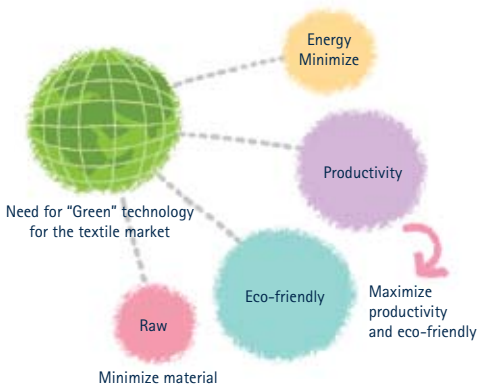
Greenhouse Gas Reduction Initiatives

Greenhouse Gas Reduction Strategies	Key Programs
1. Focus on Low Energy use Business	- Promote Digital Textile Printing (DTP) to reduce energy consumption
2. Enhance Energy Efficiency	- Enhance energy sufficiency by purchasing and using high-efficiency equipment, improving efficiency of collecting electrode device, and ventilation system for indoor air.
	- Recycle waste hot air from bag filter
	- Recover steam condensation
	- Set up inverter for cooling and heating system
3. Use Cleaner Fuel	- Use condenser for improving the power factor of compressors
	- Use low-carbon fuel and renewable energy (about 13,000t CO <sub>2</sub> /year )
4. Promote Public Campaigns	- Promote public campaigns such as "Keep Korea Green" for tree planting(planted a total of 36,000,000 trees )and forest building(1984~)
	- Promote carpool(1998~) and bicycle riding(2005~) and No-driving day campaign (2007)

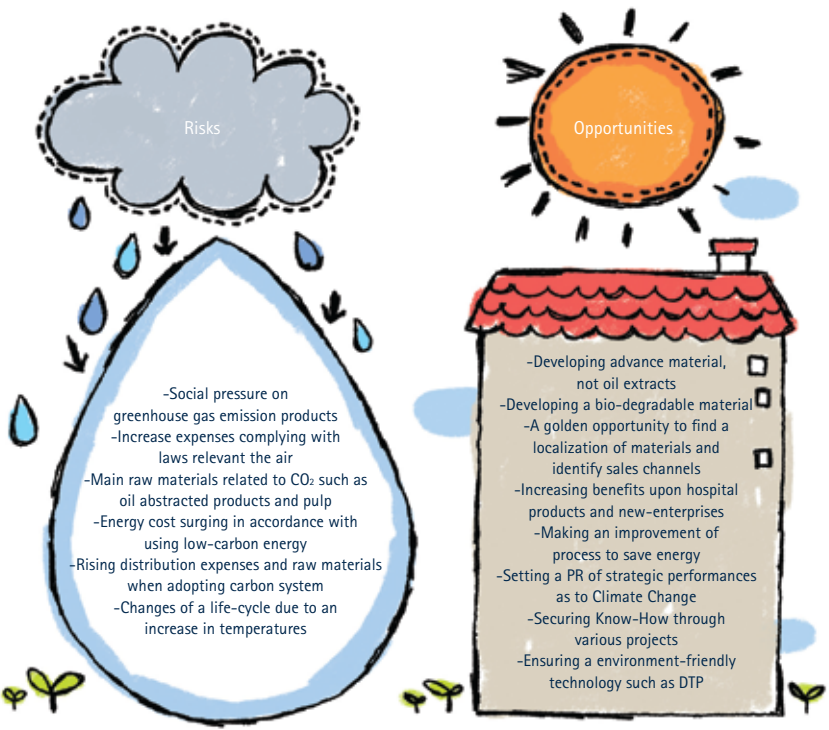
Efforts to reduce "Greenhouse Gas"

Reduction of greenhouse gas using environmentally friendly "Digital Textile Printing"

Yuhan-Kimberly's Digital Textile Printing (DTP) effort minimizes energy and reduces waste water thus is an environmentally friendly solution for the textile and fashion industry. Compared to conventional printing, DTP can reduce "Water Toxicity" by 80% and "Acidification" by more than 99%. Since 2001, Yuhan-Kimberly has endeavored to expand this environmentally friendly solution throughout the Korean textile industry.



Risks and opportunities of Yuhan-Kimberly in case of climate change





# Appendix

Third-Party Assurance Statement

BEST & GRI Index

Global Compact Principles

Awards & Certifications

For More Information

Contributors & Compliance

Questionnaire for Reader Opinion



Third-Party Assurance Statement

## To the Management of the Yuhan-Kimberly Sustainability Report 2008:



The Institute for Industrial Policy Studies<sup>1</sup> (The Auditor) was engaged by Yuhan-Kimberly to review information specified in its 2008 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 is 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 its 2008 Sustainability 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 financial data specified under "2. Economic Value" is properly derived from Yuhan-Kimberly's audited Annual Report for 2007;

**Limited assurance on whether** the data specified under "1. Sustainability Management", "3. Social Value", "4. Environmental Value", and "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.

### 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 The Auditor under its influence, therefore ruling out any possible conflicts of interest. The Auditor has no relationship with Yuhan-Kimberly regarding any of its for-profit operations and activities.

### 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's (GRI) G3 Sustainability Reporting Guidelines Version 3.0\*\*;
- (3) The BEST Sustainability Reporting Guidelines\*\*\*.

\* 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 BEST Sustainability Reporting Guideline was jointly developed by the Ministry of Knowledge Economy (MKE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) and provides for five levels of reporting rigor (Level 1 ~ 5).

1. The Institute for Industrial Policy Studies (IPS)  
Established in 1993, the Institute for Industrial Policy Studies has accumulated broad expertise in the area of sustainability management since 2002. "The Auditor" is composed of six individuals (Cheol-ho Shin, Seok-young Lee, Dong-won Lee, Ji-yeon Ahn, Jeong-eun Park, Eun-ok Kim) who are professors at Korea's top universities or practitioners with professional accreditation and extensive experience in sustainability management after majoring in business management, accounting, environmental science etc.  
\* This Statement of Third Party Assurance is based on the Korean version of Yuhan-Kimberly's 2008 Sustainability Report

## Work Undertaken and Scope

The Auditor reviewed the Materiality, Completeness, and Responsiveness of The Report through the process outlined below:

- a review of media reports relating to Yuhan-Kimberly
- a review of information contained in The Report as well as the underlying data collection system (validation of internal sustainability-related organizations, systems, and activities)
- data sampling and assessment of high-risk areas to support intensive review of key statements in The Report, internal policies, documentation, and information systems
- on-site reviews of the Headquarter office and the Number 3 Plant in Daejeon from July 3 to July 8, 2008
- interviews with managers and staff in charge of sustainability management and reporting, as well as persons responsible for The Report's source information
- a reconciliation of financial data stated in The Report against the audited Annual Report

## Conclusions

On the basis of the above we provide the following conclusions.

The Auditor did not find The Report to contain any material misstatements or bias. All material findings of The Auditor are included herein, and detailed review findings and follow-up recommendations have been submitted to the management of 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 the greatest importance to its stakeholders. We were able to verify efforts by Yuhan-Kimberly to derive material issues based on external concerns and internal priorities while identifying matters of the greatest importance to its multi-stakeholders through its so-called "6-Test" (i.e. examination of laws and regulations, stakeholder engagement, media survey results, benchmarking, internal rules, direct/indirect economic impact, KPI's etc.) Going forward, The Auditor recommends that Yuhan-Kimberly better highlight high priority issues so that they are distinguishable from other 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 confirmed that Yuhan-Kimberly has been operating sustainability management organizations throughout the company while undertaking systematic efforts toward data collection and management across all economic, social, and environmental dimensions. Moreover, The Auditor noted efforts by Yuhan-Kimberly to enhance the accuracy of its data by rewriting its methodological approach toward issues of material importance by fulfilling the DMA (Disclosure on Management Approach) requirements outlined in the GRI G3 Guidelines. The Auditor did note errors in some of The Report's data figures, however, and recommends strengthening the reporting system in the future to better enhance its reliability.

### • Responsiveness

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

The Auditor determined that Yuhan-Kimberly has been making an effort to collect the views of more stakeholders than in last year's report, through stakeholder surveys of executives and staff (430), business partners (210), and local community residents and groups (120), while trying to identify material issues through targeted focus group interviews.

Yuhan-Kimberly also provided trend change information in The Report by showing how issues of stakeholder interest have evolved over the past three years. Readers' comments were also collected and reflected in The Report. To assess stakeholder views at a deeper level, however, and in the interest of improving The Report's responsiveness, The Auditor suggests setting up an advisory system such as a panel to provide on-going feedback and commentary on issues relevant to sustainability management at Yuhan-Kimberly.

- Relative to the BEST Guidelines, in view of the level of reporting rigor and intensity of information provided, The Auditor finds The Report to fulfill 98.6% of the reporting requirements necessary to qualify for a Level 5 Report (from among Level 1 ~ 5).

## Issues for Future Consideration

As the third sustainability report by Yuhan-Kimberly, The Report differed from the previous year's report in the following respects.

(1) The Report provided disclosure(s) on management approach for each indicator category, providing an overview of Yuhan-Kimberly's management approach including key achievements, master-plan, and organizational responsibility, etc.

(2) The Report reported against newly enacted BEST Guidelines.

(3) The Report reflects efforts to present management performance in a more objective light by accounting for its different performance drivers - maintenance, innovation, and creativity - separately.

For future publications, in the interest of continued qualitative improvements in sustainability management performance and reporting, The Auditor recommends the following.

- With the volume of content growing larger with each year's publication, The Auditor suggests exploring diverse reporting methods for future reports, decreasing coverage on repetitive or less material content, which may instead be presented in online reports.

- Establish an in-depth advisory panel of stakeholders not only as a means to collect stakeholder views on current material issues, but also as a way of uncovering new issues.

- As a global exporter, expand the scope of Yuhan-Kimberly's stakeholders to include consumers, business partners, and local communities abroad to assess stakeholder views in a more comprehensive way.

- Build an integrated data management system that can manage all report indicators at an enterprise-wide level.

Based upon the above review and recommendations, The Auditor suggests that Yuhan-Kimberly establish a more systematic program of sustainability management and reporting, and continue to follow up with ongoing improvements going forward.

July 17, 2008

**Cho, Dong-Sung**



Director, Center for Sustainability Management, IPS

Professor, College of Business Administration, Seoul National University



## GRI INDEX



Category	GRI Index	Wordings / Reasonings	Korean Version	English Version	Page
Vision and Strategy	1.1	Statement from the most senior decision-maker of the organization	■	■	4
	1.2	Description of key impacts, risks, and opportunities	■	■	4
Profile	2.1	Name of the organization	■	■	6
	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	■	■	7, 9
	2.4	Location of organization's headquarters	■	■	6
	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	■	■	23
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	■	■	6
	2.8	Scale of the reporting organization, including: * Number of employees; * Net sales (for private sector organizations) or net revenues (for public sector organizations);	■	■	6
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	■	■	2
	2.10	Awards received in the reporting period	■	■	Appendix
	3.1	Reporting period for information provided	■	■	2
	3.2	Date of most recent previous report (if any)	■	X	-
	3.3	Reporting cycle (annual, biennial, etc.)	■	■	2
	3.4	Contact point for questions regarding the report or its contents	■	■	2
	3.5	Process for defining report content	■	■	2
	3.6	Boundary of the report	■	■	2
Management System	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	■	■	7
	3.9	Data measurement techniques and the bases of calculations	X	X	-
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	X	X	-
	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	■	■	Appendix
	3.13	Policy and current practice with regard to seeking external assurance for the report	■	■	2
	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	■	■	23
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	■	■	23
	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	■	X	-
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	X	X	-
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	■	X	-
	4.6	Process in place for the highest governance body to ensure conflicts of interest are avoided	X	X	-
	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	■	X	-
	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	■	■	8
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	■	■	7,12,22,34
Governance, Commitments, and Engagement	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	■	■	10
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	■	X	-
	4.13	Memberships in association advocacy organizations in which the organization	■	X	-
	4.14	List of stakeholder groups engaged by the organization	■	■	7
	4.15	Basis for identification and selection of stakeholders with whom to engage	■	■	7
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	■	■	7
	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

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

Category	GRI Index	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	■	■	41
	EC3	Coverage of the organization's defined benefit plan obligations	■	■	23
	EC4	Significant financial assistance received from government	■	X	-
	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	■	X	-
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	■	X	-
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	■	X	-
	EC8	Development and impact of infrastructure investment and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	■	■	26
	EC9	Understanding and describing significant indirect economic impact, including the extent of impacts	■	■	14
Environmental	EN1	Materials used by weight or volume	■	X	-
	EN2	Percentage of materials used that are recycled input materials	■	■	37
	EN3	Direct energy consumption by primary energy source.	■	■	35
	EN4	Indirect energy consumption by primary source	■	■	35
	EN5	Energy saved due to conservation and efficiency improvements	■	■	40
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	■	■	40
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	■	■	40
	EN8	Total water withdrawal by source	■	X	-
	EN9	Water sources significantly affected by withdrawal of water	■	■	36
	EN10	Percentage and total volume of water recycled and reused	■	X	-
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	■	X	-
	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.	■	X	-
	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	■	■	39
	EN17	Other relevant indirect greenhouse gas emissions by weight	■	■	39
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	■	■	40, 41
	EN19	Emissions of ozone-depleting substances by weight	■	X	-
	EN20	NOx, SOx, and other significant air emissions by type and weight	■	■	39
	EN21	Total water discharge by quality and destination	■	■	35
	EN22	Total weight of waste by type and disposal method	■	X	-
	EN23	Total number and volume of significant spills	■	X	-
	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	■	X	-
Social	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	■	■	36
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	■	■	37, 38
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	■	■	37
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	■	X	-
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	■	X	-
	EN30	Total environmental protection expenditures and investments by type	■	■	36
	LA1	Total workforce by employment type, employment contract, and region	■	■	24
	LA2	Total number and rate of employee turnover by age group, gender, and region	■	■	24
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	■	X	-
	LA4	Percentage of employees covered by collective bargaining agreements	■	X	-

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

Category	GRI Index	Wordings / Reasonings	Korea Version	English Version	Page
Social : Labor Practices and Decent Work	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	■	X	-
	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	■	X	-
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	■	■	25
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	■	X	-
	LA9	Health and safety topics covered in formal agreements with trade unions	■	X	-
	LA10	Average hours of training per year per employee by employee category	■	■	25
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	■	X	-
	LA12	Percentage of employees receiving regular performance and career development reviews	■	X	-
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	■	■	24
	LA14	Ratio of basic salary of men to women by employee category	■	X	-
Social : Human Rights	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	X	X	-
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	X	X	-
	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	■	■	24
	HR4	Total number of incidents of discrimination and actions taken	■	■	24
	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	■	X	-
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	■	X	-
	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	■	X	-
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	■	X	-
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	■	X	-
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	■	X	-
	SO2	Percentage and total number of business units analyzed for risks related to corruption	■	X	-
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	■	X	-
	SO4	Actions taken in response to incidents of corruption	■	X	-
	SO5	Public policy positions and participation in public policy development and lobbying	■	■	10
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	■	X	-
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	■	X	-
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	■	X	-
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	■	■	28
	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	■	■	28
	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	■	■	-
	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	■	■	-
	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 X Not reported



## Commitment to 10 UN Global Compact Principles

Area	Principles	Supporting Rules and Regulations at Yuhan-Kimberly	GRI	BEST	Page
Human Rights	1. We support and respect the protection of internationally proclaimed human rights	www.yuhan-kimberly.co.kr Fair Trade Management Policies [Respect for People] Article 35, Personnel Rules and Regulations [Status Guarantee] Article 27, Chapter 2, CBA [Remedy for Unfair Disciplinary Actions]	■ HR1 ■ HR6 ■ HR2 ■ HR7 ■ HR3 ■ HR8 ■ HR4 ■ HR9 ■ HR5	■ PN2 ■ EM10 ■ PN3 ■ EM30 ■ EM7 ■ EM31 ■ EM8 ■ CO2 ■ EM9	57, 64, 74, 80
	2. We make sure that we are not complicit in human rights abuses.	www.yuhan-kimberly.co.kr Fair Trade Guidelines on Selecting Business Partners [Ethical Soundness of Organization] Human Rights Abuses	■ HR1 ■ HR2 ■ HR8	■ PN2 ■ PN3 ■ EM31	57, 64, 80
	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 Article 66, Chapter 7, CBA [Grievance Committee of Labor-Management and Grievance Committee] Article 10, Chapter 2, CBA [Guarantee of Union Activities] Article 75, Chapter 9, CBA [Bargaining Principles]	■ HR5 ■ LA4 ■ LA5	■ EM8 ■ EM12 ■ EM13	64, 72, 74, 75, 77~79
Labor Standards	4. We eliminate all forms of forced and compulsory labor	www.yuhan-kimberly.co.kr Fair Trade Article 11, Chapter 2, CBA [Prohibition of Unfair Labor Practices] Article 40, Chapter 4, CBA [Maternity Leave] Pregnant women labor union members shall not work overtime	■ HR7	■ EM10	63, 64, 72
	5. We effectively abolish child labor	www.yuhan-kimberly.co.kr Equal employment Opportunity Article 21-2, Chapter 9, Rules of Employment [Work] Minors under 18 years of age or under shall not be subject to the provisions on overtime Abolishment of Child Labor	■ HR6	■ EM9	72
	6. We eliminate discrimination in respect of employment and occupation.	www.yuhan-kimberly.co.kr Equal employment Opportunity Article 89, Rules of Employment [Prohibition of Gender Discrimination] Article 45, Chapter 5, CBA [Wage] We offer equal pay for work of equal value as according to The Equal Employment Opportunity Law Article 91, Rules of Employment [Prohibition of Sexual Harassment at the Workplace] Chapter 2, Code of Conduct [Considerations for Employees] Employees shall not be discriminated on the basis of race, gender, age, religion, nationality, or physical disabilities	■ HR4 ■ LA2 ■ LA10 ■ LA13 ■ LA14	■ EM2 ■ EM3 ■ EM5 ■ EM17 ■ EM27	56, 63, 64, 66, 72
	7. We support a precautionary approach to environmental challenges	www.yuhan-kimberly.co.kr Fair Trade Environmental Management Policies [Continuous Environmental Improvement] Focus on fundamental prevention Environmental Management Policies [Support for Environment-friendly Raw Material Purchase and Product Production] Environmental Management Policies [Minimizing Environmental Load]	■ 4.11	■ GR11	28, 110, 112, 117, 118
Environment	8. We undertake initiatives to promote greater environmental responsibility	www.yuhan-kimberly.co.kr Fair Trade Management Policies [Social Contribution] We spearhead environmental preservation campaigns Chapter 2, Code of Conduct - [Environmental Protection] Procurement Philosophies [Realizing Mutual Benefits through Collaborative Partnership] Environmental Management Policies [Minimizing Environmental Load]	■ EN2 ■ EN18 ■ EN5 ■ EN21 ■ EN6 ■ EN22 ■ EN7 ■ EN26 ■ EN10 ■ EN27 ■ EN13 ■ EN30 □ EN14	■ EV1 ■ EV17 ■ EV2 ■ EV23 ■ EV3 ■ EV24 ■ EV4 □ EV26 ■ EV11 ■ EV27 ■ EV16	35, 58, 59, 79, 80, 91~101, 110~112, 118~121, 124, 125, 127, 134
	9. We encourage the development and diffusion of environmentally friendly technologies	www.yuhan-kimberly.co.kr Fair Trade Procurement Philosophies [Support for Production of Superior Products through Technological Innovation] Environmental Business Policies [Continuous Environment Improvement] 3R (reduce, reuse, recycle) Policy	■ EN2 ■ EN18 ■ EN5 ■ EN26 ■ EN6 ■ EN27 ■ EN7 ■ EN10	■ EV4 ■ EV24 ■ EV5 ■ EV11 ■ EV18 ■ EV23	41, 79, 80, 110, 120~125, 132, 133
Anti-Corruption	10. We work against corruption in all its forms, including extortion and bribery	www.yuhan-kimberly.co.kr Fair Trade Chapter 2, Code of Conduct - [Guidelines on Gifts and Entertainments] Article 11, Rules of Employment [Prohibition] Against Accepting Rewards, Gifts, or Entertainment from Business Partners Chapter 2, Code of Conduct - [Prohibition Against Giving Gifts]	■ SO2 ■ SO3 ■ SO4	■ CO5 ■ EM25 ■ EM26	26~27, 79

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



\*Page numbers are based on the Korean version report



AWARDS & CERTIFICATIONS (2007.6~2008.5)

FOR MORE INFORMATION

1. COMPANY & CEO

Year	Month	Details of Awards	Sponsor
2007	08	No. 1 in Sustainability Management Index	Korean Federation for Environmental Movement
	08	No. 1 in Sustainability Report	Hankyoreh Economy Institute
	10	Asia-Pacific ECR Awards	Asia-Pacific ECR conference
2008	02	Best Company to Work for	Incruit
	03	Most Respected Company in Korea	KMAC
	03	Most Favorable Foreign Invested Company in Korea	Saramin

2. GOVERNMENT AWARDS

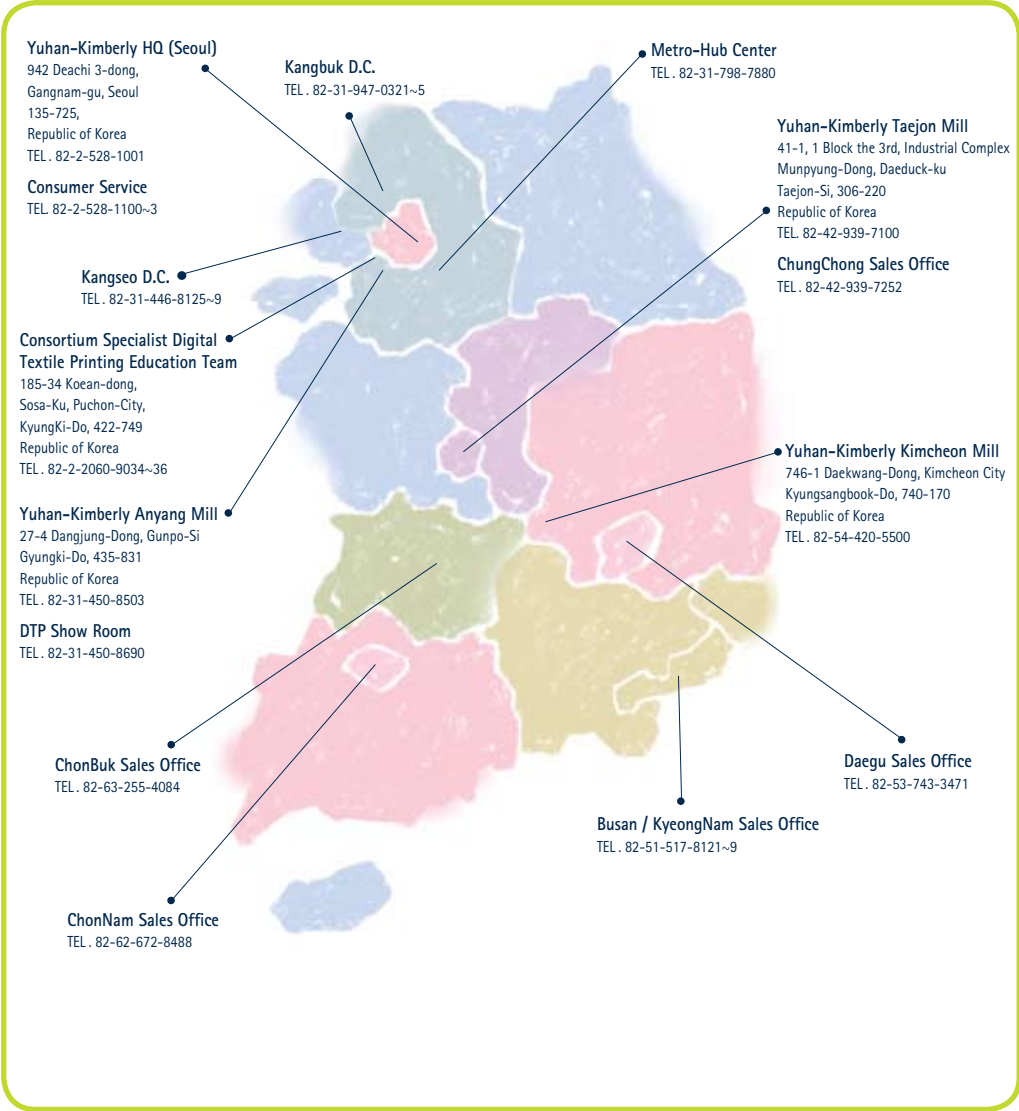
Year	Month	Details of Awards	Sponsor
2007	12	Grand Award for sustainable Management	Government

3. PRODUCTS AND ADVERTISEMENT

Year	Month	Titles & Content	Awarder
2007	09	No. 1 in Consumer Wellbeing Index - Huggies®, Kleenex®	KSAC
	10	Best Products for Customer Satisfaction Index - Bathroom Tissue & Sanitary Pad	KMAC
	10	2007 Super Brand - Popee®, Kleenex®, Huggies®	IIPS
	11	KKG advertisement, Segye Advertisement Awards	Segye daily
2008	03	No 1. Korea Brand Power - Huggies®, Kotex®White*, Kleenex®	KMAC

4. CERTIFICATIONS

Year	Month	Details of Certifications	Recipient
2008	03	ISO 9001 Certification	Anyang Mill, Kimcheon Mill, Taejon Mill



GLOBAL REPORTING INITIATIVES

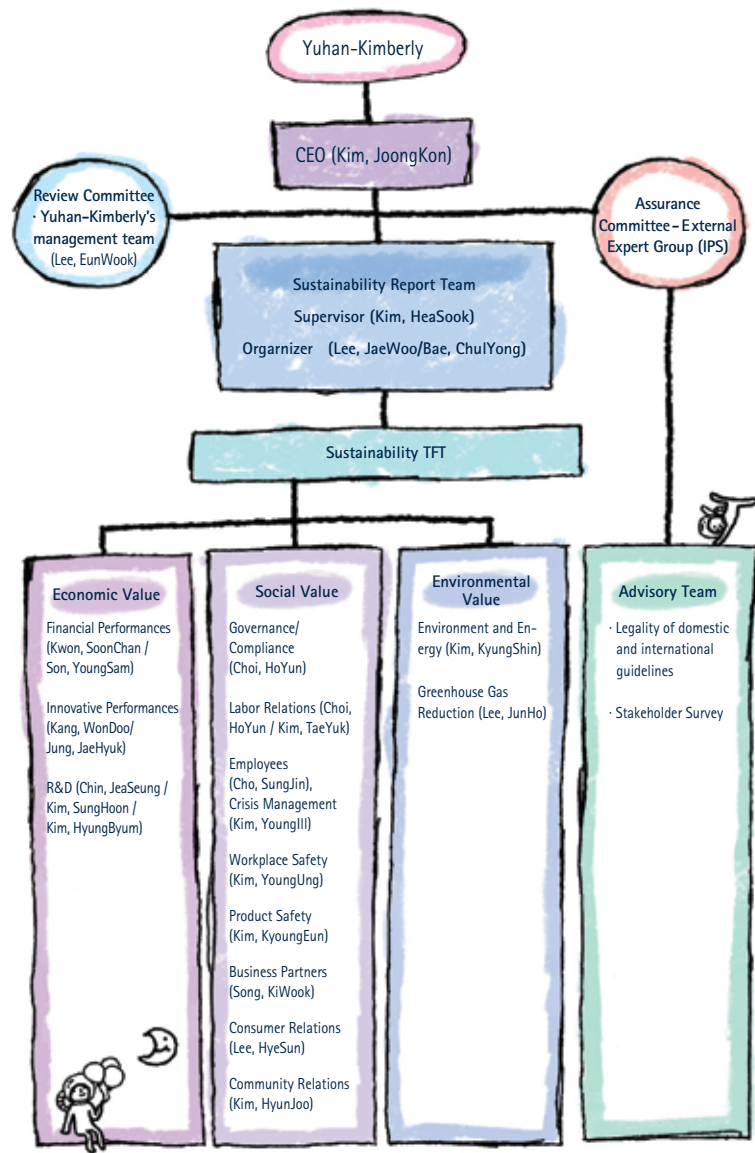
Yuhan-Kimberly has prepared this report with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI G3 Guidelines). For the Korean full version report, we self declare the GRI Application Level of A+ . The report was checked by a third-party and it's compliance with the GRI G3 Guidelines is 98.6 % . To learn more about GRI guidelines, please visit [www.globalreporting.org/reporting\\_Framework/AboutG3/](http://www.globalreporting.org/reporting_Framework/AboutG3/).



Report Application Level	C	C+	B	B+	A	A+
<b>G3 Profile Disclosures</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
<b>G3 Management Approach Disclosures</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosed for each Indicator Category	
<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either a) reporting on the indicator or b) explaining the reason for its omission.	
	*Sector supplement in final version					

This is an English summary version of Yuhan-Kimberly's 2008 Sustainability Report. The Korea full version Sustainability Report is available on the company website. We also welcome you to participate in the Questionnaires for Reader Opinion 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](http://www.yuhan-kimberly.co.kr) E-mail: [webmaster.korea@y-k.co.kr](mailto:webmaster.korea@y-k.co.kr)

## CONTRIBUTOR & COMPLIANCE



### 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

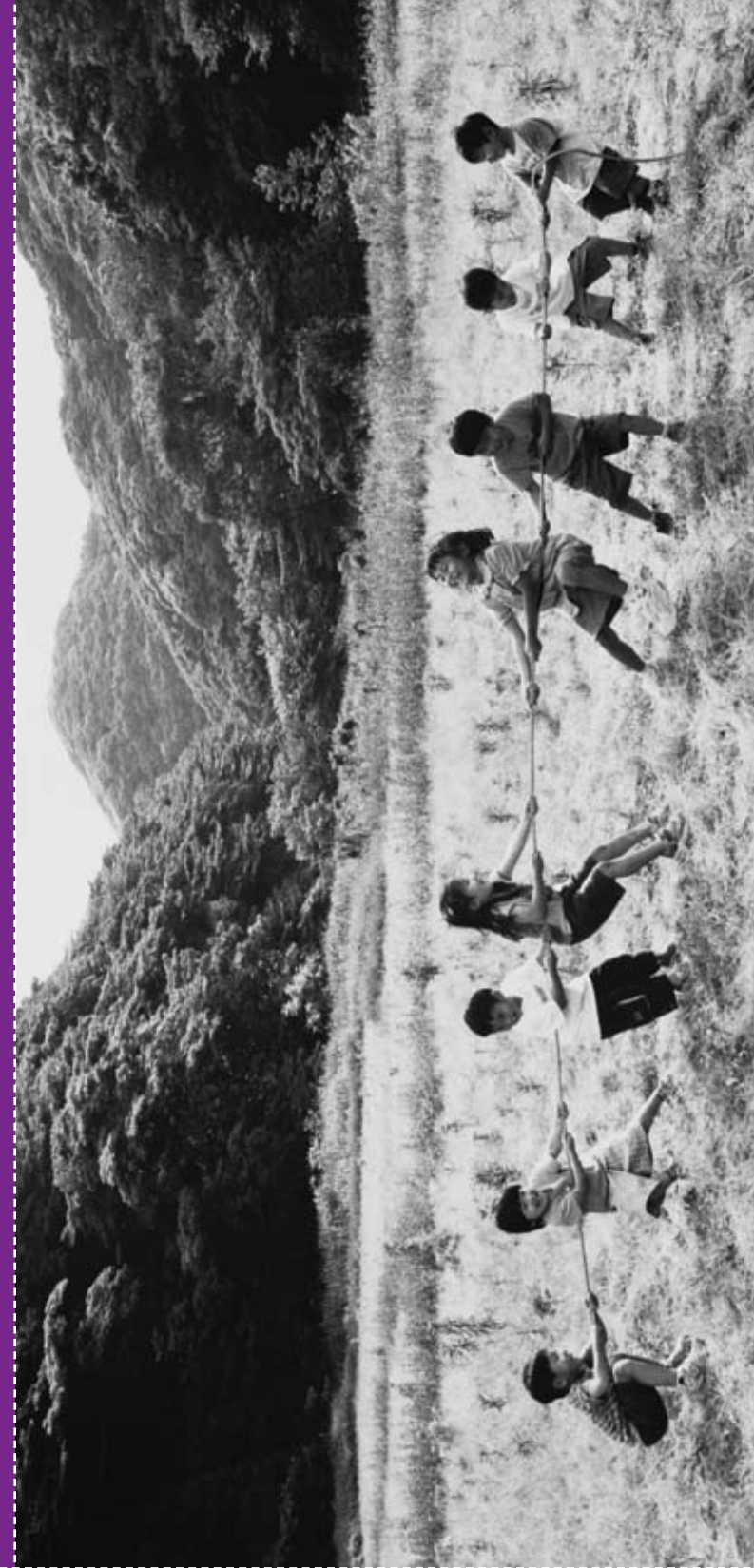
The UN Global Compact, ILO Labor Standards

### 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

사람이 희망이다 People are the Source of Hope



Yuhan-Kimberly  
2008 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 | jaewoo.lee@y-k.co.kr  
Fax | 82-2-528-1086





Yuhan-Kimberly  
2008 Sustainability Report

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** Heeseong 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. (Please tickmark)

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 A 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)
------	----------------------	------------------------