

2009 Pulmuone Holdings Sustainability Report

Holding People's Dreams in Our Heart



"Pulmuone(refers to Pulmuone Holdings, its subsidiaries and affiliates inclusively) sustainability report indicates the reporting period in its title beginning this year. So the report issued in July 2009 is titled 'Pulmuone Sustainability Report 2008' and the report released in March 2010 is titled 'Pulmuone Sustainability Report 2009'."



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The 2009 Sustainability Report Overview

Pulmuone is proud to release its fourth sustainability report. The 2009 Pulmuone sustainability report embodies Pulmuone's strong commitment to sustainable management at all its levels and contains the results of related efforts as a Global LOHAS(Lifestyles of Health and Sustainability) company caring for both human and nature.

Reporting principles The sustainability report is prepared in compliance with the G3 guidelines of Global Reporting Initiative and the BEST Sustainability Reporting Guideline.

Reporting Scope Holding company(Pulmuone Holdings), Sub-sub-subsidiaries(Pulmuone Foods, Exofresh Logistics, Foodmerce, ECMD, Pulmuone Health and Living, and Pulmuone Waters), Affiliates(ORGA Whole Foods and NHO)

Reporting Period January 1 - December 31, 2009. Historical trends data covers the latest three years from 2007 to 2009.

Report assurance The report has been reviewed by the Pulmuone management and verified by the Institute for Industrial Policy Studies(IPS), an independent assurance organization.

For further information about the sustainability report,
Please, visit www.pulmuone.co.kr
Or contact the Management Support Department of
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Address 724 Suseo-dong, Gangnam-gu, Seoul

How It Differs from the 2008 Report

Focus on five major issues The 2009 sustainability report reports at the 'Special Page' section what the company has done to promote sustainable management practices with regard to five major issues carefully selected from top issues identified at the materiality assessment.

Abridged version is issued The abridged version of the sustainability report is released to present Pulmuone's social and environmental performance to stakeholders and the wider community.

Broader reporting scope Including all domestic subsidiaries' performance in the report presents a clearer picture of the commitment to sustainable management at the group level.

Enhanced Disclosure on Management Approach(DMA) The past reports mainly focused on major milestones and plans. This report adopts the Disclosure on Management Approach(MDA) which has been improved and strengthened from past reports. Reporting on DMA in connection with survey results and subsidiaries' best practices regarding major issues is intended to demonstrate clearly the company's commitment to sustainable management.

Best practices of subsidiaries By adopting the Disclosure on Management Approach(DMA), the 2009 sustainability report provides extensive best practice examples of subsidiaries for major issues to highlight the commitment to sustainable management at the subsidiary company level.

Icons are used Statements on major issues are marked with icons to link major issues identified at the materiality assessment with related statements. This helps stakeholders' cross-reference. Statements related to the previous year report are also marked with particular icons to guide readers to refer to the previous year report.



Statements related to major issues



Refer to the previous year report



Examples of subsidiaries

* In this report, "Pulmuone Holdings" indicates "Pulmuone".

Sustainability Report

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Growing Trust



Sowing the Seeds of TISO



Hope in Full Bloom



Becoming Sweet Rain



Going Green

Pulmuone Holdings(Hereinafter, Pulmuone) is proud to release a genuinely comprehensive report which encompasses financial performance, ethical management, socially responsible management and environmental management practices of all of its domestic subsidiaries. With its launch in 2010, this report provides the market and customers with a comprehensive picture of where Pulmuone stands in terms of sustainable management.

In 2009, to enhance business value in a sustainable way by creating customer satisfaction built on trust, Pulmuone clearly defined and established a system revolving around “product and service innovation”, “quality innovation” and “process innovation”. This opened the way for Pulmuone to bring its innovation activities to the next level in 2009. For example, Pulmuone enjoyed the remarkable success of the Irumi Innovation Proposal Scheme and CR activities and launched COPQ(Cost Of Poor Quality) reduction activities, and Green Meetings to make sure that innovation spirit flows into every corner of the company.

Last year, the company faced once again a number of challenges: economic slowdown, slump in consumption, new and emerging competition and more diverse and intense competition. On the other hand, growing consumer interest in food safety and growth of new markets targeting senior citizens and kids were good news for Pulmuone. Because a number of surveys put Pulmuone at the top as the most trusted food company by consumers. Also, Pulmuone has been named as “All Star” company from the survey, the most admired company in Korea for 4 consecutive years.

In response to changing business environment, the Pulmuone Food Safety Center initiated a process to monitor and control potential food safety hazards in real time in compliance with global standards. This process has helped build stronger trust in the company among the market participants and customers. The Foodmerce Food Safety Center has also taken a leadership role in adopting a scientific approach to food ingredients and materials management as it was designated as a certifier of good agro products(GAP(Good Agricultural Practices) certifier) and an issuer of analysis report. In the mean time, ORGA Whole Foods issued a NON-GMO statement as part of its continued efforts to build a sophisticated system that can give customers assurance about food safety.

In 2009, Pulmuone took one step closer to achieving “2013 DP5” by driving its new market development initiative with a full force. This was made possible by the remarkable success of Pulmuone’s subsidiaries.

Pulmuone’s US subsidiary, Pulmuone USA, is a holding company of Pulmuone’s US operations. With the acquisition of Monterey Gourmet Foods, it set the stage for the growth of overseas operations. Pulmuone Foods(the new name for the natural food business

effective as of April 1 2010) has indicated continued growth of new business and new markets in its total revenue. In particular, its approach to developing a new brand ‘Woori Ai(My Kids)’ by segmenting consumers based on their needs was quite innovative. Foodmerce launched 3HS(Health, Human being, and High technology service) business, a food, health and environmental hygiene service. Pulmuone Health & Living launched a vegetable yogurt drink made with L.plantarum PMO08 which was developed and patented by Pulmuone. It also launched ‘Woori Ai Baby Meal’, a baby formula brand, which has been well received by young mothers.

Pulmuone’s corporate culture has long been driven by our faith in TISO(Trust, Integrity, Solidarity and Openness). To practice ‘TISO’, the core pillar of TISO management, Pulmuone has implemented various programs and campaigns including TISO management learning courses, the Holiday Gift Return Program, and the Fair Trade Compliance Program among others. In particular, the company was recognized with an award for its compliance program on Fair Trade Day in 2009.

With the strong commitment to TISO management, the company has also strived to build win-win relationships with partner companies. Pulmuone Foods agreed to make joint efforts on technology development, process improvement and outcome sharing with partner companies such as those in alliance or collaborative relationships and signed mutually beneficial long-term supply contracts, as part of the Partner Relationship Management(PRM) initiative. Furthermore it has offered Supply Chain Quality Management(SCQM) courses to provide learning opportunities to partner companies on how to change mindset of site workers and improve working environment of partner companies.

In 2009, Pulmuone launched aggressively the Customer Satisfaction Management Campaign. It launched the Fair Trade Commission-certified program called Consumer Complaints Management System(CCMS) at Pulmuone Foods, and expanded it into Pulmuone Health & Living, Foodmerce and ORGA Whole Foods. Furthermore, Exofresh Logistics made significant progress in improving product quality management while ECMD made a huge stride in improving its catering service in customer responses.

Pulmuone implemented a number of strategic tasks to promote family-friendly corporate culture in 2009 which can help enhance employee satisfaction, business competitiveness and make business and communities sustainable. Specific programs include the Employee Assistance Program(EAP), and the GWP C- cubic campaign(Culture, Creative and Change).

“Respect for lives” and “Love for neighbor” represent Pulmuone’s brand philosophies. Based on these philosophies, Pulmuone launched LOHAS Designer, a community volunteer group, to promote contribution to communities and employees’ voluntary participation. LOHAS designers have played a central role in bringing together volunteers to extend helping hands to needy children and senior citizens. In addition, other volunteerism programs were implemented such as providing free lunch to underprivileged children, development of drinking water resource in North Korea and inheriting & promoting traditional culture like Kimchi museum.

Pulmuone has also been engaged in a wide range of activities to reduce environmental impact. In 2009, four Pulmuone tofu products obtained “carbon labels” as part of the company’s efforts to deal with climate change. At the same time, the company has taken scientific approach to reduction of water resource consumption, energy consumption and waste generation. Pulmuone will continue to challenge itself to achieve more ambitious goals and make substantive efforts to develop and expand the system to practice eco-friendly management systematically.

Pulmuone became the first local food company to join the UN Global Compact in April 2007. In 2009, the company made strong efforts on multiple fronts in support of the values and spirits championed by the UN and the 10 principles of the UN Global Compact including human rights, labor, environment and anti-corruption.

While Pulmuone will continue to pursue profitable growth through unwavering commitment to innovation and creativity, it will continue to make proactive efforts to practice ethical management, socially responsible management and eco-friendly management supported by strong passion and commitment to sustainable management among Pulmuone employees. Pulmuone is reinventing itself as a true global LOHAS company, thanks to support and care extended by shareholders, customers, employees, partner companies and all stakeholders of communities.

Thank you.

March 2010
 Nam, Seung-Woo, Chairman & CEO of Pulmuone Holdings



Pulmuone evolves into a genuine ‘Global LOHAS company’





Understanding Pulmuone

Pulmuone's Businesses

Pulmuone has evolved towards a comprehensive food industry leader focusing on organic, functional foods and fresh foods. Pulmuone's Sustainability Report covers 9 domestic subsidiaries and affiliates including the Pulmuone Foods.

Classification	Company name	Major business
Holding Company	Pulmuone Holdings	· Controlling subsidiaries' businesses
Subsidiary	Pulmuone Foods	· Natural fresh food manufacturing and distribution
Sub-subsidiary	Exofresh logistics	· Cold chain logistics
Subsidiary	ECMD	· Meal services, Concession, Catering and Restaurant
Subsidiary	Foodmerce	· Branded and general food ingredient and material distribution
Subsidiary	Pulmuone Health & Living	· Manufacturing and direct sales of health supplement foods · Shop-in-shop of health supplement foods(Fullvita brand) · Manufacturing and sales(daily cold-chain delivery) of health functional foods
Subsidiary	Pulmuone Waters	· Joint venture established by Nestle Waters(51%) and Pulmuone(49%),
Affiliate	ORGA Whole foods	· Organic and eco-friendly food retail(road shop, shop-in-shop)
Affiliate	NHO (Natural House Organic)	· Health supplement food retail

Domestic Business

Her day with Pulmuone



8:00^{am} Breakfast time!

Today's breakfast is bean sprout soup, "Natural Tofu" boiled with sauce, stir-fried fishcake, and Kimchi made with natural seasoning! I'm making healthy and tasty breakfast for my family today.

Pulmuone is a food manufacturer/distributor offering a wide range of fresh foods ranging from tofu, vegetables, noodles, seasonings, Kimchi, eggs to seaweeds. Pulmuone is committed to offering authentic wholesome foods for health and happiness of all. Pulmuone continues to develop and expand new markets by launching new products that cater to customer needs for diversity and convenience.



08:30^{am} Can't miss for a healthy day.

Green juice for husband and Ai Bogam for kids every morning.

Pulmuone Health & Living is engaged in the production and direct sales of health foods which are intended to supplement the diet and provide various nutrients that may be missing or may not be consumed in a person's diet. Consumers can have their health foods and health drinks delivered to their homes or work by franchise distribution channels or buy directly at a nearby store or from a homeshopping channel.

10:00^{am} I love myself!

I'm on my way to gym with one bottle of 'Water Line' in my bag.

I will work out as hard as I can until the day I get in a perfect shape just like this bottle.



Pulmuone Waters delivers premium bottled water, a rich source of calcium and minerals that a body wants. As a leading player in the domestic bottled water market, Pulmuone Waters provides quality products to consumers and is also engaged in selling and renting hot/cold water dispensers for home and office.

11:50^{am} Healthy lunch for my kids.

It's my turn to help serve lunch at my kid's school today.

School lunch is prepared with safe and fresh food ingredients supplied by Foodmerce. Kids, Eat healthy and grow healthy.



Foodmerce, a specialized food ingredients & materials supplier, supplies catering, restaurants and food material markets with fresh and safe food materials which are carefully sourced from various channels under its premium brands(Barunsun, Barunsun Plus and Bon&Sun).

1:00^{pm} Talking to husband over phone. "Honey, what did you eat for lunch?"

My husband loves his company cafeteria so much. ECMD serves meals rich in diverse nutrients carefully prepared with safe and fresh food supplied by Foodmerce. Thank you, ECMD for good lunch.



As an operator of catering and concession businesses, **ECMD** offers healthy food service putting its first priority on customers' health.

4:00^{pm} Time for grocery shopping!

What do I need to buy for dinner? First, I will go to an ORGA store near the house to buy organic and eco-friendly foods and then go to an NHO store to buy vitamins for my family's health.



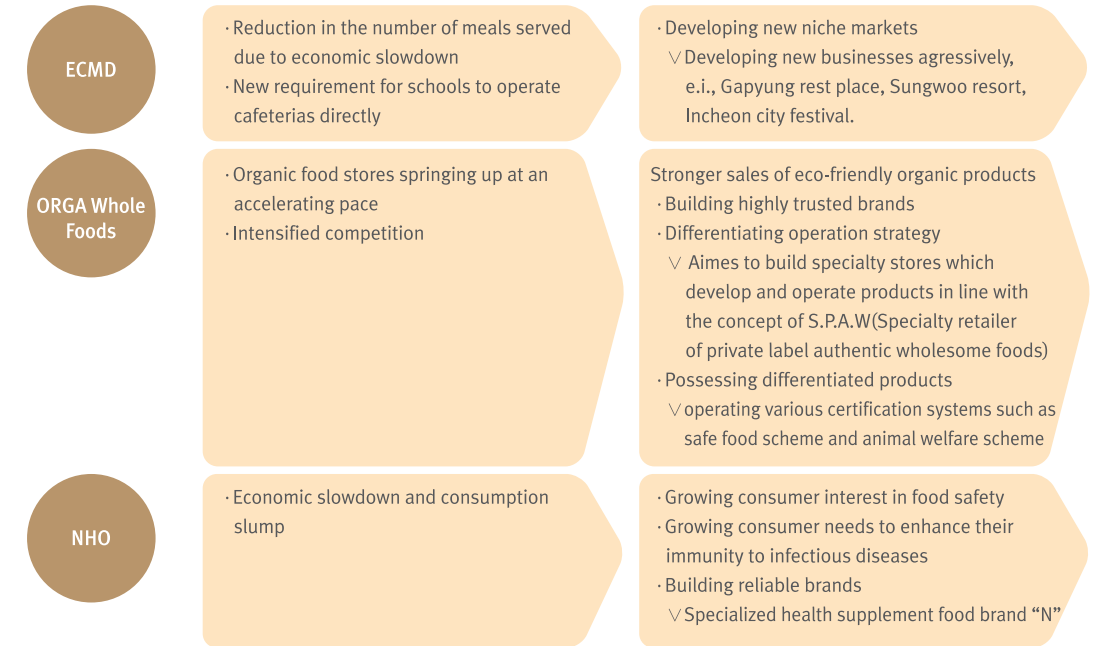
ORGA Whole Foods is Pulmuone's Direct To Customer(DTC) channel offering authentic wholesome foods as a responsible leader in the domestic organic food market. It offers a wide range of fresh foods in conformity with food standards such as the eco-friendliness certification system for agro products and the animal welfare scheme. It also provides processed foods and eco-friendly household items produced in strict compliance with its principles of three NOs, fair trade and ethical consumption.

Natural House Organic(NHO) is an organic health food store offering health supplement foods, health-oriented foods and eco-friendly foods that promote healthy diet, along with eco-friendly personal products. It is an eco-friendly store that cares about the health of our neighbors. At the same time, NHO stores are local stores that cater to unique needs of local communities. At NHO stores, "health counselors" armed with professional expertise offer personalized health advice and propose healthy diet for customers.

Overseas Business

Pulmuone USA. Pulmuone made inroads into the US market in 1991. In 2004, it acquired Wildwood Natural Food, an US(West)-based processed food(soybean) producer, and set up Pulmuone Wildwood, opening a new chapter in the company's history. In 2009, the company acquired Monterey Gourmet Foods, a US-based manufacturer of refrigerated pasta and sauce. Pulmuone will continue to expand its presence in the US refrigerated/frozen food market tapping into the company's strong presence in the US drinks market and its brand positioning focusing on LOHAS.

Threats and Opportunities



Corporate Governance

Major Features of Pulmuone Holdings' Corporate Governance

Shareholders of Pulmuone Holdings

Pulmuone Holdings is a KOSPI-listed company with major shareholders owning 57.3%, institutional investors and foreign investors owning 9.1 % and small shareholders owning 33.6% of its shares.

[The mix of shareholders(As of the end of December 2009)]

Type of shareholders	No. of shares owned(stock)	No. of shareholders(person)	Ownership ratio(%)
Major shareholders	2,183,578	1	57.3
Institutional investors and foreigners	345,572	58	9.1
Minority shareholders	1,279,945	2,759	33.6
Total	3,809,095	2,818	100.0

Board of directors(BOD): composition and authorities

Pulmuone's board of directors is composed of five full-time directors and five outside directors.¹ Five Full-time directors are sitting executives serving on management team including Chairman & CEO Nam, Seung-Woo. Five outside directors are professionals with various backgrounds including professional business managers, professors and civic activists. Having been appointed at general shareholder's meetings, outside directors have extensive business experience and professional expertise and serve to promote the interest of stakeholders and enhance value for shareholders.

Pulmuone board of directors works in compliance with the Commercial Act and the Capital Market Consolidation Act. Decision on important agendas requires the consent of the majority of directors, while other matters are referred to the Management Committee.

¹ Six outside directors had served until October 31 2009 when one outside director resigned for personal reasons.

[Board of Directors]

Chairman & CEO Nam, Seung-Woo	College of Law, Seoul National University Hyundai Engineering & Construction Chairman & CEO, Pulmuone Holdings
Director, Lee, Gyu-Seok	M.S., Political science, Hanyang University Hungkuk Life Insurance CEO, Pulmuone Health & Living
Director, Kang, Young-Chul	Ph.D., University of Pittsburgh Commentator, Maeil Business News CEO, Pulmuone Wildwood
Director, Yoo, Chang-Ha	College of Business Administration, Seoul National University Vice president, OB Beer
Director, Yeo, Ik-Hyun	Food science, Yonsei University Samyang Food Vice president, Director of Research Institute of Food and Culture, Pulmuone Holdings
Outside director, Park, Jong-Won	Ph.D., University of Illinois Professor of Business Administration(marketing), Korea University
Outside director, Rhee, Dong-Kee	Ph.D., New York University Professor of Business Administration(international business), Seoul National University
Outside director, Park, Won-Soon	History, Dankuk University Executive director, The Beautiful Foundation, Executive director, The Hope Institute(Lawyer and civic activist)
Outside director, Shin, Hyun-Woo	Chemical Engineering, Seoul National University Chairman & CEO, Oxy President, Reckitt Benckiser Korea Vice chairman, OCI Company
Outside director, Hwang, Lee-Seok	Ph.D., New York University Professor of Business Administration(accounting), Seoul National University

(As of December 31 2009)

Board of Directors: role and operation

With mutual respect and open mind, Pulmuone board of directors makes it a rule to take time to discuss agendas thoroughly to minimize unconstructive conflicts and disharmony. At a total of eight board meetings that had taken place from January until December 2009, 19 agendas had been put to vote and all of them were approved. The board of directors is supported by five committees; the Audit Committee, the Outside Director Nomination Committee, the Compensation Committee, the Outside Director Evaluation Committee and the Management Committee. With the exception for the Management Committee, remaining four committees are exclusively made up of outside directors to ensure transparency and independent decision making.

[Meeting attendance and No. of BOD meetings]

	2007	2008	2009
Outside directors' attendance(%)	90	95	74
No. of BOD meetings(times)	7	10	8

[BOD's major activities in 2009]

	January, 2009	February, 2009	October, 2009
Agendas	· Approval of comprehensive stock swap	· Approval of 2008 financial statements · Proposed 2008 cash dividends payment plan	· Approval of the acquisition of Monterey Gourmet Foods · Approval of capital contributions to the overseas subsidiaries
Directors' decision	· Approved · Four directors out of six outside directors attended and approved	· Approved · Five directors out of six outside directors attended and approved	· Approved · Four directors out of six outside directors attended and approved

[Committees under the board of directors]

Committee name	Responsibilities	Members
Management Committee	Considers and decides matters delegated by the board of directors to enhance professionalism and efficiency of work performance	Nam, Seung-Woo, Lee, Gyu-Seok, Kang, Young-Chul, Yeo, Ik-Hyun, Yoo, Chang-Ha
Audit Committee	Conducts audit in compliance with relevant laws and regulations, articles of incorporation and operation rules of the Audit Committee	Park, Jong-Won, Rhee, Dong-Kee, Hwang, Lee-Seok
Outside Director Nomination Committee	Nominates candidates for outside director positions in compliance with relevant laws and regulations and articles of incorporation	
Compensation Committee	Considers matters with regard to executive compensation, retirement benefits, incentives and stock options	Shin, Hyun-Woo, Park, Won-Soon, Kang, Young-Chul
Outside Director Evaluation Committee	Evaluates job performance of outside directors and the board of directors	

[Committees' activities in 2009]

Committee	Agendas
Management Committee	A total of eight committee meetings deliberated on agendas including; · Planned borrowings for subsidiaries · Issuing the 56th corporate bonds of Pulmuone Holdings · Rolling over maturing loans and getting new loans/ refinancing · Capital contributions to overseas subsidiaries
Audit Committee	A total of four committee meetings considered agendas including; · Report on the 2008 financial statements and the results of the internal accounting evaluation · Report on the 2009 Q1 financial statements · Report on the 2009 Q2 financial statements · Report on the 2009 Q3 financial statements
Outside Director Nomination Committee	· Nomination of an outside director candidate(Park, Won-Soon)
Compensation Committee	· Prior review of 2009 executive compensation
Outside Director Evaluation Committee	· Proposed plan for BOD's performance evaluation · Proposed plan for outside directors' performance evaluation

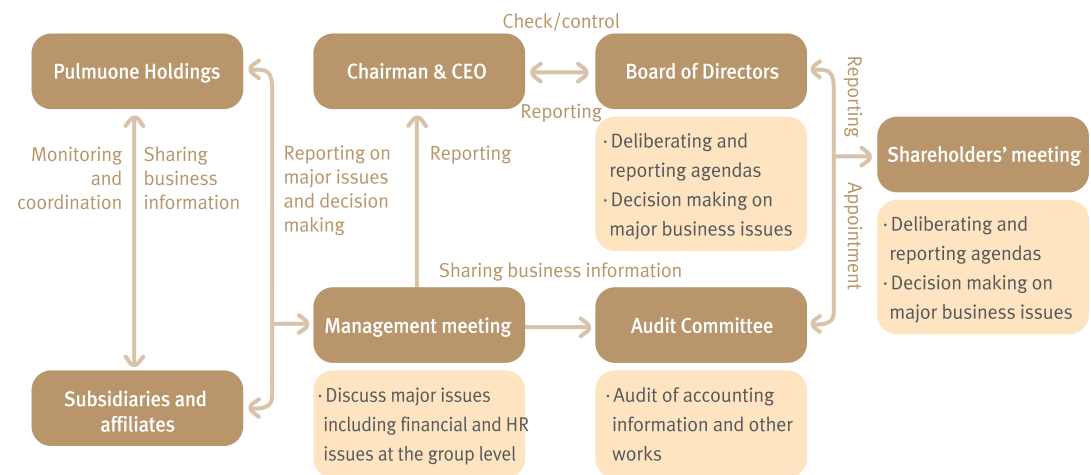
BOD performance management and evaluation

Pulmuone's financial performance is reported to the board quarterly while social and environmental performances are reported to the board annually and evaluated accordingly. In 2009, they were reported at the fourth regular BOD meeting. Pulmuone will continue to make sure that Pulmuone's financial, social and environmental performances will be shared at board of directors' meetings to improve them in a constructive manner.

[Agendas for the fourth regular BOD meeting 2009]

<p>TISO management</p> <ol style="list-style-type: none"> 1 Establishment of the fair trade compliance system for five subsidiaries which are engaged in franchise business 2 Performance and activities by company for the first half of the year 	<p>Social Performance</p> <ol style="list-style-type: none"> 1 CSR activities that contribute to sustainable management <ul style="list-style-type: none"> · 'Goodbye! Atopy' campaign · Opening of an international Korea Food for the Hungry International body in Korea · Joining an initiative to save North Korean children 2 'Caring for neighbors' with Korean traditional music 3 Development of local communities <ul style="list-style-type: none"> · Nurturing local talent in North Chungcheong · Employees' community sharing initiatives gaining full force
<p>Financial Performance</p> <ol style="list-style-type: none"> 1 Report on financial performance of Pulmuone Holdings for the first half of the year 2 Report on financial performance of Pulmuone Holdings' subsidiaries for the first half of the year 	<p>Environmental Performance</p> <ol style="list-style-type: none"> 1 Progress in realizing environmental safety missions 2 Environmental performance in the first half of 2009 3 Environmental performance management by divisions other than production and logistics 4 Examples of environmental performance improvement 5 Operation of environmental safety IT system 6 Introduction of artificial wetlands into facilities that discharge waste water directly to rivers 7 Climate change responses

[Board of directors' decision-making process]



Pulmuone open shareholders' meeting

Pulmuone held the second open shareholders' meeting in 2009. Open shareholders' meeting is designed to share results of operation and future vision of Pulmuone and allow shareholders' voice to be heard. The 2009 open shareholders meeting agendas included improving corporate governance, authentic wholesome food, and overseas expansion.

[A glance at the 2009 open discussion]

Agendas	Details
1 Pulmuone reinvented	<ul style="list-style-type: none"> · Growth period from Pulmuone's inception until 2008 · Reborn as a pure holding company · Pure holding company and K-IFRS
2 Pulmuone subsidiaries and product lines	<ul style="list-style-type: none"> · Business prospects and vision of Pulmuone subsidiaries · Major product lines of each subsidiary
3 Authentic wholesome food	<ul style="list-style-type: none"> · What are the authentic wholesome food envisioned by Pulmuone · Non- GMO statement¹
4 Overseas expansion and crisis response	<ul style="list-style-type: none"> · Globalization strategy · How Pulmuone responds to economic slowdown

Risk Prevention and Management



Risk Management Committee

Pulmuone holds monthly regular Risk Management Committee meetings with an aim to identify, prevent and manage risks by company and at the group level. Pulmuone Risk Management Committee is headed by the Chairman & CEO and responds to risks by breaking them into three categories and taking a three-step approach following relevant manual.

Risk types

Pulmuone classifies risks into product risks, production risks and non-product/production risks. Product risks involve defects in products or packaging material that can pose hazards to consumer safety or lead to product recalls. production risks involve accidents at production facilities that can cause significant damage or serious injury of workers. Non-product/production risks involve government agencies' regular inspection and incompliance with the Fair Trade Act.

Defining risks and responses

Pulmuone takes a three-step approach to risk responses by classifying risks into three groups: controllable risks(Step 1), Potential risks(Step 2) and brand and media-related risks(Step 3).

Pulmuone Risk Management Committee: composition and role

The Pulmuone Risk Management Committee is composed of nine different functions including chairman, coordination and research. Each function performs their unique responsibilities.

Risk types

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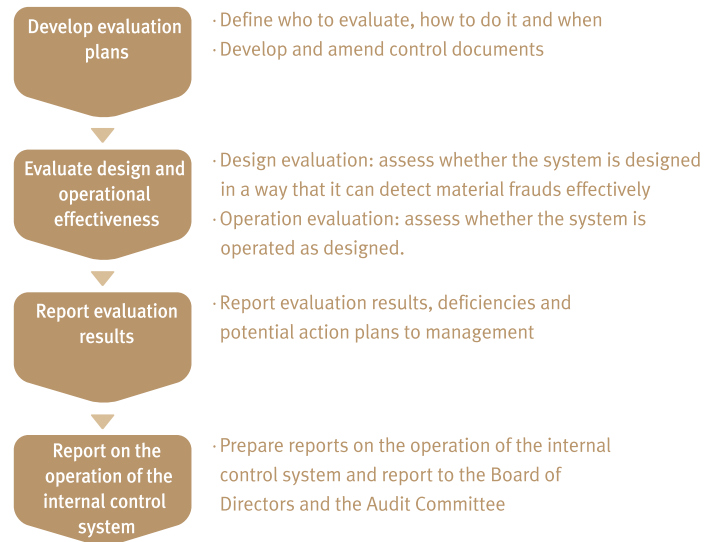
¹ ORGA Whole foods declared not to treat and sell the GMO(Genetically Modified Organism products on 9th of March, 2009. More detailed information is described in this report.

Internal Control System

Internal control system evaluation

Pulmuone adopted the internal control system in April 2006 to comply with the requirements of the Act on External Audit of Stock Companies and the Sarbanes-Oxley Act and to enhance the credibility within and outside of the company. The company has also documented around 1,500 control activities at the group and process levels and performed evaluations on the effectiveness of the system's design and operation. Evaluation results are reported to the Board of Directors after being approved by the Audit Committee. They are also audited by external auditors and disclosed through audit reports.

[Internal control system evaluation process]



Internal control system

Pulmuone spent KRW 23 million in optimizing the Internal Control Professional system(ICPRO)¹ to cater to unique needs of the company in 2009. As a result, the internal control system's operational efficiency has improved significantly: the work hours spent in evaluation has gone down, the system's monitoring have been reinforced and automatic alerts have been sent out to evaluates when follow-up measures are not taken properly in response to evaluation.

¹ It is an internal IT system that makes it easier to evaluate design and operation of the internal control system.



Pulmuone's Sustainable Management

Having been reborn as a pure shareholding company, Pulmuone has been and is unwaveringly committed to the company's rigorous production policies, which embodies its strong beliefs in LOHAS. Pulmuone is also marching with a full force towards "2013 DPs", the vision of becoming a five trillion won group in terms of sales on a consolidated basis by 2013. Pulmuone will emerge as a globally recognized food industry leader which offers a wide range of brands incorporating LOHAS values.

Growing Trust





Practicing Sustainable Management

Pulmuone will continue to foster exemplary corporate culture with a strong focus on the core values of LOHAS which are deeply rooted in its affection for human and nature.

Five Major Issues for Sustainable Management

Materiality assessment were conducted by studying company policies, polling stakeholders, benchmarking and searching media. Among the top-ranking issues, issues that pertain to innovative & creative management, socially responsible management and eco-friendly management were identified as five major sustainable management issues.

Moderator Welcome to the 2010 Pulmuone open discussion. Today we will talk about what Pulmuone has done to promote sustainable management practices with regard to five major issues which have been selected from among top-ranking issues at the materiality assessment.

1 Theme

New Product Development and Innovation

A Trailblazer with “Product Leadership”

Moderator Pulmuone Foods and Pulmuone Health & Living have launched a stream of creative and innovative new products, establishing themselves as market leaders. Let’s talk about these leading products.



1 Pulmuone 'Natural tofu'

Moderator I heard that you have brought new perspectives on foods. Can you tell us about that?

Pulmuone Foods In 2009, Pulmuone Foods opened the new era of “Natural Tofu”. The company developed “Natural Tofu”, using natural coagulant derived from natural sea salts. No antifoaming agents or emulsifiers were used. Pulmuone Foods became the first domestic company to use natural coagulant derived from deep sea water. And now it has become the first one to use natural sea salt coagulant derived from natural bittern and expanded its use into all tofu products, becoming a provider of safe and reliable tofu products.

Moderator What is a “vegetable yogurt drink”?

Pulmuone Health & Living “L.plantarum PMO o8” is derived from Kimchi. It has been developed and patented by us. Vegetable yogurt drink is a yogurt drink made by putting “L.plantarum PMO o8” that exists only in fermented vegetables such as Kimchi and Dongchimi into domestically grown organic beans and fermenting it.

Moderator I can say that “L.plantarum PMO o8” is a new product that understands and satisfies customers’ needs well. What do you think?

Pulmuone Health & Living “Vegetable yogurt drink” is a low fat natural yogurt with no animal milk fat such as cholesterol. So it is a right product for people who are vulnerable to adult diseases in today’s society.

2 Theme

Customer Communication

Communicate with Customers

Moderator Exofresh Logistics, ECMD and ORGA Whole Foods have successfully communicated with customers at customer interface points for the past year. Let’s talk about what they have done to promote customer communication.

Moderator Exofresh Logistics said that this year it effectively incorporated customer input into its operations. Can you share some examples with us?

Exofresh Logistics Issues that were identified as frequent claims in 2008 have been named as priority tasks for improvement in 2009. Most importantly, significant progress has been made in product quality management. In

3 Theme

Product Safety and Quality

Sharing Authentic Wholesome Food

Moderator Now please tell us what kinds of efforts Pulmuone made to provide authentic wholesome food in 2009.

Moderator What did Pulmuone Food Safety Center and Foodmerce Food Safety Center do in 2009?

Pulmuone Pulmuone Food Safety Center has been engaged in preventative food safety activities to provide customers with safe food. With regard to amendments to laws and regulations and food safety issues, 15 rounds of food material and product safety monitoring have been conducted and seven internal processes have been put in place. Also the company made efforts to identify and correct problems with regard to the Act on Microorganism Test for Bacillus Cereus Identification. Our efforts resulted in the announcement of the related proposed legislation in 2009(FDA notice No. 2009-323).

addition, the real-name packaging system has been introduced and on-site round-table meetings have been held to communicate major freshness or packaging issues and areas for improvement. The company also had discussions about temperature sensitive packaging and have taken measures to keep products fresh at all temperatures. As a result, the number of Voice of Customers(VOC) went down to 230 in 2009, down more than 32% from 2008.

Moderator ECMD is interacting with customers on a daily basis. So I think you take customers’ voice very seriously. Any examples?

ECMD ECMD selected 2009 improvement tasks based on VOC assessment results of 2008. Most importantly, the company made measurable progress in customer service at all sites. Cooks of all food service locations have received training via animated video and have been evaluated on their service. Also customer monitoring has been strengthened and monthly online surveys have been conducted to seek panels’ opinion. These have resulted in the decline of VOCs by more than 21% compared to 2008 to 34 in 2009.

Moderator What about ORGA Whole Foods? The company also stands at point of customer interface.

ORGA Whole Foods ORGA Whole Foods operates a customer call center and makes sure to respond promptly to requests made by online shopping mall(www.orga.co.kr) customers with professional expertise and concrete data. The company made proactive efforts to improve the quality of online products which was identified among frequent claims at the VOCs assessment in 2008. Also by redesigning the QC(Quality Control) process for online products’ stocking and shipping, the company successfully reduced VOCs to 899 in 2009, down by more than 35% compared to 2008.

Foodmerce The Foodmerce Food Safety Center was designated as an independent quality assessment body in July 2008. As a specialized food safety agency armed with professional human resources and specialized facilities, it has strengthened its food ingredient and material safety management. Since February 2009 when it was designated as a certifier of good agricultural practices(GAP certifier) and issuer of analysis report, it has been commissioned to conduct 817 quality tests on products of 22 partner companies and manage food safety indexes for 68 companies. The index score was 80.7 in 2009, up 6.2 points compared to 2008.

Moderator I was told that ORGA Whole Foods issued Non-GMO statement. What is it about?

ORGA Whole Foods On March 9 2009, ORGA Whole Foods issued a statement that the company doesn't use Genetically Modified Organism(GMO) for healthy future of customers. Please refer to the following for details.

[ORGA Whole Foods' Non-GMO Statement]

1. ORGA Whole Foods conducts GMO assessments on all domestically grown agro products and processed foods made with such products that are distributed by the company and confirms that they are Non-GMO foods.
2. ORGA Whole Foods confirms that all agro products and processed foods imported and distributed by the company are Non-GMO foods in accordance with CODEX¹ organic food standards.
3. ORGA Whole Foods will continue to distribute Non-GMO foods exclusively until GMO products become socially acceptable in the future and will continue to work to satisfy consumers' rights to know by cooperating with the government in its efforts to improve GMO labeling.

4
Theme

Differentiated Corporate Culture

Fun Innovation to Make a Great Work Place(GWP)

We 'Jump' with C-cubic

Moderator I heard that you had a fun innovation launched at your workplace in 2009. Let's get the taste of what your strong JUMP is, the efforts to create a differentiated corporate culture.

Moderator What do C-cubic and JUMP represent?

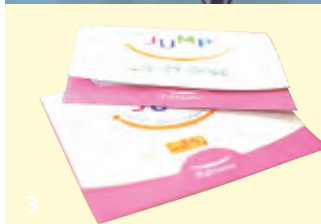
Pulmuone C-cubic embodies our commitment to energize corporate culture to make it sparkle and glitter just like glittering cubic under the motto "Culture, Creative and Change". C-cubic is also the name of the company's corporate culture team and refers to related activities. Summing up, it is a campaign to create a good place to work in. JUMP represents Joy(fun workplace), Union(collegial work environment), Movement(dynamic workplace) and Pride(proud workplace)

Moderator You must have had a lot of fun programs and activities, Can you tell me about them?

Pulmuone Yes, indeed. Let me tell you about some of them.

Creating a Good Workplace. STEP 1. Color Day Employees come to work dressed in a certain color or carrying items of a certain color. It was red on the first Color Day, Friday July 24th 2009. People came wearing a red tie, a red scarf, a red purse or red shoes. The whole company became one in red.

Creating a Good Workplace STEP 2. Compliment Day The first Compliment Day was August 27, 2009. Employees wrote letters and cards to convey messages of appreciation and friendship to their colleagues and put them into a postbox. 147 people received these cards and notes delivered by the so-called C-cubic messenger.



1 Employees celebrating the color day
2,3 Compliment postbox and cards

5
Theme

Efforts to Reduce Environmental Impact

Learn How to Live Together with Nature

Moderator Efforts to reduce environmental impact has become a distinct phenomenon across the Pulmuone group. Let's talk about what the group has done to become eco-friendly.

Moderator What kinds of efforts have you made to reduce environmental impact in terms of products?

Pulmuone The company has developed a new packaging technology by integrating 3R(Reduce, Reuse and Recycle) approach into the product packaging and design process. The company also have developed and sourced packaging materials domestically and introduced new packaging technologies and techniques to practice eco-friendly packaging.

Pulmuone Foods The company reduced the size of the "Real soybean Juice" container from 26g to 24g for the 215ml product and from 48g to 45g for the 500ml product, which has resulted in annual cost savings of KRW 3.9 million.

Pulmuone Waters New 16g bottle was developed for "Water Line"², 20% smaller than other companies' comparable products. Mungwang plant reduced the weight of perform, making it the lightest one in Korea. The result was an annual cost savings of KRW 404 million.

ORGA Whole Foods ORGA Whole Foods launched Environment Stewardship Program. Under this program, the company uses reusable packaging boxes for customers who want and the packaging boxes are collected after use. This program is aimed to reduce the use of styrofoam boxes, one of major environmental pollutants, and excessive packaging. The company also ran a campaign from May to December 2009 under which it gave stamps every time a customer did shopping using his or her own shopping bag and gave ORGA's natural detergents to customers who had collected ten stamps. At the end of the campaign, a total of 1,231 customers had received natural detergents. In other words, the campaign successfully encouraged the use of reusable shopping bags at least 12,310 times.

Moderator Pulmuone is known for having adopted carbon labeling. Can you tell us about it?

Pulmuone In 2008 Pulmuone joined the Carbon Labeling Initiative, a pilot project initiated by Environment Ministry. Under this initiative, the company calculated CO₂ emissions of "Organic Two-cup Tofu for raw consumption" and obtained the first certification in Korea in April 2009. Since then, the company has acquired three additional certifications for "Organic Tofu for pan-fry" and "Organic Tofu for stew" and "Organic Two-cup Tofu for pan-fry/stew", bringing the total number of certifications to four including "Organic Two-cup Tofu". In 2010, the company aspires to calculate carbon footprint and reduce carbon emissions on a broader base of products, going beyond tofu products to include other product lines including "I'm Real".

Moderator I can see that each company has been proactively engaged in diverse programs and initiatives to promote sustainable management. It's time to wrap up the open discussion. I will look forward to your continued efforts to realize sustainable business. I will be a strong supporter. Thank you.



4 'Who is the best cook?'



5 Organic Two-cup tofu certified for carbon labeling

1 CODEX represents the Codex Alimentarius Commission.
2 Mungwang plant has reduced the weight of perform to the extent that it became the lightest one in Korea.

What Drives Pulmuone's Sustainable Management

Management Value Structure

Mission: Global LOHAS company caring for both human and nature

LOHAS(Lifestyles of Health and Sustainability) represents lifestyle that cares about both the human health and the sustainability of the earth's environment. LOHAS, therefore, represents the commitment to operating a business caring for nature and people including consumers, employees, and communities. It also embodies the company's commitment to expand its global presence.

Vision: 2013 DP5

DP5 is short for 'Defining Pulmuone', DP5 is Pulmuone's vision to become the company with sales of KRW five trillion and the operating profit margin of 10% within five years.

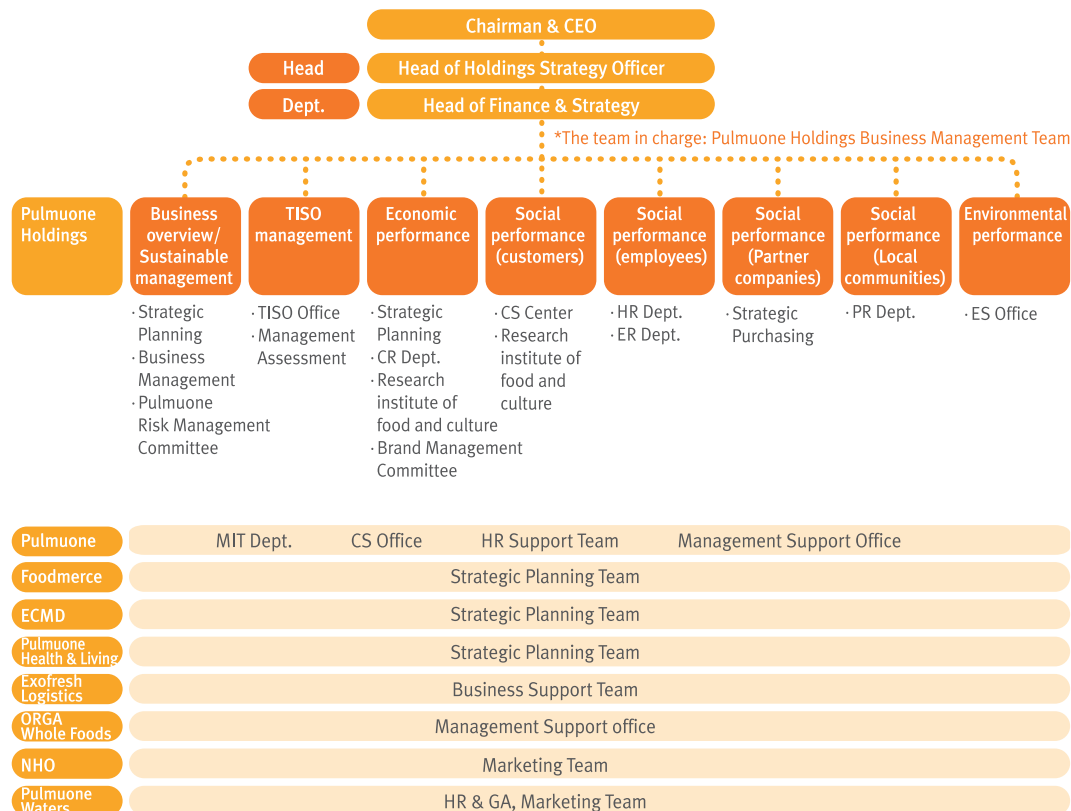
Core Value: TISO

TISO, the Pulmuone's core value, represents a set of crucial values that the members of the organization need to champion and live by to make the company's mission and vision a reality.

- Trust: Abiding by promises and rules
- Integrity: Professional honesty for the proper performance of one's duty
- Solidarity: Alignment of one's goal with the goal of the company
- Openness: Cooperation with an open mind

Sustainable Management Structure

Sustainable management organization



Five Major Issues for Sustainable Management

What Drives Pulmuone's Sustainable Management

Partners in Sustainable Management



Major Sustainable Management Issues

All employees of Pulmuone and its member companies are the ones who drive sustainable management. Standing organization for sustainable management is composed of: Business Management Team which is in charge of issuing the sustainability report; TISO Management Office(TISO Office) and Management Assessment Department, advocates of TISO management; Public Relations Department which promotes CSR(Corporate Social Responsibility); and ES(Environment & Safety) Office which supports green management.

A task force team is also formed by 77 people from nine companies including Pulmuone Holdings, Pulmuone Foods, Exofresh Logistics, ECMD, Foodmerce, Pulmuone Health & Living, ORGA Whole Foods, NHO and Pulmuone Waters.

Sustainable management strategy

Sustainable management		Raise understanding of sustainable management at the group level
Ethical management		Ethical management: Build a growing business by internalizing TISO
Economic performance		Achieve 2013 DP(Defining Pulmuone)5 : Sales of KRW five trillion and operating profit margin of 10% within five years
Social performance		<p>Customer : Maximizing the integration capability to achieve "2013 DP5"</p> <p>Employees : Enhancing performance through sophisticating work management and strengthening communication</p> <p>Partner companies : Sharpening competitiveness by growing together sustainably</p> <p>Local communities : Contributing to local communities and enhancing members' CSR activities</p>
Environmental performance		Vitalizing internal and external communication, Managing environmental performance to provide authentic wholesome food, Managing environment proactively based on system

Sustainable Management Highlights

Classification	2009 Milestones	2010 Major Aspirations
Sustainable management	· Issued a comprehensive report covering Pulmuone and its subsidiaries	· Issue a genuinely comprehensive report covering all domestic subsidiaries
Ethical management	· Redefined core values in accordance with the realigned value structure · Won an KFTC chairman award for the company's Fair Trade Compliance program in April 2009	· Organize a TISO management convention · Implement TISO management initiatives including seminars, workshops and expert training courses · Obtain AA grade for the Pulmuone Fair Trade Compliance program
Economic performance results	· Became the first domestic food company to adopt the K-IFRS · Recorded the group sales revenue of KRW 1.1 trillion in 2009	· Create DP5 growth opportunities through profitability growth · Secure cost competitiveness · Develop and enter new markets
Brand value	· Received the corporate brand score of 68.3 in 2009, up 1.7 points from 2008	· Upgrade the Pulmuone brand management system · Monitor quarterly targets and performance



Major Sustainable Management Issues

Innovative management	<ul style="list-style-type: none"> · Irumi Innovation Proposal Scheme - Upgraded the relevant system - Received 3,975 ideas, up 197% from 2008 · CR activities - Recorded cost savings of KRW 6,689 billion, up 52.6% from 2008 	<ul style="list-style-type: none"> · Irumi Innovation Proposal Scheme - Introduce a implementation management process - Enhance feedback for ideas · CR activities - Focus on the development of new tasks - Strengthen CRF(Cost Reduction Facilitator) activities 	
Creative management	<ul style="list-style-type: none"> · Developed new markets - Acquired Monterey Gourmet Foods, a refrigerated and frozen food producer, in 2009 · Developed and innovated products - Pulmuone Foods launched "Natural Tofu" and Shelf Stable "Fresh Ramen" - Pulmuone Foods, Pulmuone Health & Living and Foodmerce launched "Woori Ai(My Kids)" product line - Pulmuone Health & Living launched "Vegetable Yogurt Drink" - Foodmerce launched 3HS(Health, Human being, High Technology Service) business 	<ul style="list-style-type: none"> · Continue to develop new markets to achieve the 2013 DP5 	
Social performance (Customer)	Product safety and quality	<ul style="list-style-type: none"> · Foodmerce Food Safety Center - Scored 80.7 in the food safety index · ECMD initiated "Well Balance Day" - Offered 24 theme menus (twice a month) "No left-over food campaign" 	<ul style="list-style-type: none"> · Foodmerce Food Safety Center - Earn designation as a certifier for livestock, GMO, residual pesticide · ECMD runs a "Well Balance Day" - Run 24 theme menus including
	Disclosing product information	<ul style="list-style-type: none"> · 40 times of Pulmuone factory tours (Tours were suspended due to the outbreak of H1N1 influenza), Satisfaction level : 107% above the target 	<ul style="list-style-type: none"> · 118 time of factory tours
	Customer communication	<ul style="list-style-type: none"> · Pulmuone Health & Living, Foodmerce, ORGA Whole foods introduced the CCMS(Consumer Complaints Management System) 	<ul style="list-style-type: none"> · Expand CCMS - Support the establishment of CCMS implementation system - Obtain CCMS certification
	Customer satisfaction	<ul style="list-style-type: none"> · Pulmuone - CS center service satisfaction score of 85.9 	<ul style="list-style-type: none"> · Enhance customer satisfaction by strengthening professional customer service
Social performance (Employees)	Differentiated corporate culture	<ul style="list-style-type: none"> · Counseling service usage rate 32% and counseling satisfaction level of 91.6 points in 2009 · Conducted C-cubic initiatives - Color Day, Compliment Day, Tennis King Competition and Variety Cooking Class 	<ul style="list-style-type: none"> · Promote support organization (C-cubic) to create a productive corporate culture
	Labor-management	<ul style="list-style-type: none"> · 110 Labor-management meetings in 2009 	<ul style="list-style-type: none"> · Zero labor strike by building trust

	communication	<ul style="list-style-type: none"> · Zero labor strike in the latest three years 	
	Workplace safety	<ul style="list-style-type: none"> · Industrial accident rate of 0.48% - Opened gyms at all plants - Appointed safety and health experts 	<ul style="list-style-type: none"> · Industrial accident rate down by 20% from 2009
Social performance (partner companies)	Win-win cooperation with partner companies	<ul style="list-style-type: none"> · Pulmuone initiated the Partner Relationship Management(PRM) - Signed long term supply contracts · Pulmuone Foods, offered SCQM(Supply Chain Quality Management) training - Among 33 partner companies, 17 participated - Tangible economic benefits of KRW 1 billion 	<ul style="list-style-type: none"> · Pursue continuous joint technology development, process improvement and outcome sharing · Expand learning opportunities to enhance customer satisfaction and trust
Social performance (Local communities)	CSR activities	<ul style="list-style-type: none"> · Offered Atopy prevention awareness courses called "Goodbye, Atopy!" · Launched "LOHAS Designers", a community volunteer group - Avg. 71 persons participated in volunteering work a month(2.7 hrs per person, 1,147 hrs in total) - Brought winter supplies to 400 needy families - Delivered and served free lunch to underprivileged senior citizens who live alone 	<ul style="list-style-type: none"> · Expand and operate "LOHAS Designers", a community volunteer group, into local business sites
	Development of local communities	<ul style="list-style-type: none"> · Operated 'LOHAS Academy' - organized Health Camps engaging 52 elementary school students of the Korea Food for the Hungary International (KFHI)'s Happy Home School - A total of 1,685 joined the camps including 1,075 employees(32 rounds), 497 partner company workers(16 rounds) and 113 members of youth camps and others(3 rounds) 	<ul style="list-style-type: none"> · Organize and strengthen camps engaging local communities
Environmental performance	Environmental impact reduction efforts	<ul style="list-style-type: none"> · Reduced water usage by 13% and energy consumption by 3% compared to 2008 · Strengthened wastewater and sewage water discharge standards - Created artificial wetlands at eight establishments - Obtained carbon label certification for four tofu products 	<ul style="list-style-type: none"> · Reduce water and energy consumption by 5% compared to 2009 · Expand carbon labeling
	Environmental management strategies	<ul style="list-style-type: none"> · Established and operated the environment safety IT system · Recorded the audit satisfaction rate of 85.1% for 21 facilities 	<ul style="list-style-type: none"> · Expand the environment safety IT system - manufacturing, logistics, service and administration · Audit satisfaction rate of 99%

Environmental protection	<ul style="list-style-type: none"> Offered the environmental safety training course by worksite and organizational rank Created "Pulbaram", an environmental volunteering club, and did volunteering work 	<ul style="list-style-type: none"> at 21 facilities Offer an employee carbon training program Designate an "Environment & Safety Day"
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	<ul style="list-style-type: none"> Employees(772 persons) Partner companies(134 persons) Local communities(53 persons)
Benchmarking	Unilever, Danone, Bonduelle, Ajinomoto
Media search	Media reports from January 1 until November 30 2009

Partners in Sustainable Management

Pulmuone's stakeholders are classified into shareholders, employees, customers, partner companies and local communities. Stakeholders are partners in Pulmuone's journey to foster sustainable management. Pulmuone seeks their input and shares outcome with them.

Shareholders	<p>Shareholders are those who buy and own the stocks of Pulmuone holding company which represent the company's value.</p> <p>Open shareholders' meeting, Board of Directors' meeting, quarterly Investor Relations, and sustainability reports www.pulmuone.co.kr</p>
Employees	<p>4,162 internal partners who are working together to accomplish the company's mission and vision.</p> <p>The Knowledge Worker Platform, labor-management council meetings, communication meetings with Chairman & CEO, the publication of company magazines, the Occupational Safety and Health Committee, the grievance redress mechanism, interoffice memos for communication, the Employee Assistance Program, C-cubic and the sustainability reports www.pulmuone.co.kr</p>
Customers	<p>All customers who use products and services offered by Pulmuone subsidiaries and affiliates</p> <p>CS center, e-fresh monitoring, housewives monitoring, customer satisfaction survey (Company magazine) "One Big Bowl full of Nature", Sustainability Report www.pulmuone.co.kr, www.pulmuoneha.co.kr, www.greenjuice.co.kr, www.pulmuonewater.com, www.foodmerce.co.kr, www.ecmd.co.kr, www.exofresh.co.kr, www.orga.co.kr, www.nho.co.kr, blog.pulmuone.com, pulmuoneshop.co.kr</p>
Partner companies	<p>Partner companies are companies that are involved in product production and service including buying, production, sales, shipping and facilities.</p> <p>Round-table meetings with partner companies, sustainability reports sourcing.pulmuone.com</p>
Local communities	<p>Public organizations including the government, local communities, and volunteer groups, etc.</p> <p>Regular meetings with volunteer groups, sustainability reports pulmuonelove.org</p>

Major Sustainable Management Issues

How the Company Conducted the Materiality Assessment

The materiality assessment used IPS Materiality Test Model™ and involved company policy research, stakeholder survey, benchmarking and media search.

Classification	Details
Company policies	<ul style="list-style-type: none"> Each company's company policies in 2009 The direction of business strategies of each company in 2009
Stakeholders survey	Twice in May and December 2009
Survey	<ul style="list-style-type: none"> Online/offline stakeholder survey Customers(286 persons)

Materiality assessment

Four materiality assessment were conducted by studying company policies, surveying stakeholders, benchmarking and reviewing media reports. As a result, 40 issues were identified and are classified as follows according to the importance of each issue.





Sowing the Seeds of “TISO”

Pulmuone's TISO management

The Pulmuone farm is committed to clean organic farming completely free from pesticides and chemical fertilizers. It is one way to practice the company's love for neighbors and respect for lives. As an honest and good company with its long-standing belief in love for neighbors and respect for lives, Pulmuone is working hard to offer authentic wholesome foods to customers who the company thinks of as family.



Sharing TISO

To earn more trust from customers, Pulmuone practices TISO(Trust, Integrity, Solidarity and Openness), core values of TISO management in a systematic way.

Disclosure on Management Approach

Major Issues

Practicing ethical management Pulmuone's corporate culture has long been driven by its faith in TISO since its inception. Making and providing authentic wholesome food prepared with care and commitment to TISO has been the mission of Pulmuone members. And our unwavering and faithful commitment to the mission has helped build Pulmuone as one of the most trusted brands.

Pulmuone has introduced TISO management training courses, anti-corruption policies, Integrity Contracts, the Holiday Gift Return policy, and the Fair Trade Compliance Program among others as part of efforts to practice TISO, the core value bolstering corporate philosophy, TISO management.

Exemplary Cases

Pulmuone group introduced the Fair Trade Compliance Program The company introduced the Fair Trade Compliance Program and integrated the program into corporate policies successfully in a relatively short period of time. This program earned the company a KFTC(Korea Fair Trade Commission) chairman award on the 8th Fair Trade Day on April 1 2009. Furthermore, the company developed the electronic version of the Fair Trade Compliance Program handbook which was developed in 2007 and posted it on its website to make it easily accessible by stakeholders. Also to promote the culture of compliance with fair trade rules, posters, mouse pads and stickers have been developed and placed in meeting rooms and stuck to laptop computers.

Pulmuone Waters, Ethical management¹ Pulmuone Waters' employees understand that it is an ultimate and non-delegable duty to act with integrity in compliance with corporate code of ethics when they are not sure about what is the best way to deal with a given situation in compliance with Pulmuone's TISO management and Nestle's Corporate Code of Ethics. HR&GA(Human Resource & General Administration) team is responsible for receiving reports of any incompliance with ethical management, reporting on employees involved in such behavior and taking appropriate follow-up actions. HR &GA team offers annual ethical management training on Pulmuone TISO management and Nestle's Corporate Code of Ethics to employees and provides new employees with training on TISO management and the corporate code of ethics.

Dedicated Organization

TISO Management Office It is responsible for tasks related to practicing TISO management and implementing and managing corruption and bribery-related policies. TISO officers are appointed for each head quarter and they are tasked to handle all the related responsibilities.

¹ Pulmuone Water is a joint venture between Nestle Waters(51%) and Pulmuone Holdings(49%)

Management Assessment Department It is responsible for complying with fair trade related laws and regulations and promoting the culture of compliance with relevant laws and regulations to help the company practice TISO management proactively and implement transparent and fair business practices voluntarily as championed by the Fair Trade Act.

Vision and Goals

Core pillars of TISO management Trust, Abiding by promises and rules; Professional honesty for the proper performance of one's duty; Solidarity, Alignment of one's goal with the goal of the company; and Openness, Cooperation with an open mind.

Policy

The company seeks higher performance and stronger brand value with strong faith in practicing TISO management to promote transparent and fair business practices as the company's core value. The company strives to establish the culture of ethical business in which employees practice voluntarily ethical business practices to live up to the company's reputation as an ethical business.

Aspirations & Milestones

Category	2009		2010
	Aspirations	Milestones	Aspirations
Practicing ethical management	· Communication to spread core values	· Redefined core values in accordance with the realigned value structure · 791 employees completed TISO management training course	· Host TISO management convention for employees to show their commitment · Launch TISO management initiatives in and outside the company including seminars, workshops and experts training
	· Expand the fair trade compliance program	· Won a KFTC chairman award for the company's Fair Trade Compliance Program in April 2009	· Obtain AA grade for its fair trade compliance program

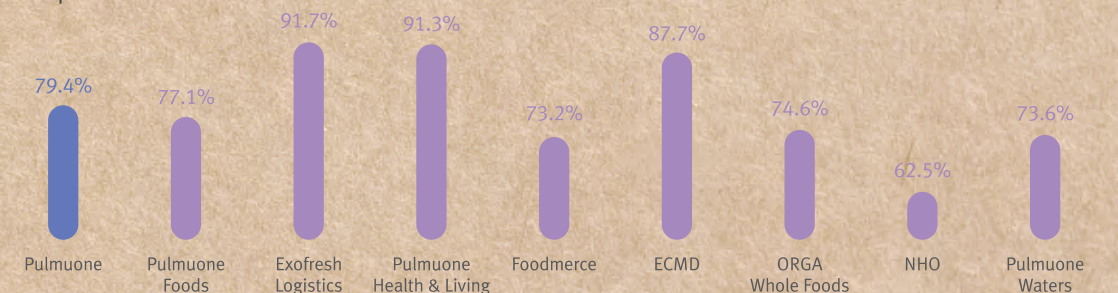
★ Materiality Assessment

Very High Practicing ethical management

High Ethical business dealings with partner companies

★ Survey Results

The company takes business ethics seriously. Ethical business practices have been integrated into the corporate culture.



The stakeholder survey was conducted twice both online and offline in May and December of 2009. It was undertaken on a total of 1,245 samples including 772 executives and employees, 286 customers, 134 employees from partner companies, 53 people from the communities. The percentages for positive answers are calculated by counting the number of respondents who had given 5~7 scores which means "true~highly true" on a scale of 1~7.

Foundation for TISO management

TISO Management Office and Management Assessment Department are responsible for practicing TISO. TISO Management Office is responsible for performing all the “related responsibilities to spread core values and integrate them into corporate culture. TISO officers are also appointed for each company to make sure that each company can handle all tasks regarding TISO management independently.

Management Assessment Department is tasked to promote the culture of voluntary compliance with relevant regulations as well as prevent incompliance with global fair trade regulations in the market environment envisioned by the Fair Trade Law.

TISO Management Office and Management Assessment Department directly report to Chief Compliance Officer(CCO). And COO directly reports to CEO to make sure that he or she can be assured of independence in performing job. The provision five of the TISO management rules states that CCO is independent in performing his job and the provision four states that CCO is reserved with right to attend and speak at various major management meetings including the Board of Directors' meeting and to request other departments to submit necessary data.

Commitment to Practicing TISO management

TISO Pulmuone's core values are Trust, Abiding by promises and rules; Professional honesty for the proper performance of one's duty; Solidarity, Alignment of one's goal with the goal of the company; and Openness, Cooperation with an open mind. All members of the organization make commitment to TISO management with faith in these core values.

TISO management training courses TISO management training courses are regularly offered to all members of the organization, sales promotion workers and professionals. In 2009, 791 people completed the TISO management training courses. This involves KRW 1.2 million in training costs when calculated solely based on the average total labor cost by job category. And TISO management training course is a mandatory course included in the Pride of Pulmuone(POP) training course that all new workers are required to complete. TISO management course focuses on promoting the understanding and compliance regarding the relevant rules and regulations to realize TISO management such as the “Code of Conduct: Practicing TISO management”. POP course is offered once every quarter, four times a year. In 2007, 68 new employees completed the course. And it's 57 in 2008 and 85 in 2009.

[TISO management training and training costs]

(Unit: person, KRW Million)

Course name	Job type	2007		2008		2009	
		No. of participants	Training costs	No. of participants	Training costs	No. of participants	Training costs
Special course for leaders(1H)	Office worker	216	5.4	-	-	-	-
TISO management training(1H)	Office worker	68	1.7	75	1.7	141	3.7
	Sales Promoter	24	0.3	-	-	650	8.4
	production worker	240	3	-	-	-	-
Total		548	10.4	75	1.7	791	12

Anti-corruption policies and Integrity Contract scheme “Code of Conduct: Practicing TISO management” was developed to strictly ban employees from receiving inappropriate favors including gifts, entertainment, treats or convenience directly or indirectly from stakeholders or from promoting or condoning such behaviors. Employees who have been involved in such behavior face disciplinary measures in compliance with relevant regulations.

Furthermore, to encourage employees to practice TISO management more proactively, those who are in charge of goods, service, and construction agreements have been required to include “Integrity Contract” provisions in related contracts since October 2005. Where it is not possible to include such provisions in contracts, they are required to prepare additional “Pledge for Integrity Contract”.

Policies on political lobby and donation The “Code of Conduct: Practicing TISO management” stipulates that the company practices transparent management in compliance with relevant laws and principles. The company has had zero experience in giving political donations to political parties or supporters of political parties for three years from 2007 to 2009.

Fair trade compliance pledge Every year, employees prepare and sign a pledge to show that they are committed to complying with fair trade rules in performing job to practice fair and transparent business activities voluntarily as envisioned by the Fair Trade Act. This is aimed to promote the culture of healthy business transaction, fairness and transparency based on the clear understanding of the goal of the fair trade compliance program.

How Pulmuone Practices 'TISO management'

Holiday Gift Return policy

Since 2004, the company has implemented the Holiday Gift Return policy which embodies the company's commitment not to accept gifts from stakeholders. The company underscores its principles governing receiving gifts from stakeholders under the Code of Conduct: Practicing TISO management at the Pulmuone bulleting board and sends official notes signed by the Chairman & CEO to stakeholders to communicate the company policy and seek collaboration. As for the gifts that can not be returned, the company puts them on sale for 50% of their market price to employees. The proceeds go to the Love Neighbor Fund. In 2009, a total of 35 gifts were reported and KRW 1.4 million was contributed to the fund.

TISO management charter

Starting point of the business : Customer

- 1 We shall do our best to fulfill customer's satisfaction.
- 2 We innovate our products and services to be more customer-oriented.

Community : Ground of the Business

- 1 We realize the spirits of loving our neighbors and respecting lives by spreading the value of LOHAS.
- 2 We devote to the sustainability of the community through activities of social contribution and environmental preservation.

Business Partner : Collaborator of Business

- 1 We administer fair transaction with our business partners in an equal position.
- 2 We are against all types of unfairly obtained objects or bribes.

Organization : Body to Drive Business

- 1 We passionately work with the responsibility of our task and roles.
- 2 We achieve the best performance through an active cooperation and innovation.

Behavior of Pulmuone-people : Member of the Organization

- 1 We serve with a right mind.
- 2 We always strive for the best.
- 3 We maintain a healthy life.



UN Global Compact Network Korea and Pulmuone

time and for its remarkably high score at the fair trade compliance program evaluation by the KFTC.

UN Global Compact Network Korea was launched with the founders' meeting on July 2, 2007. It has been engaged in various activity since its inaugural general assembly on September 17, 2007. Pulmuone became the first food company to join the UN Global Compact in April 2007 and has been a strong champion of the UN Global Compact Network Korea in strong support of philosophies of the UN Global Compact.

UN Global Compact Network Korea is headed by Mr. Nam, Seung-Woo, the Chairman & CEO of Pulmuone, has been engaged in various activities in support of the UN Global Compact 10 principles focusing on human rights, labor standards, environment and anti-corruption and the UN's values and spirit.

[The Ten Principles of the United Nations Global Compact]

Classification	Principles	Page
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	73-74, 88-90
	2. make sure that they are not complicit in human rights abuses.	73, 88-90
Labor standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	74, 80
	4. the elimination of all forms of forced and compulsory labour;	73
	5. the effective abolition of child labour; and	73
	6. the elimination of discrimination in respect of employment and occupation.	74-75
Environment	7. Businesses are asked to support a precautionary approach to environmental challenges;	124-125
	8. undertake initiatives to promote greater environmental responsibility; and	111-117, 120, 123
	9. encourage the development and diffusion of environmentally friendly technologies.	111-113, 120-122
Anti-corruption	10. Business should work against corruption in all its forms, including extortion and bribery.	32-33

[Reported cases and amount under the Holiday Gift Return Policy]

Year	No. of reported cases	Amount(KRW Million)
2007	22	1.3
2008	26	1.4
2009	35	1.4

Fair Trade Compliance Program

To establish the culture of voluntary compliance with fair trade related laws and regulations at fast pace, the company spent KRW 27 million in ensuring effective operation of the Fair Trade Compliance Program.

Published the e-book: the fair trade compliance program handbook

The company produced the e-book of the Fair Trade Compliance Program handbook developed in 2007 and posted it on the company website to ensure stakeholders' easy access to them. What's special about the e-book is that it contains cartoons and related incompliance examples to promote understanding of the concepts of fair trade, franchise business and the Fair Subcontract Transaction Act.



* Fair trade compliance program handbook(e-book) posted on the company website (www.pulmuone.co.kr)

Fair Trade Compliance Program

In an effort to promote the culture of voluntary compliance with fair trade rules, new posters, mouse pads and stickers have been placed at meeting rooms and stuck to laptop computers.

Voluntary monitoring of the compliance program

Twice a year, the Fair Trade Compliance Council members and leaders of the fair trade related departments conduct voluntary incompliance risk monitoring and correct any potential incompliance. Monitoring was focused on the money deposit system under the Fair Franchise Transaction Act in the first half of 2009 and the suppliers' contract price negotiation system under the Fair Subcontract Transaction Act in the second half of the year to identify and correct possible problems. Any newly developed or amended fair trade related laws and regulations are monitored every month and reported to the Risk Management Committee. They continue to be monitored by including them in the voluntary monitoring checklist. Furthermore, by including the voluntary monitoring of fair trade related laws in the group-level control items of the internal accounting control system, an internal control tool, the company monitors them internally and make them audited by external auditors to be disclosed to stakeholders through audit reports.

Won the KFTC chairman award

The company was recognized by the KFTC(Korea Fair Trade Commission) on the 8th Fair Trade Day on April 1, 2009 for its efforts to put in place the fair trade compliance program successfully in a relatively short period of



Mouse pad with a fair trade compliance message



Sticker with a fair trade compliance message

Hope

in Full
B l o o m



Pulmuone's Economic Performance

Having been reborn as a pure shareholding company, Pulmuone has strived to realize "2013 DP5", the company vision of realizing the sales of KRW five trillion by 2013. Management and employees are joining hands voluntarily and proactively to realize major milestones in financial performance and continue their quest to create value and improve profitability. Pulmuone's journey towards "2013 DP5" will continue until it fulfills its vision.



Pulmuone is making its best efforts to boost its corporate value by promoting innovative management practices such as the K-IFRS adoption, Irumi Innovation Proposal Scheme, and 6 Sigma approach in a bid to emerge as a Global LOHAS company caring for both human and nature.

Communicating the Company's Value

Disclosure on Management Approach

Major Issues

New market development In 2009, Pulmuone set new market development as its major goal and implemented related plans. Pulmuone has strengthened its frozen food product line including frozen rice, frozen rice cake and fruit ice flakes and developed a sophisticated fresh noodle market by upgrading existing fresh noodle products. Foodmerce launched 3HS(Health, Human being and High Technology Service) business and ECMD launched a new business.

Exemplary Case

Pulmuone strengthens frozen food product line

Frozen rice Pulmuone made inroads into the frozen rice market by launching five frozen rice products in October 2009. These products are made using the IQF(Individual Quick Freezing) system, the sophisticated system which freezes rice instantaneously to maintain the quality of freshly made tasty rice, a staple food for Koreans.

Frozen rice cake Pulmuone launched four types of 'Yetmat rice cake'(made of black rice, unpolished rice, mugwort and black sesame) which are safe and convenient to eat for people on the go in today's society. The company made them using fast freezing technology without adding additives. They are available on homeshopping channels and 'Pulmuone e-shop'. The day they were first launched at a homeshopping channel, the sales recorded KRW 200 million.

Fruit ice flakes Pulmuone pioneered the fruit ice flakes market by launching "Snow and Berry" brand in an effort to build dominance in the premium ice flakes market. It is designed to be soft, tasty and ready to eat, It contains fermented milk and natural frozen fruits without using any kinds of artificial additives such as artificial flavors or colors.

ECMD launched new business ECMD launched the wedding business and the highway rest area business in 2009. The wedding business has been launched under the specialized brand "Baytree", offering good and healthy foods along with wedding planning and MC service. In July 2009, the company started to operate the rest areas at Seoul-Chuncheon highways, creating a new source of revenue stream.

Dedicated Organization

Pulmuone Strategic Planning / Management Support Team Responsible for planning the best possible corporate governance to maximize Pulmuone's synergy led by the holding company, developing guidelines for each subsidiary and affiliate in establishing strategies and management plans in alignment with the group's strategic direction and building an evaluation and feedback system for business plans' implementation.

Finance & Accounting Teams Responsible for managing business, financial and tax related tasks to support the company in functioning in a healthy and reasonable way in an effort to maximize shareholder's value and profitability.

Brand Management Committee Responsible for efforts to enhance the brand value of Pulmuone by managing the brand strategically

Strategic Planning Teams, TISO Office, CR(Cost Reduction) Department, Innovation Support Committee, PI Progress Report, and Pulmuone SCS meeting Responsible for supporting the promotion of innovation culture and taking care of all responsibilities related to innovative management,

Strategic Planning Teams, Research institute of food and culture Responsible for leading creative management efforts and all the tasks related to creative management

Vision & Goals

2013 DP5 Achieve the sales of KRW 5 trillion within 5 years, Operating profit margin of 10%

Policy

Activities related to financial performance, brand value enhancement, innovation and creative management are reflected in the items of the Pulmuone group's KPI(Key Performance Index) and individuals' Cfs(Communication for Success) to make sure that they are pursued across all Pulmuone companies.

Aspirations & Milestones

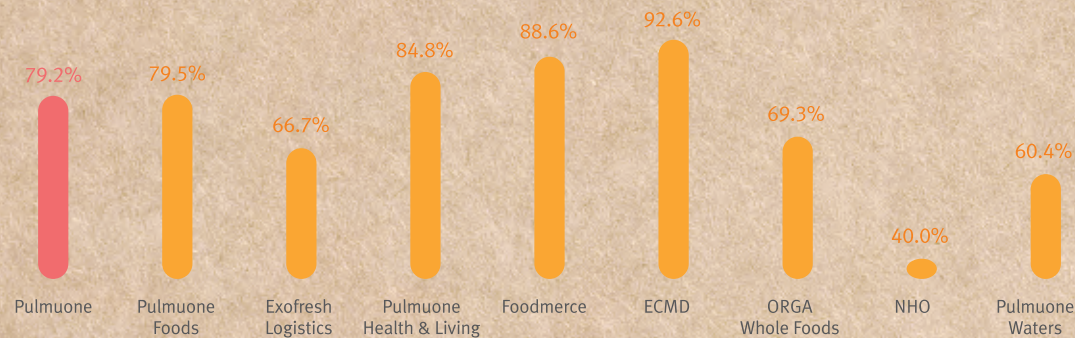
Category	2009		2010
	Aspirations	Milestones	Aspirations
Financial performance	<ul style="list-style-type: none"> Adopt K-IFRS 2009 consolidated sales of more than KRW 1 trillion 	<ul style="list-style-type: none"> Became the first domestic food company to adopt K-IFRS 2009 consolidated sales of KRW 1.1 trillion. 	<ul style="list-style-type: none"> Develop DP5 opportunities with profitability growth Secure cost competitiveness Develop and enter new markets
Brand value	<ul style="list-style-type: none"> Strengthen brand asset management 	<ul style="list-style-type: none"> 2009 corporate brand value score of 68.3, 1.7 points up from 2008 	<ul style="list-style-type: none"> Upgrade the group brand management system Monitor quarterly targets and performance
Innovative management	<ul style="list-style-type: none"> Adopt Irumi Innovation Proposal scheme Upgrade the system Expand participants 	<ul style="list-style-type: none"> Completed the system upgrade Received 3,975 ideas, up 197% from 2008 	<ul style="list-style-type: none"> Introduce the implementation management process Reinforce feedback for ideas
	<ul style="list-style-type: none"> CR initiatives Strengthen CR Change the attitude of the members of the organization 	<ul style="list-style-type: none"> Saving costs of KRW 6,689 billion, up 52.6% from 2008 	<ul style="list-style-type: none"> Focus on new tasks development Strengthen CRF(Cost Reduction Facilitator) activities
Creative management	<ul style="list-style-type: none"> Enhance competitiveness through M&A in the US market Develop and innovate products 	<ul style="list-style-type: none"> Acquired Monterey Gourmet Foods, a refrigerated/frozen food producer, in 2009 Pulmuone launched "Natural Tofu" and "Fresh Noodles" Pulmuone, Pulmuone Health & Living, and Foodmerce launched "Woori Ai(My Kids)" product line Pulmuone Health & Living launched "Vegetable Yogurt Drink" Foodmerce launched 3HS(Health, Human being, High Technology Service) business 	<ul style="list-style-type: none"> Create new markets continuously to achieve 2013 DP5

★ **Materiality Assessment**

Very High Financial performance, brand value, new product development and innovation

High Market competition, innovative management, strategic alliance and innovation, and new market development

★ **Survey Results** The company strives to develop new markets.



The stakeholder survey was conducted twice both online and offline in May and December of 2009. It was undertaken on a total of 1,245 samples including 772 executives and employees, 286 customers, 134 employees from partner companies, 53 people from the communities. The percentages for positive answers are calculated by counting the number of respondents who had given 5~7 scores which means "true-highly true" on a scale of 1~7.

Independent Auditors' Report

English Translation of a Report Originally Issued in Korean
To the Stockholders and Board of Directors of Pulmuone Holdings Co., Ltd.

Deloitte.

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We have audited the accompanying consolidated statements of financial position of Pulmuone Holdings Co., Ltd. (the "Company") and subsidiaries (collectively the "Group") as of December 31, 2009, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, all expressed in Korean won. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Group as of and for the year ended December 31, 2008, prepared in accordance with generally accepted accounting principle in the Republic of Korea were audited by other auditor whose report dated April 15, 2009, expressed an unqualified opinion on those statements. In these consolidated financial statements, the effects of transition to Korean International Financial Reporting Standards were not reflected; however, in the consolidated financial statements presented herein for comparative purposes, these effects were reflected.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2009, and the results of their operations, changes in their equity and their cash flows for the year then ended, in conformity with Korean International Financial Reporting Standards.

Deloitte Anjin LLC.

March 22, 2010

This report is effective as of March 22, 2010, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

Consolidated Statements of Financial Position

AS OF DECEMBER 31, 2009 AND 2008, AND JANUARY 1, 2008

PULMUONE HOLDINGS CO., LTD. AND SUBSIDIARIES

(Korean won)

	2009.12.31	2008.12.31	2008.1.1
ASSETS			
CURRENT ASSETS :			
Cash and cash equivalents	₩ 44,875,334,139	₩ 40,138,259,045	₩ 9,824,330,000
Short-term financial assets	18,000,000,000	7,732,135,745	6,181,552,431
Trade and other receivables	117,798,031,631	98,480,454,246	67,562,219,984
Available-for-sale financial assets	4,865,744,460	-	-
Current tax assets	527,096,972	-	-
Derivative financial assets	165,121,872	251,408,024	-
Inventories	33,268,589,969	27,938,954,635	14,080,217,578
Other current assets	26,167,304,957	26,483,204,708	12,537,294,387
Total Current Assets	245,667,224,000	201,024,416,403	110,185,614,380
NON-CURRENT ASSETS :			
Long-term financial assets	269,000,000	172,500,000	44,376,390
Long-term trade and other receivables	13,962,746,048	12,523,072,559	7,198,835,788
Available-for-sale financial assets	6,645,925,440	7,883,157,140	6,321,568,701
Investments in associates	19,319,831,761	3,351,071,723	4,219,210,137
Investments in joint ventures	571,066,366	377,911,970	-
Property, plant and equipment	315,313,836,535	262,189,364,510	223,806,506,041
Investment properties	16,877,526,076	27,000,671,699	27,382,158,179
Intangible assets	40,764,615,149	17,184,233,323	13,809,609,422
Long-term derivative financial assets	120,448,594	271,531,453	-
Deferred income tax assets	4,697,782,524	1,730,515,154	1,342,746,750
Other non-current assets	1,700,000,000	1,957,270,752	3,063,697,961
Total Non-current Assets	420,242,778,493	334,641,300,283	287,188,709,369
TOTAL ASSETS	₩ 665,910,002,493	₩ 535,665,716,686	₩ 397,374,323,749
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	₩ 117,643,250,342	₩ 102,077,231,441	₩ 74,380,337,627
Short-term borrowings	89,757,666,213	138,256,539,794	57,617,691,791
Finance lease liabilities	436,050,109	-	-
Derivative financial liabilities	37,598,949	-	-
Current tax liabilities	5,045,852,660	10,834,796,537	6,176,360,657
Other current liabilities	21,467,786,359	12,729,523,306	12,755,600,880

(Korean won)

	2009.12.31	2008.12.31	2008.1.1
Total Current Liabilities	234,388,204,632	263,898,091,078	150,929,990,955
NON-CURRENT LIABILITIES			
Long-term trade and other payables	1,520,587,677	2,354,005,904	1,811,525,095
Long-term borrowings	208,732,323,102	66,266,501,812	38,102,120,748
Long-term financial lease liabilities	1,723,909,126	-	-
Retirement benefit obligation	25,648,838,901	21,436,450,503	13,486,502,724
Other provisions	389,716,037	138,684,738	99,923,354
Deferred income tax liabilities	1,800,657,916	3,996,489,015	5,303,754,398
Other non-current liabilities	322,171,968	57,241,927	-
Total Non-current Liabilities	240,138,204,727	94,249,373,899	58,803,826,319
TOTAL LIABILITIES	474,526,409,359	358,147,464,977	209,733,817,274
EQUITY			
Equity attributable to owners of the Company			
Capital stock	19,045,475,000	18,698,460,000	25,797,840,000
Other paid-in capital	(2,103,582,442)	(7,361,251,200)	20,961,127,048
Other capital components	1,479,261,213	2,150,505,161	(1,562,929,707)
Retained earnings	172,870,564,560	159,637,895,735	141,512,715,143
Total equity attributable to owners of the Company	191,291,718,331	173,125,609,696	186,708,752,484
Non-controlling interests			
Non-controlling interests	91,874,803	4,392,642,013	931,753,991
Total non-controlling interests	91,874,803	4,392,642,013	931,753,991
TOTAL EQUITY	191,383,593,134	177,518,251,709	187,640,506,475
TOTAL EQUITY AND LIABILITIES	₩ 665,910,002,493	₩ 535,665,716,686	₩ 397,374,323,749

Consolidated Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

PULMUONE HOLDINGS CO., LTD. AND SUBSIDIARIES

(Korean won)

	2009	2008
REVENUE	₩ 1,120,365,400,770	₩ 783,186,347,414
COST OF SALES	(828,697,475,751)	(562,214,501,129)
GROSS PROFIT	291,667,925,019	220,971,846,285
Distribution expenses	(55,937,988,117)	(50,849,133,765)
Selling and administrative expenses	(191,484,105,248)	(128,027,694,992)
Research and development expenditures	(8,528,894,740)	(5,730,943,102)
Other, net	(184,873,376)	8,375,834,997
OPERATING INCOME	35,532,063,538	44,739,909,423
Financial income	3,024,082,770	2,827,311,324
Financial expense	(17,145,884,374)	(10,175,284,607)
Gain (loss) on investment in associates	(399,813,895)	16,812,927
PROFIT BEFORE TAX	21,010,448,039	37,408,749,067
Income tax expense	(3,140,322,503)	(10,178,240,790)
PROFIT FOR THE YEAR	17,870,125,536	27,230,508,277
OTHER COMPREHENSIVE INCOME		
Unrealized gain (loss) on valuation of available-for-sale securities	(1,052,717,240)	867,865,439
Actuarial loss	(1,298,445,970)	(938,026,544)
Exchange differences on translating foreign operations	158,649,835	3,114,158,198
loss on valuation of derivatives	(11,575,641)	-
Tax effect of other comprehensive income	651,106,668	(268,588,769)
	(1,552,982,348)	2,775,408,324
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	₩ 16,317,143,188	₩ 30,005,916,601
PROFIT ATTRIBUTABLE TO:		
Owners of the Company	18,230,939,230	26,202,778,679
Non-controlling interests	(360,813,694)	1,027,729,598
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	16,677,956,882	28,978,187,003
Non-controlling interests	(360,813,694)	1,027,729,598
NET INCOME PER SHARE (IN KOREAN WON):		
Basic earnings per share	4,943	6,833
Diluted earnings per share	4,938	6,832

Pulmuone's Financial Performance

Pulmuone's financial highlights

Pulmuone transformed itself into a pure holding company by reforming its corporate governance in 2008 and adopted the K-IFRS for the first time in the domestic food industry in 2009. This move is aimed to raise business value by strengthening business transparency and boosting the credibility of its financial information in the international community.

In 2009, Pulmuone reported KRW 1.1 trillion in its consolidated sales, breaking the KRW 1 trillion for the first time since its inception in 1984.

[Financial highlights for 2008~2009]

(Unit: KRW Million)

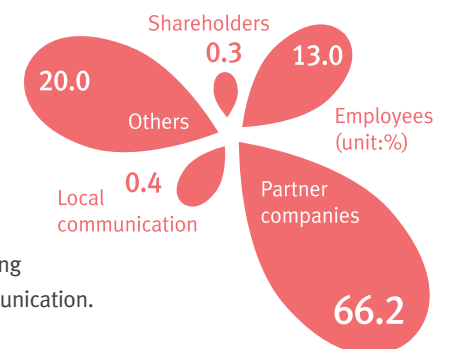
	2008	2009
Sales	783,186	1,120,365
Cost of goods sold	562,215	828,697
Gross profit	220,972	291,668
Operating income	44,740	35,532
Net income	27,231	17,870
Total comprehensive income	30,006	16,317

Pulmuone was enlisted in SRI¹ of Korea Exchange in 2009

Pulmuone was enlisted in the Socially Responsible Investment Index of the Korea Exchange in 2009. KRX SRI index is a stock index designed to enhance domestic companies' awareness of socially responsible investment and sustainable management. It was first released on September 14, 2009, composed of 70 KOSDAQ and KOSPI companies who are exemplifying socially responsible investment.

Pulmuone's economic value creation and distribution

Pulmuone redistributed profits generated in 2009 to stakeholders including stockholders, employees and local communicates.



Brand Performance

Foundation for Brand Management

Pulmuone Brand Management Committee is dedicated to enhancing Pulmuone's brand value by managing the company's brands strategically. At the same time, it is responsible for delivering consistent brand image by effectively managing advertising communication.

Brand Evaluation

Since 2003, Pulmuone has commissioned an independent brand evaluation agency to evaluate its brands every year. The evaluation is conducted on various elements constituting brand power and evaluation results are reflected in products and management. In 2009, the corporate brand score was 68.3, up 1.7 points from 2008. The score is higher than those of the company's major competition.

¹ SRI Index is composed of 70 companies who exemplify socially responsible investment practices. They are chosen from among major KOSPI and KOSDAQ companies who satisfy minimum liquidity standards such as market capitalization, price volume and free float rate based on the SRI evaluation performed by the Korea Corporate Governance Service(KCGS) and Ecofrontier, specialized domestic SRI evaluation bodies. Final selection is made based on SRI rating grades. Market capitalization is used as criteria when more than one company has the same SRI rating grades.

Consumers gave Pulmuone brands higher scores than the company's competition, in terms of professionalism, empathy, and attractiveness.

[Corporate brand score for 2007~2009¹]

Year	Pulmuone	Company A	Company B
2009	68.3 points	63.4 points	57.5 points
2008	66.6 points	62.2 points	55.1 points
2007	58.1 points	55.2 points	51.7 points

[2009 score on professionalism, empathy and attractiveness]

Category	Pulmuone	Company A	Company B
Professionalism	5.8 points	5.5 points	5.0 points
Empathy	5.7 points	5.4 points	5.0 points
Attractiveness	5.7 points	5.4 points	4.9 points

Ranked No. 1 in the well-being service and well-being product categories of the 2009 KS-WCI²

The Korea Standard -Well- Being Consumer Index(KS-WCI) compiled by the Korea Standards Association and Yonsei University put Pulmuone's organic LOHAS fertilized eggs(70.70 points) and frozen dumplings(70.23 points) at the top for the well-being product category. For the well-being service category, ORGA Whole Foods, an organic food store, ranked No. 1 with the score of 69.42 points.

Pulmuone Group Brands

Pulmuone subsidiaries and affiliates have their unique brands. The total number of brands is 29.

Company name	Brand
Pulmuone Foods	     
Pulmuone Health & Living	   
Pulmuone Waters	 
Exofresh Logistics	
Foodmerce	   
ECMD	     
ORGA Whole Foods	

Pulmuone's Financial Performance
Brand Performance 
Innovative Management
Creative Management



Innovative Management

Foundation for Innovative Management

TISO Management Office, CR(Cost reduction) Department and Strategic Planning Teams of each subsidiary and affiliate are responsible for practicing innovative management. Also various committees including Pulmuone Innovation Support Committee, Pulmuone PI(Process Innovation) Committee are put in place to support innovative management. TISO Management Office is tasked to organize Green Meetings and handle all responsibilities related to the Irumi Innovation Proposal Scheme. CR Department is in charge of all tasks related to CR activities. Strategic Planning Teams at a subsidiary/affiliate level are responsible for managing and promoting independent innovation initiatives at the company level. Innovation Support Committee makes decision on related task implementation and support. PI progress report manages process innovation in and out of the organization with a customer-centered perspective. Pulmuone SCS(Strategic Customer Satisfaction) meeting is a forum to share and discuss the outcome of innovation efforts in terms of Product Leadership and Customer Intimacy to practice strategic Customer Satisfaction Management.

Innovative Management System

Pulmuone pursues three innovations: product and service innovation, quality innovation and process innovation. When the company can realize the three kinds of innovation successfully, it can provide customer satisfaction based on trust and grow the corporate value continuously. In 2009, the company established a clear innovation system which guides the company in understanding how to develop innovation tasks, what tools it will use to innovate, how to evaluate the outcome of innovation efforts and who will support and share innovation activities and how.

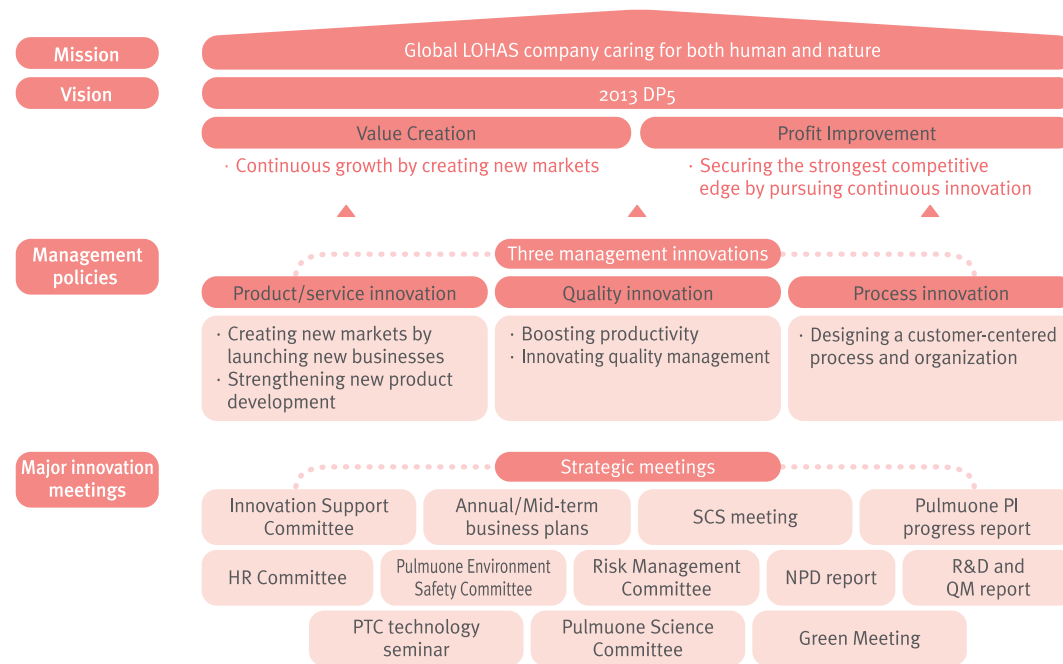
Activities to practice innovative management

Irumi Innovation Proposal Scheme³ realizes creative innovation with brilliant ideas

Since its inception in March 2007, Irumi Innovation Proposal Scheme has contributed to developing and implementing various innovation tasks in areas including product, service, quality and process. In 2009, Irumi Innovation Proposal Scheme was further improved by upgrading the relevant system which has made it easier for more people to suggest new ideas. In 2010, the company will introduce an implementation management process to contribute to the success of the company by implementing tasks while feedback will be enhanced to those who have proposed ideas to raise the satisfaction of employees.

- 2009 Pulmuone BEM(Brand Equity Management) research report, M&C Research
- The index jointly developed by the Korean Standards Association(KSA) and Yonsei University in 2004. It is designed to measure and indicate how much consumers are satisfied with certain products and services in terms of wellness. In 2009, 493 candidate products and services were identified from 144 product lines(33 services included) and for each product or service, 200 people who had experienced those products and services were surveyed. A total of 98,600 consumers responded to the survey which lasted for two months from April to May.
- It is an employee suggestion program which encourages the members of the organization to propose creative ideas voluntarily and seek ways to improve the ideas further to put them into action in a bid to contribute to the success of the company.

[Pulmuone Innovation Structure]



* NPD(New Product Development) report, R&D and QM(Quality Management) report, PTC(Product Technology Center) technology seminar

Innovation ideas submitted under the scheme In 2009 alone, a total of 3,975 ideas have been received, up 197% from 2008. Among them, 1,311 ideas or 33% of the total ideas received were adopted.

Year	No. of ideas received	No. of ideas adopted	Adoption rate
2008(Jan.- Dec.)	1,339	227	16.9%
2009(Jan.- Dec.)	3,975	1,311	33.0%

Types of innovation ideas Among ideas received, ideas about product improvement took the lion's share with 744 ideas, indicating the members of the organization are making strong efforts to provide better products and service. Ideas about new products and new business were 666, suggesting that employees are highly interested in and very enthusiastic about transforming Pulmuone into a future-oriented fast growing company.

Category	Ideas submitted	Example	Benefits
Product improvement	744	Changed the name of promotional products from "promotional bundle" to "family bundle"	Increased sales
New product and business	666	Developed ramen(noodles) that doesn't give you puffy face the morning after you eat it	Creation of new market
Work improvement	365	Integrated approval documents to realize knowledge management	Establishment of knowledge management DB
Working environment improvement	120	Improved working environment and the efficiency of coolers/heaters	Less electricity waste, contribution to eco-friendly management
CR	13	Sold ORGA Whole Foods products of which expiry is imminent to employees	ORGA:cost saving employees:welfare benefits
Others	2,067	Planned new promotional events using moving carts	Diversified promotional events
Total	3,975		

CR(Cost Reduction) activities¹

In 2009, the company made efforts to boost Cost Reduction activities, change attitude of its employees and expand the work scope of CR Department. In 2010, the company will focus on developing new tasks and strengthen CR activities led by CRF(Cost Reduction Facilitator).

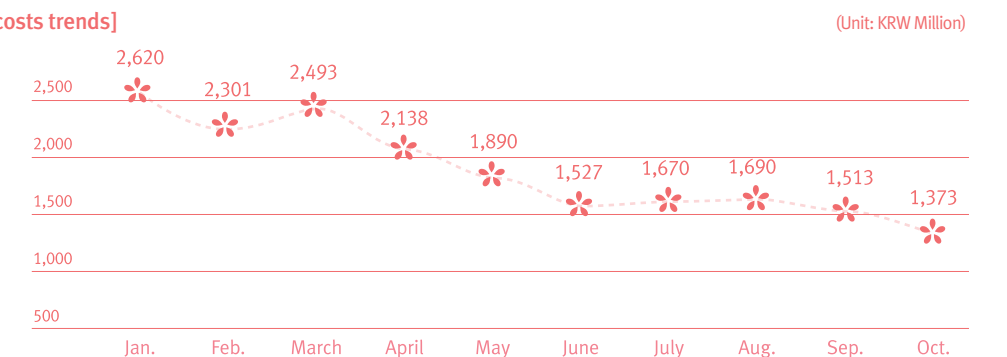
Results of CR activities In 2009 alone, 171 CR ideas were received and 114 tasks were implemented, contributing to cost savings of KRW 6,689 million, up 52.6% from 2008.

Organization	Task name	Savings
Pulmuone Research institute of food and culture	Improving the weight and specification of fresh ramen and inner packaging process	KRW 414 million Achieving 144% above the target
Pulmuone Foods' Marketing Headquarter	Cost saving through local sourcing of natto soy source containers and changing the specification of organic mustard	KRW 135 million Achieving 218% above the target
Pulmuone Foods' Production Headquarter	Applying the pillow-type packaging at the second phase of assembly	KRW 84 million Achieving 140% above the target

COPQ(Cost Of Poor Quality)², cost saving activities to eliminate potential waste

Pulmuone identified potential COPQ items in 2008 and established an efficient COPQ system to measure and eliminate potential wastefulness across Pulmuone. As a result of COPQ saving activities, failure cost³ from January to October 2009 went down by 32.6% from 2008 to KRW 19,215 million. Thanks to improvement in COPQ by strengthening delivery service and ensuring product safety among others, the figure went down from KRW 2,620 million in January 2009 to KRW 1,373 million in October, a decline of 48%.

[Failure costs trends]



- CR activities are a set of activities aimed to eliminate potential wastes in processes by maximizing synergy across various functions of the organization and to reduce work inefficiencies by monitoring the productivity of the organization and employees from cost perspective and measuring it in financial terms.
- Cost of Poor Quality(COPQ) is defined as costs that would disappear if systems, processes and products are perfect. It quantifies and calculates costs of wastes caused by inefficient and unnecessary business processes and low value-added business activities.
- Failure costs refer to tangible costs such as costs associated with disposing excess inventory that is created when orders fall short of planned sales and costs of electricity, fuel and water, etc. 47 failure cost items are currently tracked and failure costs trends are shown for the period from January to October 2009.

Green Meeting¹, problem-solving through work-out

In 2009, by holding Green Meetings, the company successfully promoted innovation culture and learning culture about the need to expand communication among its members and to solve problems. In 2010, the CBI(Critical Business Issues) Committee will conduct in-depth review of Green Meeting tasks to develop new tasks. In an effort to develop valuable CBI tasks through the Irumi Innovation Proposal Scheme, a wide array of training on innovation will be offered online and offline that contributes to improvement of the quality of innovation. And expert training will be offered as well. In terms of the operation of Green Meetings, continuous FT(facilitator) development training will be offered to enhance their capacity and problem-solving skills, which will help them lead Green Meetings.

[Green meeting best practice- Introduction of the non-sale product order process]

★ Introduction of non-sale product order process

Category	Details
Current problems	<ol style="list-style-type: none"> Excessive orders are placed now, resulting in a number of excess products. This is a root cause of other wastes like storage. Furthermore, orders made by marketers and sales are placed without budget control or additional approval process, likely to result in excessive orders.
Objective	The objective is to save costs and ensure the transparent management of the non-sale product order process by requiring prior approval, cost saving and clear identification of the intended use of products ordered.
When	October 1, 2009
How	The general administration team conducts monthly process monitoring.
Benefits	<ol style="list-style-type: none"> Non-sale product monitoring: cost comparison <ul style="list-style-type: none"> Before the process adoption: 2009 Estimated cost of KRW 865million After the process adoption: 2009 Estimated cost of KRW 716million * Expected saving of around KRW 148 million after the process adoption (Estimated saving for three months after the adoption) Non-sale product monitoring: monthly cost comparison <ul style="list-style-type: none"> Before the process adoption: Monthly average cost for ordering non-sale products between Jan. and Sep. 2009: KRW 72million After the process adoption: Non-sale product order cost for October 2009: KRW 23million * Saving of KRW 50 million(68.7%) on a monthly basis after the process adoption

Green Meetings

16 teams, a total of 128 people, participated in Green Meetings from March to December 2009 to contribute to the success of the company.

Period	No. of participants	No. of teams
March-October, 2007	242 persons	39 teams
March-December, 2008	176 persons	21 teams
March-December, 2009	128 persons	16 teams

TPM²(Total Productive Maintenance) activities

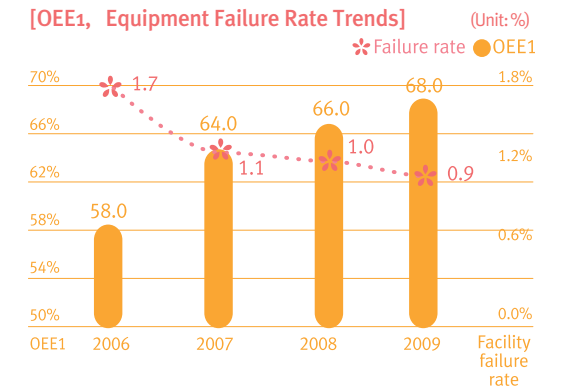
As part of efforts to accelerate field-oriented flexible and fast improvement activities, various improvement efforts have been made in areas such as: MTTR(Mean Time To Repair) and MTBF(Mean Time Between Failure) for key facilities; maintenance of work sites by reducing inefficiencies; seven key manufacturing wastes(waste of overproduction, waiting, delivery, processing itself, stocks, movement and defects); and QSS(Quality Strategy System, the quality strategy system to provide information related to supporting CEO in decision

making). As a result, OEE³ rose around 2% points from 2008 to 68% in 2009 and the equipment failure rate went down by 0.1% points from 2008 to around 1%. In 2010, the company will start building an equipment failure prevention and maintenance system with an aim to enhance OEE 1 and reduce the failure rate to zero.

Pulmuone Innovation Training Program

Quality and productivity innovation competence is being enhanced through the training system. The systematic training programs have contributed to promoting TPM 5S activities as basic activities at work sites and nurturing in-house TPM experts armed with systematic work site management skills and 6-sigma experts with skills to solve problems in a scientific and objective way.

In 2009, 19 experts were nurtured, bringing the total number of the company's innovation experts to 97 until to date. They are at the forefront of executing innovation tasks. In 2010, management innovation activities will be expanded to include subsidiaries and partner companies with focus on manufacturing and R&D.



[Development of Innovation Experts]⁴

Category		2006	2007	2008	2009	Sum
6-sigma	MBB(Master Black Belt)	-	1	-	-	1
	In-house instructors	-	3	3	-	6
	BB(Black Belt)	4	11	7	4	26
	GB(Green Belt)	6	15	13	12	46
TPM	TPM experts	7	3	-	3	13
Total		17	33	23	19	92



1 The 9th Pulmuone Innovation Contest
2 Worksite improvement training

Exofresh Logistics changed standards on refrigerated distribution temperature management

Effective beginning in April 2009, the temperature management standard for refrigerated distribution was strengthened with the temperature range narrowed from 0°C~5°C to 0°C~2°C. Managing the temperature across the distribution system on stricter standards than legal standards of 0°C~10°C contributes to product safety and customer satisfaction.

- It is Pulmuone's unique innovation program modeled after GE's Work-Out approach. Under the program, the company identifies problems to be resolved and creates an appropriate CFT(Cross Function Team). The CFT members meet and brainstorm ideas and act on them to resolve problems.
- It is a comprehensive quality and productivity management program and a set of management innovation activities which is aimed to improve the efficiency of employees and equipment, ultimately contributing to building a solid and strong company.
- OEE : Overall Equipment Efficiency
- Master Black Belt: Expert in Six-Sigma approach and coach dedicated to project execution, Black Belt: Project leader who offers training and counseling to resolve identified problems, Green Belt: Project member and expert who resolve problems by applying scientific methodologies.

Foodmerce's innovation activities

Foodmerce has driven innovation activities based on 6-sigma approach since 2007 under the slogan, "The Next Fifty+". The 16 tasks that were implemented in 2009 focused on increasing sales through better profitability and new market development and building and improving the work process. Foodmerce has incorporated innovation into its corporate culture by "practicing innovation everyday" and "alignment with management strategies".

Category	Details
No. of tasks	16 tasks were implemented
Six sigma training	Innovation experts development course(68 persons) Creative problem solving course(30 persons)
Innovation contest	One team won the first prize and two teams won the second prizes

Under the vision, "the company with the sales of KRW 1 trillion by 2013 offering a total service solution", the company also launched innovative management activities to upgrade its IT system for information transparency and accuracy in keeping pace with changing business environments.

Category	Details
Establishment of MRS (Managerial Reporting system)	Established the user-oriented management information analysis system
Establishment of the ERF(Efficient Response for Food-service upgrade) system	Upgraded customers' food service operation system successfully
Introduction of CTI (Computer Telephony Integration) system	Established the customer service improvement system
Establishment of the internet electronic payment system	Established the internet-based electronic payment system
Redesigned the company website	Redesigned and renewed the company website for better customer communication

Market leading products 

Pulmuone Foods launched "Natural Tofu" Pulmuone Foods, a leading provider of safe and reliable foods, has opened a new chapter in tofu industry. "Natural Tofu" was developed by using natural bittern derived from natural sea salt and not using antifoaming agent and coagulant. Pulmuone Research institute of food and culture has made unwavering efforts to develop natural coagulant to address some consumers' concern about artificial coagulant. Thanks to these efforts, the company became the first one to use natural coagulant derived from deep sea water. And now it has become the first to use natural coagulant derived from natural bittern and has used it for all soft tofu products, creating "Natural Tofu", a safe and reliable tofu. By using high quality natural sea salt from Sinan, an area famous for clean environment, and commissioning Pulmuone Food Safety Center and independent evaluation agencies to conduct tests regularly, the company makes sure that natural sea salt, the main ingredient, isn't contaminated by harmful heavy metal. Also by repeating the core physical process of filtration, vaporization, concentration, and natural re-crystallization, the company refines salt to enhance safety even further.

Pulmuone Health & Living launched Vegetable Yogurt Drink In July 2009, Pulmuone Health & Living launched "Vegetable Yogurt Drink", a nature-oriented yogurt made with L.plantarum PMO o8 and organic beans. The vegetable yogurt drink is made by fermenting L.plantarum PMO o8, which was developed and patented by the company using its original technology, at locally grown organic beans. Its calorie and fat contents are lower than existing yogurt drinks by 30% and 70% respectively while its lactic acid bacteria contents are twice the legal standard. Made with organic beans and L.plantarum PMO o8, it contains zero animal milk fat such as cholesterol and saturated fat. Instead it contains soybean protein, soy oligosaccharide, and soybean dietary fiber. And it is made with natural fruit juice instead of artificial coloring and artificial flavor.

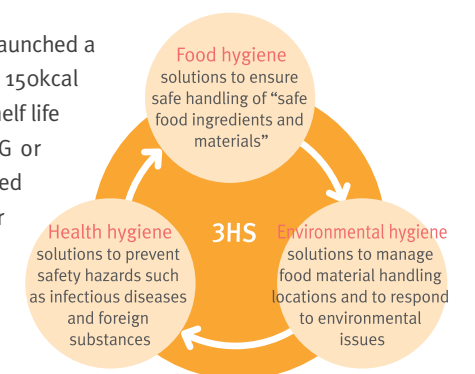
Understanding and caring for segmented consumer groups

Pulmuone launched "Woori Ai(My Kids)" product line "Woori Ai" is a food product line dedicated to children. It is designed to offer balanced nutritional value by supplementing required nutrients which are crucial to the development of children and limiting nutrients that are worried to be overly consumed. It is the Pulmuone's first "designed food" developed engaging nutritional experts from the product design phase in an effort to promote nutritional balance and good eating habit of children. It passed the test by the Korean Society of Community Nutrition(KSCN) and obtained the KSCN certification for "authentic wholesome food" for objective verification. Since July, the company has launched eight products including Woori Ai spaghetti, fresh noodle and tofu milk. Woori Ai product line has been expanded to Pulmuone Health & Living and Foodmerce.



Venturing out into new growing categories

Pulmuone brought fresh noodles to the next level Pulmuone launched a new fresh noodle product. It uses unfired fresh noodles with 150kcal less calorie and 90% less fat compared to existing ramen and shelf life of two months. It uses zero artificial additives such as MSG or artificial flavor. Using soup powder made with carefully selected fresh ingredients, the fresh noodle brings unique and rich flavor of ramen. In 2009, to make it more convenient for existing ramen consumers to buy and eat, the company replaced liquid soup with powder soup and redesigned the product to make them storable and displayable at room temperature. Thanks to



Creative Management

Foundation for Creative Management

Pulmuone Research institute of food and culture and companies' Strategic Planning Teams are at the forefront of realizing creative management. Strategic Planning Teams are responsible for the development and expansion into new markets. The Research institute of food and culture identifies consumer needs and handles responsibilities regarding new products development, patent registration and seeds development.

How the Company Practices Creative Management

Enhancing the competitiveness in the US market

Pulmuone USA acquired Monterey Gourmet Foods Pulmuone USA, the Pulmuone subsidiary in the US, acquired Monterey Gourmet Foods, a California-based food company. It is a producer/distributor of health-oriented refrigerated food such as authentic Italian refrigerated pastas like ravioli, tortellini, hummus and salsa sauce. This move has enabled the company to expand its business horizon in the US from processed soybean products into refrigerated pastas, cheese and sauces and to create synergy in distribution channels.



these efforts, the noodle sales broke the 70,000 meals per day.

Foodmerce launched 3HS(Health / Human being / High Technology Service) business Foodmerce launched a new business to study and select potential solutions to problems identified at monitoring of food production/handling establishments and provide solutions based on the review of their effectiveness, safety and convenience. The company is reestablishing itself as a total service solution leader by expanding its business from selling cleaning detergents and floor cleaners to providing photocatalyst service for antibacterialization and deodorization.

Obtained individual certification for function

The company obtained individual certifications for function(One ingredient and four products) which allows it to include health claims in labeling for its functional products.

Category	Details	
Individual certification for ingredient	PGA (Polyglutamic Acid)	<ul style="list-style-type: none"> Produced from fermented sugarcane or cheonggukjang, or fast-fermented bean paste, it has been used as one of ingredients for functional foods. It has become the first ingredient used for functional foods to obtain individual certification by the FDA. Incorporating PGA, which is capable of stimulating the body's absorption of calcium, into a functional food product maximizes the product's benefits.
Individual certification for product	DHA (Docosahexaenoic Acid), EPA(Eicosapentaenoic Acid) Tofu	<ul style="list-style-type: none"> It is a soft tofu containing purified fish oil rich in Omega-3. With 250mg of DHA and EPA contained per 120g of the product, it is designed to provide 500mg of Omega-3, a recommended daily intake, by eating it twice a day. It is the first widely available food which obtained individual certification for health food in August 2009. By adding functional value to widely available food, tofu, it gives people of all ages and genders access to health (functional) foods.
	Slim-up HCA (Hydroxy Citric Acid)	<ul style="list-style-type: none"> HCA individual certification product, a slimming product that helps reduce body fat, was developed and launched at a home shopping channel in 2009.
	Rosenbin-su Isoflavone Gamma Lionlenic acid	<ul style="list-style-type: none"> It is the first hybrid individual certification product certified by FDA. It is made by combining Isoflavone, an individual certification ingredient that contributes to bone healthy of menopausal women, and Gamma Linolenic acid, an ingredient that is effective in reducing cholesterol.
	Cera Ato	<ul style="list-style-type: none"> It obtained individual certification for product by using the ingredient that earned individual certification for its effectiveness in skin hydration. It appeals to consumers with effective skin hydration especially for children.

IPR applications and registration

Patents In 2009, the company applied for 11 patents and 1 patent was registered.

Applied Patents

No.	Patent name	Date of application	Application number
1	Ultra high yield new bean variety with many seeds per individual bean plant	2009-02-10	10-2009-0010765
2	Tofu production process using vacuuming and gas/liquid separation technology without antifoaming agents	2009-03-09	10-2009-0019554
3	Composition of prepared vegetable salad and its production method	2009-10-30	10-2009-0104583
4	Production of fermented fruit/ vegetable water and composition of cosmetics containing such water	2009-02-20	10-2009-0014262
5	Dunaliella Algae extracts that have effect on differentiation of nerve cells	2009-02-20	10-2009-0014263
6	Cutting device for packaging	2009-08-13	10-2009-0074741
7	Organoleptic quality calculation method and the specification management system based on the quality score	2009-11-06	10-2009-0106748
8	Production of mace extracts to boost productivity	2009-11-24	10-2009-0113623
9	The quantitative organoleptic quality monitoring system for school meal	2009-11-24	10-2009-0113634
10	Production of chalcone- rich extracts from the by-products of Angelica keiskei juice	2009-11-02	10-2009-0105179
11	Production method of fermented products using anti-cancer and antimicrobial <i>L.plantarum</i> PMO o8(<i>Lactobacillus plantarum</i> PMO o8) and vegetable food materials	2009-12-24	10-2009-0130699

Registered patent

Patent name	Registration date	Registration No.
Curd production method using unfiltered warm soymilk	2009-10-08	10-0922075-0000

Registration of good varieties The company has enhanced its dominance in securing the supply of good varieties by identifying, developing and registering high quality varieties, as part of its good raw material sourcing strategy. In 2009, the company had one variety registered and additional one applied for registration.

Variety name	Date	Status	No.Date of application	Application number
Pulmujigi bean	2009-02-10	Applied	2009-174	Korea Seed & Variety Service
Pulmuheukchae bean	2009-03-15	Registered	2009-118	Korea Seed & Variety Service

Pulmuone's Social Performance

Pulmuone has become what it is today because of the care and support of its customers, employees and partner companies. And because of them who are like family for Pulmuone, it can dream about a better future.

Becoming Sweet Rain





Sweet Rain on Customers

Customers are like family for Pulmuone. Pulmuone belongs to customers.
That's why Pulmuone is always careful about how it does business.
To offer genuine customer satisfaction, Pulmuone provides authentic wholesome foods produced with care and integrity, checking every small detail.

Disclosure on Management Approach

Major Issues

Customer Satisfaction Management In 2009, drawing on VOCs(Voice Of Customer) collected in 2008, Pulmuone identified key areas of improvement including reckless driving by Exofresh Logistics' drivers and improving Foodmerce's customer service to the levels attained by KS-certified companies, and made efforts to raise customer satisfaction. As a result, Exofresch's SQI(Service Quality Index) grew by 1.9 points to 77.4 in 2009 compared to a year earlier. As for Foodmerce, its SQI went up by 3.9 points to 82.3 year-on-year. ECMD also saw its SQI increase 1.2 points to reach 81.2 compared to 2008.

Exemplary Cases

Curbing Reckless Driving by Exofresh Drivers Based on an analysis of VOCs received in 2008, the company identified improvement tasks for curbing reckless driving. Measures included the setting up of a safe driving process and the provision of training by lecturers from the Road Traffic Authority to raise awareness about the danger of illegal and reckless driving. The company also gave awards to those with exemplary safe driving records, and enhanced and improved criteria for car painting and CI to reduce potential customer complaints. Thanks to such efforts, the number of VOCs decreased 82% compared to a year earlier to two in 2009. In 2010, the company plans to further enhance education and award programs to reduce the incidence of dangerous driving to zero.

Foodmerce, Achieving KS-certifiable¹ Level of Customer Service As consumers began to demand ever-higher levels of service competence at customer interaction points, the company saw the need to assess the quality of our service in accordance with standardized and widely-recognized criteria and develop better services. Under that recognition, the company set a target in 2009 of building a customer service system that can be certified by the KS certification and made continuous efforts to achieve that goal. Our efforts included developing a product manual and expanding customer response monitoring. As a result, the company achieved 95.9% of call answering rate, 85.6% of call answering with less-than-20-second of wait time and 99.1% of first contact resolution rate, which exceeds KS requirements(90% or higher of call answering rate, more than 80% of call answering with less-than-20-second of wait time and 70% or higher of first contact resolution rate).

Dedicated Organization

- Pulmuone Food Safety Center and Foodmerce Food Safety Center are in charge of managing food safety.
- Nestle Waters Product Technology Center is responsible for managing product safety at Pulmuone Waters.
- CS center (or team) of each company assesses and monitors customer satisfaction levels.

¹ Introduced on June 9, 2008, KS certification is a formal recognition of quality given by the Korean Agency for Technology and Standards under the Ministry of Knowledge and Economy. It was expanded to include services as well as manufactured products in an effort to protect consumers and boost the competitiveness of Korea's services industry by improving the quality and productivity of services products.

Vision and Goals

- Authentic wholesome foods by Pulmuone for the health and happiness of all
- The company is committed to practicing the Customer Satisfaction Management(CSM) by complying with customer-related laws and regulations and conducting various activities to successfully deal with customer needs and complaints

Policy

The company is committed to practicing the Customer Satisfaction Management(CSM) by complying with customer-related laws and regulations and conducting various activities to successfully deal with customer needs and complaints.

Aspirations and Milestones

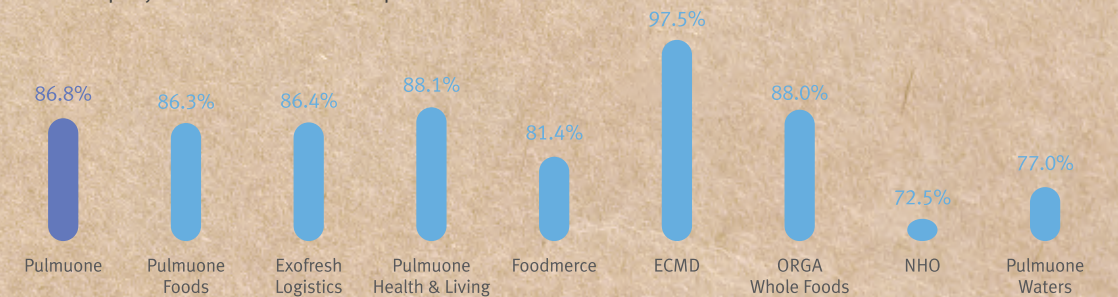
Category	2009		2010
	Aspirations	Milestones	Aspirations
Product Safety and Quality	<ul style="list-style-type: none"> - Foodmerce Food Safety Center - A target of 76 points of food safety score - ECMD Well Balance Days 	<ul style="list-style-type: none"> - Foodmerce Food Safety Center - Achieved 80.7 points of food safety score - Observed ECMD Well Balance Days - Twice a month at food service establishments under 24 different themes 	<ul style="list-style-type: none"> - Foodmerce Food Safety Center - Earn designation as a certifier for livestock, GMO, residual pesticide - ECMD Well Balance Days - Run 24 theme menus including a No Left-over Food Campaign
Product Information	<ul style="list-style-type: none"> - 84 Pulmuone factory tours with a satisfaction level of 60% 	<ul style="list-style-type: none"> - Conducted 40 Pulmuone factory tours (Tour was suspended due to the outbreak of H1N1) with 64% of satisfaction level 	<ul style="list-style-type: none"> - 118 factory tours
Customer Communication	<ul style="list-style-type: none"> - Introduce the Pulmuone CCMS (Consumer Complaints Management System) to subsidiaries 	<ul style="list-style-type: none"> - Successfully established CCMS at Pulmuone Health & Living, Foodmerce and ORGA Whole Foods. 	<ul style="list-style-type: none"> - Expand CCMS operation - Support for building the CCMS implementation system - Certification for CCMS
Customer Satisfaction	<ul style="list-style-type: none"> - Pulmuone - 80 points from the survey on satisfaction with CS center's customer service 	<ul style="list-style-type: none"> - Pulmuone - Achieved 85.9 points 	<ul style="list-style-type: none"> - Higher customer satisfaction by offering more sophisticated customer service

★ Materiality Assessment

Very High Customer satisfaction management, Customer health and nutrition, Customer communication and Product safety and quality
High Offering product information

★ Survey Results

The company listens to customer complaints and tries to resolve them.



The survey of stakeholders had 833 respondents in total - 565 executives and employees, 164 customers, 72 members of partner companies, and 32 members of local communities. It was conducted for two weeks from May 6~20, 2009 through online and offline methods. The total score of positive opinions (5~7 points) of each interested party is as stated above.



The Foundation for Providing Authentic Wholesome Food

To deliver authentic wholesome food, the company operates the Pulmuone Food Safety Center and the Foodmerce Food Safety Center. Pulmuone Food Safety Center is engaged in a variety of food safety management activities from the monitoring of any revised laws and regulations and safety-related issues, to the analysis of test methods and to ingredient testing. Foodmerce Food Safety Center conducts voluntary quality inspections on products bearing the Foodmerce name and partner companies' products to regularly check the products' compliance with standards and codes and manage product safety on a continuous basis.

Rigorous Criteria for Providing Authentic Wholesome Food

Pulmuone's food safety standards

Pulmuone has adopted its own food safety standards, more stringent than domestic regulations, in an effort to offer authentic wholesome food. For more details, please see 2008 Pulmuone Sustainability Report ¹.

ORGA Whole Foods' product handling and product ethics statements

ORGA Whole Foods handles nearly 3,000 products in accordance with its product handling and product ethics statements.

Product Handling Statements

1. We give priority to locally-grown, in-season produce grown in an environmentally-friendly manner.
2. We protect traditional and rare food.
3. We do not handle products processed with harmful chemical additives.
4. We do not handle genetically-modified food.
5. We improve safety of all our products by making them traceable.

Product Ethics Statements

1. We lead the industry in the promotion of organic animal products produced with animal welfare in mind.
2. We protect traditional and rare food.
3. We protect the principled producers and lead efforts to promote fair trade.
4. We handle products produced under the concepts of resources conservation and environmental protection.

Pulmuone's activities to manage food safety

Monitoring and internal processes

Pulmuone continued to gather information on revisions to food-related laws and regulations and food safety issues abroad. In 2009, with regard to food-related laws and regulations, there were 48 notices of revision and 43 advance notices of proposed legislation. Pulmuone completed 15 rounds of monitoring and set up seven internal processes in relation to revisions and safety issues.

In addition, as Sodium Dichloroisocyanurate, one of the most widely used disinfectant in food, became banned, Pulmuone selected another substance that is just as strong but safe after testing alternative substances. Bromate contents, which became an issue in natural mineral water, have been managed since 2007 in accordance with internal standards. By continuous management, Pulmuone also ensured safety from the dangers of Norovirus, which can be found in ground water.

[2009 Highlights in monitoring and process set-up]

Type	Description
Monitoring related to the safety of finished products	- Monitoring management of environment-friendly agricultural products - Monitoring the safety of fungal toxins - Nitrite monitoring etc.
Monitoring related to the safety of ingredients	- Monitoring veterinary drug - Monitoring the safety of fishery products - Monitoring irradiated food etc.
Setting-up of internal processes	- Process to deal with foreign substances in food - Food Safety Information Management Plan - Management of GMO analysis process etc.

Enhancement of analysis capacity through the adoption of new test methods

To improve the accuracy of harmful substance analysis and strengthen monitoring of functional ingredients, the company introduced a series of new equipments, which enhanced our analysis capacity.

[Enhancement of analysis capacity in 2009]

Type	Description
Adoption of new test methods	- Sudan colorants, fungal toxin(DON), Bacillus thuringiensis and tetramethrin - Vitamin K, GMO rapid test, nitrite, cyanuric acid (similar to melamine), yesinia enterocolitica, naringin, ellagic acid (a type of polyphenol, which is an anti-oxidant), r-PGA, Histamine etc.
Improvement of the accuracy of residual antibiotics analysis	- Set methods for instrumental analysis of 21 kinds of residual antibiotics - Added qualitative tests to existing quantitative tests of the PREMI TEST using microorganism
Improvement of the accuracy and efficiency of microbial tests	- Introduced a microbial identification system

Improving the analysis accuracy of microbial tests

The company made efforts to identify and rectify weaknesses in current notification (Food Code) through intensive research with regard to test methods to detect Bacillus cereus. Such efforts resulted in an advance notice of the proposed notification by the government(Korea Food and Drug Administration Notice No. 2009-323).

Type	Description
Research background	- In some cases, Bacillus thuringiensis, a microbial strain registered with the Rural Development Administration as an environmentally-friendly substance, was wrongly identified as Bacillus cereus, a pathogenic micro-organism. - Bacillus cereus and Bacillus thuringiensis share similar genetic characteristics and belong to the same Bacillus group. Currently-used microbial tests in the Food Code wrongly identify them both as Bacillus cereus.

¹ 1. 2008 Pulmuone Sustainability Report can be checked out in Pulmuone Homepage(www.pulmuone.co.kr).



Research results - Pulmuone delivered its test results and made a suggestion to the government to add extra tests to the Food Code that can distinguish *Bacillus cereus* and *Bacillus thuringiensis*, which led the government to revise notification related to test methods.

Stronger management of irradiated food

The notification (Labeling of Food) was revised to require irradiated food labels to display information about the use or presence of irradiated food or ingredients, starting in 2010. Pulmuone Food Safety Center does not use any controversial processing methods until a complete scientific analysis and its principle is not to use any irradiated ingredients. However, the company conducts food irradiation monitoring in case such ingredients might enter the supply system during ingredient processing or transportation. The company put equipments for irradiation test in place and chose test methods. All ingredients and products used by Pulmuone subsidiaries go through irradiation tests. Any ingredient suspected of being irradiated is banned from use. Going forward, the company will continue to thoroughly test our ingredients to ensure complete product safety.

Foodmerce Food Safety Center's activities to manage food safety

Designated as a certifier of good agricultural practices(a GAP certifier) and an issuer of analysis report

Foodmerce Food Safety Center, which conducts quality inspections on Foodmerce' brand products as well as those of partner companies in order to regularly check their compliance with standards and codes and manage product safety, gained accreditation for voluntary quality analysis in July 2008. As a food safety institution equipped with professional staff and equipment, the center strengthened the management of food safety. Moreover, in February 2009, it was designated as a certifier of good agricultural practices(a GAP certifier) and an issuer of analysis report. During 2009, the center issued a GAP certificate for one mushroom product and inspected three other mushroom products. In 2010, it plans to obtain designation as a certifier for livestock, GMO, residual pesticide and further enhance food safety management.

Management of Food Safety Index

The company evaluates and manages food safety indexes of 28 Barunsun subsidiaries, 16 Bon&Sun subsidiaries and 24 non-branded companies. Inspection results are translated into scores for quality inspection and management, VOC management and rates of unqualified products. Those that score 85 or higher are classified as "excellent" and inspected twice a year. And those that get a score of less than 55 are seen to be "in need of intense monitoring or contract termination" and inspected twice a month.

The average food safety index in 2009 was 80.7, which was 4.7 points higher than the target for the year and up by 6.3 points compared to 2008. Thanks to more frequent food safety inspections and higher awareness, the score for non-branded companies rose 8.1 points in 2009 compared to a year earlier.

Score	85 or Higher	75 ~ < 85	65 ~ < 75	55 ~ < 65	55 or Lower
Rating	Excellent	Good	Average	Poor	Intense
Inspection Frequency	Twice a year	Once every quarter	Once every two months	Once a month	Twice a month

Accumulated Scores	Share (%)	Barunsun	Bon&Sun	Agricultural	Fisheries	Livestock	Manufactured	Avg.
Score in 2008	100	82.7	78.4	68.3	72.0	71.4	73.6	74.4
Target for 2009	100	83.8	79.8	70.2	73.6	73.0	75.7	76.0
Score in 2009	100	83.8	82.3	77.2	80.4	79.5	80.7	80.7

Voluntary recalls by Pulmuone Foods

Pulmuone conducts voluntary recalls of products that might cause harm to consumers due to defects that occur during manufacturing or distribution. In 2009, there were 16 recalls, down by 50% compared to 2008. In particular, the main cause for recall, mislabeling, decreased by 47% year-on-year.

Voluntary recalls in 2009 Type	Number of recalls			Main causes
	2007	2008	2009	
Mislabeling	8	15	7	Omitted/wrong/damaged expiry date information, etc.
Defective contents	4	4	5	Omitted ingredients, bad sensory properties (e.g. bad smell), etc
Contamination	1	4	1	Exceeding legal limit for microorganism
Foreign substances/bugs	3	5	0	Foreign substances found in products, etc.
Others	2	4	3	Wrong promotion materials/packaging materials, etc.
Total	18	32	16	

Pulmuone Foods, providing authentic wholesome food at an affordable price; SOGA

Pulmuone's brand "SOGA" is a combined word of soy and yoga, which represents the company's commitment to keeping its customers healthy with nutritious bean products. Also introduced in the U.S. through Pulmuone U.S.A., SOGA is a global brand whose products contain various nutrients and vegetable proteins.

Pulmuone prides itself on selecting and using ingredients safe from dangers of residue such as pesticide in an effort to provide authentic wholesome food to consumers. It does not use preservative-processed or irritated ingredients. It does not use chemical additives for the purpose of adding color, scent or taste or longer storage. SOGA products are manufactured under the principles of world-class quality and rigorous quality management and provided to consumers at a reasonable and affordable price.



ECMD's Well Balance Day

ECMD redefines health as customers' having enough knowledge about proper diet, acting and changing their behaviors accordingly. The company designated two days a month as "Well Balance Days", when it provided menu ideas rich in whole grain, healthy fats, lean protein and calcium and low on sodium. In 2009, under 24 themes, the company had two or more Well Balance Days a month at each site.



Healthy menu(Root vegetable)

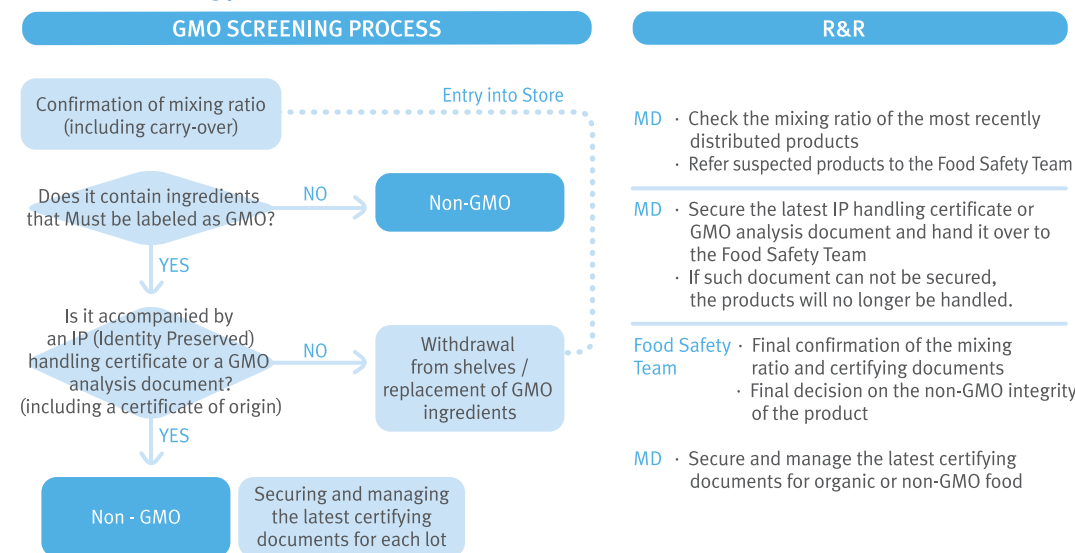
[Themes for 2009]

Month	Description
January	1st campaign-Menu using root vegetables that taste good in winter 2nd campaign-Menu rich in muscle-building protein 3rd campaign-Healthy menu good for fighting fatigue
February	Healthy menu for smart fat intake Healthy menu using spring vegetables
March	GI healthy diet
April	Low-natrium healthy diet
August	Healthy menu using color foods Immunity-boosting menu
November	Autumn super foods Healthy menu good for memory

ORGA Whole Foods' Non-GMO Statement

ORGA Whole Foods built a process to confirm the non-presence of GMO ingredients. MD's, Food Safety Team members and other inspectors check products to see if they contain any ingredients that must be listed as GMO or are accompanied by a GMO analysis document and make a final decision.

[Non-GMO Screening process]



Cases of Non-compliance

There has been no incidence of non-compliance with laws and regulations concerning consumer health and safety at Pulmuone or its subsidiaries and affiliates.

Sharing Information with Customers

Foundation for Information Sharing

It is the Pulmuone CS Center, PR Department and CS teams at each subsidiary and affiliate that are responsible for providing our customers with accurate product information. Pulmuone CS Center sets the overall direction for providing information and implements programs. PR Department representatives are in charge of factory tours and CS teams at each subsidiary and affiliate conduct their own information sharing at their headquarters.

Information Sharing Programs

Pulmuone Foods and Foodmerce's complete labeling of ingredients

For every product produced or distributed by Pulmuone Foods, the company makes information available about their ingredients or additives that belong to the 14 nutrients designated by the U.S. FDA or five major nutrients or allergy-inducing ingredients. The first source of information is the label on the package and, for consumers who want more detailed information, the company has made the full information available on our website (www.pulmuone.co.kr).

Foodmerce's branded products (Barunsun and Bon&Sun) carry a label that lists all ingredients so that customers can get accurate information about the product they are buying. To ensure more thorough management of its labeling practices, Foodmerce put in place a Mark Review Committee, led by the Foodmerce Food Safety Center, which reviews and ensures that its product labels and information displayed on packaging



Menu

comply with related laws and regulations. In 2009, 175 SKUs (Stock Keeping Unit, the minimum unit for inventory management) passed the committee.

ECMD's nutrition Mark

ECMD started nutrition mark in September 2008 in an effort to help consumers to make more informed choices about their food consumption by offering them nutrition information. The weekly menu table provides nutritional facts such as calories, carbohydrate, protein and fat contents, the daily recommended nutrition intake for Koreans and the recommended nutrition intake per meal for Koreans. The daily menu table lists calories, the contents of carbohydrate, protein and fat, as measured by grams, per serving and the recommended intake per meal. These were displayed at 98% of the company's food service sites in the first half of 2009, and by the latter half of the year, the figure reached 100%.

Information Sharing Activities

Shopping stories

To help consumers access more detailed information, the company ran stories about product ingredients, recipes and the proper way to consume our products on the Pulmuone e-shop website (www.pulmuoneshop.co.kr) in 2009 in connection with our customer magazine, "The One Big Bowl Full of Nature" and the "Product Story" section of the Pulmuone e-shop website.



Pulmuone e-shop Story Telling Menu

Pulmuone's Factory Tour Programs

To give consumers confidence about the product they choose, Pulmuone has operated factory tour programs since 2008. However, the program was put on hold in September 2009 due to the outbreak of H1N1 virus. Before the suspension, a total of 1,264 customers participated in 40 tours during the year. The plan for 2010 is to conduct 118 tours for 4,130 people.

Year	Number of Tours/Number of Participants	Satisfaction Level
2008	62 / 1,824 people	Achieved 112% above target
2009	40 / 1,264 people	Achieved 107% above target

Pulmuone Foods Production traceability data

From farm to table, the company collects and maintains data on each ingredient so that, in case of a safety emergency, the concerned food can be traced to identify the source of the problem and fix it (Please refer to



A Screenshot of the Production Traceability Information System Website

Communication with customers

Article 2.4.3 of the Agricultural Products Quality Control Act). In 2008, the traceability system was expanded to include 13 tofu products made from domestically-produced beans, six tofu products made from organic beans, three tofu products ready for immediate consumption without cooking and six organic or domestically-produced bean sprout products. In 2009, the company built a website(www.pulmuonegap.co.kr) to give customers easy access to more systematic and diversified information.

Cases of non-compliance

There has been no incidence of non-compliance with laws and regulations concerning the provision of product information at Pulmuone or its subsidiaries or affiliates. We, at Pulmuone .its subsidiaries and affiliates, try to comply with all advertisement standards and marketing-related laws and regulations. Thanks to such efforts, the company was not found in breach of any standards laid down by the law in 2009. As for functional food, all our ads go through a review by the Korea Health Supplement Association first, as required by the law, and then, go on display.

Foundation for Customer Communication

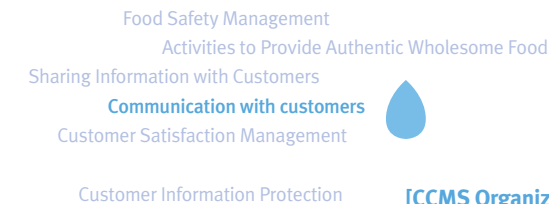
Pulmuone CS Center and CS Teams of each company are in charge of all responsibilities related to providing accurate product information to consumers. Pulmuone CS Center makes sure that CS Center toll-free telephone number is indicated in all products, stores, company vehicles or all other points of consumer interface. It is also runs the Voice of Customer(VOC) bulletin board at all websites operated by the company to provide answers to consumers within 24 hours after a question is filed. Foodmerce aims to resolve consumer complaints filed at various channels within 90 minutes and is working to enhance customer service and build stronger customer relationships by sending thank you and other CS cards and building friendly relationship when talking to customers at work sites.

ECMD is committed to listening to customer opinions anytime anywhere by running six channels, both online and offline, and providing Happy Call Service to make sure that it can provide the highest customer satisfaction. ORGA Whole Foods CS team is composed of professional CS representatives who are capable of providing service that caters to unique needs of different customers, armed with extensive knowledge about products and service skills. In particular, ORGA Whole Foods CS Team swiftly responds to customer requests regarding its online shoppingmall(www.orga.co.kr) based on professional knowledge and concrete data.

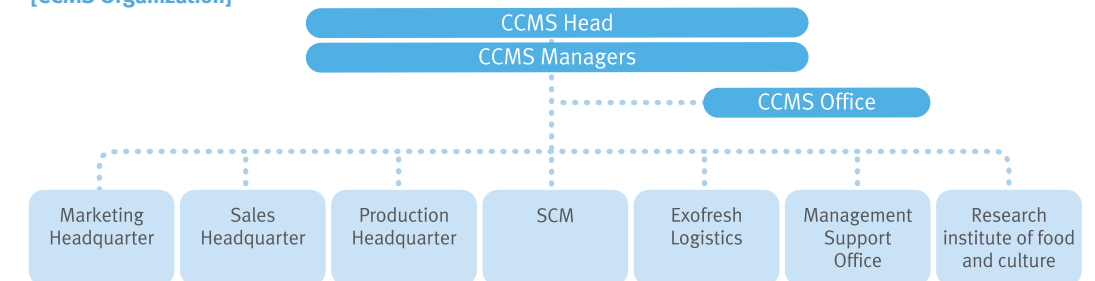
Customer Communication Schemes

Pulmuone adopted the KFTC(Korea Fair Trade Commission) certified CCMS(Consumer Complaints Management System) in 2006. Pulmuone became the first comprehensive food company in Korea to have its complaints management system certified in July 2007. And in 2009, Pulmuone Helath & Living, Foodmerce and ORGA Whole Foods followed suit. Pulmuone CCMS is composed of 6 functions including the Marketing Headquarter, the Sales Headquarter and the Production Headquarter of Pulmuone Foods, led by the CCMS head and managers.

Pulmuone is engaged in various activities involving quality control, product safety, information sharing, contract checklists, consumer training, environmental consideration, and protection of personal information as preventative measures to minimize complaints. Pulmuone has initiated and operated a process to minimize negative impact on customers by responding to a complaint filed by a customer in a timely manner and providing accurate information. The process works like this; when a consumer files a complaint at a CS center, a CS representative listens to the complaint and works to resolve the complaint. The CS representative identifies the level of damage by checking products in question and takes steps to resolve the complaint. At the same time, follow-up measures are taken to prevent any similar recurrence by assessing and defining causes of the complaint.



[CCMS Organization]



Customer Communication Activities

Pulmuone operates VOC(Voice of Customer)

In 2009 alone, 63,485 VOCs were received, up 8.4% from the previous year. Product inquiries were down 4%, product complaints down 1%, distribution inquiries up 5%, distribution complaints down 22% and other inquiries were up 103%. As Pulmuone e-shop got fully up and running, inquiries about the e-shop mall, which are classified as other inquiries, went up more than 100% compared to 2008. They include inquiries about making payment by phone, the internet shopping mall, order cancellation and order requests. Despite significant increase in inquiries, complaints were down 0.8% from the previous year to 6,341 during 2009 as a whole.

Exofresh Logistics improves product quality management

Great strides have been made in improving the product quality management which was identified as one of frequent claims in 2008. In 2009, by delivering three rounds of training courses, the company shared claims related to freshness and identified causes and ways to improve. The company also offered training on packaging and fresh product inspection. In the past, packaging process couldn't be traced which made it hard to identify the causes of complaints. With the adoption of the real-name packaging scheme, it has become possible to define causes and make improvement. The company held a number of on-site round-table meetings with employees to communicate directly what needs to be improved. These sessions have been used to discuss temperature-sensitive packaging methods in wintertime and quality inspection has been strengthened for jointly sourced fresh products. As a result, VOCs went down to 230 in 2009, down by more than 32% compared to 2008.

ECMD improves customer service at food service sites

Drawing on the assessment of VOCs in 2008, Pulmuone proactively launched an initiative to improve customer service at food service sites in 2009. Food servers at school cafeterias were distributed with tutorial materials and received training on serving amount control, hygiene and safety. Cooks at all food service locations were educated about serving foods, service and hygiene, and serving amount control at classroom learning courses and via animated videos. At the same time, monitoring has been enhanced to understand customers' opinions about serving amount and monthly surveys(online) have been conducted to seek input from panels. These efforts have led to decline in VOCs to 34 in 2009, down more than 21% from 2008.

ORGA Whole Foods improves online product quality

ORGA Whole Foods proactively launched efforts to improve online product quality which was identified as one of frequent claims according to the VOC results in 2008. By redesigning the Quality Control(QC) process for online products' stocking/shipping system, related VOCs have declined continuously. In the past, random

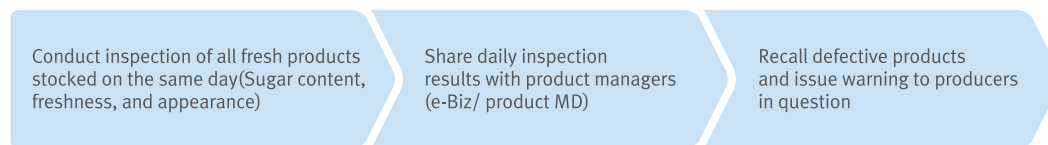


Food servers receiving training

Customer Satisfaction Management

samples were selected and inspected. But now, dedicated staff is deployed at logistics centers to inspect all fresh products that are stocked on a daily basis and daily inspection results are shared by product managers. When product defects are identified, products in question are shipped back to producers and warnings are issued to them. As a result, the number of VOCs was down to 899 in 2009, down by more than 35% from 2008.

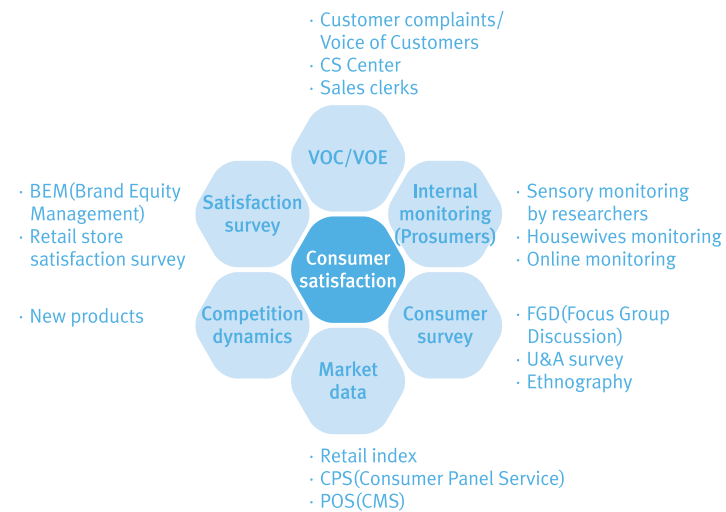
[Work Process]



Customer Satisfaction Schemes

Pulmuone and its affiliates conduct various monitoring activities while commissioning out product and service satisfaction surveys designed to fit each business to relevant internal or external agencies in order to quantify and confirm customer satisfaction.

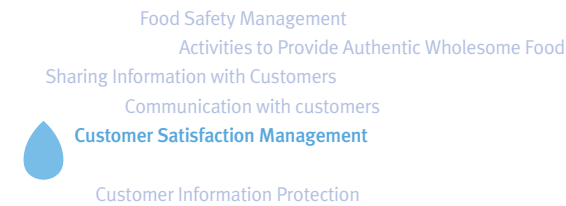
Customer complaints and opinions of sales clerks are collected and reported through VOC(Voice Of Customer) and VOE(Voice Of Employee) to improve Pulmuone products and services. Monitoring by housewives and sensory monitoring by Research institute of food and culture researchers also help Pulmuone find out customers' reaction to its products and services. In addition to that, FGD, BEM and other various methods are utilized to manage customer satisfaction.



Customer Satisfaction Activities

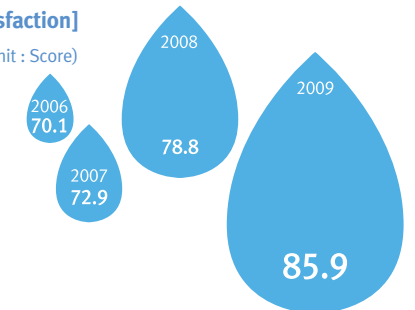
Pulmuone, CS service survey

Pulmuone CS Center evaluates its service based on five criteria - kindness, attitude toward customers, problem-solving capability, attitude when finishing the call, and general impression. The service satisfaction score in 2009 was 85.9, which was 7.1 points higher compared to 2008. The score has been on the steady rise since 2006.



[CS Center service satisfaction]

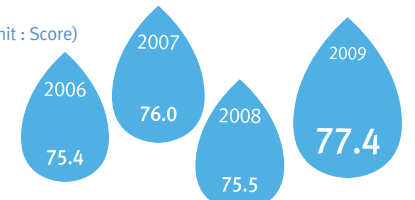
(unit : Score)



Exofresh Logistics SQI(Service Quality Index) survey

Exofresh Logistics also evaluates its service quality based on four criteria - overall satisfaction, satisfaction compared to competitors, willingness to continue trades with Exofresh Logistics, willingness to recommend Exofresh Logistics to others. Its logistics service received 77.4 scores in 2009, which was 1.9 points higher than that of 2008. The score had slightly declined in 2008 compared to 2006, but went up again in 2009.

[SQI] (unit : Score)

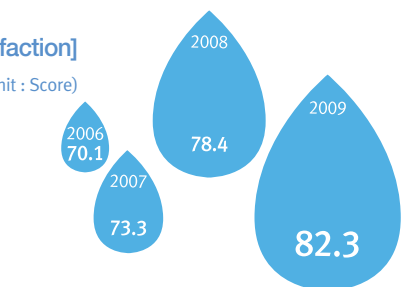


Foodmerce, customer satisfaction survey

Foodmerce evaluates its service by customers based on nine criteria including overall service, convenience to give orders, items, delivery, quality, packaging, price, and company image. The customer satisfaction score in 2009 was 82.3, which was 3.9 points higher compared to 2008. The score has been on the rise since 2006.

[Customer satisfaction]

(unit : Score)

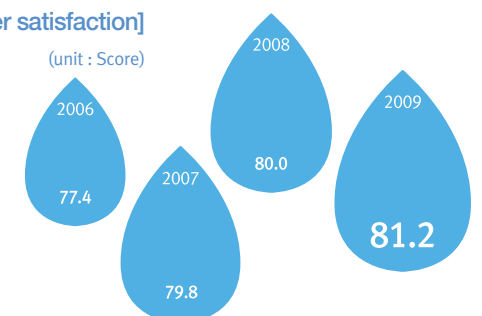


ECMD customer satisfaction

ECMD evaluates its own service against 25 criteria in eight areas such as food quality, facilities, reliability, staff politeness, responsiveness, hygiene, accessibility, and customer-oriented services. ECMD received 81.2 in 2009, 1.2 points higher than in 2008, and its score has been on the rise since 2006.

[Customer satisfaction]

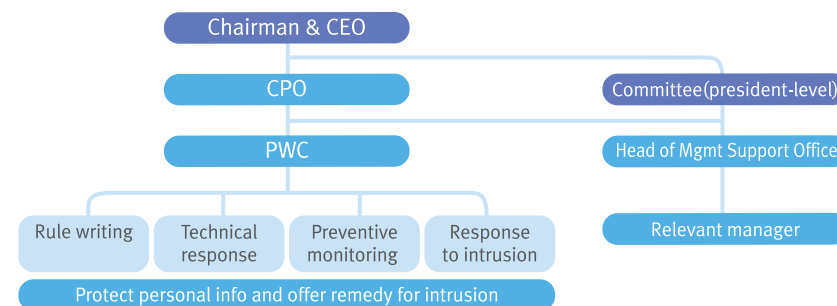
(unit : Score)



Customer Information Protection

Pulmuone endeavors to protect customers' personal information to prevent privacy invasion. As part of such endeavor, it has organized PWC(Privacy & Web Contents) in 2009 for DB encryption, personal information integration, and privacy rule management with its system. Pulmuone plans to focus more on monitoring activities in 2010 to preempt any privacy intrusion by establishing and normalizing its monitoring system. The department dedicated to personal information protection and remedy for privacy violation is directly under Pulmuone Chairman & CEO and CPO(Chief Privacy Officer), and president of each business. In addition, PWC Department joins forces with management support team of each business to establish personal information rules, make technological improvements, undertake preventive monitoring, and promptly respond to a violation. When personal information is leaked or any inconvenience happens as a consequence, customers can make a complaint to the dedicated department or CPO about the violation. Customers who wish to know more about how to make a complaint can visit the Pulmuone website. When a complaint is made, a remedial measure will be decided at the president level and provided to the customer to address inconveniences the customer might have felt and to eliminate further threat to the customer's privacy.

[Organization chart]



* CPO : Chief Privacy Officer
* PWC : Privacy & Web Contents



Pulmuone is working to create a family-friendly work environment that promotes better work-life balance by implementing a wide range of policies and welfare programs to give its employees and executives a pleasant and enjoyable workplace.

Sweet Rain on Executives and Employees

Disclosure on Management Approach

Major Issues

Workplace safety Pulmuone conducted "No Safety Accident Campaign" in 2009 to enhance workplace safety, and as a result, the industrial accident rate for 2009 stood at 0.48%, which was 0.10%p lower than the average rate across all industries in Korea, and 0.29%p lower than the average rate for the manufacturing sector. Also in 2009, Pulmuone opened a gym in every plant to help its employees enhance their health.

Exemplary cases

Pulmuone, No Safety Accident Campaign

TBM(Tool Box Meeting) training : A variety of activities have been carried out to help employees recognize potential risks in their works and take caution to prevent any accidents in the workplace.

Near-miss management : A near-miss accident is damage or an accident caused by inadequate conditions or unsafe work practices but stops short of bringing any real losses to the company. Pulmuone thoroughly investigates near-miss accidents to identify and then eliminate all potential risks in the workplace.

Regular "Risk Awareness Training(RAT)" during life-long learning sessions : RAT is a series of training sessions where employees identify and recognize potential risk factors and come up with preventive measures or work procedures to get rid of such risk factors in advance and ensure employees' safety.



Dedicated organization

Pulmuone HR Planning Division : HR Planning Division helps the management effectively utilize Pulmuone's human resources to enhance the company's performance. It is also in charge of writing various HR policies based on identified needs of employees and implement such policies to create a healthy and encouraging work environment. In addition, it systemically manages the HR process starting from recruiting to evaluation and compensation. Providing trainings for employees, facilitating communication with employees to create harmonic industrial relations and sharing major issues per business unit across the company are also parts of HR Planning Division's responsibilities.

HR Support under Management Support Division of each business : In charge of key tasks related to overall HR management and operation

Vision & goals

The HR function should be a strategic partner that supports and implements business policies and plans developed by the management. A transparent and performance-based HR process that makes the employees feel proud of being part of Pulmuone is the ultimate goal.

Policies

In accordance with the UN Global Compact, freedom of assembly and right to collective bargaining are respected, all types of forced labor, child labor and discrimination in the process of hiring and working are effectively eliminated and prohibited. Pulmuone also has internal rules about collective bargaining and recruiting that are in line with the international laws on human rights and labor.

Major milestones & aspirations

Category	2009		2010
	Aspirations	Milestones	Aspirations
Differentiated organizational culture	<ul style="list-style-type: none"> Operate and expand EAP(Employee Assistance Program) by utilizing a specialized agency Hold group meetings to create a pleasant workplace, launch C-cubic 	<ul style="list-style-type: none"> Counseling utilization was 32% in 2009 (competitors: 7% on average), and its satisfaction score was 91.6 points (competitors: 80 points) C-cubic activities Color Day, Compliment days, Tennis Competition, Variety Cooking Class, etc 	<ul style="list-style-type: none"> Promote a support body(C-cubic) for a productive organizational culture
Communication between labor and management	<ul style="list-style-type: none"> Make Employee Consultative Meeting more effective and relevant Maintain a stable labor-mgmt relation 	<ul style="list-style-type: none"> Helped make 110 cases of labor-mgmt settlements in 2009 Not one labor strike occurred for the past 3 years 	<ul style="list-style-type: none"> Eliminate the need for labor strike by building trust between labor and mgmt
Workplace safety	<ul style="list-style-type: none"> Industrial accident rate: 0.50% Introduce effective health and welfare policies 	<ul style="list-style-type: none"> Industrial accident rate: 0.48% Opened gyms in all plants Hired safety and health experts for employees 	<ul style="list-style-type: none"> Reduce industrial accidents rate by 20% from 2009

★ Materiality Assessment

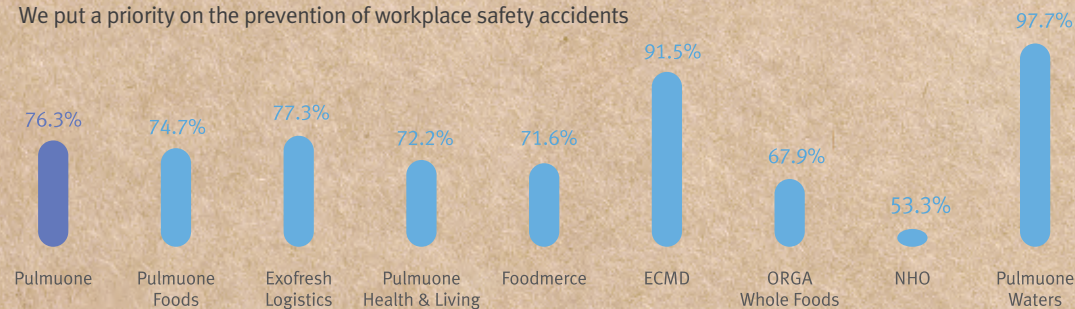
Very High Distinct and differentiated organizational culture

High Talent development, workplace safety, labor-management communication

Medium & Emerging Compliance with labor laws, satisfaction of executives & employees, human rights protection, company information disclosure, fair and just human resources policies and compensation

★ Survey Results

We put a priority on the prevention of workplace safety accidents



The survey of stakeholders had 833 respondents in total - 565 executives and employees, 164 customers, 72 members of partner companies, and 32 members of local communities. It was conducted for two weeks from May 6-20, 2009 through online and offline methods. The total score of positive opinions (5~7 points) of each interested party is as stated above.

Employment Policy & Status

Employment Policy & Human Rights Education



Non-discrimination policy

Pulmuone strictly follows its non-discrimination policy(Article No. 6 in the Employment Policy) which states there should be no discrimination based on race, gender, age, religion, nationality or physical limitations, nor any other discrimination defined by the relevant laws on hiring, training, compensation and promotion. Pulmuone holds a quarterly meeting for HR managers to monitor whether there is any discriminatory practice in the workplace. Also, it periodically monitors labor conditions in all workplaces more than once per year(20 times in 2009). Even with the rigorous monitoring, not a single discriminatory practice or violation has been detected for the past three years.

Human rights education for executives & employees

Pulmuone provided sexual harassment education to its executives and employees in 2009, and the number of participants increased by 1,000 to 4,162(92%) compared to the year 2008. It also carried out inspections on employees of security, patrol, and guard service partners to see they receive education about human rights, and relevant laws. In 2009, 39 employees, which is an increase of 13 people from 2008, received the education about protecting the less privileged in society.

[Human rights education for employees]

Year	No. of target employees	No. of participants	Participation rate	Description
2008	3,627	3,156	87%	Sexual harassment prevention education
2009	4,548	4,162	92%	Sexual harassment prevention education

[Human rights education for security officers & guards from partner companies]

Year	No. of target employees	No. of participants	Participation rate	Description
2008	23	23	100%	Sexual harassment prevention education Protection of the underprivileged, etc
2009	39	39	100%	Sexual harassment prevention education Protection of the underprivileged, etc

Relocation policy

The relocation policy is set based on the collective bargaining results with employees in order to respect their wish and opinion first when there is a job transfer or rotation. For employees placed far away from their homes, house rents and one-month settlement expense is supported by the company to minimize inconvenience caused by the relocation.

Prohibition of child labor & forced labor

Pulmuone respects the ILO(International Labor Organization) policy to prohibit child labor and forced labor. The company also strictly bans forced labor of women based on to its maternity protection regime and abides by the rules it has made to protect the less privileged in society. In addition, it defines how to apply for and decide on

menstrual leave, maternity leave and childcare leave, and the period of each leave in its rules on employment and collective bargaining. For the past three years, there has been no violation with regard to the aforementioned leaves.

Prohibition of forced restructuring

Pulmuone does not force or pressure its employees to resign except when there is an incident that leaves the company no choice but to dismiss its executives or employees in accordance with the internal rules or laws of the relevant jurisdictions.

Freedom of assembly

Pulmuone protects its employees' right to assemble a labor union or a body to represent them, and all employees are guaranteed the right to join such union or any other labor body according to the domestic law on labor unions, industrial relations and collective bargaining. For the past three years, there has never been an intrusion on the freedom of assembly and right to collective bargaining in Pulmuone.

Employment Status

[Status table]

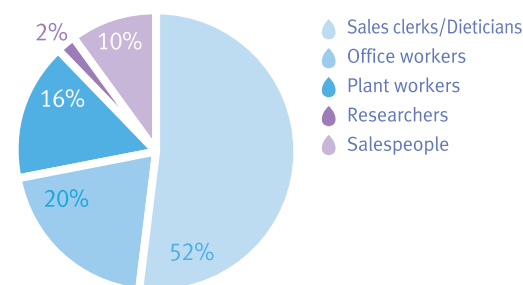
Year		2007	2008	2009
Employment	All employees(person)	3,548	3,912	4,162
	Senior executives(%)	1.1	1.1	0.9
	Work period(year)	4.9	4.9	5.2
	Job creation(%)	6.8	9.2	6.4
	Non-regular workers(%)	8.1	8.8	10.4
Turnover	Turnover rate(%)	1.6	1.6	1.6
Female workers	Overall(%)	58	57	56
	Office work/ research(%)	28	29	29
	Managers or higher levels(%)	10	13	15
Disabled workers	Disabled workers(%)	0.5	0.5	0.4
Maternity Leave	Employees on maternity leave(person)	52	61	58
	Maternity leave utilization(%)	100	100	100
	Those return to work after maternity leave(%)	98	97	97

* Turnover rate : (average monthly turnover ÷ average monthly workers) X 100
 * Job creation rate : (number of workers in the current year - number of workers in the previous year) ÷ workers in the previous year X 100

Job creation & turnover rate

The job creation rate for 2009 was 6.4% and the monthly turnover was 1.6% on average, showing a decreasing trend. The average working period is getting longer every year, standing at 5.2 years as of late 2009. In all employees, the senior executives accounted for 0.9% as of late 2009.

[Work Composition in 2009]



Irregular workers

Pulmuone hired 10.4% of its entire new recruits as irregular(non-standard) workers, which was a 1.6p increase

from 8.8% in 2008. These non-regular jobs were mainly due to temporary increase in sales. Most of the new recruits were permanent full-time workers with Pulmuone trying to provide job security to its employees.

Composition of executives & employees

As of late 2009, the total number of executives and employees of the company stood at 4,162. Majority of them were in sales or in production, dieticians, or cooks. Out of the 4,162 employees, 2,337 workers were female, which were 56% and male workers were 1,825. In office work and research, female workers accounted for 29%. Female workers were evenly distributed across all job levels.

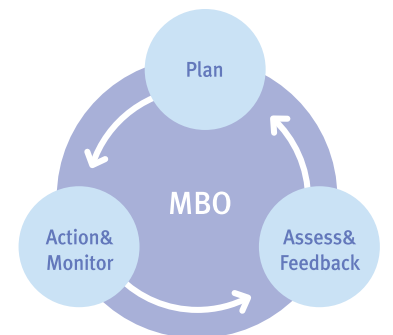
Labor demand & supply in key business areas

Exofresh Logistics facilitates logistics flow and contributes to economic growth of communities by utilizing labor of the communities near its logistics centers. Currently, more than 90% of the labor needs of logistics centers are recruited in the nearby regions. ORGA Whole Foods also recruits labor in local regions where its stores are located such as Seoul, Gyeonggi, Busan, Changwon, Daejeon, Jeonju, Gwangju, Daegu, Ulsan, Gumi and Pohang, creating jobs for local communities.

Performance Management & Compensation through Communication

Performance management system

Pulmuone has a performance management system named CFS(Communication for Success). CFS consists of achievement and competency assessments, and its assessment areas reflect different characteristics of each job task. Its ultimate goal is to better performance by facilitating communication. In 2009, the performance management system was expanded to cover all units and departments of the enterprise. The objective-based management system has made it mandatory for leaders and their subordinates to have communication meetings, make employees' personal goals aligned with the company goals, monitor the goals periodically to receive feedbacks for performance improvement.



Fair but performance-based compensation

Pulmuone's compensation regime is fair but remuneration can be differed within the salary range of the job level the employee belongs to based on his/her performance and contribution. Pulmuone offers a competitive salary by surveying the wage level of the industry and reflecting the survey results. In this way, it can continue to offer a competitive salary to its employees. At present, the annual salary of college graduates on their 1st year at the company is about KRW 25.5 million, similar to the average 1st-year salary of other Korean companies(based on the statistics of Korea Employers Federation). At Pulmuone, male and female workers on the same job level receive the same salary in accordance with the gender equal policy and the overall salary level is similar to those of the competitors(base salary is 100% of the competitors' salary level). And PPI(Pulmuone Performance Incentive) can increase up to 400% of the annual salary based on the organization's performance and in 2009, 100-300% of PPI was paid to employees.

Social, economic, environmental performances & executive compensation

The performance indexes for Pulmuone senior executive compensation consist of the financial index(50%) and the strategic index(50%) to track and monitor performance of the executives. The financial index tracks

Varied Welfare Programs & Benefits



economic performances that show growth potential and profitability(i.e. revenue and ROIC), but the details can differ depending on the business. Businesses may add other indexes tracking social or economic achievements such as SQI(Service Quality Index), VOC or ES to the strategic index managed quarterly. These indexes are subject to the five-stage evaluation that starts from S to A, B, C and D.

Employee welfare plans

Pulmuone offers various employee welfare plans including selectable welfare system, company product support and club activity assistance.

Plans	Details
Selectable welfare system	- Offer a certain amount of benefit points per year - Offer LOHAS points
Pulmuone product support	- The company pays 30-40% of the price when employees purchase Pulmuone fresh food, green juice, Pulmuone Waters, or health supplements.
Club activity assistance	- The company supports starting and operation expenses when employees form company clubs for sports activities, hobbies, cultural activities, or outreaching campaigns.
Insurance (life/accident)	- KRW 100million is paid when employees get into accidents or die for reasons related to their works. - Depending on individual contracts, hospitalization fee can be supported when employees are diagnosed with cancer or other two major diseases. (myocardial infarction, cerebral hemorrhage)
Resort facilities & Healice Village	- Employees can use around 20 resort facilities across the country. (annual utilization rate: 80.2%) - With company support, employees can enjoy time with their families in Healice Village located in Hongcheon, Gangwon province.
Others	- Other benefits include EAP(Employee Assistance Program), financial assistance for weddings or funerals, scholarships, long-time employee awards, childcare allowance, loan from the mutual aid association, support for self-development, medical check-up, housing support for those working far away from their homes

Retirement insurance deposit

Pulmuone deposits money in its severance pay account(35% of retirement reserve outside the company as of 2009) for employees, and aside from the statutory severance pay, employees can choose the payment mode either in retirement pension extra system or in intermediate settlement system. As of late 2009, the accrued severance pay reserve relative to salary for executives and employees stood at 38.0%, and the company has been preparing itself to introduce an annuity regime as the government made it mandatory for companies to have their own annuity systems in December, 2005.

Work-Life Balance

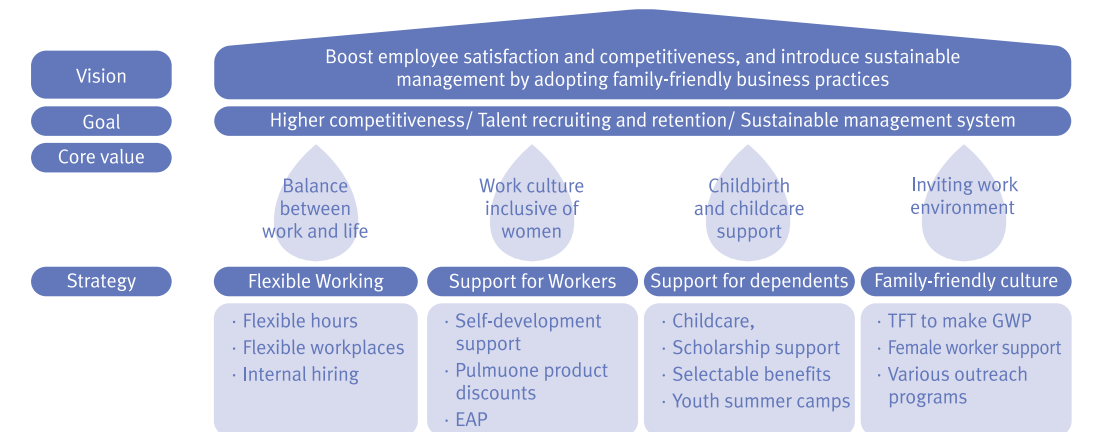
Family-oriented Management

Family-oriented culture

Pulmuone sets its mission, core values and strategic tasks based on its family-oriented management policy. It



aims to increase employee satisfaction and boost its competitiveness with the family-oriented practices. Having sustainable business and society as its vision, Pulmuone aspires to strengthen its competitiveness, secure and retain bright talents, and establish a sustainable management system.



Family-friendly company culture

EAP(Employee Assistance Program) for employee happiness

Pulmuone promotes work-life balance by offering experts' counseling which guarantees confidentiality and providing regular lectures to help workers maintain work-life balance. As of late 2009, 32% have received counseling sessions and their satisfaction score was 91.6 points.



Lecture on how to find happiness

C-cubic(Culture, Creative, Change) for GWP(Great Work Place)

C-cubic is a campaign to create an exciting and inviting company culture under the slogan, "Culture, Creative, Change". JUMP stands for Joy(pleasant workplace), Union(working in unity), Movement(dynamic work culture), Pride(workers feel proud of what they do).

The Color Day, the 1st event under the C-cubic campaign, was launched in July 2009. Its color code was red, and the 2nd Color Day in November chose green for its color.

In August of 2009, there was the Compliment Day when employees wrote good things about their colleagues on a card and put the card into the Compliment Postbox. C-cubic messengers collected the cards and gave them to the addressed employees. In August of 2009, a total of 147 cards were collected.



C-cubic Poster

We Create Happy Pulmuone Culture Culture, Creative, Change



Employment Policy & Status
 Performance Management & Compensation through Communication
 Varied Welfare Programs & Benefits
 Work-Life Balance

Labor-Management Relations that Grows with Communication and Interaction

Safe Workplace
 Talent Development & Training

Special gift from Chairman & CEO

In December 2008, Pulmuone Chairman & CEO gave a book about a creative and hard-working woman constantly challenging herself to every female worker of the company as a present. In January 2010, the Chairman & CEO gave self-development books to 92 female workers.

Year	2007	2008	2009
Female employees	58%	57%	56%
Female employees in office works	28%	29%	29%
Female managers	10%	13%	15%

* Proportion of female employees: The proportion of female workers out of the whole executives and employees

* Proportion of female managers: the proportion of female managers out of the whole managers

LOHAS Lifestyle

Pulmuone, with its vision to become a global LOHAS company, encourages its employees to maintain a LOHAS lifestyle and renders various supports to make it possible. Its LOHAS program gives three types of supports as described below.

- 1 It offers discounts for Pulmuone's environment-friendly products so that employees and their families can lead a healthy lifestyle on a LOHAS diet.
- 2 Employees and their families can experience the LOHAS Academy and Healice village more than once a year to take time off from work and their hectic lives.
- 3 It gives employees a certain amount of welfare and benefits points every year that can be used when employees purchase books, go traveling, enjoy outdoor activities or cultural performances, shop at the wellness mall, and do activities for self-development.



LOHAS Academy lecture on the Authentic wholesome food



LOHAS Academy yoga class

Labor-Management Relations that Grows with Communication and Interaction

Labor-Management Communication

There are various channels for labor-management communication such as daily newsletter on sales, the periodic Labor-Management Council meeting, a communication meeting with Chairman & CEO, weekly distribution of information on what happened inside and outside the company via Pulmuone intranet, the monthly company newsletter, the quarterly Occupational Safety & Health Committee meeting, the grievance redress mechanism, the annual sustainability report and the communication with employees meeting. These channels are to enable employees to recognize and share the company's aspiration, vision and management information, which will give them the ownership over the company operation.

Grievance redress & Labor-Management Council

To handle and redress complaints and grievances of employees, Pulmuone designates a redress officer who provides counseling to employees on their performance and career improvement, and complaints. As a result of such efforts, there have been any violations of relevant laws such as unjust labor practices. In 2009, the Labor-Management Council decided on more than 110 cases of labor settlements, and the settlement results were notified to employees on the bulletin board of the intranet.

In October of 2009, a tennis competition was held. Tennis matches were carried out using a Wii console installed at the Jump Lounge for employees. It was a team competition, and the teams who ranked on the 1st, 2nd and 3rd places received the prize money for their team dinners. The match gave employees a good opportunity to build teamwork and a sense of unity.

In November of 2009, employees were invited to Variety Cooking Classes as part of C-cubic culture lessons. There were various programs such as "Peeling an Apple without Breaking the Peel", "Pulmuone Cook Contest", and "Who's the Best Cook" where executives and employees cooked themselves and competed against one another.

There were also other programs such as "The Best Smile" which chose an employee with the most beautiful and radiant smile, and "The Best Mannered" for the one who greets others in the most polite manner.

Family event

Pulmuone provides an opportunity for the family members of the employees three to four times per year to tour plants and participate in volunteering activities. LOHAS Academy offers youth camp programs for children of the employees so that they get to experience a healthy lifestyle.

Women-friendly Culture

Women-friendly environment & female leadership

To help women continue on with their careers while raising their children, the future for all of us, Pulmuone is trying to create a culture that cares for women and their needs. Pulmuone recognizes the tremendous value female talents can create, and therefore, tries to introduce work practices that help them strike work-life balance to retain fine female talents. Such efforts go beyond merely meeting their needs to proactively nurturing female talents in order to boost the company's competitiveness. Such awareness is only possible because Pulmuone has firmly established the performance-based promotion system unbiased by gender. As a result, female worker proportion of Pulmuone is higher than that of the competition, and its ratio of female managers has been on the steady increase.

[Women-friendly work environment]

Objective	Description
More involvement of women	Develop leadership of female executives and employees by encouraging their participation in the Employee Consultative Meeting
Non-discrimination	Give equal opportunities in promotion, compensation to both men and women if they are on the same job level within the same job function.
Childcare and education support	Support 1:1 counseling with experts
Lounge only for women	Offer a comfy and cozy lounge for women(e.g. underfloor heating) and a nursing room
Fetus examination leave	Guarantee a monthly paid leave for fetus examination
Childcare leave support	Encourage employees to take various types of childcare leaves(half-day leave included) Provide information about shorter work hours for childcare
Flexible work hours	Offer flexible work hours to employees who have young kids

Employment of female workers

About 29% of Pulmuone female employees are working as office workers(researchers) and 15% as managers. The figures have been on the steady increase. In addition, 40.7% of new entrants were women in 2009, which is 3.1%p increase compared to 2008.

Labor-Management Relations that Grows with Communication and Interaction



[Communication channels]

Channel	Frequency	Description
Intranet	Daily, upon occasion	Distribute daily newsletter on sales, key information inside and outside the company
Labor-Management Council	Quarterly	Discuss key issues between labor and management
Communication meeting with Chairman & CEO	Bimonthly	Talk with Chairman & CEO
Company newsletter	Monthly	Introduce activities and new information
Occupational Safety & Health Committee meeting	Bimonthly	Discuss general issues about industry safety
Grievance redress	Upon occasion	Handle complaints and grievances to and of employees
Sustainability report	Yearly	Report major policies, performances and business plans
Communication with employees	Bimonthly	Provide key information to employees

[Labor-Management Council meetings in 2009]

Labor-management discussion channel	Frequency	Description
- Labor-Management Council for regular office workers	Labor-Management Council meeting : Quarterly	- Better work environment - Improve compensation for specialized tasks and the training system
- Labor-Management Council for plants	Labor-management round-table meeting : Upon occasion	- Support childcare allowance
- Labor-management round-table meeting with the promoters	Green meeting, C-cubic board : Upon occasion	- Support the company club expense - Monitor when there is any change to the system
- Green meeting		
- C-cubic board		

Labor Union

Current status

As of late December 2009, Pulmuone has seven labor unions, and there has not been even one case of labor strike for the past three years.

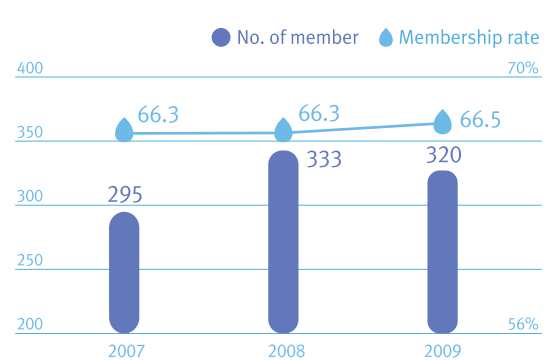
Qualifications to join a labor union

Pulmuone guarantees its employees the freedom to join a labor union and participate in its activities as a member. The freedom is clearly stated in the collective agreement.

Labor union membership status

As of late 2009, 66.5% of the employees have joined the union. The membership rate has not changed much for the past three years and the number of members has increased 8.5% compared to 2007.

[2009 Labor union membership status] (Unit : person, %)



[Status of labor union members]

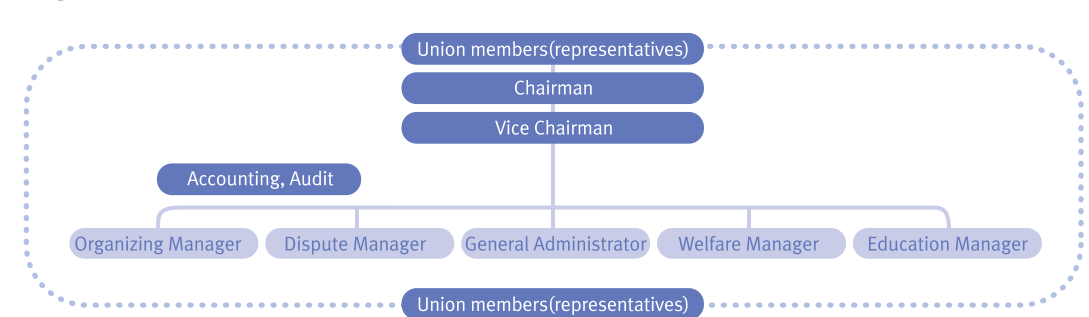
(Late 2009)	Green juice plant	Doan plant	Eumseong plant	Chuncheon plant	Uiryong plant	Mungwang plant (Pulmuone Waters)	Sprout plant	Total
Union type/ Head union	Company-level/ Federation of Korean Trade Unions (FKTU) Association of Food Industry Unions (AFIU)	Company-level/ FKTU Association of Chemical Industry Unions (ACIU)	Company-level/ FKTU ACIU	Industry-level/ Korean Confederation of Trade Unions (KCTU) Chemical and Textile Industry Union (CTIU)	Industry-level/ KCTU CTIU	Company-level/ FKTU	Company-level/ FKTU ACIU	
Total (person)	73	73	135	87	70	95	69	602
Those qualified (person)	68	60	106	71	59	68	49	481
Union members (person)	59	60	106	25	29	21	20	320
Membership rate (%)	86.8	100.0	100.0	35.2	49.2	30.9	40.8	66.5

Article 4. Collective Agreement [Qualification and Admission]

- Union members are those who have joined the union on a voluntary basis excluding the ones described in the section 1-3.
 - Those who represent the company and its interests defined by Article 2 of the law on labor union and labor conflict settlement
 - Guards, interns and temporary workers
 - Others the company and the union agree to admit
- Those who have been dismissed by the company are not eligible for the union membership. However, if those fired have applied for redress of unfair dismissal, their membership can be sustained until National Labor Relations Commission makes its decision.
- The company should not block any of its employees from joining the union, and should never pressure any of the members to leave the union.

[Source : The collective agreement of Pulmuone 1st fresh noodle plant Eumseong]

[Organization chart of labor union]



[Major History]

Year	Milestones
2007	Doan plant: The labor-management innovation campaign was launched
	Green juice plant: Its union handed over the wage decision to the company
	Eumseong fresh noodle plant: Signed the agreement to voluntarily abide by high safety standards
2008	Eumseong fresh noodle plant: Designated to receive financial support for the industrial relations improvement program
	Sprout plant: Labor union was established
	Eumseong fresh noodle plant: Community events were held jointly by labor and management
2009	Doan plant: Designated to receive financial support for the industrial relations improvement program
	Green juice plant: Its union handed over the wage decision to the company
	Doan plant: Community events were held jointly by labor and management

[Major agreements]

Item	Description
Safety and health rule writing	Collect opinions when writing safety and health management rules and provide safety training
Safety training	Provide education when safety and health training curriculum or hour is changed
Health exam	Reach agreement between labor and management over time, follow-up measures, cost and hospitals of the health exam
Follow-up measure after health exam	Take measures according to the results and decide where to place those who return to work after recuperation
Safety gears	Place safety gears in work sites and provide education on how to use and maintain them
Suspension of work	Report and handle occupational accidents
Accident and disease measures	Take measures to prevent a recurrence and notify the improvement plan to unions
Scope of an accident	Define what should be acknowledged as an accident, the process to apply for a leave due to an occupational accident, and the scope of cooperation between departments
Protection of victims	Provide assistance to make up for the decrease in salary, hire victims of an accident or those related to them first, and offer information about job change
Support for union's health and safety activities	Guarantee union activities to maintain safety and health
Report to relevant entities	Notify unions when generating health and safety documents and changing rules

Safe Workplace

Relevant Laws & Policies

Compliance with international regulations & standards

Pulmuone complies with the ILO Occupational Safety and Health Convention as well as domestic laws such as Occupational Safety and Health Act for its internal safety and health management.

Compliance with ILO Occupational Safety & Health Convention

There has been no violation of the Convention on the Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration(No. 149), the Convention on Working Environment(No. 155), and the Chemicals Convention(No. 170). Although the company is not running an infirmary as specified in the Hygiene for Commerce and Offices Convention(No. 120), it provides medical supports by using an outsourced safety agency and designating a hospital(Hanshin Medipia) to provide medical services for its employees.

Occupational Safety & Health Committee(OSHC)

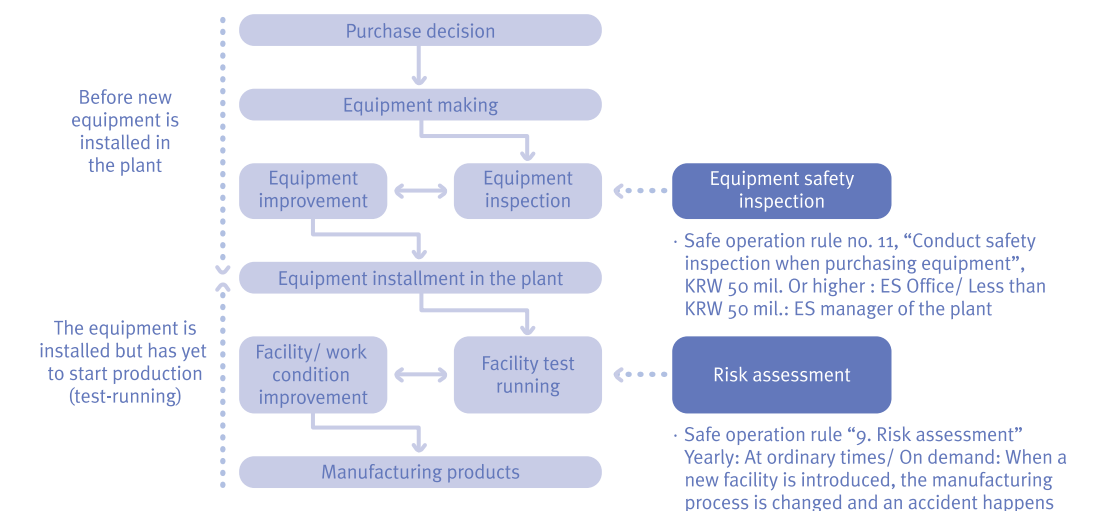
Pulmuone OSHC inspects the safety practices of work sites, ensures compliance with relevant domestic laws and ILO Occupational Safety and Health provisions, periodically conducts monitoring and preventive activities, and shares inspection results across the company. Since 2008, Pulmuone has held the company-wide safety meeting(once in every two months), and the working-level council meeting on environment safety(once in every two months) to prevent safety accidents with its rigorous workplace safety standards.

Labor-management agreement for occupational safety

When new machinery is introduced and employees are assigned to new jobs or departments with potential risks, safety trainings are provided based on the labor-management agreement. In addition to that, it offers union members an opportunity to participate in safety trainings outside the company and seminars on safety and health by giving them time and financial support for participation. To protect employees who got into an occupational accident against potential disadvantages, the company gives financial assistance to make up for the wage decrease as specified in Industrial Accident Compensation Insurance Act.(Article 2-2 of Employment Regulation, Article 46 of Collective Agreement)

Safety accident prevention mechanism

To prevent a safety accident, a prevention mechanism is in place. Before manufacturing equipment is installed in a plant, safety inspection has to be conducted according to the safe operation rule no. 11. After the equipment is installed in the plant, risk assessment is carried out in accordance with the safe operation rule no. 9 to test the equipment. Risk assessment is undertaken once a month, but can be done more frequently when the manufacturing process is changed or a new facility is introduced.





Talent Development & Training

Potential Risks” to workers and safety managers on a regular basis in order to strengthen their commitment to workplace safety, teach safety management methods and facilitate safety communication. As part of such efforts, the Eumseong plant has initiated “No-safety Accident Campaign” in the plant.

As Pulmuone focused on revising and improving its newly designed education system in 2009, it is planning to reinforce the new education system and write new educational policies that can better performance based on newly acquired know-hows in 2010.

Educational System

Pulmuone has a capacity-building educational system and a learning system where employees voluntarily learn on an ongoing basis. For capacity building, Pulmuone offers CI(Corporate Identity) education, capability development education and self-development education. It also supports learning activities of employees to acquire new knowledge and trains key talents to boost its competitiveness. In 2008, the company opened a new educational portal website for its cyber training center to systemically provide an opportunity for its employees to receive capability-building education on a voluntary basis, and introduced an ongoing learning system for its sales force. Throughout 2009, sales employees participated in the ongoing learning program for 158 times compared to 149 times in 2008. The learning hours per person also increased 0.8 hour to 4.1 hours in 2009 compared to the previous year.

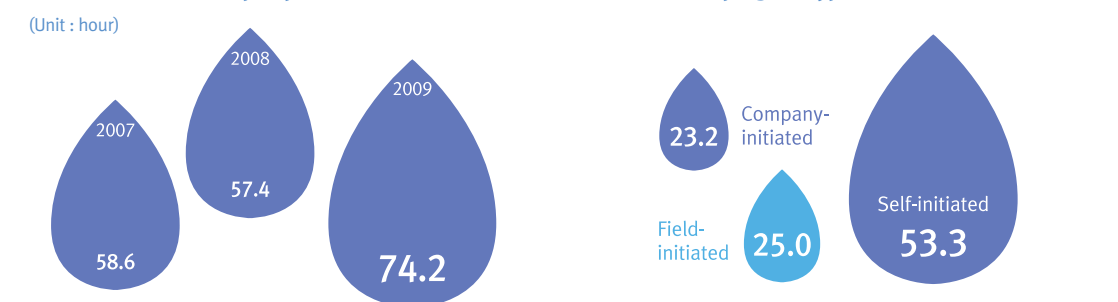
[Sales employees' participation in ongoing learning program(monthly average)]

Year	No. of sessions	No. of participants	Learning hours	Participation rate
2008	149	114	3.3H/person	97.8%
2009	158	829	4.1H/person	99.9%

Status of Educational Programs

In 2009, Pulmuone office workers received 74 hours of education, an increase of 16 hours compared to 2008. Field-initiated education portion takes up 25% of the total education hours. In 2010, such programs focusing on the field will be expanded further for knowledge-driven performance improvement. Information and process necessary for effective learning will be put in place through appropriate policies.

[Hours of education per person(office workers)] [Hours of each program type] (Unit : %)



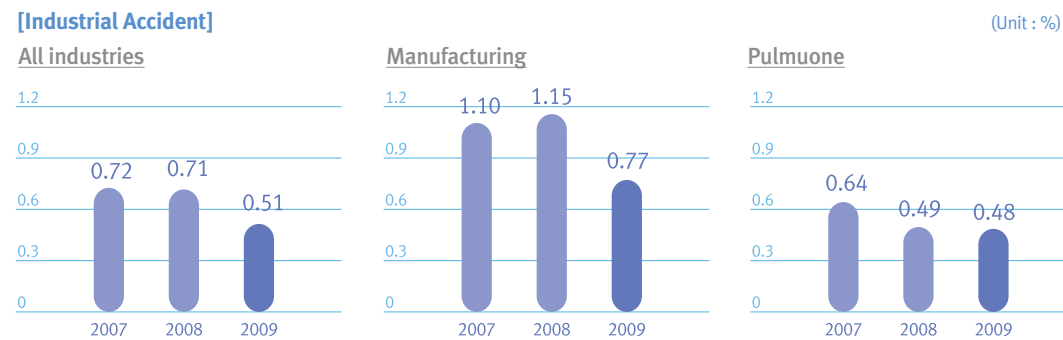
1 Pulmuone opened and expanded gym facilities in Eumseong fresh noodle plant, Sprout plant, Yangju plant, Eumseong tofu plant and Uiryeong plant in December 2009 to help its workers exercise for their health and physical strength.

Occupational Accident, Number of the Injured and Their Absence

Pulmuone's occupational accident rate for 2009 was 0.48%, which was 0.03%p lower than the average accident rate of all industries and 0.29%p lower than the average of the manufacturing industry. The accident rate has been on the decline since 2007. In 2009, the number of injured employees was 20 and as a consequence, the absence rate was 0.11%. The company aspires to lower the accident rate by 20% compared to 2009 by extending preventive activities.

* Statistics : The aggregate number of industrial accidents as of September 2009, the total number of accidents for 2009 calculated by Ministry of Labor is scheduled to be released in March, 2010

* Absence rate : total days of absence ÷ total work days x 100



Safe Workplace Program & Education

Program on illness prevention & health improvement

Pulmuone has various programs to prevent employees from getting illnesses. They include offering health check-ups, operating a gym for physical strength, and carrying out a campaign to prevent musculoskeletal illnesses. Since 2008, the health counseling program has been strongly encouraging employees to maintain their health, and in December 2009, a gym was opened in every manufacturing plant¹.

[Major health improvement programs]

Programs	Details
Employee health management	- Designed a diet and exercise regimens by analyzing body composition - Provided nicotine patches and Pulmuone low-calorie foods
Safety gear provision	- Distributed safety gears including a back protector and safety shoes to manufacturing plant workers
Safety and health officers	- Hired external agencies for safety and health management to provide education about occupational accident prevention, musculoskeletal illness prevention, safety, and health management
Health check-up	- Had all employees take health check-ups every year - Offered a special check-up for workers at plants and research labs
Gyms	- Opened a gym in every plant
LOHAS Academy	- Offered an opportunity to experience a healthy lifestyle at LOHAS Academy
Better office environment	- Renovated offices and made lounges for a rest

Safety & health education

Pulmuone's education program is designed to suit the different situation of each work site. It offers educational programs such as “Safety Leadership and Risk Assessment Capability and Improving the Capability to Identify



Gym in Uiryeong plant



As Pulmuone's relationship with its customers grows based on strong trust, its alliance with partners is reinforced by mutual trust based on fair trading as equal partners. Pulmuone is committed to facilitating collaboration and communication with its partners to create the best win-win synergy based on its unbiased partner ranking system.

Sweet Rain on Partners

Disclosure on Management Approach

Major Issues

Collaboration with partners for mutual benefits From April to September 2009, a pilot SCQM(Supply Chain Quality Management) education program was provided to partner companies to improve competitiveness of both Pulmuone and partners alike by promoting mutual growths on a sustainable basis, which generated about KRW 1 billion of tangible benefits such as better process and productivity. In addition, Pulmuone Foods, Pulmuone Health & Living and Foodmerce are searching for ways to make a win-win scenario with partner companies through round-table meetings.

Exemplary Cases

Pulmuone SCQM education Pulmuone Foods provided SCQM education through its pilot program from April to September 2009 with the aim of improving quality and productivity of partner companies, which, in turn, helped facilitate collaboration between Pulmuone and partners. Seventeen out of 33 partners participated in the pilot program to address issues on the field. The pilot program brought tangible impacts such as better productivity along with intangible benefits such as improved image and higher pride among workers.

Foodmerce discussed creating mutual benefits at a round-table meeting with partner companies Foodmerce shares a wide range of information with its partner companies through regular round-table meetings. It shares information about how to ensure safety of food ingredients and materials, and current status of food management in order to raise awareness about food safety. It also shares its long-term strategy to pursue mutual prosperity with partner companies.

Dedicated Organization

Pulmuone Strategic Purchasing Division and Purchase Planning Team of each business Teams dedicated to purchasing process innovation and purchase cost reduction by building an advanced purchasing system in order to strengthen Pulmuone's purchasing capability

Vision & goals

Implementation of TISO management

* Toward business partners: Collaborator of Business

1. We administer fair transaction with our business partners in an equal position.
2. We are against all types of unfairly obtained objects or bribes.

Policy

Pulmuone, based on TISO, pursues inclusive growths on a sustainable basis to improve competitiveness of both Pulmuone and its partners.

Major milestones & aspirations

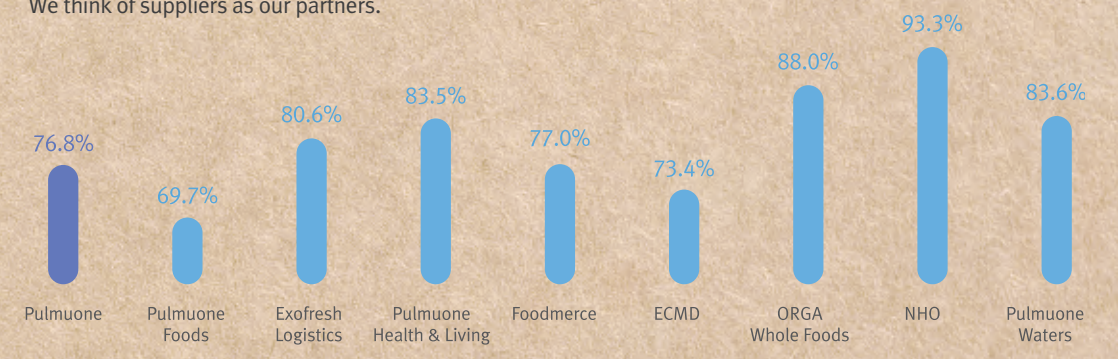
Category	2009		2010
	Aspirations	Milestones	Aspirations
Collaboration with partners for mutual prosperity	<ul style="list-style-type: none"> Pulmuone Foods writes PRM(Partner Relationship Management) policies 	<ul style="list-style-type: none"> Pulmuone implemented PRM Signed the long-term supply contract Pulmuone provided SCQM(Supply Chain Quality Management) education 17 out of 33 partners received the education About KRW 1billion of tangible impacts created 	<ul style="list-style-type: none"> Continue joint tech development, improve the process and share the resulting improvement in performance Expand educational opportunities to increase customer satisfaction and trust

★ Materiality Assessment

High Ethical trading and mutual growths with partner companies through collaboration

★ Survey Results

We think of suppliers as our partners.



The survey of stakeholders had 833 respondents in total - 565 executives and employees, 164 customers, 72 members of partner companies, and 32 members of local communities. It was conducted for two weeks from May 6~20, 2009 through online and offline methods. The total score of positive opinions (5~7 points) of each interested party is as stated above.

Fair Selection of Partner Companies



Partner Selection Process

Partner selection process of Pulmuone Foods and Pulmuone Health & Living

First, a candidate pool is developed based on the rankings of potential partners. Then, market research and partner sourcing are undertaken. After assessing potential partners' fit with the business and their business capabilities, an inspection is carried out on quality & hygiene(40%), supply security(30%), and problem solving after receiving complaints(30%). When evaluating quality and hygiene, candidate companies using green materials and exercising green practice get extra scores to be considered as potential partners. Then, Chairman&CEO visits the candidate companies to confirm their operation and signs a contract with those who pass the Chairman&CEO inspection.

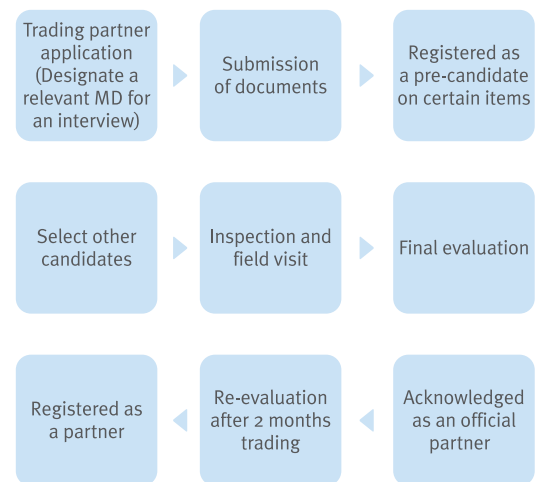
[Selecting material suppliers and signing a contract]



Foodmerce partner selection process

Applications to become Foodmerce's trading partner can be submitted after having an interview with a designated MD, and there should be multiple candidates to start the process. Next, Foodmerce visits the field and conducts an inspection for evaluation. For an evaluation, it looks at price competitiveness, trading status in the industry, sales records, and experience in handling the product in question for the finance and sanitation assessment. After candidates are screened through the finance and sanitation assessment, Foodmerce's Purchase Department carries out the final review and evaluation by item. If multiple companies pass all evaluations to become final candidates, a candidate with the highest score becomes a partner, and if there remains just one company after all the evaluations, its score should exceed 60 to become a partner. The partner company, however, should receive re-evaluation two months later to be acknowledged as an official partner of Foodmerce.

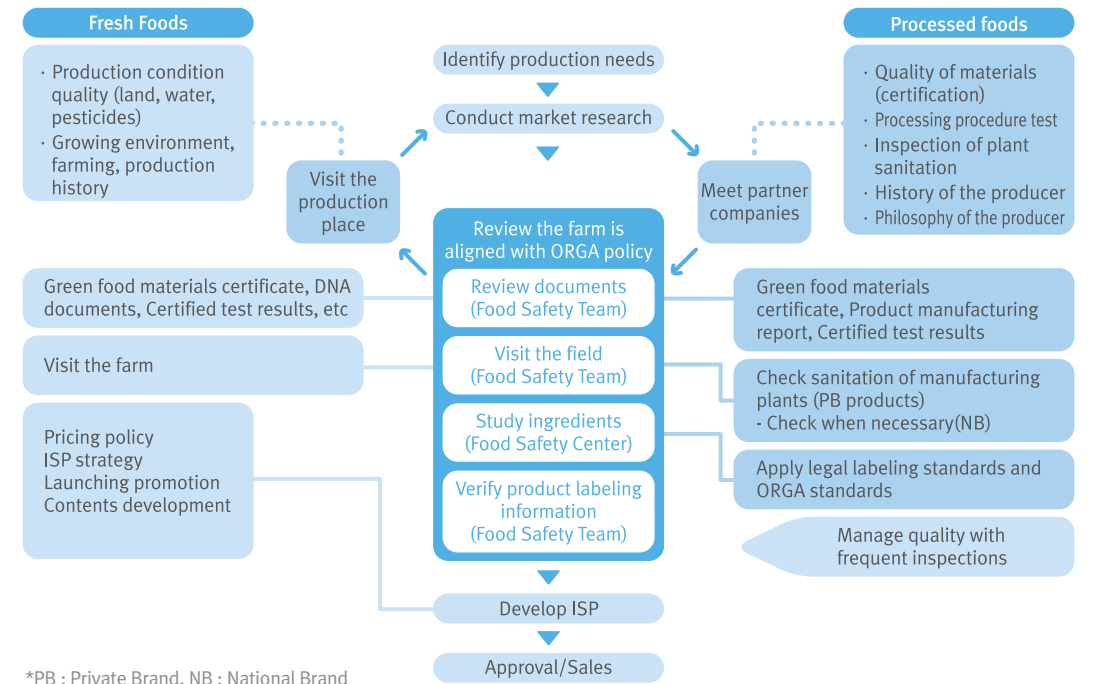
[Foodmerce partner selection process]



ORGA Whole Foods partner selection process

Food Safety Team of ORGA Whole Foods and Pulmuone Food Safety Center review necessary documents, visit the field, test ingredients and contents, and verify information on the product labels to see whether the candidates have a practice that fits with the management principles of ORGA Whole Foods before selecting a partner.

[Foodmerce partner selection process]



*PB : Private Brand, NB : National Brand

Partner selection criteria per product group

Agricultural products Certified green product; good agricultural practices disclosed; no pesticide residues(Technology Research Institute); certified green producer which uses no chemicals for colorization or preservation(no pesticides); Non-GMO; no chemical residues ; candidates which handle food varieties with great flavors and tastes

Meat Products free of antibiotics, growth hormone, or chemicals(zero residual antibiotics); HACCP certified companies that comply with standards about butchering, processing, the cold chain system and freedom food; more organic animals; priority on antibiotics-free meat(relevant law became effective from March 2007); ban on handling protected or disturbing animals; animal welfare certification, etc.

Fishery Protection of marine resources(no protected fish or GMO, ban on fishing during a closed season); verified place of origin; no antibiotics; no growth hormones; compliance with standards on heavy metal residues; stricter standards on heavy metal detection(the scope expanded from lead and mercury to cover arsenic and cadmium); no synthetic bleaching or coloring agents

Processed foods Environment-friendly materials and ingredients; domestically produced materials(from farms that do not use chemical pesticides); 3-Zeros(to MSG, synthetic preservatives and

synthetic coloring agents); minimum processing; non-GMO ingredients; no radiation-exposed materials; materials free of toxic residues; green materials(if domestic ones not available, imported materials can be used); more direct trading with farms for seasonal agricultural products; no hydrogenated oil(less than 0.5g/100g)

Monitoring on Partner Companies

Monitoring Activities

Pulmuone Foods, monitoring activities

After selecting partner companies, Pulmuone Foods evaluates their performance every year on financial conditions, deadline observance, quality competitiveness, price competitiveness, and business capability. The company divides partnerships into alliance, collaborative and transactional ones based on evaluation results and adjusts its sourcing principles accordingly.

[Partnership management]

Partnership management differed strategy by partnership type

	Alliance relationship	Collaborative relationship	Transactional relationship
Partner characteristics	<ul style="list-style-type: none"> · Produces high-profit goods, · Owns superb product development capability · Has only a few partners in the industry · Makes Pulmuone products through a differentiated process · Shows high sales dependence on Pulmuone 	<ul style="list-style-type: none"> · Produces high-profit products · Has ample experiences in production · Has only a few partners in the industry · Makes Pulmuone products in a separate line · Has high sales dependence on Pulmuone 	<ul style="list-style-type: none"> · Produces low-profit products · Product quality does not vary depending on producers, · Required technology capability is low
Relationship characteristics	<ul style="list-style-type: none"> · Need to build official relationship based on trust · Share a wide array of data including business plan, expense, demand estimates, quality and new products, · Make customized facility investment · Exchange human resources 	<ul style="list-style-type: none"> · Right before becoming an alliance partner · Build mutually trusted relationship, Share data if necessary · Integrate production orders and give them to key partners · Collaborate on new product development and quality improvement 	<ul style="list-style-type: none"> · Minimum efforts for building trust · Minimum data sharing on cost and demand · Priority on an appropriate unit price · Based on the product life cycle
Cost reduction impacts	<ul style="list-style-type: none"> · Better quality · Cost reduction by bulk purchasing · System cost reduction through collaboration · Improved service quality · Much less time for a new product introduction 	<ul style="list-style-type: none"> · Higher quality · Cost reduction through bulk purchasing · System cost reduction 	<ul style="list-style-type: none"> · Purchasing cost reduction with lower unit price

Motivation tools

- Reward : 1. Give rewards to those with good performances and announce exemplary cases at the meeting with partners 2. Give advantages in purchasing price, payment conditions and production volume
- Penalty : Give a warning, cut trading volume, suspend transaction
- * Transaction can be suspended without giving a warning or cutting the volume when partners fail to meet legal or ethical operational standards

Foodmerce, monitoring activities

Foodmerce monitors food safety on a regular basis by designating an employee of the Food Safety Center as a QA(Quality Assurance) officer dedicated to each partner company. It puts a priority on products with high risk of food poisoning in summer, and collects materials and finished products to test for microorganism and safety. QA officers communicate the test results to partner companies, and if there are rooms for improvement in sanitation or safety, partner companies cooperate with the Food Safety Center to eliminate identified risks. Partner companies are ranked from A to D class based on monthly revenue, VOC and the quality test results. Periodic audits and process inspections are carried out according to the inspection cycle of each class. Inspection frequency can vary from 2 to 12 times per year depending on the inspection cycle, and transaction approval is made based on evaluation criteria including the inspection score, the four major malignant VOCs, plant facilities, facility management, the quality system and inspection management. 2010 will be the year to focus on preventive management by developing a management system, carrying out purpose-designed projects, and holding improvement meetings by product item to manage the production practices of partners with stricter standards.

[Ranking criteria & inspection cycle]

Ranking criteria



Inspection cycle per class

Class	Periodic audit/year	Process inspection/year	Other inspections
A	2	3 times	· Requested inspections
B	2	2 times	· Inspections for care, inspections to address frequent or serious claims,
C	2	2 times	· High-alert inspection for summer
D	2	1 times	

[Inspection frequency by partners]

Partners	Details
Brand companies (Barunsun ,Bon & Son)	<ul style="list-style-type: none"> - At least 6 times of inspections per year - Audits twice per year - Monthly inspection for green producers - Quarterly inspection for partners with low risk or small amount of transaction
General foods	<ul style="list-style-type: none"> - Quarterly inspection - Inspection frequency and intensity differ based on partner characteristics and food safety index
Restaurant	<ul style="list-style-type: none"> - Inspection carried out 2 times per year for partners with food poisoning risk or special issues



Communication with Partner Companies

Communication Mechanism

Sourcing portals of Pulmuone Foods and Pulmuone Health & Living(sourcing.pulmuone.com)

The whole process from partner companies manufacturing products according to quality and green standards to delivering the products to Pulmuone Foods and Pulmuone Health & Living is managed at the sourcing portal website to create mutual trust between Pulmuone and its partners. Suggestions about transactions are communicated first via the sourcing portal, and any complaints or grievances about partner companies are also reported to the portal to be addressed. For example, if a product made by a partner company fails to meet Pulmuone quality standards and is returned, the number of returned products and the reasons are notified to the partner via the sourcing portal so that the partner can know the exact reason for the return and prevent a recurrence.

Activities to Facilitate Communication

Round-table meetings with partners

Pulmuone Foods

Pulmuone Foods holds a round-table meeting with partners once a year. The 2009 meeting was held in February. Its topic was “Boosting Competitiveness through Sustained Mutual Growth”, and its main goals were bettering the competency of partner companies(quality, productivity, cost, etc) to make up for their gaps in technological capability and quality awareness, and boosting competitiveness by selection and concentration. Furthermore, the customer satisfaction survey results and ways for improvement were shared with partner companies to promote sustained mutual growth as part of PRM. In addition, outside experts were invited to discuss win-win partnership between big businesses and SME(small and medium enterprises) to set the right tenure and direction for PRM. The round-table meeting attracted 47 partners including 31 OEMs, 10 food material suppliers and six wrapping material producers. Partner companies who had shown good performances in improving the process, the manufacturing environment and VOC were awarded at the meeting.

Pulmuone Health & Living

A round-table meeting with green juice farmers was held in September 2009. Its topic was “Boosting Competitiveness based on Mutual Trust with Famers”. Education on how to use the new sourcing portal and quality management was given during the meeting.

Foodmerce

A wide range of information is shared in the regular gatherings with partner companies. In 2009, there were four round-table meetings in total including two agricultural meetings, one fishery meeting and one livestock meeting. A total of 63 employees of partner companies participated. At the meetings, food safety management know-hows and current status were shared to raise awareness about food safety, and the long-term strategy of Foodmerce was also communicated to build win-win relationship with partners.

QC(Quality Control) meeting

Pulmuone Foods held a QC meeting in November 2009 to enhance quality and hygiene by communicating Pulmuone Foods’ quality standards, rules, mechanism and sanitation management to quality officers of food material suppliers, plants, and partners as part of its efforts to systemically manage food safety. At the QC meeting, Pulmuone Foods provided education about SCQM, how to use wrapping materials, CSR(Corporate Social Responsibility), health and safety, roles of a manager and extermination of insects.

[Qualification]

Brand name	Qualification score	Cut-off standards
Pulmuone Foods	75 or higher	Less than 50%
Bon & Son	65 or higher	Less than 50%
Barunsun	Agriculture	65 or higher
	Others	70 or higher
Agricultural products, fish, industrial products	60 or higher	Less than 40%
Stock farm products	65 or higher	Less than 50%
ECMD partners	60 or higher	Less than 50%

Win-win Collaboration with Partner Companies



Win-win Collaboration Mechanism

Pulmuone Foods, PRM policy establishment

Pulmuone encourages its partners to strictly follow the “Quality First” policy by supporting them to improve the production process and hygiene. As part of such efforts, Pulmuone wrote and implemented the PRM(Partner Relationship Management) policy for mutual growth in 2009. PRM pursues sustainable win-win partnership where Pulmuone and partner companies collaborate with each other in all areas including quality, production process, products and technology as equal partners. The concept shows Pulmuone aspires to realize mutual growth with partners rather than treating them just as outsourced suppliers who provide products at a lower cost.

Activities for Win-win Collaboration

Pulmuone Foods, PRM(Partner Relationship Management) implementation

In 2009, Pulmuone signed a long-term supply contract with its partners including those in strategic alliance or collaborative relationship for mutual growth after agreeing on joint technology development, process improvement and performance sharing. This would enable Pulmuone to smoothly respond to rapid volume changes due to sales increase, and partner companies to manage their businesses in a more stable manner.

Pulmuone Foods, SCQM(Supply Chain Quality Management) education

For sustainable growth and partnership, Pulmuone provided SCQM(Supply Chain Quality Management) training for its partners from April to September 2009. The training was designed to improve quality and productivity of partner companies. Out of 33 partner companies, 17 participated and received training on how to address issues in the work sites. Participants were given tasks such as reducing complaints about foreign substances, making the workplaces more organized and improving defected packages. The training program created about KRW 1 billion of tangible benefits such as lower defection rate and higher productivity. There were also intangible benefits such as increased trust in partners, improved image, stronger pride, and better performance of quality officers. Pulmuone plans to further expand such training opportunities so that workers of partner companies can raise awareness about importance of their work and realize how to improve their work practices. This will further increase customer satisfaction and trust in Pulmuone.

[PRM impact on partner companies]





Sweet Rain on Communities

Pulmuone is dedicated to fulfilling its responsibilities as a corporate citizen to contribute to community development. With strong beliefs in "Respect for Lives" and "Love for Neighbors", it has launched mid-to-long term initiatives such as "Goodbye Atopy!", environmental preservation campaigns and Earth Love Fund and volunteered for children, women and seniors in need.

Disclosure on Management Approach

Major Issues

CSR activities Pulmuone carried out various volunteering campaigns to help children, women and seniors in need in 2009. One of them was the "Goodbye Atopy!" campaign which gives information about how to prevent the skin disease. According to the satisfaction survey results, 91% of teachers who participated in the campaign expressed satisfaction, and its contribution to green habits turned out to be 91%. Pulmuone also offered support to 539 children of 46 schools who skip meals because of poverty. In 2008, the number of children receiving support from Pulmuone increased by 166 in six schools.

For women, KRW 100 million will be donated to build the Center for the Future to support the plan designed by Korean Women's Association United, and KRW 35 million was already donated in 2009. There have been other activities as well. Pulmuone helped out senior citizens living alone and offered tutoring for children in less privileged circumstances.

Exemplary cases

Pulmuone designated LOHAS Designers for CSR activities Pulmuone started researching and consulting in early 2009 to encourage its executives and employees to participate in socially responsible activities through "Pulmuone Marketing for Socially Responsible Activities". To systemically implement the initiative, the company designed a program for employee participation and organized a LOHAS Designer Team on the corporate level.

2009 was the year to test the initiative. Pulmuone employees living in Seoul made up 15 CSR teams and racked up a total of 1,147 hours of volunteering, which means each of the 71 participants engaged in CSR activities for 2.7 hours per month. The CSR program will be expanded to cover all workplaces of Pulmuone in 2010 and all businesses in 2011.

Dedicated organization

Pulmuone PR Department Mid-to long-term planning for CSR campaigns, programming, fund management, cultural activities

People in charge of CSR in each business CSR campaign planning and implementation, fund-raising, team management

Vision & goals

Encourage employees to participate in CSR initiatives and contribute to community development based on the overarching motto such as "Love for Neighbors" and "Respect for Lives"

Policy

Become a socially responsible company by carrying out CSR activities and identifying new opportunities for a better society with its CSR regime and volunteering employees.

Major milestones & aspirations

Category	2009		2010
	Aspirations	Milestones	Aspirations
CSR project	<ul style="list-style-type: none"> Extend the "Goodbye Atopy!" campaign Carry out socially responsible activities through its marketing programs Increase socially responsible activities for children and seniors 	<ul style="list-style-type: none"> Provided education to prevent atopic dermatitis Set up LOHAS Designer Team for CSR Each of 71 participants engaged in volunteering works for 2.7 hours per month(1,147 hours in total) Donated winter clothes and other items to protect from cold to 400 poor households Provided lunch to seniors living alone and distributed food 	<ul style="list-style-type: none"> Set up LOHAS Designer Team in all workplaces across the country
Community development	<ul style="list-style-type: none"> Establish LOHAS Academy 	<ul style="list-style-type: none"> Operated LOHAS Academy Organized a health camp for 52 primary schoolers in Happy Home School 1,075 employees(32 times) of Pulmuone, 497 employees of partner companies(16 times), 113 people from youth camps and others(3 times) participated(1,685 in total) 	<ul style="list-style-type: none"> Organize youth camps with communities and facilitate participation

★ Materiality Assessment

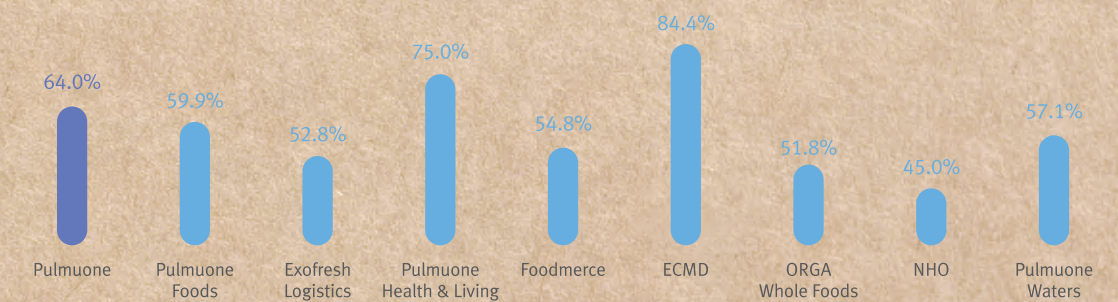
Very High Socially responsible campaigns, community development

High Socially responsible strategy, volunteering activities of executives and employees, communication with communities

Medium & Emerging Government relations, media impact

★ Survey Results

We are actively carrying out socially responsible campaigns.

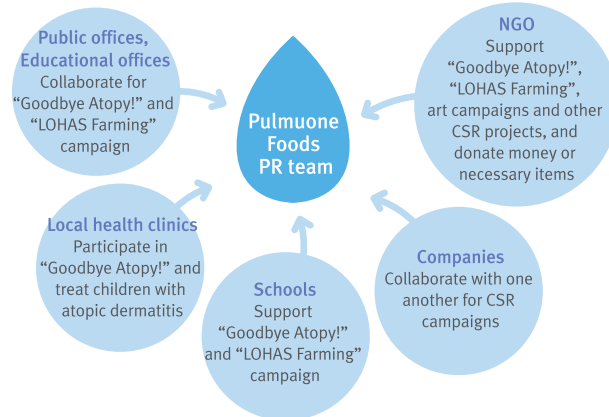


The stakeholder survey was conducted twice in May and December of 2009 both online and offline. It was undertaken on a total of 1,245 samples including 772 executives and employees, 286 customers, 134 employees from partner companies, 53 people from the communities. The percentages for positive answers were calculated by counting the number of respondents who had given 5~7 scores which means "highly true" on a scale of 1~7.

Pulmuone CSR Activities

Foundation for CSR Activities

The PR Department of Pulmuone devises a mid-to long-term plan for CSR initiatives to give the company's profits back to the society and community and implement them. They are in charge of planning, preparation, execution, and evaluation of the social programs. They also execute the community's requests and handle suggestions to the Voice of Customers section on the Pulmuone website(www.pulmuone.co.kr) and CSR website. Affiliates also have their own CSR teams designed to fit their organizations to plan, prepare, execute and evaluate CSR activities.



[CSR History]

- In 1989, Established Korea Food for the Hungry International
- In 1993, Carried out the "Earth Love Mark" campaign and "Earth Love Fund", Korea's first marketing campaigns for public interest
- In 1996, Executives and employees raised "Love Neighbor Fund"
- In 2003-04, Partnered with the Beautiful Foundation
- Since 2004, Participated in campaigns to help out children in North Korea
- Since 2004, Helped neighbors by throwing philanthropic traditional music concerts
- Since 2005, Executives and their families participated in volunteering activities
- Since 2006, Atopy treatment designated as a long-term objective
- In 2008-10, Started developing young talents in North Chungcheong area
- In 2009, Launched "LOHAS Designer" to carry out CSR activities

CSR Activities for Sustainable Management

"Goodbye Atopy!" as mid-to long-term campaign

Supporting children suffering from atopic dermatitis has been the key mid-to long-term CSR campaign since 2007. Pulmuone has educated children about a healthy diet and helped them practice a healthy lifestyle through the "Goodbye Atopy!" campaign.

Pulmuone selected children with atopic dermatitis based on health check-up and parents survey results to give a "Goodbye Atopy" class, which is to teach how to prevent atopic dermatitis to all students including atopic children and children with high risk, their teachers and parents.

Pulmuone has conducted a survey on 46 teachers of Nuwon elementary school which has received education about food and the environment for the past two years. About 91% of the respondents said they were satisfied with the education, and as for the contribution to children's health and green habits, 91% answered the education was helpful.

Pulmuone CSR Activities

CSR Activities for Sustainable Management

Showing Love for Neighbors via Traditional concerts & foods
For a Better Community
Sharing with Communities

On top of this, Pulmuone cultivated a LOHAS garden to give children the experience of growing and harvesting organic food. Atopy camps and other events were held to help children experience wholesome and healthy food and feel the importance of the environment. Pulmuone has put "Goodbye Atopy!" labels on tofu and vegetable products and raised an atopy fund with 0.1% of the sales of those products. The "Goodbye Atopy" campaign will continue as a mid-to long-term CSR program of Pulmuone.



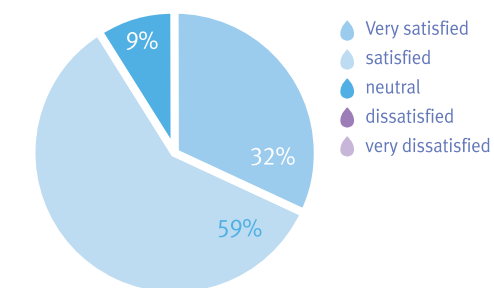
Children participated in Goodbye Atopy Camp

굿바이 아토피 캠프!

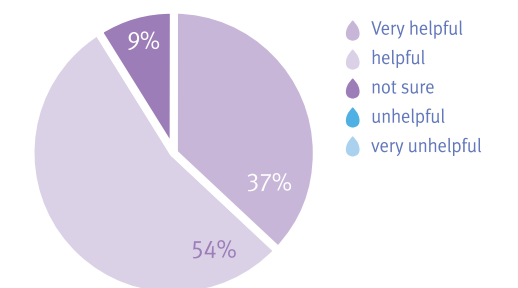
Drinking water support for North Koreans

Since 2004, Pulmuone has provided clean water to North Koreans after it had learned about water shortage in North Korea since the country didn't have enough water filtering facilities. It helped install water purifiers in Pyongyang Red Cross Hospital and provide 150 tons of water disinfectant through Korea Food for the Hungry International, and donated KRW 25 million in 2008 and KRW 26.5 million in 2009 for the underground water exploration project which has the potential of supplying water for 400 residents in Raklang of Pyongyang, and 400 patients in Pyongyang Red Cross Hospital.

What do you think of the food/environment education for the past 2 years?



How much did the food/environment education help children take up healthy and green lifestyle?



Support lunch for less-privileged children living near Pulmuone plants

For communities near its six plants including the ones in Uiryeong of South Gyeongsang, Goesan of North Chungcheong, Eumseong of North Chungcheong, Mungwang of North Chungcheong and Chuncheon of Gangwon, Pulmuone Foods has supported lunch money for children skipping meals since 1998. The program was expanded in 2005 to include schools to which Foodmerce provides food. The lunch money given to the less-

privileged children came from the Love Neighbor Fund raised by Pulmuone executives and employees in addition to the equivalent amount of money donated by the company. ECMD also supports lunch money and scholarship. Its budget consists of donation from the Love Neighbor Fund, money from ECMD which is equivalent to the amount paid by the fund, and 0.1% of ECMD's school lunch revenue. Foodmerce executives and employees also raised their own Love Neighbor Fund to help children of seven schools who skipped meals in 2009.

[Lunch money for children skipping meals]

Year	No. of assisted schools	No. of assisted students	Annual assistance(KRW)
2007	26	169	62.5 mil.
2008	37	364	172.3 mil.
2009	46	530	176.1 mil.

Journal of the CSR participants

Delivered side dishes for seniors living alone

We provided side dishes to nine seniors living alone. The most heartbreaking part for me was to see an old lady, too frail even to stand up, living in a scorching-hot greenhouse and couldn't even open the door for fresh air. Her one hand was crippled so she was not able to use her walker. And her house, with rain dripping from the roof, urgently needed a repair. Our job was finished by delivering side dishes to her but I thought repairing her house was much more important and urgent. And I also thought rather than just increasing the number of households we visit, we should focus on spending more time with the lonely seniors and helping them organize their houses. That would be much more helpful for those we're trying to help.

Jeon Hyoung-hu from Evergreen team(July 30th, 2009)



Delivering lunchboxes to seniors living alone, serving free food, washing dishes

After the volunteering activities, I realized knowing is one thing and doing is another. This experience certainly quenched my thirst for helping others, but also opened my eyes to the pain and suffering of those marginalized and forgotten. People have their own shares of pain and happiness in their lives. I, myself, also had complaints and dissatisfaction with my own life, but after this, I realized there are people who suffer more, and my little effort can really make a world of difference for them. The time we spend sharing with others and learning people's good nature would account for only a fraction of our entire lives, but if we have the will and commitment, we can make a brighter, healthier, and happier society together. To bring this into reality, we, members of our society, should join forces to help out one another.

Lee Seung-gyu from Nanumi volunteer team(October 30th, 2009)



0.1% of the sales revenue is spent for our earth and neighbors.

Environment preservation

Pulmuone has carried out various clean earth campaigns. In 2009, two teams of 51 people participated in environment preservation campaigns two times.

Participants	Place	Activity	No. of participants	Hours
Clean earth club	Seoul forest	- Making flower beds in the Pulmuone forest - Transplanting trees, giving manure	25	75
Clean earth club	Green vegetable farms	- Harvesting zucchinis, sesame leaves - Pruning	26	130

Earth Love Mark & Earth Love Fund

From 1993, Pulmuone has put the "Earth Love" marks on its products and donated 0.1% of its sales revenue to the "Earth Love Fund". The fund supports money when planting trees in communities, helping out those in need, and undertaking green initiatives and activities to support NGOs.

[Status of Earth Love Fund]

(Unit : MIL. KRW)

Year	Reserves	Expenditure	Cumulative balance
2007	469.1	519.8	878.2
2008	331.8	694.9	515.2
2009	345.7	702.5	158.3

Activities for women

Pulmuone pledged to donate KRW 100 million in three installments from 2006 to 2010 to help Korea Women's Associations United build the Center for the Future. It donated KRW 30 million in 2006 followed by KRW 35 million in 2009. Another KRW 35 million will be donated in 2010. In addition, Pulmuone annually donates money to various women's groups to support their outreach initiatives for low-income women and women's rights.

Activities for children

From July to December 2009, five teams of LOHAS Designer including the team called "A Bean to Share" provided education about a healthy diet for students and helped children make snacks with Pulmuone products during the class. Pulmuone executives, employees and their families sent gift kits that contained winter items and Pulmuone products to 400 less-privileged households at the end of 2009. For Christmas, they dressed up as Santa Claus for children at Happy Home School in Sadang, Seoul.

Activities for seniors living alone

In January 2009, 22 executives and their families delivered firewood to seniors living alone in Cheonguhn county and demonstrated to them how to use wood biomass. There were other socially responsible activities for seniors as well. From July to December 2009, five LOHAS Designer teams including the "One Step Closer" delivered lunchboxes to seniors living alone in Gangnam district in cooperation with the Gangnam Welfare Center, and served food to seniors in the Welfare Center restaurant.



Traditional Music concert

Kids Having a Tour around Kimchi Museum

Showing Love for Neighbors via Traditional concerts & foods



Traditional music concert

Since 2004, Pulmuone has organized a traditional music concert jointly with other companies who wished to promote Korea's traditional music. The concert venue was the National Center for Korean Traditional Performing Arts. In 2009, Pulmuone invited multi-cultural families in Eumseong to the "Love in Asia" concert.

Pulmuone Kimchi Museum

Pulmuone Kimchi Museum, located on the 2nd underground floor of COEX MALL, Samsung-dong, is a culture and art institute that researches about Kimchi, the most famous Korean food, to raise awareness of Kimchi among Koreans and foreigners alike. It captures history of Kimchi by showing traditional utensils and tools to make Kimchi and pictures of making Kimchi. From June to August 2009, the museum held the "Aesthetics of Flavor" exhibition to view Kimchi from an aesthetic angle. In July, it gave Kimchi class for children to help them understand tradition and culture surrounding Kimchi. In November, Thai ICT Minister Sub Lt. Ranongruk Suwunswhee and Vice Minister, Chairman of Thai national communications corporation, and 20 other presidents of Thai companies participated in the "Let's Make Kimchi" event. Going forward, Pulmuone Kimchi Museum will serve as a venue to learn about Kimchi so that foreigners who wish to know more about Kimchi and Koreans interested in the food can visit any time.

* Pulmuone Kimchi Museum website: www.kimchimuseum.co.kr

For a Better Community



Develop young talents

To develop young talents in North Chungcheong area where Pulmuone's key manufacturing plants are located, Pulmuone pledged to donate KRW 900 million to the talent development fund for the area. According to the donation plan, KRW 300 million of talent development funds has been donated every year starting from 2008. The money will be spent for youth education. Pulmuone Health & Living also donated a total of KRW 164 million to Goesan in North Chungcheong, with KRW 150 million going to the scholarship fund and KRW 14 million to forestation projects. ECMD donated KRW 64 million to support youth education in Yuhan University, Sungkyunkwan University, Korea Aerospace University, Seoul Artvasity and Jangshin University.



LOHAS Academy

LOHAS Academy is a training institute of Pulmuone located in Goesan, North Chungcheong. It was opened in May 2009 to help people experience the nature and learn how to coexist with the nature in peace. Various educational programs on the smile therapy, healthy diet and LOHAS class were provided throughout 2009 where 1,075 employees(32 times), 497 partners(16 times), 113 special members including the youth camp members(3 times) participated. In August 2009, 52 students from the Happy Home School joined a health camp to learn how to improve their health with various activities such as trekking, waterside excursion, exercise or dietary education. When its first program was launched in July 2009, LOHAS Academy was opened only to Pulmuone employees and their families. But starting from 2010, its programs will include communities nearby. In line with this, it is planning to hold a camp for Children's Center and single-parent households in Goesan from July to August 2010.

Government subsidy for the plant relocation

Pulmuone is planning to give back to society KRW 1 billion it would receive from the government(KRW 755 million for location subsidy + KRW 245 million for investment subsidy) for its green juice plant relocation from Yangju to Doan, North Chungcheong.

Sharing with Communities



"Love Neighbor Fund" raised by executives and employees

Pulmuone executives and employees donate a certain amount of their salary every month for neighbors in need. This fund goes to Korea Food for the Hungry International to help those suffering from hunger across the world and support lunch money for poor children in Korea. Pulmuone executives and employees also participate in a campaign twice per year to skip their lunch and then send the lunch money to people in need.

[Fund status]

(Unit : Mil. KRW)

Year	Raised amount	Expenditure	Cumulative balance
2007	139.0	94.2	161.5
2008	139.7	225.5	75.6
2009	209.1	173.4	111.3

LOHAS Designer launched by Pulmuone

Pulmuone organized a volunteering corps at the company level and named it as LOHAS Designer. The company encourages employees' participation in LOHAS Designer campaigns by counting volunteering hours as working hours, offering mileages, supporting expenses, awarding good volunteers and good teams, and running educational programs. For the year 2009, it formed 15 volunteering teams as test teams and they spent a total of 1,147 hours for volunteering activities from July to December.

[Volunteering activities by LOHAS Designer in 2009]

Year	July.	Aug.	Sep.	Oct.	Nov.	Dec.
Cumulative hours	126	285	448	748	981	1,147
Cumulative people	50	112	174	276	367	428

Volunteering activities by executives and employees

Since 2005, Pulmuone executives have participated in socially responsible activities including helping organic farms and serving food to those in need twice per year. Employees also participate in similar activities on a

voluntary basis, and affiliates are actively engaged in Pulmuone initiatives to help others. In addition, families of Pulmuone executives and employees can participate in various activities such as planting for World Peace Forest and making cakes of love usually at year end. Every year, each of 1,463 people spends 4.4 hours for socially responsible activities(19,305 hours in total).

[Participation in socially responsible campaigns]

Year	2007	2008	2009
Hours	2,856	9,740	6,709
People	952	1,948	1,491

Nanuri volunteer club and Green Earth volunteer club

Employees of all Pulmuone affiliates join various volunteering activities of Nanuri which visits child centers on the last Saturday of every month to serve lunch for children. In 2009, Green Earth volunteer club was launched to undertake various activities for the environment.

ECMD

ECMD has been very active in serving food to those in need, utilizing its key business capability. More than 40 socially responsible teams for all departments conduct community surveys to treat neighbors in difficult situations with free food. In 2009, each of the teams spent more than five hours in serving free food, and visited orphanages, rehabilitation centers and nursing homes nearby to carry out volunteering activities on an ongoing basis.

Foodmerce

Dasomsari club was launched in May 2008 to reach out to marginalized neighbors. Dasomsari members visit people in need on the 3rd Saturday of every month to treat them with free lunch. In 2009, Dasomsari members served LOHAS food to neighbors in need for 12 times and gave 86 blood donation certificates to the pediatric ward of Samsung Medical Center to help children suffering from leukemia.

Families

Families of Pulmuone executives and employees who advocate the “Love Neighbor” campaign are participating in various activities. During summer and winter vacations of 2009, children of Pulmuone employees visited farmlands to help farmers, organized reusable and recyclable products to sell them. In autumn, they visited the World Peace Forest in Incheon to pull arrowroot vines and plant seedlings.

Year-end donation event

In late December of every year, Pulmuone collects reusable items from employees to throw a charity bazaar and the “Experience Hunger” campaign instead of a typical year-end party. In 2009, the charity bazaar raised KRW 16 million to be donated to World Vision. As for the money donated to World Vision, WFP(World Food Program) raises money according to the ratio of 1(Pulmuone):10(WFP) to donate it for African children going hungry.



Year-end charity bazaar

Pulmuone's Environment Management

Pulmuone, which cares for nature, pursues the environment management throughout the product lifecycle. Pulmuone will make its continuous efforts to offer eco-friendly products based on its assessment of environment impact.

G o i n g

Green





Green Management

Pulmuone is fully committed to offering green products by adopting eco-friendly ingredients, materials, packaging materials and production methods based on its assessment of the environment impacts throughout the products' lifecycle.



Disclosure on Management Approach

Major issues

Response to climate change Pulmuone has established mid-to long-term green strategy to actively respond to climate change. In line with this, Pulmuone decided to track its CO₂ emission and water consumption amounts to come up with targets and implementation tasks for each business. The company has carried out campaigns for less greenhouse gas emissions by reducing energy and refrigerant consumption in manufacturing and logistics.

Exemplary cases

Inverter installed in Pulmuone Health & Living Doan plant reduced in-direct energy consumption by 9% Doan plant installed inverters in the pumps and fans of the air-conditioning system for manufacturing lines, boiler vaporizers and air conditioners with high load fluctuation, which reduced power usage by controlling motor rotation. After the installment, 695,400kwh of power usage, which amounts to KRW 30 million, was reduced. The energy reduction campaign will continue for 2010 by installing inverters in motors with 5HP or higher.



Dedicated organization

PESC(Pulmuone Environment Safety Committee) Decides on strategy, policies and implementation tasks for environment safety

ES(Environment & Safety) Office Implements strategy, policies and tasks devised by PESC and operates a council

Vision & goals

- Pulmuone aspires to become a company which values the environment and safety throughout its work process starting from development to production and distribution, and offers wholesome and healthy foods to its customers.
- Pulmuone will facilitate both internal and external communication, improve its eco-friendly performances to provide authentic wholesome foods, and proactively implement system-based environment management practices.

Policy

Pulmuone willingly accepts low-carbon green growth as its new paradigm and pursues sustainable growth by fulfilling its responsibilities to the society.

Major milestones & aspirations

Category	2009		2010
	Aspirations	Milestones	Aspirations
Less footprint on the environment	<ul style="list-style-type: none"> · Reduce water usage by 4% and energy consumption by 1% compared to 2008 · Strengthen standards for waste water and sewage discharge - Expand artificial wet land · Put carbon footprint labels on more products · Develop packaging standards 	<ul style="list-style-type: none"> · Reduced water usage by 13% and energy consumption by 3% compared to 2008 · Strengthened waste water and sewage discharge standards - Made wet land in 8 sites · 4 tofu products acquired approval for carbon footprint labeling 	<ul style="list-style-type: none"> · Reduce water and energy usage by 5% compared to 2009 · Acquire more approval for carbon footprint labeling
Green management strategy	<ul style="list-style-type: none"> · Establish an IT system for environment safety · Attain 86% of compliance with the internal standards in 14 sites 	<ul style="list-style-type: none"> · Established an IT system for environment safety for operation · Attained 85% of compliance in 21 sites Offered environment education per workplace and job class 	<ul style="list-style-type: none"> · Extend the environment safety IT system - Production, logistics, service, clerical work · Attain 99% of compliance in 21 sites
Environment protection	<ul style="list-style-type: none"> · Offer environment education per workplace and site · Encourage employees to form clubs for the environment 	<ul style="list-style-type: none"> · Launched a club for the environment "Pulbaram" and undertook various activities 	<ul style="list-style-type: none"> · Operate carbon education program for executives and employees · Designate the Environment & Safety Day

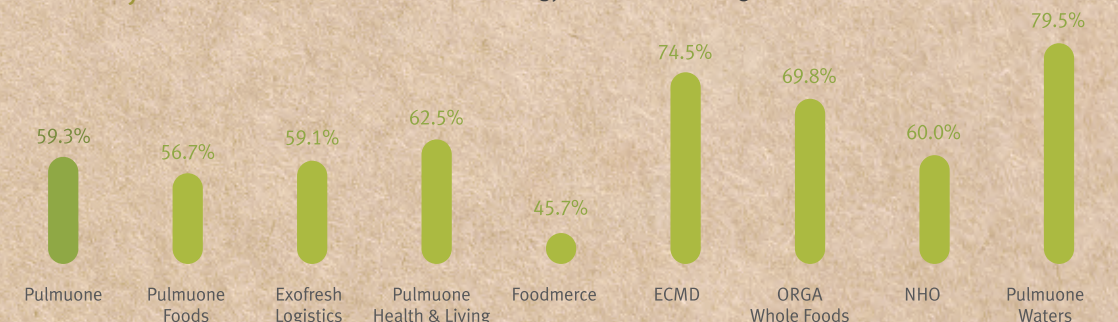
★ Materiality Assessment

Very High Less footprint on the environment, response to climate change, environment protection

High Green management strategy

★ Survey Results

We make efforts to reduce energy and resources usage.

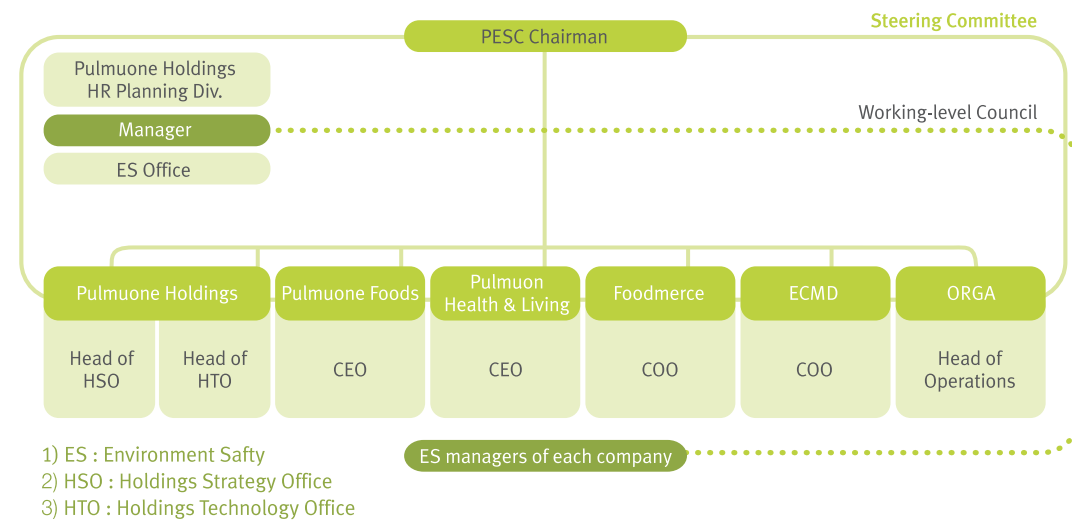


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Green Strategy by 2013

Foundation for Green Strategy

PESC(Pulmuone Environment Safety Committee) is dedicated to generating strategy, policies and implementation tasks for environment protection. It also monitors progress on the implementation. After PESC deciding on the direction, the working-level council which has each affiliate' environment officer as its member introduces relevant strategy, policies and tasks to the field, and the ES Office handles all administrative works for PESC and operates the council.

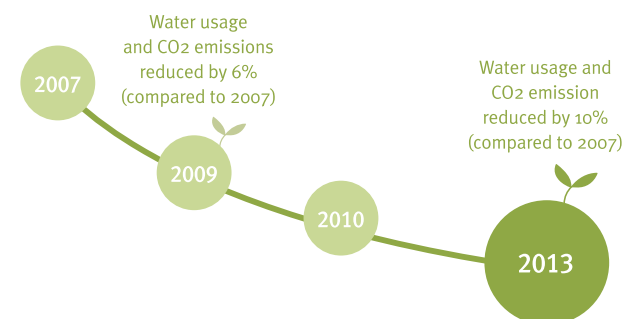


2013 Green Strategy

To respond to climate change and conserve water resources considering that Korea is one of the water shortage countries, Pulmuone sets the target to reduce water consumption and CO₂ emissions by 10% by 2013 to the 2007 level. To attain this target, it is implementing yearly tasks based on three major green strategies such as managing environment performance for wholesome food, protecting the environment in a systemic way, and facilitating both internal and external communication. Major milestones of 2009 include reducing water and energy consumption more than the targets, raising internal standards to reduce carbon footprint, and establishing an IT system for the environment. Unfortunately, with the internal standards being raised, the compliance rate fell short of the target. Pulmuone will continue to implement tasks rigorously based on its green strategy for 2010.

The green standards, first written in 1995, were revised to reflect the recent paradigm shift in green management and resulting changes in strategy.

With regard to that, detailed implementation guideline has been distributed across the company to help workplaces and plants implement the rules.



Green Strategy by 2013
Overall Environment Impact
Activities for Less Environment Impact
Activities for Biodiversity
Green Management Activities

Green products
Green purchase
Biodiversity
Climate change
Resource productivity
Green community

Social responsibility
Food culture

We make safe products that care about sustainability and consumer health.
We check if it is a green product when we purchase consumer goods.
We strive to preserve biodiversity.
We recognize the severity of global warming and cut CO₂ emissions.
We effectively use finite resources such as fossil fuels and water.
We set and abide by environment standards to preserve the environs of communities where our plants are located.
We fully support green campaigns of the communities to be socially responsible.
We take the initiative in spreading green and healthy food culture.

We abide by the followings to realize our green standards.

- We put the same value on the environment as production and quality.
- We set and implement green targets.
- We operate a green management system to preserve the environment.
- We continue to improve implementation of green standards.

Overall Environment Impact

Pulmuone affiliates are striving to reduce their impacts on the environment when doing business. They research the usage and the flow of resources and their impact on the environment, set targets including water usage and CO₂ emissions cut by 10% with the strategy fit for their business.

Environment Impact of Manufacturing

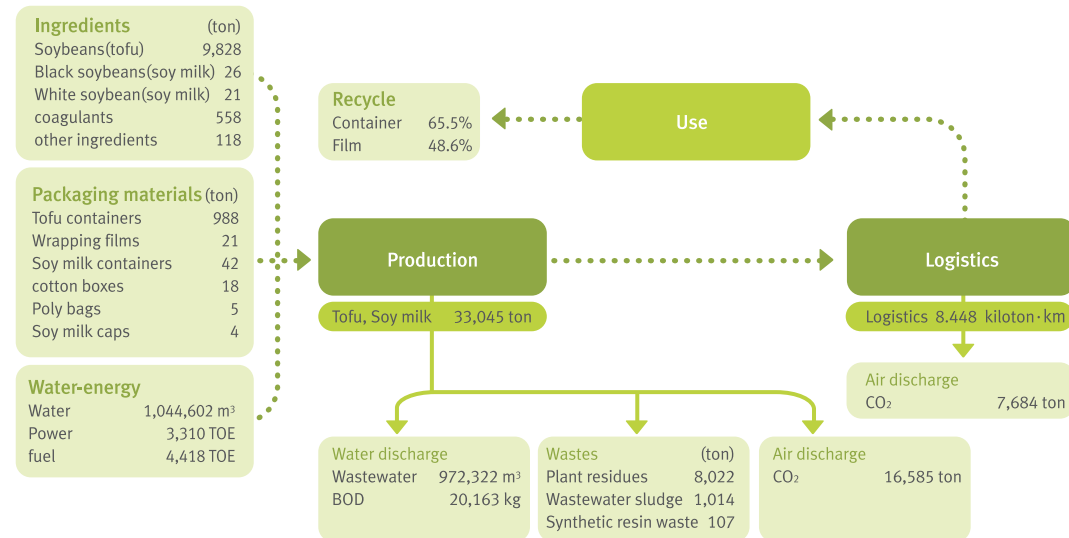
Pulmuone is cutting its water and energy usage in manufacturing by tracking the usage change, driving innovation, and introducing highly efficient facilities.

It used bunker fuel oil A, by-product oil no.1, no.2, and kerosene. Eumseong plant changed its fuel to LNG, the green fuel, to reduce pollutants such as NO_x, SO_x, and CO₂ emissions. Plants that do not have LNG pipelines changed to LPG in 2007-08.

	input			output		
Pulmuone Foods	Water energy	Water	2,401,172 m ³	Water discharge	Wastewater	1,195,367 m ³
		Power	6,552 TOE		BOD	21,180 kg
		Fuel	6,790 TOE		Waste	12,163 ton
				Air discharge	CO ₂	29,851 ton
					Products	69,994 ton
Pulmuone Health & Living	Water energy	Water	115,923 m ³	Water discharge	Wastewater	95,970 m ³
		Power	1,544 TOE		BOD	257 kg
		Fuel	447 TOE		Waste	1,761 ton
				Air discharge	CO ₂	4,129 ton
					Products	8,502 ton
Pulmuone Waters	Water energy	Water	130,482 m ³	Water discharge	Wastewater	26,656 m ³
		Power	1,404 TOE		BOD	6 kg
		Fuel	125 TOE		Waste	63 ton
				Air discharge	CO ₂	3,127 ton
					Products	99,866 ton

Resource flow and environment impact of tofu business

The three tofu plants combined account for 40% and 50% of the total water and energy usage respectively. As this demonstrates, the tofu business can leave a big footprint on the environment with its enormous energy and water usage, and wastewater discharge. Hence, many efforts are being made to understand the consumption pattern and reduce the waste amount for the environment.



* Statistics for ingredients, wrapping materials, water- energy usage, air discharge, water discharge, and waste are based on performances of tofu plants(Eumseong, Uiryeong, and Chuncheon) in 2009. As this is the food business, recycled ingredients or wrapping materials cannot be used when making tofu.

* CO₂ emissions are calculated based on the IPCC1996 guideline, and statistics produced by the Ministry of Environment were used to calculate the reused ratio of containers and films.

Environment Impact of Logistics

Exofresh Logistics and Foodmerce leave big impacts on the environment with its logistics business, so they monitor and manage green indexes about energy consumption including the power used in logistics centers

	input			output		
Exofresh Logistics	Water energy	Power	2,423 TOE	Water discharge	Wastewater	12,845 m ³
		Fuel	5,769 TOE		BOD	8 kg
		CO ₂	369 ton		Waste	157 ton
		Water	12,901 m ³		Air discharge	CO ₂
Foodmerce	Water energy	Power	1,505 TOE	Water discharge	Wastewater	4,377 m ³
		CO ₂	8 ton		BOD	1 kg
		Water	4,377 m ³		Waste	194 ton
ECMD	Water energy	Water	17,454 m ³	Air discharge	CO ₂	2,976 ton
		Power	156 TOE		Waste	136 ton
		Fuel	12 TOE		Air discharge	CO ₂
ORGA Whole Foods	Water energy	Power	638 TOE	Air discharge	CO ₂	1,985 ton

*Exofresh Logistics : Based on fuel consumed for transportation and delivery, the transported distance, and power used in logistics centers

*Foodmerce : Based on the energy used in Yangji Logistics Center

*ECMD : Based on the energy used by Green Terrace

*ORGA Whole Foods : Based on the performances of stores

*NHO : Currently operating only franchise stores, so green indexes are not tracked.

Activities for Less Environment Impact

and fuel for transporting vehicles. ECMD tracks used water and energy, and food wastes discarded by its restaurants. ORGA Whole Foods, the retail chain, tracks down the energy consumption by stores and manages power usage of its offices. The green performance indexes for service and office work have been tracked and monitored after the green IT system was established in 2009.

Pulmuone makes its utmost efforts to reduce its environment impact not just in its manufacturing plants but throughout its entire work process, which means it strives to reduce any harm to the environment not only when it purchases ingredients and packages its products(on the product level), but also it manufactures its goods(on the plant level).

On the Product Level

In 2006, Pulmuone became the first food company to receive the Life Cycle Assessment on its entire production process of tofu products and received the green product accreditation in 2007. The Life Cycle Assessment is to assess the environment impacts of its entire production process which starts from procurement of ingredients and packaging materials to manufacturing, delivery, sales, and disposal. The assessment was undertaken to develop more environment-friendly products and to calculate the carbon footprint of the company. It also applied the LOHAS concept to the process of harvesting food ingredients and to its packaging technology to reduce the company's carbon footprint.

Carbon footprint

In April 2009, the Ministry of Environment introduced the carbon footprint labeling system which puts a carbon footprint label on a product as a response to the low-carbon green growth paradigm. Pulmuone participated in the Ministry's test project to be one of the pioneers in green labeling and calculated CO₂ emissions throughout the production process of "Organic Two-cup Tofu" and became the first company to receive a green accreditation in April 2009. It calculated CO₂ emissions throughout its production process that starts with procurement to manufacturing, sales, consumer usage and disposal, and as a result, received the green accreditation for its four products including Organic Two-cup Tofu, organic tofu products for pan-fry and stew, Organic Two-cup Tofu for Pan-fry/Stew to share carbon information about its products. In 2010, Pulmuone plans to expand its carbon footprint labeling to other product categories besides tofu such as "I'm Real". However, to reduce carbon footprint of products, the footprint itself has to be accurately calculated.

What is a carbon footprint?

Just like humans leaving footprints every time they move around, products emit carbon in the process of manufacturing, transportation, usage and disposal. By disclosing CO₂ emitted throughout the production process, a company can inform consumers that the product has been made in a sustainable way to mitigate climate change and consumers can contribute to lowering CO₂ emissions by opting for low-carbon consumption.



And based on the accurate calculation, Pulmuone's manufacturing plants as well as the suppliers of ingredients and packaging materials have to change their production process into a lower-carbon one and actively search for low-carbon elements in product development. Pulmuone plans to reduce carbon footprints of its products by enhancing the energy system of manufacturing plants and supporting technology development of its partner companies.

Ingredient procurement Carbon footprint in ingredient procurement shows CO₂ emissions during the process of growing beans(ingredients of tofu), transporting them to plants, manufacturing containers and films, and delivering them to plants. The beans are grown in Hwaeun Daesan Organic Farm in Jilin Province of China, and transported to Pulmuone tofu plants by container vessels and trucks. As for packaging materials, containers are made by Dongjin Co. and films by Samji to be delivered to Pulmuone plants by truck. CO₂ emissions are calculated based on energy consumption of ingredients and materials like PP, power and fuels.

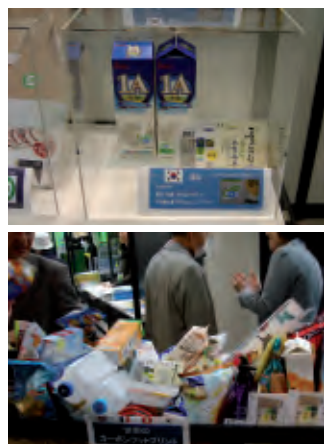
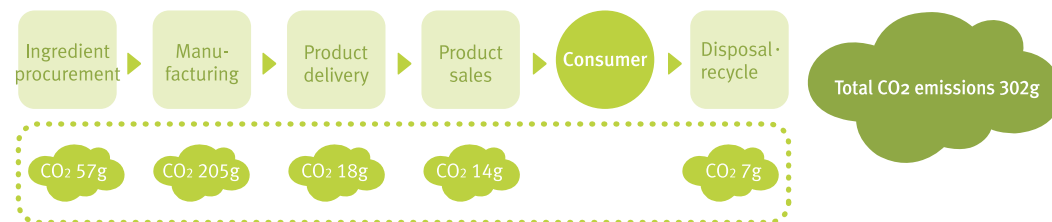
Manufacturing This shows CO₂ emissions of plants to make tofu. It is based on consumed water and energy, wastewater and waste.

Product delivery This shows CO₂ emissions of a finished product when it is transported to retail stores across the nation. It is calculated based on the distance between plants to retail stores, sales and information about transporting vehicles.

Product sales As tofu is displayed in the shelves of a refrigerator, CO₂ emission is calculated based on the energy used by the refrigerator.

Disposal & recycle The containers and films used as packaging materials are recycled in homes, buried in the ground or incinerated. In this process, CO₂ is emitted. The proportion that is buried or incinerated is based on waste disposal statistics generated by the Ministry of Environment.

[Carbon footprint of Organic Two-cup Tofu]



Organic Two-cup Tofu displayed in a green product exhibition in Japan The green product exhibition held on Dec 10-12th in Tokyo Big Sight featured overseas products which received green label accreditation including Pulmuone's Organic Two-cup Tofu in the Global Carbon Footprint Products section.

Laver aquaculture that uses no acid to preserve the ocean

In 2005, Pulmuone introduced to the market "Badasum Laver", laver which was cultivated from an environment-friendly farm with no improving agents or other acids. When laver is submerged in the ocean water, it grows by absorbing nutritive salt, and when it is exposed to the air and the sun during ebbs, wind and sunlight get rid of algae attached to the laver.

In the past, laver farms cultivated laver on the net fixed to a certain height so that it is submerged in the water during high tide and then exposed to the air during low tide. This naturally eliminated algae. However, most of the laver farms nowadays have laver always submerged in the water and use organic acid to remove algae and improve productivity. Pulmuone, unlike others, are making efforts described below to ensure safety of seaweed



Jangheung organic laver farm, fixed-net method laver

products, make them more nutritious and preserve the oceanic ecosystem.

Seafood traceability system All products go through Pulmuone's rigorous quality system that manages the whole production process from the fishery farms or other places of production to seasoning, processing and distribution. In 2006, Pulmuone introduced a traceability system that shows a product history defined by Ministry of Food, Agriculture, Forestry and Fisheries to manage ocean farms, production and processing in a transparent manner.

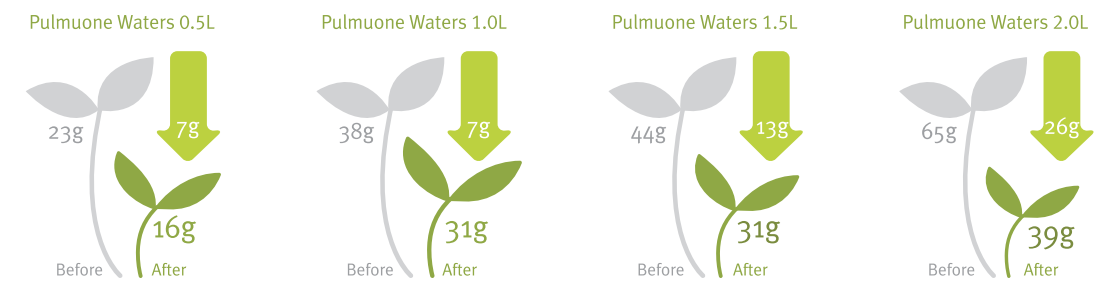
Preparation for natural cultivation of laver In May 2008, Pulmuone laid the foundation for an environment-friendly harvest of laver by signing a strategic MOU with Jangheung area which had declared to use the fixed-net method ¹. The MOU was signed for a direct alliance with fishermen, which would open the way for community development and supply of good food materials.

Health hazard(heavy metal, germs) monitoring Pulmuone rigorously checks the place of production with its remote monitoring system to prevent an organic farm product from being mixed with other products. It also monitors the safety of dry laver by checking a producer certificate and probing for heavy metal pollution, E-coli, and other bacteria that cause food poisoning.

Less packaging materials and domestic production

When designing product packaging, the company considers 3Rs(Reduce, Reuse, Recycle) to develop innovative processing and packaging technology. Pulmuone has reduced the usage of packaging materials and introduced new methods to realize more environment-friendly packaging.

Pulmuone Waters PET bottle weight Mungwang plant of Pulmuone Waters has succeeded in minimizing the weight of Pulmuone Waters preform bottle. With this, the usage of packaging materials has decreased as well, bringing down the material cost about KRW 404 million per year. In 2010, a project to reduce the bottle cap weight will be launched.



Pulmuone Real Bean Juice's weight reduced Materials that can endure the bottling process in high temperature are selected for a bottle, and a bottle weight has also been reduced(215ml: 26g --> 24g, 500ml: 48g --> 45g) by modifying its design to make it resistant to possible inflation or deflation in later stages of production and distribution. This has lowered the bottling cost by KRW 3.9 million in 2009.

¹ Laver is cultured in a traditional way by using wood props to fix the laver net to a certain height so that laver can be exposed to the air in low tide and be submerged in high tide.

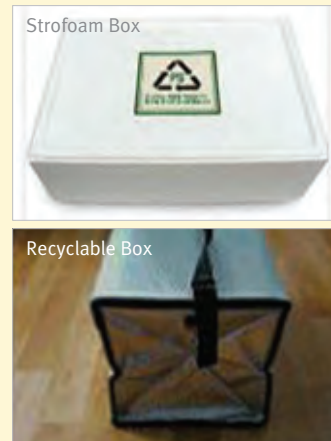
Pulmuone goes green I

ORGA Whole Foods Green Shopper Campaign- “Environment Stewardship” campaign and shopping bags

ORGA Whole Foods, to reduce the usage of Styrofoam boxes which create heavy pollution, carried out the “Environment Stewardship” campaign which puts its products in recyclable boxes for later recovery upon a customer’s request. The ice pack placed in the box to lower the temperature is also recovered when the next delivery is made to be reused after being cleaned.

From May to December 2009, it stamped a seal every time a customer brought an eco-friendly reusable shopping bag and gave natural organic detergent to customers who had collected 10 stamps.

During the event period, 1,231 customers received organic detergent, which means ORGA Whole Foods induced at least 12,310 times of reusable shopping bag usage of its customers.



Noodle packaging becoming thinner The thickness of noodle packaging has been reduced from 70 μ m to 60 μ m by using LLDPE(Linear low-density polyethylene). The thinner packaging can still endure the sterilization process and guarantee the same expiration period. An Easy Peel cap is used in Cup Ice for an easy opening and the cap has become thinner from 25 μ m to 12 μ m to reduce the defection rate. This has cut the wrapping cost by KRW 1.7 million.

Less transportation by sourcing materials from domestic producers Pulmuone used to import packaging materials as it opted for barrier materials to ensure food safety during distribution and to promote consumer convenience as well as to promptly introduce products to the market. However, after it found the downside to importing materials such as low efficiency and disposal of excess materials, it collaborated with partner companies to develop homegrown technology. As a result, it is now manufacturing packaging materials domestically, cutting KRW 310 million in cost and CO₂ emissions in transportation.

On the Plant Level

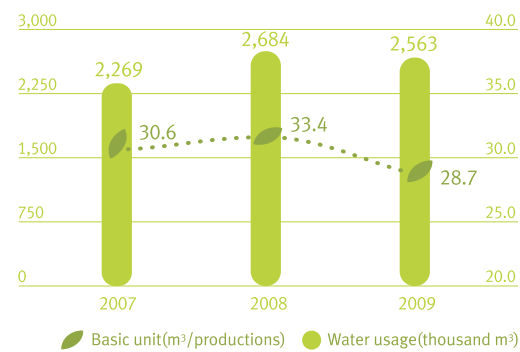
Water and energy consumption reduced by 6% compared to 2007

Pulmuone has the green target of reducing water and energy consumption 10% compared to 2007 by 2013. It communicated the target to every plant and workplace, and promoted the campaign. As a result, it reduced the consumption amount more than the target. Compared to 2007, the water and the energy usage were cut by 6% and 6% respectively. Pulmuone will continue to drive the campaign for 2010. Its CO₂ emission has been also cut 7.4% compared to 2007.

Water resource usage

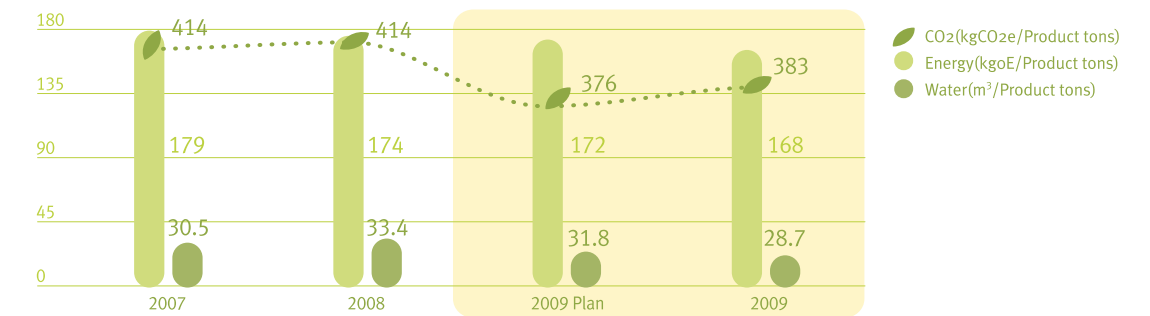
For manufacturing, 2,563 thousand m³ of water is used and about 675 thousand m³, About 26.3% of total

[Water usage in manufacturing]



Green Strategy by 2013
Overall Environment Impact
Activities for Less Environment Impact
Activities for Biodiversity
Green Management Activities

[Basic unit of energy/ water/ CO₂ in manufacturing]



* Pulmuone had monitored its environment performance with indexes only in manufacturing and logistics from 2007 to 2009. The manufacturing index tracks performances of Pulmuone Foods and Pulmuone Health & Living based on the basic unit of production volume, and the logistics index tracks performances of Exofresh Logistics and Foodmerce based on the basic unit of revenue. This report is mostly based on the basic unit performance of the manufacturing.

- Water usage: As the manufacturing plants account for the majority part of the total water usage, the index tracks the performances of Pulmuone Foods and Pulmuone Health & Living.
- Energy usage: Since logistics/manufacturing use most of the energy, the index tracks performances of Pulmuone Foods, Pulmuone Health & Living, Exofresh Logistics and Foodmerce.
- CO₂ emissions: Since CO₂ is mostly emitted in manufacturing and logistics, the emission index includes performances of Pulmuone Foods, Pulmuone Health & Living, Exofresh Logistics, and Foodmerce.

amount of water used in manufacturing, is underground water. Since a food company has to use huge amount of water in the production process, Pulmuone is trying to reduce its water consumption by reusing washing water and driving other innovative initiatives. As water can only be reused in limited amount for food safety, it’s mainly used for initial washing. The reused water accounts for about 7% in total water usage. The amount of water consumed in Sprout plant takes up as much as 47%, so the plant carried out several innovation initiatives focusing on the bean sprout washing line, which reduced its water consumption by 11%. In addition, Eumseong tofu plant introduced an innovative way of washing beans using both air and water into one of its production lines, which contributed to reducing its water consumption by 5%.

		2007	2008	2009
Pulmuone Foods	Water usage(thousand m ³)	2,133	2,562	2,440
	Basic unit(m ³ /product tons)	32.0	35.5	30.2
Pulmuone Health & Living	Water usage(thousand m ³)	136	122	123
	Basic unit(m ³ /product tons)	18.0	15.1	14.5
Pulmuone Waters	Water usage(thousand m ³)	105	105	130
	Basic unit(L/L packed)	1.6	1.4	1.3

Water resource management by Pulmuone Waters Pulmuone Waters produces bottled water with underground water collected from base rock. Every five years, the company conducts an environment research which investigates the remaining amount of underground water, collection condition, geological conditions, appropriate amount of collection, scope of environment impact, geological impact, and water quality to preserve the water resource and prevent any impact on the ecosystem. The results should be reported to the Ministry of Environment for an approval. Pulmuone Water Mungwang plant collects 500 tons of underground water every day based on the environment survey and the Ministry approval, and it cautions to collect water within the imposed limit to preserve the environment and underground water quality, and to prevent the exhaustion of underground resources. More information can be found in the environment research report.

Pulmuone goes green 2

Major raw materials except for water - Efforts to use domestic packaging materials Pulmuone's major production materials are agricultural produce and packaging materials. Pulmuone is trying to procure containers and cans from domestic suppliers to reduce carbon emissions created in the importing process and long-distance transportation. As for packaging materials, the company is recycling materials to meet the recycling quota by material type in accordance with the law for resource conservation and recycling. Mandatory rate for packaging materials recycling is 65.5% in container and 48.6% in film.

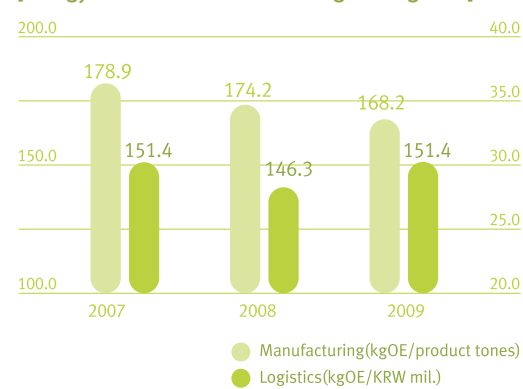
[Materials usage(unit : 1,000 tons)]

	Soybeans	Packaging materials		
		Container	Imported	Film
2007	8.0	1.51	0.007	1.76
2008	8.5	1.67	0.009	1.96
2009	9.8	2.17	0.011	1.97

Less energy consumption

Electric power and fuels are consumed as energy to heat or freeze foods in manufacturing. Pulmuone Health & Living relocated its green juice plant in 2009 and introduced a new production line, which led to more energy consumption but more production volume and less energy basic unit thanks to the highly efficient energy facilities. In logistics, both direct and indirect energy consumption increased as more production meant more transportation for delivery and as the warehouse temperature was lowered from 5℃ to 2℃, increasing the load to freezers. In order to reduce power usage in logistics centers, strip curtains were installed at the load/unload gate, and power-saving lamps and the cooling system for freezer vehicles were introduced. All of these efforts helped the company maintain the 2007 basic unit level.

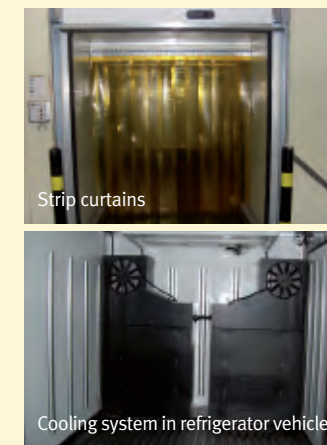
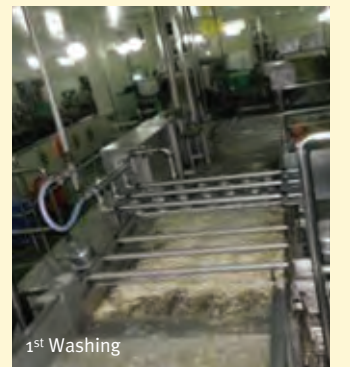
[Energy basic unit in manufacturing and logistics]



Energy consumption & basic unit		2007	2008	2009
Pulmuone Foods	Direct energy(kgOE)	6,377	6,412	6,790
	Indirect energy(kgOE)	5,722	6,280	6,552
	Basic unit(kgOE/product tons)	182	176	165
Pulmuone Health & Living	Direct energy	664	508	478
	Indirect energy	1,318	1,323	1,544
Pulmuone Waters	Direct energy	146	107	125
	Indirect energy	990	1,218	1,404
	Basic unit(kgOE/product tons)	17	17	15
Exofresh Logistics	Direct energy	4,962	5,304	5,769
	Indirect energy	2,161	2,242	2,423
	Basic unit(kgOE/product tons)	151	146	151

Water consumption reduced 11% by changing the washing method of Pulmuone Sprout plant

Sprout plant succeeded in reducing water consumption 11% by introducing an innovative washing method into the bean sprout line. As bean sprouts were washed in the washing line for three times, the water for 1st and 2nd washing was recycled by circulating the water in a wash tank and then replaced when water turbidity increased, but Pulmuone changed the way and reduced 156 thousand tons of water in 2009 by constantly operating its water supply and drainage system to control the cleanliness of washing water.



Energy conservation in logistics centers, strip curtains and cooling system for freezer vehicles.

At the logistics center of Exofresh Logistics, the storage temperature is maintained at 2℃ to ensure the quality of chilled foods. Foodmerce Yangji logistics center invested KRW 24 million to install strip curtains at 71 load/unload gates to block outflow of cold air and inflow of warm air when loading products to transportation vehicles. After the strip curtains, the load to freezers decreased, reducing power consumption by 88MWh. In 2010, other logistics centers are planning to put strip curtains on their load/unload gates.

When vehicles are waiting for food inspection in retailer stores, freezers have to be turned on to maintain the inside temperature but as the engines cannot be run at idle, the temperature can rise, ruining the products. To address this problem, a cooling system whose battery can be charged at night was installed in vehicles to reduce the load while they are on the run or in the waiting. This has reduced CO₂ emissions. Exofresh Yongin logistics center has 12 vehicles with such cooling system, and going forward, the cooling system that can be charged with electricity will be installed to more vehicles.

ECMD's efforts to save energy in schools and other campaigns for schools

ECMD introduced various campaigns to reduce electricity, water, gas usage in schools in 2009. It put power-saving timers onto the outlets of devices to control the usage time, checked for washing machines running at idle, used warm water to cook rice, and used a timer for sterilizing in boiling water. Thanks to these efforts, it cut its electricity, water, and gas usage per person to whom it serves food by 20.1%, 18.9% and 4.6% respectively in 2009.

In addition, ECMD carried out "Energy(-) Love(+) Campaign" which selected the best energy conservation slogan among the ones submitted by students, faculties and parents, and distributed briquettes purchased with the money it saved during summer to neighbors in need.

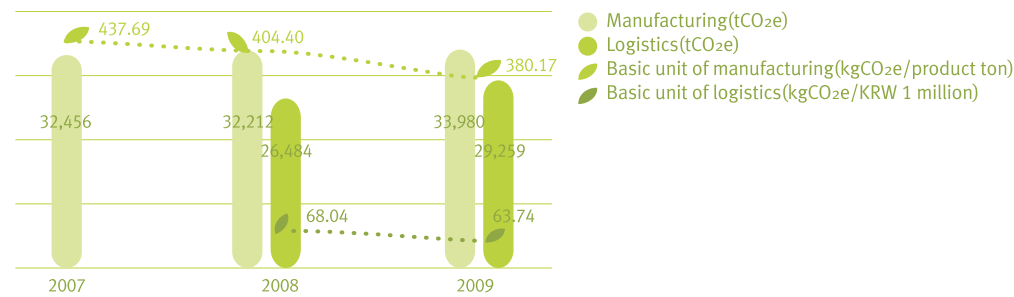
Energy saving activities



Less Greenhouse gases emission

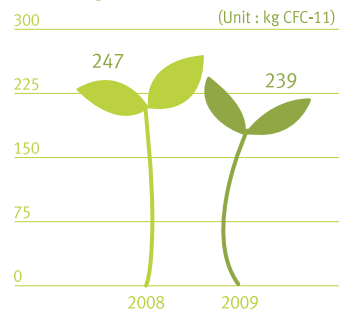
Greenhouse gases(GHG) are emitted when energy is consumed, refrigerants are leaked, and dry ice is used to maintain the vehicle temperature for chilled products. To reduce greenhouse gas emissions, plants used bunker fuel oil A, by-product oil no. 1 and no. 2, and kerosene. However, as further reduction of CO₂, NO_x and SO_x became necessary, Eumseong plant started to use LNG, and other plants that do not have LNG pipelines changed their fuels to LPG in 2007-08. Sprout plant introduced a heat-pump system to raise the water temperature when growing bean sprouts. However, more manufacturing plants in operation and the lower temperature while being transported(5℃ → 2℃) increased energy consumption, pushing the greenhouse gas emissions to a higher level. Aware of this, Pulmuone is planning to introduce other initiatives to reduce the release of refrigerants and energy consumption in 2010.

[GHG emissions in manufacturing & logistics]



	CO ₂	2007	2008	2009
Pulmuone Foods	Total amount(tCO ₂ e)	27,949	28,187	29,851
	Electricity	11,284	12,385	12,920
	Fuel	16,351	14,401	14,808
	Refrigerant leak	300	1,379	2,100
	CO ₂	15	22	22
	Basic unit(kgCO ₂ e/product ton)	420	390	369
Pulmuone Health & Living	Total amount(tCO ₂ e)	4,506	4,025	4,129
Pulmuone Waters	Total amount(tCO ₂ e)	2,374	2,711	3,127
Foodmerce	Total amount(tCO ₂ e)	1,911	2,866	2,976
Exofresh Logistics	Total amount(tCO ₂ e)	-	23,618	26,283
	Basic unit(kgCO ₂ e/product ton)	-	457	485

[CFC usage]



Ozone depleting chemicals Pulmuone is in compliance with the guideline on ozone depleting chemical usage and trying to reduce the usage amount. It strictly monitors and repairs its facilities to minimize the leak of refrigerants when repairing the freezers in plants or logistics centers. In 2009, the company extended its monitoring scope from manufacturing plants, logistics centers to ORGA Whole Foods stores and other stores to control the usage amount.

Waste recycling increased to 98%

The residues of manufacturing(i.e. bean curd refuse and waste paper are reprocessed to make feed for livestock, wastewater sludge are reprocessed into fertilizer, and waste synthetic plastics are recycled by a

Pulmuone goes green 3

Ozone depleting refrigerants replaced throughout the sales process

CFC12 had been used as a refrigerant for refrigerators and freezers for Pulmuone products but 105 freezers and 735 refrigerators newly purchased in January 2009 opted for HFC404a(Fluoro-hydrocarbon-404a) as a refrigerant to replace the ozone depleting chemical. Going forward, Pulmuone will expand the usage of environment-friendly refrigerants, promptly adopting technological advances in refrigerant.



Pulmuone Health & Living's initiative to reduce GHG emissions

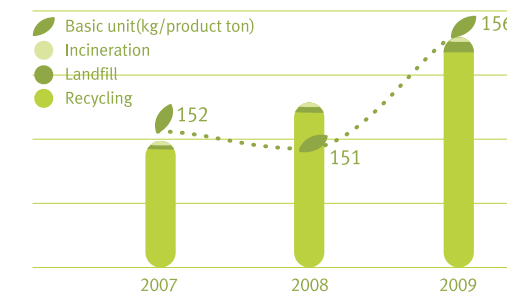
Pulmuone Health & Living replaced HCFC22 with ammonia as a refrigerant for freezers in plants and storage facilities when it relocated its green juice factory whose temperature control is supremely important for quality control from Yangju, Gyeonggi to Jeungpyong, North Chungcheong in May 2009. With more production volume and plants, its freezing capacity has also increased but Pulmuone succeeded in cutting its electricity usage by replacing 24 medium-sized freezers with four big freezers for efficient management.

recycling company. The waste basic unit in 2009 increased compared to 2008 because of the green juice plant relocation and consequent increase in waste. However, the manufacturing and logistics sectors as well as ECMD are carrying out initiatives to reduce waste and the scope of those initiatives will expand further in 2010.

Hazardous waste management

Hazardous wastes are managed in compliance with the Basel Convention and relevant domestic laws and the controlled wastes defined by the annex of the Convention are under strict monitoring.

[Waste produced by manufacturing]

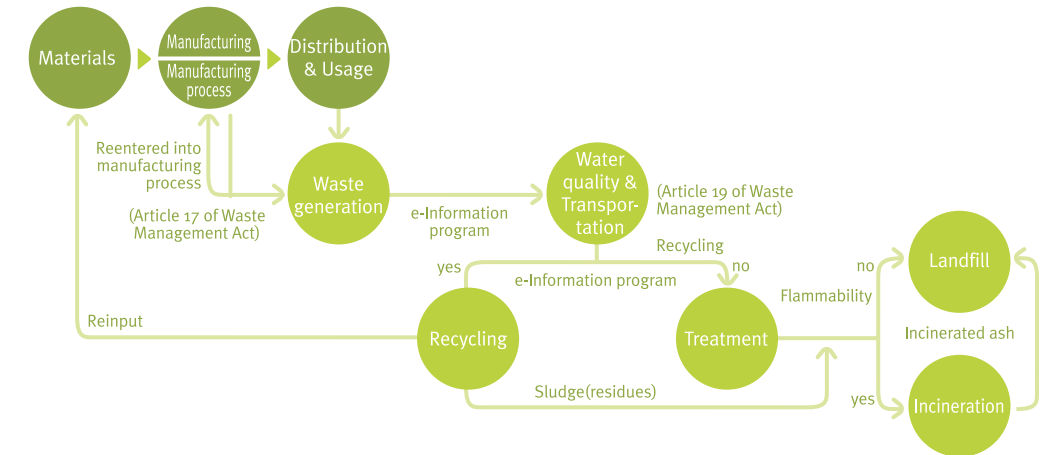


		2007	2008	2009
Pulmuone Foods	Waste amount(kg)	10,173	10,958	12,163
	Recycling	10,060	10,883	12,096
	Landfill	33	26	27
	Incineration	80	50	40
	Basic unit(kg/product ton)	153	152	150
Pulmuone Health & Living	Waste amount	11,049	11,748	17,612
	Recycling	1,009	1,013	1,517
	Landfill	89	139	155
	Incineration	7	22	89
	Basic unit(kg/product ton)	1,462	1,457	2,071
Pulmuone Waters	Waste amount	34	39	63
	Recycling	14	16	42
	Landfill	20	23	21
	Incineration	-	-	-
	Basic unit(kg/product ton)	0.5	0.5	0.6

[Waste management process]

Process	Outsourcing transportation and disposal	Waste report	Waste generation	Waste storage & disposal
Plants & workplaces	<ul style="list-style-type: none"> Review the agency has the needed capability and sign a contract for transportation and disposal 	<ul style="list-style-type: none"> Check whether the item is on the list for mandatory report and report its release and transportation to relevant authorities 	<ul style="list-style-type: none"> Register the waste information(about the item) to the e-waste management electronic program Register the waste information(about the entire wastes) to the PMP system 	<ul style="list-style-type: none"> Monitor to stop leachate and waste oil from leaking Cover the floor of storage places Comply with the storage period set by laws Delegate transportation and disposal of wastes to a professional agency
Environment Safety Office	<ul style="list-style-type: none"> Monitor by regularly conducting a safety inspection -Decide whether to partner with a capable agency 	<ul style="list-style-type: none"> Monitor by regularly conducting a safety inspection -Review whether any item is left out in a report -Write a waste log 	<ul style="list-style-type: none"> Manage wastes by waste handling method of each plant 	<ul style="list-style-type: none"> Monitor by regularly conducting a safety inspection -Make sure there is no waste leakage in storage places

Eumseong fresh noodle plant found out that Poly Chlorinated Biphenyl in transformer oil exceeded the limit(2ppm) in 2009 but as the domestic law allows its usage, the polluting equipment label was put before the continuous use. About 380kg of waste asbestos was generated when Doan plant relocated its storage place for hazardous materials and removed slates for construction of the wastewater treatment facility. The waste asbestos was handled as dictated by international conventions and relevant domestic laws.



Process	Timeline	Description
Preliminary study and application for an approval	2009.6	Approval for asbestos demolition and removal(from a local labor office)
Safety training before work	2009.6.18	Training on how to demolish asbestos, and hazards of asbestos
Asbestos removal work	2009.6.25 ~6.30	Demolition of asbestos according to the standards
submission of controlled waste disposal plan	2009.7.1	Removal of asbestos powder after the demolition
Waste transportation	2009.7.14	Waste packing in impermeable bags to be moved to the transportation vehicle
Final disposal	2009.7.14	Landfill disposal and monitoring

* The Basel Convention is an international treaty signed in 1989 which was designed to reduce the movements of hazardous wastes between nations and lessen their damage to the environment and the health. * Polychlorinated Biphenyls, known for its insulating property, has been used for a transformer or other electric devices but it does not naturally disintegrate when released to the nature and therefore, considered toxic. * Asbestos is a flexible mineral with superior properties in insulation and corrosion resistance when used for construction. It is used as an insulating material or others but it is also a carcinogen that can cause lung cancer after 10-30 years of incubation period when inhaled.

Pulmuone goes green 4

Waste management in research labs

Pulmuone Research institute of food and culture and Foodmerce Food Safety Center conduct test on food safety. Hazardous wastes such as needles and used reagents generated during the tests are separated and sealed to be stored in waste storage facilities and then an outsourced agency specialized in waste management transports and disposes them. The growth medium used in microbiology experiments are collected to be sterilized for disposal.

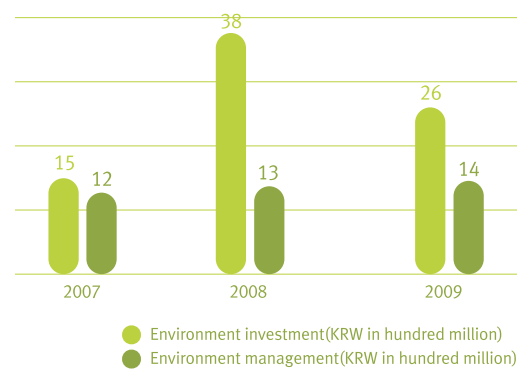


Investment and management cost for the environment

The graph shows the money spent for energy and water reduction and wastewater treatment facilities. Those initiatives were carried out to preempt the risk factors from posing a threat to the environment.

Pulmuone Environment Safety Committee strengthened its internal standards in January 2009 to lower the pollution level of its wastewater and sewage water to less than 1/2 dictated by domestic laws. After the decision, an inspection was carried out for the wastewater treatment facilities that discharge used water to river to identify a room for improvement. Wastewater treatment facilities of Exofresh Logistics and Foodmerce much improved after the inspection. From 2008 to 2009, Pulmuone applied a strengthened regulation to the three plants of Pulmuone Foods and Pulmuone Health & Living production subsidiaries that release water to river and therefore have the highest likelihood of impacting the ecosystem and farms nearby. The three plants subjected to a tougher regulation have advanced their facilities and made artificial wetlands so that the discharged water can be as clean as agricultural water, a standard stricter than existing internal ones. Also, tanks out of use are removed or locked to prevent a leakage of chemicals used in wastewater treatment facilities like sodium hydroxide and oil.

[Environment investment and Environment management cost in manufacturing]



(Unit : KRW in million)

	Environment investment			Environment management		
	2007	2008	2009	2007	2008	2009
Pulmuone Foods	1,216	3,642	1,168	1,059	1,144	1,179
Pulmuone Health & Living	100	71	1,468	141	137	139
Pulmuone Waters	210	70	-	39	48	37
Foodmerce	-	-	120	3	6	4
Exofresh Logistics	-	-	224	17	42	46

Pulmuone goes green 5



Wastewater treatment facilities & less chemicals

Pulmuone Waters Mungwang plant, which did not use chemicals, didn't need wastewater facilities. However, starting from 2006, it implemented the CIP(Clean in Process) line using chemicals to better product quality, which necessitated the introduction of water treatment facilities. In 2007, it introduced a recycling system to reuse part of the chemicals after CIP unlike the past when all of it had been disposed. This cut the chemical cost KRW 60 million per year while minimizing its direct impact on the ecosystem. The company invested KRW 280 million in this project over three years.

Activities for Biodiversity

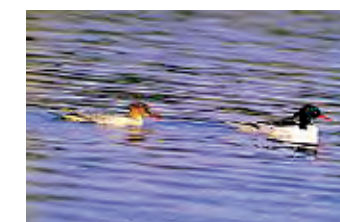
In North Han river that flows through Chuncheon city of Gangwon province, where Pulmuone Foods Chuncheon plant is located, Mergus Squamatus, the natural treasure no. 448, is found. To protect the bird, Pulmuone Foods strengthened its internal standard to make its wastewater twice as clean as the level stated by the domestic law. And in 2009, it made artificial wetlands near its three plants to protect the ecosystem in those areas. After COD, BOD and other pollutants are filtered in the treatment facilities, Russian iris, Typha orientalis, Lythrum anceps, reed and other water plants in the artificial wetlands filter the remaining pollutants to discharge clean water to the river. Thanks to such efforts, the artificial wetlands in Eumseong and Chuncheon plants have attracted aquatic insects, mud fish and Morocco oxycephalus which eat on the water plants, and then winter birds like wild ducks, Chinese water deer and other animals which eat the insects and fish.

The names of the artificial wetlands of Chuncheon, Eumseong and Doan plants were chosen among the ones submitted by employees and consumers via the company bulletin board or blogs and the plant tour includes the wetlands in its course.

[Discharge amount and BOD by affiliate]

		2007	2008	2009
Pulmuone Foods	Discharged amount(m ³)	837,163	946,960	1,195,367
	BOD(kg)	12,387	18,184	21,180
Pulmuone Health & Living	Discharged amount(m ³)	109,099	94,925	95,970
	BOD(kg)	501	515	257
Pulmuone Waters	Discharged amount(m ³)	17,381	10,765	26,656
	BOD(kg)	6	7	6
Foodmerce	Discharged amount(m ³)	2,040	4,063	4,377
	BOD(kg)	7	1	1
Exofresh Logistics	Discharged amount(m ³)	15,150	12,490	12,845
	BOD(kg)	9	9	8

Mergus Squamatus(natural treasure no. 443)



Found on March 17th 2005 **Living in** various areas across the country
 There are about 1,000 Mergus Squamata across the globe, and it is a very rare bird included in the IUCN Red List of Threatened Species. It lives in Ussuri of Primorsky Kray, Russia and the northeast area of China, and spends winter in eastern and central areas of China. Only a few of them are found in Korea and Japan during winter.

[Location of three plants and size of the wetlands]

Location	Artificial wetland	Size	Flora and fauna of the wetland
Pulmuone Foods Chuncheon plant	Dangrim-ri Seo-myun, Chuncheon city, Gangwon	1,792m ²	Flora: Russian iris, reeds, Saururus chinensis, water lily,
Pulmuone Foods Eum-seong fresh noodle plant	Samho-ri Daeso-myun, Eumseong county, North Chungcheong	1,200m ²	Typha orientalis, Lythrum anceps, etc
Pulmuone Health & Living Doan plant	Gwangduk-ri, Doan-myun, Jeung-pyung county, North Chungcheong	1,714m ²	Fauna: Morocco oxycephalus, mud fish, aquatic insects, etc



Green Strategy by 2013
 Overall Environment Impact
 Activities for Less Environment Impact
 Activities for Biodiversity
 Green Management Activities

management leadership and external communication. The identified 16 initiatives will be incorporated into mid-to long-term tasks for 2010. To expand low-carbon products, incorporating low-carbon elements on the early stage was included in the existing development process.

Systemic management through the environment monitoring system

Pulmuone has developed an environment monitoring system which tracks its energy and water consumption and other green initiatives. Now the system is included in its intranet and helps systemic management of green initiatives. Greenhouse gas inventory management function will be added in 2010 and it will be further improved to more effectively attain the energy and water saving targets.

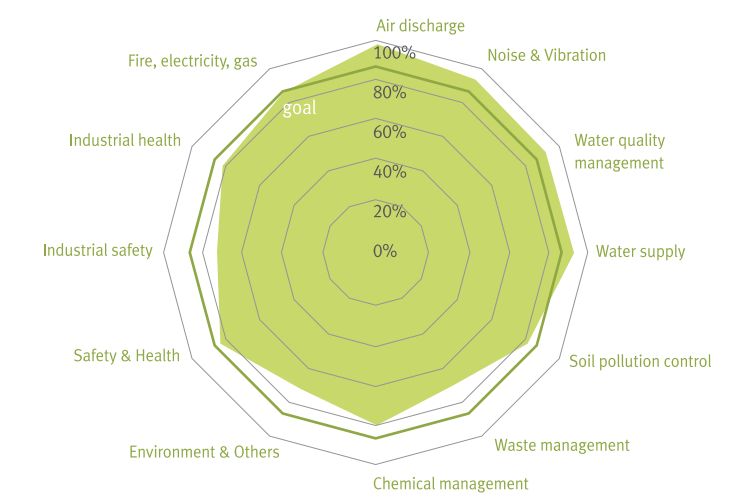
[The green management webpage in the production portal system]



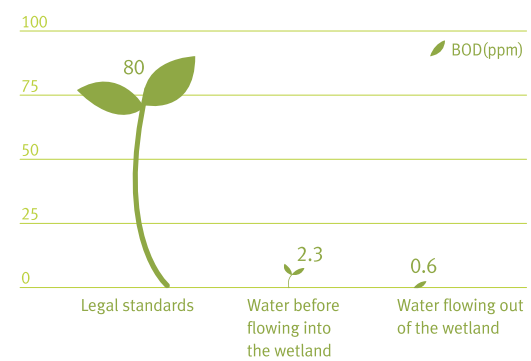
85% compliance with the environment safety inspection

The environment strategy and initiatives for implementation are being followed in every work site, and in 2009, the internal standards were strengthened. In 2009, workplaces subject to the green standards were extended from manufacturing plants to manufacturing/logistics/service areas. The compliance rate was 85% which slightly fell short of the target, 86%. Pulmuone is planning to increase the compliance rate by raising its standards continuously and conducting environment inspections on every workplace while closely monitoring and managing its environment safety system.

[The average compliance rate of 21 workplaces]



[Water quality before & after establishing the wetland in Eumseong]



	BOD	Total Nitrogen	Total Phosphorus
Legal standards	80ppm	60ppm	8ppm
Water before flowing into the wetland	2.3ppm	9.7ppm	1.4ppm
Water flowing out of the wetland	0.6ppm	9.1ppm	1.3ppm

Green Management Activities

Identify implementation tasks after diagnosis on carbon management

Pulmuone participated in the “Carbon Management Methodology Development and Implementation” conference organized by the Ministry of Environment in September-December 2009 to incorporate carbon management into its business strategy. It identified implementation tasks by conducting diagnosis and evaluation in three areas including low-carbon management, low-carbon operation, and low-carbon product development. And for the business management, it analyzed the severity of climate change and diagnosed its carbon management for its green management system and value system to generate 16 initiatives in four strategic directions. The four strategic directions are establishing infrastructure for carbon management, building the integrated carbon management system, reducing carbon footprints, and strengthening carbon

Compliance with the environment laws

Breaches against the environment laws in 2008-09 are as follows. Identified problems were addressed by improving facilities and providing relevant trainings, and to prevent a recurrence, necessary information about the violations were shared through the internal council.

	Regulations	Violations	Amount(KRW)	Date	Improvement measures
Pulmuone Foods	Eumseong Tofu The Water Quality and Aquatic Ecosystem Conservation Act	When producing tofu without using an anti-foaming agent, foam from the iron pot for bean juice boiling went to the water pipe through the exhaust hood	50,103,350	April 08, 2008	The exhaust hood was removed and the ventilation facilities were improved. The facilities outside the plant are monitored at least once a day to prevent another environment accident.
Foodmerce	Yangji center Article 17 of the Sewerage Act	Wastewater discharged from two septic tanks did not measure up to the water quality set by the law	2,400,000	November 28, 2008	Sewage treatment facilities were improved with investment to remove T-N and T-P, which is not mandatory by law.
Pulmuone Foods	Uiryong Tofu Article 77 of the Clean Air Conservation Act	Some employees failed to attend the two-day course for clean air management due to work transfer	480,000	March 05, 2009	The clean air management training was given to employees in 2009.

Pulmuone goes green 6

Pulmuone stirs up the wind for the environment with its "Pulbaram"

Pulbaram, an environment club, was launched in 2009. Employees of Pulmuone Foods, ECMD, Foodmerce and ORGA Whole Foods formed the club to carry out voluntary campaigns for the environment. As part of the "Share Firewood with Love" campaign, the club members collected branches scattered in the woods to deliver them to the seniors living alone in the countryside and physically challenged people whose houses use woods for heating. They also planted trees, and helped those in need.

The club members will continue to participate in various activities for the earth, neighbors and the nature.



Appendix

Association List

Third Party Assurance Statement

Global Reporting Initiative(G3)

Association List that Pulmuone Joined in

Name	Name
Korea Chainstores Association	UN Global Compact Network Korea
Korea Association, Food and Agriculture Organization of the United Nations	Korea Employers Federation
Korea Listed Companies Association	The Korean Fair Competition Federation
The Korea International Trade Association	Korea Listed Companies Association
Korea Soybean Foodstuffs Association	Bluechip Members(The Korea Economic Daily)
Korea Federation Soybean Curd Industry Cooperatives	Diamond Club(Maeil Business Newspaper)
Korea Contracted Food Service Association	Korea Association for Chief Financial Officer
Korea Direct Selling Association	Moral Management Forum(The Institute for Industrial Policy Studies)
Korea Logistics & Distribution Association	Korea CEO Forum
Korea Logistics Association	SERI CEO(Samsung Economic Research Institute)
Korea Engineers Association	Korea Health Supplement Association
Korea Fire Safety Association	Korea Green Foundation 136 Forum
Korea Industrial Complex Corporation	Korea Industrial Technology Association
Bonchon Industrial Complex Corp.	Korean Seed Association
The Korean Society for Biotechnology and Bioengineering	International Life Sciences Institute Korea
Korea Food Industry Association	The Organization of Consumer Affairs Professionals in Business
Korea Soybean Society	Korea Personnel Improvement Association
The Korea Society For Microbiology and Biotechnology	The Korean Museum Association
Directors of Food Research Institute Conference	“Fostering the forest of life” Campaign
Korean Womenlink	Citizens' Movement for Environmental Justice
Korean Women's Association	Forest for Peace
Korean Women's Environmental Network	National Trust
The Beautiful Foundation	Seoul Green Trust

Third Party Assurance Statement

To the Management of the Pulmuone 2009 Sustainability Report:

Upon request of Pulmuone, the Institute for Industrial Policy Studies as a “third party assurance provider”(hereinafter referred to as the “Assurance Provider”) presents the following third party assurance statement on the 2009 Sustainability Management Report of Pulmuone(hereinafter referred to as the “Report”).

Accountability and Objective

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

Independence

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

Criteria for Assurance

The Assurance Provider assessed the Report against the following guidelines:

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

Type and Level of Assurance

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

- 1 AA1000AS(Assurance Standard) is a sustainability reporting standard developed by Accountability in its pursuit to promote overall organizational performance and accountability by improving the quality of social and ethical accounting. As a U. K. based not-for-profit organization focusing on corporate social responsibility and business ethics, Accountability first developed AA1000AS in 1999 and amended the standards in 2008 for application in 2010.
- 2 BEST Guideline or BEST Sustainability Reporting Guideline is a guideline for the preparation and assurance of sustainability reporting and offers five levels of reporting quality assessment. It was jointly developed by the Ministry of Knowledge Economy(MKE), the Institute for Industrial Policy Studies(IPS), and the Korea Chamber of Commerce and Industry(KCCI) in the Business Ethics Sustainability Management for Top Performers(BEST) forum in their endeavor to promote sustainability reporting among local companies.
- 3 GRI Sustainability Reporting Guidelines were jointly convened by the Coalition for Environmentally Responsible Economies(CERES) and UNEP in 1997. GRI announced the G3 Guideline, the third edition of its sustainability reporting guidelines, in October 2006.

- The Assurance Provider evaluated the reliability of the data compiled in the Report for Type 1 assurance, and assessed publicly disclosed information, reporting system and performance management process based on the three core principles of AA1000AS (2008), namely Inclusivity, Materiality and Responsiveness. However, this assurance engagement does not provide the evaluation of the credibility of the offered data.
- The Assurance Provider pursued moderate assurance where sufficient evidence has been obtained and limited sampling has been conducted at each performance sector to support its statement such that the risk of its conclusion being in error is reduced but not reduced to very low but not zero.

Scope and Methodology

The Assurance Provider evaluated (1) the Inclusivity, Materiality and Responsiveness of the Report and (2) the extent of Pulmuone's adherence to the BEST/GRI Sustainability Reporting Guidelines through the process outlined below:

- Evaluating the sources of publicly disclosed information and internal parties involved
- Verifying the performance data collection systems and processes for each function
- Conducting interviews with each functional manager
- Completing on-site due diligence focusing on the head office
- Ensuring the financial data in the Report and Pulmuone's audited financial reports correspond
- Evaluating the Report for the extent of adherence to the BEST/GRI Guidelines

Limitations

- Verifying the data and inquiries into each functional manager and information collection manager
- Conducting on-site due diligence in the head office
- Conducting assurance engagement based on data and publicly available information only during the current reporting period
- Evaluation of the reliability of the performance data being excluded

Conclusions

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

[Inclusivity] Are there appropriate strategies and processes in place for Pulmuone's stakeholder engagement with its sustainable growth?

The Assurance Provider confirmed company-wide efforts at Pulmuone to establish and implement various strategies for stakeholder engagement, and took note of relevant processes in place to promote engagement with key stakeholders as defined by the company. Through a diverse lineup of engagement processes, we confirmed efforts by Pulmuone to collect a broad scope of stakeholder views to form the basis of the company's Report, which was found to reflect stakeholder demands and interests. As food businesses, communication with customers is of particular importance to Pulmuone and its subsidiaries. The Assurance Provider was impressed to note that each unit has established a CS Center and a CCMS(Customer Complaints Management System) process to better respond to customer feedback on a company-wide basis.

Going forward, however, the Assurance Provider recommends strengthening the company's engagement strategy to be geared not only toward its customers but also its suppliers and the local community as well, while adopting a more active engagement process to achieve greater balance in the collection of stakeholder views, which can later be translated into sustainability management strategies through a more systematic stakeholder engagement process.

[Materiality] Does the Report cover economic, social and environmental issues of the greatest importance to Pulmuone and its stakeholders?

It is the Assurance Provider's view that the Report contains information of material importance to Pulmuone and its stakeholders.

Pulmuone has identified issues of material importance to both its internal and external stakeholders by adding internal company policies onto the scope of its existing materiality assessment items that as of last year included stakeholder surveys, benchmarking, and press reports. Notably, the company has been carrying out stakeholder surveys each year and reporting on their full findings along with a separate breakdown of results by subsidiary so that readers can distinguish which issues were associated with which company. Moreover, we took note of efforts by Pulmuone to provide more focused reporting on issues identified to be of the highest priority, in response to our recommendations from last year's assurance review.

In future materiality assessments, however, the Assurance Provider suggests reflecting not only the level of stakeholder interest but also the company's impact on the respective stakeholder group as well as other factors such as potential risks faced by the organization. We would also like to see Pulmuone diversify its means of establishing materiality to ensure more in-depth analysis.

[Responsiveness] Does the Report address the demand and interest of the stakeholders in an appropriate manner?

Well aware of the importance of good communication with stakeholders, Pulmuone has developed and implemented diverse channels of communication. The company has carried out questionnaires and satisfaction surveys, providing a full account in its Report of how stakeholder comments were processed as well as the company's response.

For future purposes, however, we would suggest providing more detailed coverage of the actual findings of its various stakeholder communication efforts, while presenting further details on stakeholders' satisfaction with the company's feedback process, methods, and response. Additionally, we recommend establishing detailed targets and strategies that are specific to different issues and relevant dimensions while outlining more concrete ways to satisfy both internal and external stakeholder demands.

[Application Level of the GRI Standard]

It has been confirmed that the Report meets the requirements for Application Level of "A+."

[Fulfillment Relative to the BEST Guidelines]

In view of the level of reporting rigor and intensity of information provided, the Report meets 99.1% of the reporting requirements for a Level 4 Report among Levels 1 to 5.

[Trend of the Pulmuone Sustainability Management Report Fulfillment]

Reporting Year	2006	2007	2008	2009
Publications	1st	2nd	3rd	4th
Level	Level 3	Level 4	Level 4	Level 4
Fulfillment	81.3%	96.4%	98.0%	99.1%

* Review result has been converted based on five level fulfillment.

Recommendations

Relative to the three previous Reports by the company, the Assurance Provider found its fourth Report, "Pulmuone 2009 Sustainability Report", to be commendable on the following counts. The Report 1) uses icons to highlight issues identified to deserve priority reporting to establish linkages between the reported content and materiality issues ; 2) provides stronger DMA coverage, giving readers a at-a-glance view of the outstanding material issues, survey results, case studies from subsidiaries, rate of achievement against targets etc., per respective dimension; 3) provides a separate "Special Page" section highlighting the company's top five material issues and key performance outcomes; and 4) offers a number of outstanding case studies from group subsidiaries, allowing readers to get a concrete grasp of efforts at the individual subsidiary level toward sustainability management.

We recommend the following factors to be considered for the future publications:

- Establish a system for the integrated management of data from each of the three economic, social, and environmental dimensions as well as all subsidiaries, to support on-going management of performance data through regular assessments and management of performance relative to targets.
- Adopt a system whereupon the management team has immediate actionable access to issues of high stakeholder interest and risk that can be reflected into actual management strategies rather than merely being reported upon to the Board of Directors.
- Provide case studies of current practices and actual application for system implementations as well as improvements rather than merely listing outcomes or providing a summary outline to present Pulmuone's activities and performance more objectively.
- Produce accurate and comparable performance data to satisfy stakeholders' right to be informed.
- Strengthen reporting on negative as well as positive outcomes in the interest of objectivity and credibility.
- For repetitive Report items, present summary outlines alongside links to websites containing full reported content.
- Strengthen the reporting system to improve upon the quality of the Report rather than focusing on compliance to guideline indicators as part of efforts as a leading food business to produce a practical Report centered on its customers.

Eligibility of IPS as an Assurance Provider

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



March 20, 2010
 Yun-Cheol Lee
 President, The Institute for Industrial Policy Studies



Global Reporting Initiative(G3)

● Reported ○ Partially reported ○ N/A ◇ Not reported

Category	GRI Index	Wordings / Reasonings	English Version	Page		
Vision and Strategy	1.1	Statement from the most senior decision-maker of the organization	●	4~5		
	1.2	Description of key impacts, risks, and opportunities	●	8		
Profile	Organizational Profile	2.1	Name of the organization	●	6	
		2.2	Primary brands, products, and/or services	●	6, 47	
		2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	6, 22	
		2.4	Location of organization's headquarters	●	2	
		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	●	8	
		2.6	Nature of ownership and legal form	●	9	
		2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	6~8	
		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, 42	
		2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	2	
		2.10	Awards received in the reporting period	●	34	
		Report Parameters	3.1	Reporting period for information provided	●	2
			3.2	Date of most recent previous report (if any)	●	2
			3.3	Reporting cycle (annual, biennial, etc.)	●	2
3.4	Contact point for questions regarding the report or its contents		●	2		
3.5	Process for defining report content		●	2, 27		
3.6	Boundary of the report		●	2		
3.7	State any specific limitations on the scope or boundary of the report		●	2		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations		●	6~8		
3.9	Data measurement techniques and the bases of calculations		○	-		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		○	-		
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		
Management System	Governance, Commitments, 4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks,	●	9		

Category	GRI Index	Wordings / Reasonings	English Version	Page
Management and System Engagement		such as setting strategy or organizational oversight		
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	9
	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	●	9
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	12
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	●	12
	4.6	Process in place for the highest governance body to ensure conflicts of interest are avoided	◐	10
	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	●	10
	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	●	33
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	●	12
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	12
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	13~14
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	33
	4.13	Memberships in association advocacy organizations in which the organization	●	Appendix
	4.14	List of stakeholder groups engaged by the organization	●	26~27
	4.15	Basis for identification and selection of stakeholders with whom to engage	●	26~27
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	26~27
	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	●	26~27
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	●	45
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	114, 117

Category	GRI Index	Wordings / Reasonings	English Version	Page	
Management System	EC3	Coverage of the organization's defined benefit plan obligations	●	76	
	EC4	Significant financial assistance received from government	●	101	
	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	●	75	
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	75	
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	75	
	EC8	Development and impact of infrastructure investment and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	101	
	EC9	Understanding and describing significant indirect economic impact, including the extent of impacts	●	114	
	Environmental	EN1	Materials used by weight or volume	●	52~55
		EN2	Percentage of materials used that are recycled input materials	◇	-
EN3		Direct energy consumption by primary energy source.	●	116	
EN4		Indirect energy consumption by primary source	●	116	
EN5		Energy saved due to conservation and efficiency improvements	●	116	
EN6		Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	116	
EN7		Initiatives to reduce indirect energy consumption and reductions achieved	●	116	
EN8		Total water withdrawal by source	●	114	
EN9		Water sources significantly affected by withdrawal of water	●	115	
EN10		Percentage and total volume of water recycled and reused	●	115	
EN11		Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	123	
EN12		Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	123	
EN13		Habitats protected or restored.	●	123	
EN14		Strategies, current actions, and future plans for managing impacts on biodiversity	●	123	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	123		
EN16	Total direct and indirect greenhouse gas emissions by weight	●	118		
EN17	Other relevant indirect greenhouse gas emissions by weight	●	118		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	110~112		
EN19	Emissions of ozone-depleting substances by weight	●	118		
EN20	NOx, SOx, and other significant air emissions by type and weight	◐	118		
EN21	Total water discharge by quality and destination	●	110		
EN22	Total weight of waste by type and disposal method	●	120		
EN23	Total number and volume of significant spills	◐	121		

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Management System	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	●	120	
	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	●	123	
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	110	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	●	116	
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	126	
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	114	
	EN30	Total environmental protection expenditures and investments by type	●	122	
	Social : Labor Practices and Decent Work	LA1	Total workforce by employment type, employment contract, and region	●	74
		LA2	Total number and rate of employee turnover by age group, gender, and region	●	74
		LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	76
LA4		Percentage of employees covered by collective bargaining agreements	●	80	
LA5		Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	●	79	
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	●	82	
LA7		Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	●	84	
LA8		Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	83	
LA9		Health and safety topics covered in formal agreements with trade unions	●	82	
LA10		Average hours of training per year per employee by employee category	●	32, 73, 85	
LA11		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	32, 73, 84	
LA12		Percentage of employees receiving regular performance and career development reviews	●	75	
LA13		Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	74	
LA14		Ratio of basic salary of men to women by employee category	●	75	
Social : Human Rights	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human	●	88~89	

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Management System		rights screening		
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	●	88~89
	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	●	73
	HR4	Total number of incidents of discrimination and actions taken	●	73
	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	●	74
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	73
	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	●	73
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	●	73
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	○	-
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	●	96
	SO2	Percentage and total number of business units analyzed for risks related to corruption	●	32
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	32
	SO4	Actions taken in response to incidents of corruption	●	32
	SO5	Public policy positions and participation in public policy development and lobbying	●	33
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	33
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	33
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	66
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	●	60
	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	●	64
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	64~65

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Management System	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	66
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	68
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	66
	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	●	66
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	70
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	66

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