

# 사랑이 희망 이다

Yuhan-Kimberly  
2017 Sustainability Report



Value Consumption  
Consumer Satisfaction  
Product Safety  
High Quality & Reliability  
Management



CCM(Consumer Centered Management)  
Fair Trade Commission | Korea Consumer Agency

Yuhan-Kimberly









2017 Sustainability Report Overview

About This Report

Reporting Principle	GRI (Global Reporting Initiative) G4 Guideline
Reporting Scope	Major supply chain and all operating sites in Korea
Reporting Period	January 2016 to December 2016 (including part of the performance from the first half of 2017)
Reporting Base	Based on fiscal year, at least 3-year time series presented
Report Assurance	Third party's assurance statement
Reporting Cycle	Annually (first publication in 2006)
Organization of Report	Reporting in accordance with the latest GRI G4 Guidelines, preferential reporting of material issues based on materiality assessment
Disclosure Principle	The report is available online at website (www.yuhan-kimberly.co.kr), web report (csr.yuhan-kimberly.co.kr)
Further Information	Please contact Corporate Sustainability, Yuhan-Kimberly Tel. +82-2-528-1175

Implementing Digitalization of the Sustainability Report

Yuhan-Kimberly has published the web report to raise transparency and accessibility of information on sustainability management since 2017.

		
VIDEO	WEB REPORT	QR CODE
The content with this icon includes information in a video format. You can watch the video clip by clicking it on the PDF format.	Please check out the details in the web report. (csr.yuhan-kimberly.co.kr)	More information is available by scanning the QR code with your smartphone.
 	 	

2017 Sustainability Report : What are the Changes?

1. **Reporting on top three agenda on generation of consumer value**  
This report is a special edition shedding a new light on overall matters of sustainability management of Yuhan-Kimberly in the perspective of consumers. We reported on three agenda (product safety, accessibility and value consumption) on creation of consumer value.
2. **Strengthening idea gathering through the expansion of communication channels (SNS)**  
We used SNS for each of our brands for the first time in the materiality assessment to upgrade idea gathering through the expansion of communication channels, and report the collected ideas by expanding channels (a total of 5,623 people participated).
3. **Securing leadership in the report**  
Publication of the first web report (microsite) enabled real-time feedback for more prompt communication. We also started to report the matters in alignment with SDGs (Sustainable Development Goals) and mid-and long-term goals.



People are our Source of Hope

Yuhan-Kimberly  
2017 Sustainability Report  
Consumer Centered Management Special Edition

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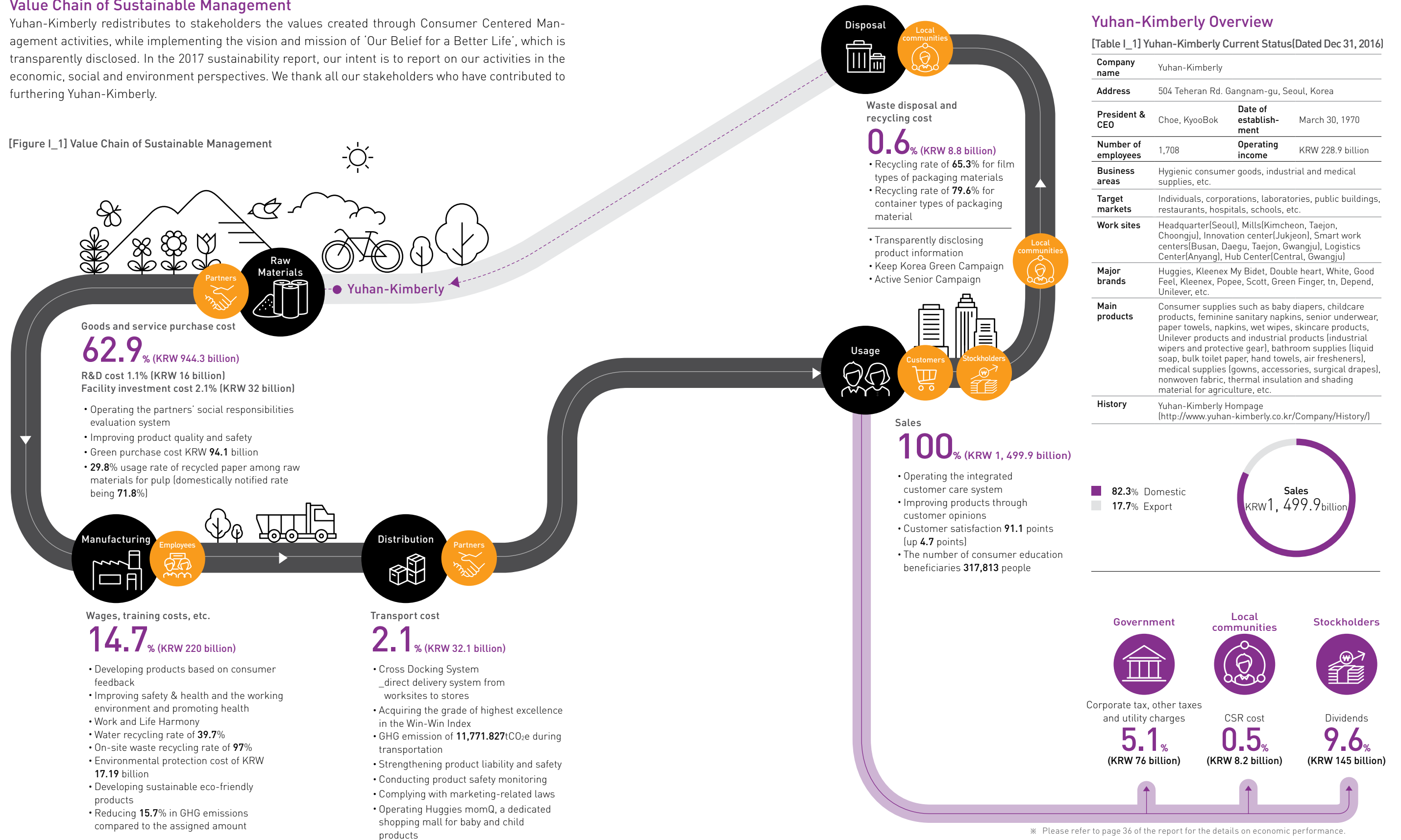


## How does Yuhan-Kimberly redistribute its values?

### Value Chain of Sustainable Management

Yuhan-Kimberly redistributes to stakeholders the values created through Consumer Centered Management activities, while implementing the vision and mission of 'Our Belief for a Better Life', which is transparently disclosed. In the 2017 sustainability report, our intent is to report on our activities in the economic, social and environment perspectives. We thank all our stakeholders who have contributed to furthering Yuhan-Kimberly.

[Figure I\_1] Value Chain of Sustainable Management



※ Please refer to page 36 of the report for the details on economic performance.

### Yuhan-Kimberly Overview

[Table I\_1] Yuhan-Kimberly Current Status(Dated Dec 31, 2016)

Company name	Yuhan-Kimberly		
Address	504 Teheran Rd. Gangnam-gu, Seoul, Korea		
President & CEO	Choe, KyooBok	Date of establishment	March 30, 1970
Number of employees	1,708	Operating income	KRW 228.9 billion
Business areas	Hygienic consumer goods, industrial and medical supplies, etc.		
Target markets	Individuals, corporations, laboratories, public buildings, restaurants, hospitals, schools, etc.		
Work sites	Headquarter(Seoul), Mills(Kimcheon, Taejon, Choongju), Innovation center(Jukjeon), Smart work centers(Busan, Daegu, Taejon, Gwangju), Logistics Center(Anyang), Hub Center(Central, Gwangju)		
Major brands	Huggies, Kleenex My Bidet, Double heart, White, Good Feel, Kleenex, Popee, Scott, Green Finger, tn, Depend, Unilever, etc.		
Main products	Consumer supplies such as baby diapers, childcare products, feminine sanitary napkins, senior underwear, paper towels, napkins, wet wipes, skincare products, Unilever products and industrial products (industrial wipers and protective gear), bathroom supplies (liquid soap, bulk toilet paper, hand towels, air fresheners), medical supplies (gowns, accessories, surgical drapes), nonwoven fabric, thermal insulation and shading material for agriculture, etc.		
History	Yuhan-Kimberly Homepage ( <a href="http://www.yuhan-kimberly.co.kr/Company/History/">http://www.yuhan-kimberly.co.kr/Company/History/</a> )		



## CEO MESSAGE

Our belief for a better life –Yuhan-Kimberly

In 2017,  
we always have our  
consumers at the heart of  
Yuhan-Kimberly

Dear respected stakeholders,  
Greetings to you all. 2017 marks Yuhan-Kimberly's 47th anniversary. I would like to share with you the endeavors of Yuhan-Kimberly through the publication of a special edition on Consumer Centered Management of the 12th Sustainability Report.

### Throughout sustainability management\_being selected as the most admired company for 14 consecutive years

Sustainability management of Yuhan-Kimberly maintains favorable reputation despite the challenging management environment. Yuhan-Kimberly was designated as the most respected company, ranking third in Korea in 2017 for 14 consecutive years. In addition, we received the Korea Management Grand Award (hosted by Korea Management Association Consulting) in the category of social values and the Prime Ministerial Award as an excellent company in labor-management culture (Ministry of Employment and Labor) last year. We also received the commendation of the chairman of the Korea Commission for Corporate Partnership in Korea Corporate Partnership Enterprise Award (Korea Commission for Corporate Partnership).

### Economic performance\_achieving KRW 1, 499.9 billion in sales, understanding of the e-commerce market is the key.

**2016 performance** The continued shrinkage in the domestic market and a drop in the cost competitiveness, such issues as the global economic downsizing and higher prices of feminine sanitary napkins occurring concurrently challenged us more than ever before. Meanwhile, we gained significant performances including the growth of the e-commerce market and setup of digitalization infrastructure. As a result, e-commerce growth rate was increased by 4.4% compared to the previous year.

**2017 tasks** The goal of Yuhan-Kimberly for 2017 is making new strides and continued growth driven by changes. First, we will achieve the domestic growth rate by focusing on key businesses – baby/child business, feminine and family business – and the acceleration of e-commerce and vision category business. Second, it is essential for us to be equipped with a competency to adapt to and lead changes in the e-commerce market more than any other enterprises. Third, we will strive to pursue change in the era of Digital Transformation. Fourth, Yuhan-Kimberly will make extra efforts to create values for consumers in order to continuously strengthen consumer-centered management. In 2017, Yuhan-Kimberly has strengthened and expanded quality, safety, product development organization and Customer Satisfaction Division, and we respond to social demands of consumers on product safety by disclosing product information.

### Social performance\_realizing Consumer Centered Management based on ethics and safety, while striving to establish a forward-looking cooperative model

Yuhan-Kimberly is continuing on with efforts to intensify ethical compliance, safety, environment, culture of performance accountability, shared growth and social responsibilities which are corporation's basic values. Representative activities for fulfilling social responsibilities include the Keep Korea Green campaign which has grown up together with community and CSV (Creating Shared Value) management for the expansion of jobs for seniors and the senior business market. In addition, we take the initiative in fostering female personnel, developing global talents and managing the smart work.

The Keep Korea Green campaign, under a new vision of 'Coexistence of Forest and Human' has been carried out in a close partnership with community, civic organizations and government agencies in the domains of Urban Forest, Future Forest and Coexisting Forest. For CSV, meanwhile, we are proceeding with a project to create new job title of 'senior care manager' in order to create jobs by utilizing professional workforce – retired nurses and physical therapists, etc. – and their career as well as facilitating the senior business.

It has been 10 years since Yuhan-Kimberly implements scholarship program to promote NGO women's gender leadership. In the case of 'Hope to Our Daughters', a voluntary donation program of employees, all employees took part in 2016. We are also engaged in efforts to promote leadership of female by joining the 30% Club. In addition, the Green Camp – a forest experience program for high school girls – was certified with the 'Environmental Education Program' by the Ministry of Environment for three times in a row in 2016. As a result of making continued efforts to root down Win-Win growth-driven management activities based on mutual understanding and trust with partners, Yuhan-Kimberly has gained grades of excellence for two years – 2013 and 2014. Yuhan-Kimberly was designated as the enterprise with the highest excellence – the highest grade – in the Win-Win Index for two consecutive years in 2015 and 2016. We will strive to grow as a partner of even sharing social responsibilities by pursuing Win-Win growth with our partners, moving beyond economic and technical support.

### Environmental performance\_reducing 15.7% (38,073tCO<sub>2</sub>e) compared to the GHG emission permits of 2016 in the emission trading scheme

We could reduce our GHG emissions by 15.7% compared to the assigned amount in 2016 as each business site tapped onto and applied applicable GHG reduction technologies: reduction of steam energy through recovery of exhaust heat generated in the product manufacturing process, optimization of utility energy usage, and replacement of lighting into high-efficiency LEDs. We plan to expand the implementation program throughout the entire product cycle, while continuously improving the manufacturing and production process based on the updates of potential GHG reduction volume in the manufacturing and production process and validity review of applicable programs.

Yuhan-Kimberly continues to implement a policy of procuring eco-friendly pulps, and acquired the international certification of FSC CoC (Forest Stewardship Council Chain of Custody) for the production process of Kleenex dry cell hand towel products in 2015. We also review applicability of the process to the entire lines of tissues products manufacturing at Kimcheon Mill in 2017.

### In closing\_regrests and tasks ahead

Low birth rate implies shrinkage in the market size, and challenges would abound in the future. We even mull over the rationale for strategies on high quality to give values to consumers and enlarge the market amid severer bipolarization of the market. We are committed to ensuring growth while solving social problems along with drawbacks in doing business. This journey has consumers at the beginning and people at the center. We will gather and reflect various ideas continuously communicated and shared by stakeholders. I sincerely ask for your passionate interest and advice as stakeholders. Thank you.

July 2017

Yuhan-Kimberly President & CEO Choe, KyooBok








*KB Choe*

## Sustainability Management Performances and Tasks

Yuhan-Kimberly has reviewed economic, environmental and social performances to provide better values to end consumers that use our products and services, and is driving sustainability management based on goals and mid-and long-term tasks for 2017. In particular, we strive to make substantial contribution to community development with sustainability management over the long term, driven by the declaration of SDGs (Sustainable Development Goals).

[Table I\_2] Sustainability management performances\_2016 management performances

Evaluation basis ● Excess ● Coincidence ○ Effort required

Category	2016 goals	2016 results	Evaluation	SDGs
Economy	1. Achieving year-on-year growth targets	Baby/child products (-4.9%), household products (1.5%), and feminine sanitary napkins (2.0%)	○	
	2. Ensuring 4.7% year-on-year growth for the sales of the vision category* products	Achieving 14.4% year-on-year growth	●	
Environ-ment	3. Achieving the GHG assigned amount (243,016tCO <sub>2</sub> e)	Amount of emission: 204,943tCO <sub>2</sub> e (Reducing 38,073tCO <sub>2</sub> e compared to the assigned amount)	●	
	4. Expanding environmental label certification products	29 certification products	○	
Society	5. Continuously keeping promises with the society	The CEO declaring the pledge of ethical management, the Reporting on UN Global Compact Principles COP, Donating 1,532,304pads in the campaign to give out feminine sanitary napkins, launching lower-and mid-range feminine sanitary napkins	●	
	6. Increasing the satisfaction level for Win-Win growth and points for the Win-Win Index	Acquiring the grade of highest excellence in the Win-Win Index	●	
	7. Executing an agreement with community for the Keep Korea Green campaign (CSR)	Coexisting forest (Taejon/Choongju), urban forest-Namsan/Han River (Seoul), signing contracts for future forest, and opening the Senior Forest School (twice a year)	●	  
	8. Diversifying the performance of creating shared value	Fostering senior care managers (over 50 people a year), supporting the comprehensive living support service (over 40 people a year), intensive development of small enterprises and enterprise networks	●	
	9. Implementing an integrated digital platform for Consumer Centered Management	Establishing a system for integrated customer response for online and offline, conducting integrated operation of consultation and launching a professional consulting team	●	

\* Vision category: Health & beauty care, baby wet wipes, skincare, Scott towel, Depend Style Underwear, masks, Kleenex My Bidet, tampons, feminine sanitary napkins (Overnight), Kleenex wet wipes (Matg-eun)

[Table I\_3] Sustainability management goals\_2017 goals and Mid-and Long-Term Tasks

Category	2017 goals	2017 plans
Economy	1. Achieving year-on-year growth targets	• Increasing growth rate in the main category
	2. Securing growth rate for the sales of the vision category products	• Expanding year-on-year handling rate, the market penetration rate and implementing penetration rate
Environ-ment	3. Achieving the GHG assigned amount(236,637tCO <sub>2</sub> e)	• Amount of emission: 212,725tCO <sub>2</sub> e (reducing 23,912tCO <sub>2</sub> e compared to the assigned amount) • Effort to keep eco-friendly worksite (selected as green company by Ministry of Environment_ Taejon Mill)
	4. Effort to strengthen product safety	• Extend Chemicals of Concern coverage • Strengthen product safety organizations and form a enterprise-wide Product Safety Committee
Society	5. Executing an agreement with community	• The CEO declaring the pledge of ethical management, reporting on UN Global Compact Principles COP • Sustaining the Keep Korea Green campaign_Coexisting_Forest-Taejon/Choongju, Urban Forest-Namsan/Han River, Future Forest • Strengthening digital communication of Keep Korea Green campaign (diffusion of Woopoopoo Facebook), operating the Senior Forest School, fostering senior care managers [50 people a year]
	6. Conducting Consumer Centered Management and improving customer satisfaction score	• Overall customer satisfaction score improvement (83 points+)






## Yuhan-Kimberly's commitment to the UN Global Compact Principles and UN Sustainable Development Goals

[Table I\_4] UN Global Compact Principles

Category	Principles	Yuhan-Kimberly Commitment	Reporting Page
Human Rights	1. We support and respect the protection of internationally proclaimed human rights.	• Enterprise-wide training on Code of Conduct (once a year in May) • Sexual harassment prevention training	11
	2. We make sure that we are not complicit in human rights abuses.	• Compliance with the obligation of protecting personal information • Introduction of fair trade self-compliance program • Regular evaluation of partners in the category of human rights	11
Labor	3. We uphold the freedom of association and the effective recognition of the right	• Labor union membership 98.5% • Labor management committee on a quarterly basis • Grievance committee on a quarterly basis • Wage negotiation once a year	37
	4. We eliminate all forms of forced and compulsory labor	• Extended time, holiday or night work are conducted under labor-management agreement • Prohibition of harmful and risky work and night duty for pregnant workers • Reflection to the items for evaluation of business partners (wage and employment)	37
	5. We effectively abolish child labor.	• No employees of under 18 • Reflection to the items for evaluation of business partners (wage and employment) • Selected as the Child-Friendly Business	37
	6. We eliminate discrimination in respect of employment and occupation.	• The equal principle applied to the starting wage for male and female college graduates • Representation of women (office workers 38.9%, senior management positions 17.1%)	37
Environ-ment	7. We support a precautionary approach to environmental challenges.	• Annual green purchasing of KRW 94.1 billion • Environmental management training held for employees and partners	38
	8. We undertake initiatives to promote greater environmental responsibility.	• Forest protection campaign 'Keep Korea Green' • Evaluation system including social responsibility	30-32
	9. We encourage the development and diffusion of environmentally friendly technologies	• Release of innovative products	18-19
Anticor-ruption	10. We work against corruption in all its forms, including extortion and bribery.	• Anti-corruption training (Online training separately provided) • Vitalization of fair trade self-compliance training	11

※ Online: [http:// www.yuhan-kimberly.co.kr](http://www.yuhan-kimberly.co.kr)

[Table I\_5] UN Sustainable Development Goals

SDGs	Related Activities	Reporting Page
 Achieve gender equality and empower all women and girls	Giving out feminine sanitary napkins to low-income adolescent girls and conducting education for their healthy growth, promoting leadership of female activists and strengthening competencies, engaging in the donation relay of 'Hope to Our Daughters' and joining and endorsing the 30% Club	33
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Promoting family-friendly management to focus on sales growth through sustainable growth and a work-life balance, and creating highquality jobs to seniors by fostering the senior industry in the aging society	33
 Make cities and human settlements inclusive, safe, resilient and sustainable	Inducing the heat island effects by creating urban forests, and initiating the afforestation campaign based on the engagement of community residents	30-31
 Take urgent action to combat climate change and its impacts	Creating sustainable forests where forests and humans can coexist through coexisting forest, and easing climate change through carbon sequestration effects	30-31
 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Planting trees with newlyweds', initiating future forests to recover forests in North Korea and recovering forests in Tujin Nars, Mongolia to prevent desertification	30-31



## Vision and Core Values

### Implementing Continuous Training for Internalization of Vision

In 2010, Yuhan-Kimberly established the Vision 2020, and showed three core values: Challenge and Creativity, Trust and Care, and Accountability and Contribution. We developed vision by sector, strategic directions and roadmap in 2013, and updated the vision in 2015. Yuhan-Kimberly has been choosing a new key word every year, and it was 'We found answers from fields' in 2014, 'Becoming the world's best consumer-centered marketing & sales company' in 2015. Accordingly, we have chosen three key words; Full potential, Digitalization and Agility in 2016. In addition, we are implementing a systematic training for every employee for internalization of the values.

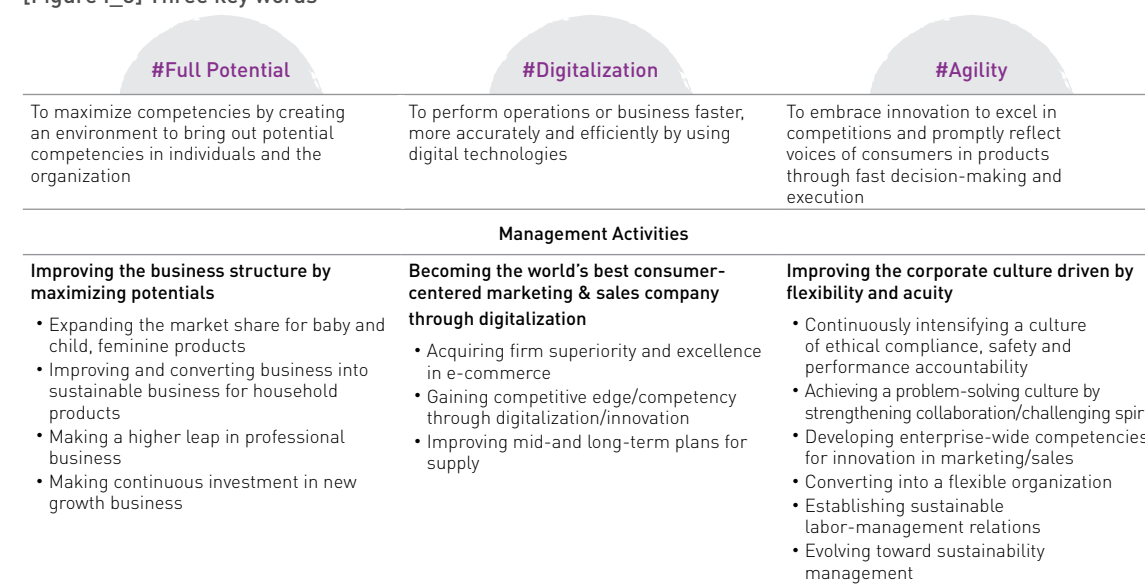
[Figure I\_2] Yuhan-Kimberly Vision 2020



### Three key words

Yuhan-Kimberly has strived to create a culture of innovation based on three key words since 2016. In 2017, we seek to generate synergies through faster actions and collaboration through connectivity and union by bringing out potentials by adding # in 2017.

[Figure I\_3] Three key words



## Ethical Management and Compliance Management

Yuhan-Kimberly's competitiveness comes from ethicality and transparency. We organized the Legal Counsel and Compliance Division at the direct report to the CEO in 2012 as a dedicated division overseeing ethical management and compliance operations by assigning three lawyers in it. The division operates the Internal Control Work Group, the Internal Control Committee and the Compliance Working Committee, etc.

We conducted Whistle Blower Protection Program Training in 2016. Employees are required to immediately report violation cases of the code of conduct upon their discovery, and completed training sessions on ethical management, protection of personal information, prevention of sexual harassment, code of conduct, and anti-corruption and bribery through online and offline once a year. Furthermore, we trained employees through the Management Road Show and newly added four contents into the code of conduct for expanding the corporate culture of Speak Up.

In order to strengthen the compliance management system, we required for business partners to submit the Certification of Compliance on the event of signing a contract since May 2017. This procedure is a part of the anti-corruption program, and we encourage business partners to have and implement self-regulating code of conduct. As a result, we foster the environment where business partners cooperate transparently as well as our employees. In order to prevent collusions or unfair trade in advance, we conducted fair trade compliance training from April to September 2016. There was no case of sanctions for violation of the Fair Trade Act in 2016.

Yuhan-Kimberly runs a hot line for reporting violations of the code of conduct (contact number: 00798-1-1-008-3594), which is operated 24/7 and allows anonymous reporting. The cyber ombudsman system is also up and running as a channel for handling grievances. Yuhan-Kimberly is subject to the Foreign Corrupt Practices Act (FCPA), a U.S. federal act, comprising regulations on anti-bribery and accounting, and no case of violation occurred in 2016.

## Corporate Governance and Crisis Management

### Corporate Governance

**About corporate governance** Yuhan-Kimberly was established as a joint venture between Yuhan Corp. (30%) and Kimberly-Clark Corporation (70%). There is no change in the total number of shares amounting to 40 million and the paid-in capital of KRW 200 billion and also in corporate governance as of 2017. The shareholders' meeting and the board of directors as the top decision-making bodies discuss and decide on key business operations of the Company as prescribed in the commercial code as well as the Articles of Association, and review and decide on major management issues for corporate sustainable growth.

**Composition of the board of directors** The board of directors is the decision-making body to decide on regulations including statutory provisions and the Articles of Association and key agenda for corporate management. It consists of eight members (seven directors and one auditor) that are elected with required qualifications in management and accounting at the shareholders' meeting. If the chair elected at the board of directors cannot attend the shareholders' meeting, delegated to Representative Director and then, Representative Director and President is entitled to play the roles of the chair in accordance with the acting procedure prescribed at the board of directors. Key investments requiring the approval of shareholders are to be decided based on the consent of a majority, and directors with stakes in certain agenda cannot participating in voting according to the Articles of Association.



[Table I\_6] Status of the Board of Directors and the Auditor

Category	Name	Position
Member of Board of Directors (Chairperson)	Jeff P. Melucci	Chief Law Officer of Kimberly-Clark International
Member of Board of Directors (Representative Director)	Choe, KyooBok	President and CEO, Yuhan-Kimberly
Member of Board of Directors	R.G. Olsen	Senior Vice President of Finance at Kimberly-Clark International
Member of Board of Directors	Jeff Doherty	Chief Financial Officer of Yuhan-Kimberly
Member of Board of Directors	Chin, JaeSeung	Head of Feminine Senior Care Business (also Head of Innovation and Marketing Excellence)
Member of Board of Directors	Kim, SungHoon	Head of the Baby & Child care Business
Member of Board of Directors	Lee, JungHee	CEO and President, Yuhan Corporation
Auditor	Lee, JongHo	

**Activities of the board of directors** We held one shareholders' meeting and three board of directors' meetings in 2016. At the shareholders' meeting, approval of the annual report and financial statements, and appointment of new directors and an auditor were decided on. At the board of directors' meeting, decisions were made on key agenda including the deliberation of agenda at the regular shareholders' meeting, reporting of the evaluation on the internal accounting management scheme, election of the chair for the board of directors, election of the CEO, and review and deliberation of remuneration for directors and auditors. The number of decisions made was 14 and the average attendance rate of directors was 100%.

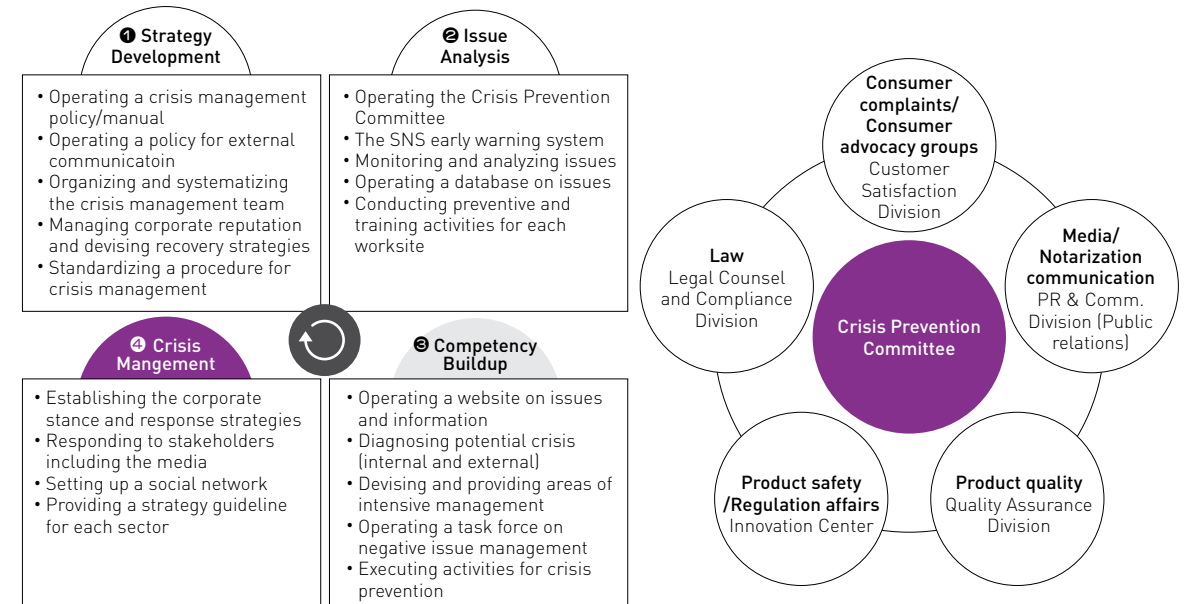
**Top decision-making body to support sustainability management** The CEO is entrusted with the authority to management of all businesses by the board of directors, periodically organizing six committee meetings associated with sustainability management, including the Stakeholder Committee and Social Responsibility Committee and discussing agenda on the economy, society and environment.

**Performance evaluation and remuneration** The remuneration of directors and auditors is paid in consideration of the base salary and performance pay resulting from financial and non-financial management performance within the annual remuneration ceiling (KRW 3.5 billion for directors and KRW 500 million for auditors, which were approved at the shareholders' meeting in March 2017. The performance of the top decision-making body is evaluated by top decision makers depending on objectives of each member. For the annual salary of each member, grades are decided based on evaluation results, and finalized by applying the average wage in the market stated by an outside consultancy and the internal wage increase rate.

## Crisis Management

**Operating the Crisis Prevention Committee** Crisis Prevention Committee consists of in-house experts in related field to strengthen enterprise-wide competency on crisis prevention and minimize crisis occurrence. It has played a pivotal role for preventing crisis since 2012. In order to focus on preemptive countermeasures on products in 2014, we have realigned the areas of interest into eight sectors: product safety, quality, consumer, legal affairs and media, etc. It has been operated as an organization participated by the head of the Innovation Center and the Director of Legal Counsel and Compliance Division.

[Figure I\_4] Crisis management process



**Continuously carrying out education and training to strengthen enterprise-wide competencies to prevent crisis** We periodically carry out crisis prevention drills on an annual basis to efficiently counter risk as well as strengthening enterprise-competencies on crisis prevention in the course of attempting for new challenges and changes. In addition, suggestions and expectation on potential risk that are found and activities on crisis prevention are reflected in enterprise-wide sector-specific crisis prevention programs as well as the Crisis Prevention Committee. Furthermore, major public issues on the company and business are shared among all employees every month, enabling us to make proactive responses to economic and social changes.

**Diagnosing potential risk and conducting continuous improvement activities** We carried out internal potential risk evaluation on the impact and probability of occurrence for each of 25 types of crisis in the categories of product, process, people and the company, targeting crisis management supervisors in December 2016 for diagnosing potential risk, and figured out 11 key management areas including product impurities and safety of raw materials. The results were reflected in the crisis management manual and shared with all employees. Moreover, we conducted a consumer perception survey (1,100 participants) on the impact of negative issues on the company and businesses in April 2017 to perform effective crisis prevention activities based on consumer perception. By doing so, we conducted comparative analysis with other companies on each impact of negative issue/crisis type on corporate preference, reliability and product purchasing intent, shedding a light on the impact of issues on the consumers' perspective.

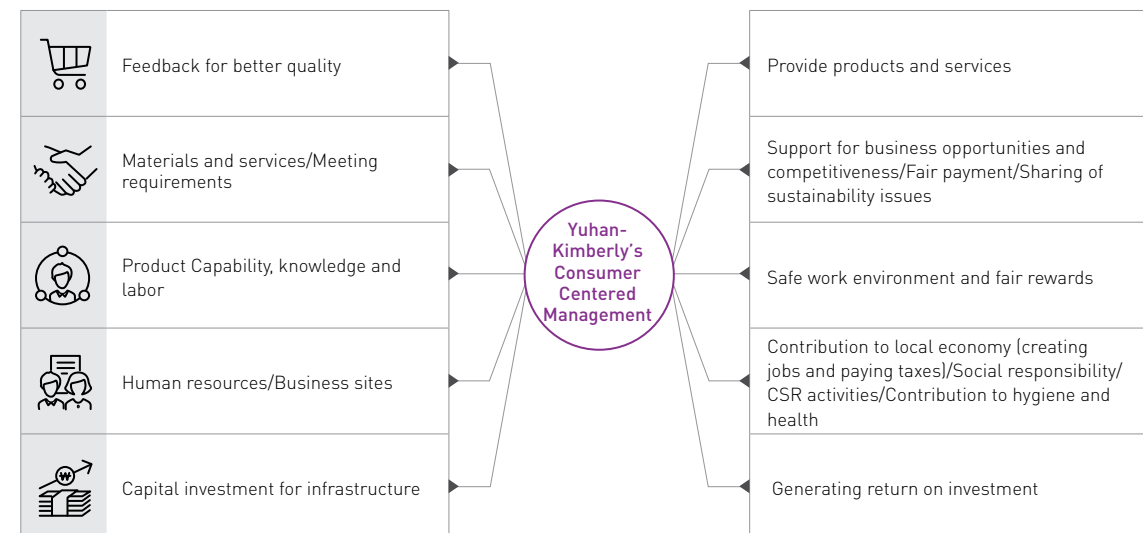
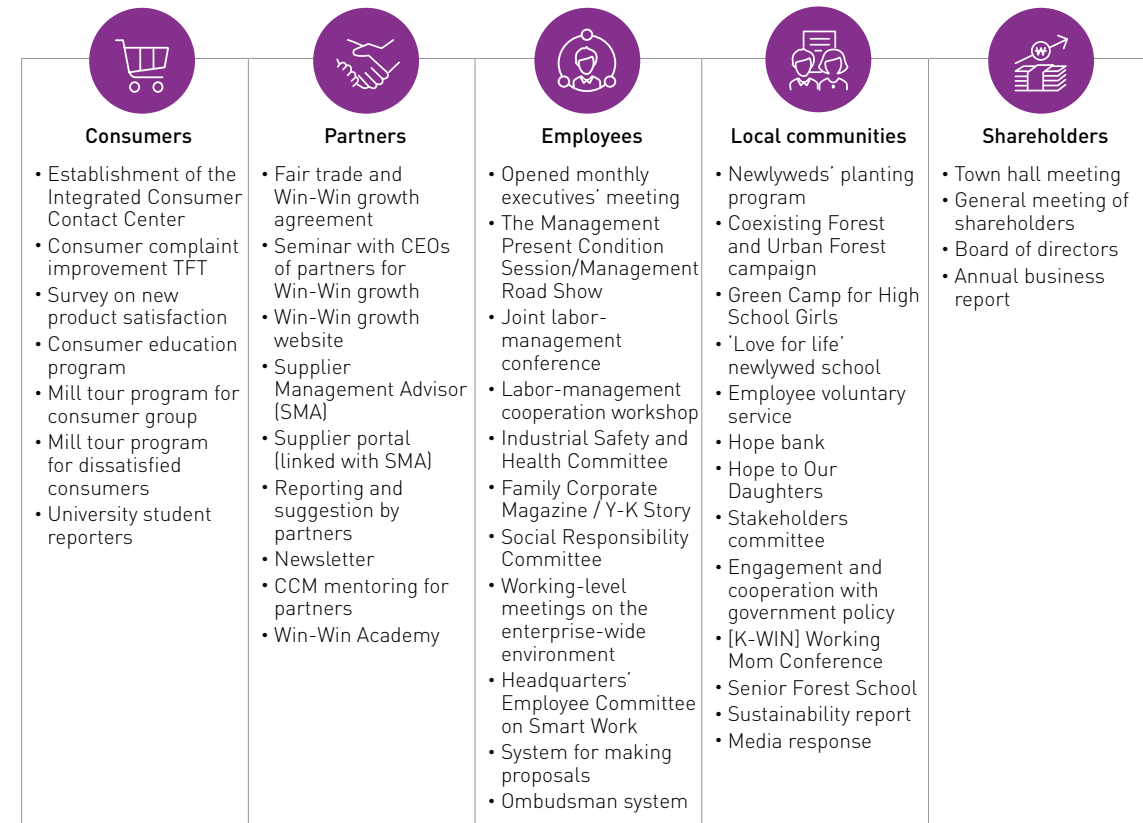
## Communication with Stakeholders – Material Issues of Sustainability Management

### Stakeholders Engagement

Yuhan-Kimberly's sustainable growth accompanies a variety of stakeholders. Our stakeholders are defined as consumers, partners, employees, local communities, and shareholders. We transparently disclose management directions and performance through various types of management disclosure, the general meeting of shareholders, the board of directors, business reports and our website. We listen to stakeholders' feedback through stakeholder-specific communication channels and make prompt responses.

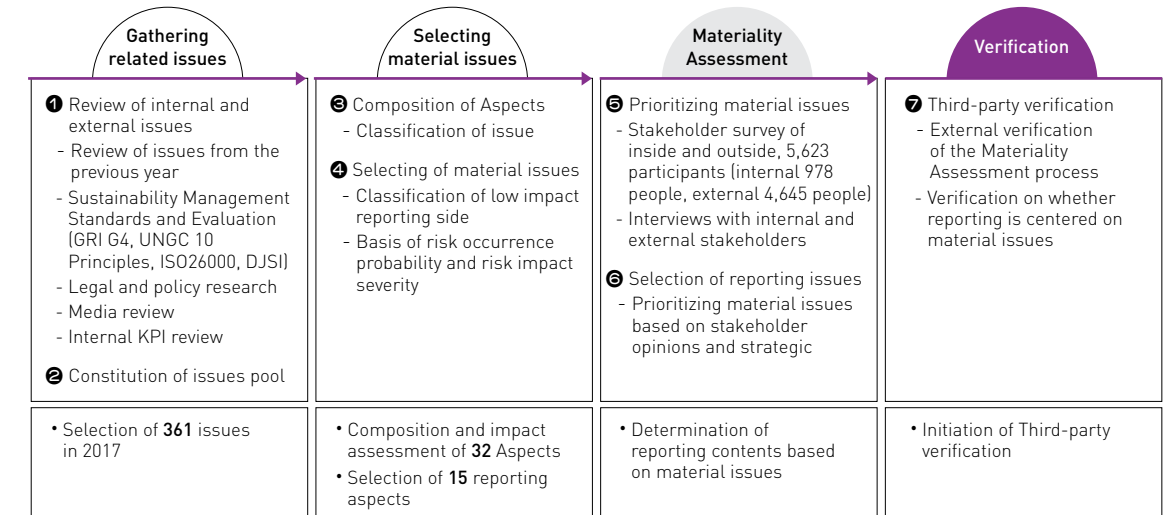


[Figure I\_5] Yuhan-Kimberly's communication channel



**The most material issues in 2017 are health and safety** Yuhan-Kimberly selects key reporting issues through the annual Materiality Assessment since 2007, and we comply with the guidelines which are encouraged by Global Reporting Initiative(GRI). In order to identify material issues for 2017, 361 issues were categorized into 32 categories, and 15 material issues were selected in the perspective of G4 guidelines. The priority of material issues was announced after gathering strategic importance and stakeholders' opinion through the survey on stakeholders from March 28 to April 6, 2017. The materiality test process and data were verified through the third party's validation.

[Figure I\_6] Materiality assessment process

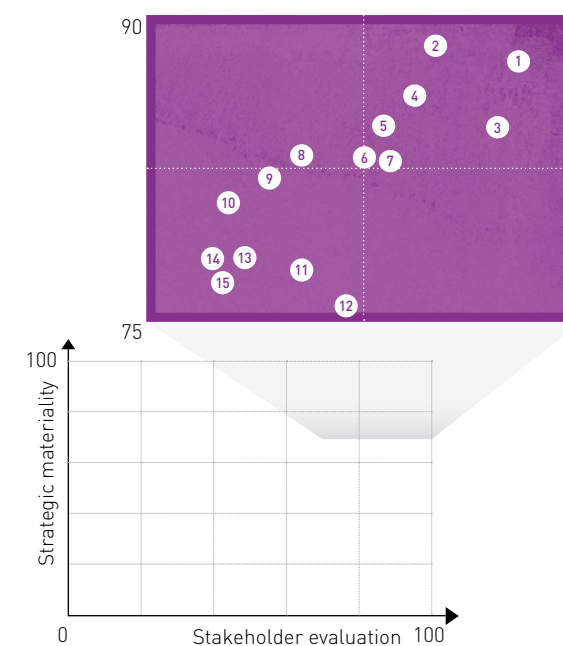


Stakeholders including employees and customers participated in the process of selecting material issues for Yuhan-Kimberly's sustainability management, and top priorities were finalized based on stakeholder evaluation and the strategic importance for corporate management.

[Table I\_7] Materiality issues by rank

Ranking	Key Issues	Stakeholder evaluation (external)	Strategic materiality (internal)	Average score
1	Consumer health & Safety	86.0	87.5	86.7
2	Provision of product and service information	83.3	88.4	85.9
3	Quality management & product safety	85.3	84.2	84.7
4	Workplace safety	82.7	85.8	84.2
5	Ethics & transparent management	81.7	84.3	83.0
6	Product innovation	81.8	82.3	82.1
7	Social responsible activities	81.0	82.4	81.7
8	Human resource development and fostering	79.0	82.7	80.9
9	Creating Future Business Value	78.0	81.6	79.8
10	e-Commerce	76.7	80.2	78.4
11	Collaboration culture	79.0	76.7	77.9
12	Climate change	80.5	74.9	77.7
13	Flexible Culture	77.2	77.3	77.3
14	Digitalization	76.2	77.3	76.7
15	Smart manufacturing	76.5	76.1	76.3

[Figure I\_7] Materiality issues ranking in graph







What would be the most cherished value for consumers of Yuhan-Kimberly? Our Consumer Centered Management activities tout a long history of having generated top-notch quality through product development and innovation based on consumer surveys since our foundation in 1970. Having suggested our direction for becoming the world's best consumer-centered marketing & sales company in 2015, we are committed to continuously evolving to discover what the changing market and consumers want. We introduce such endeavors of ours here.

## Highlight of Sustainable Management

What do consumers genuinely want?  
- Answers are given through Consumer Centered Management -

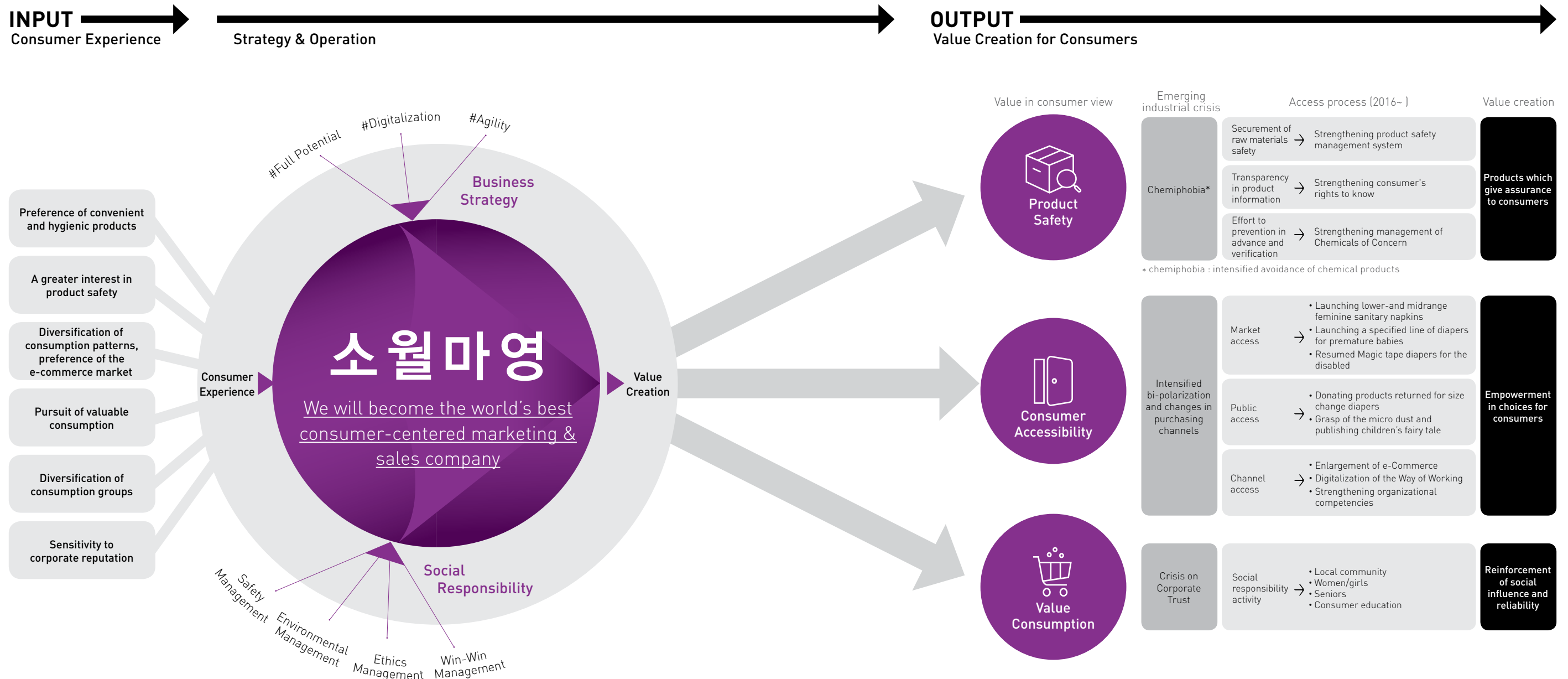
- 20 Product Safety\_How are we securing it?
- 25 Consumer Accessibility\_How are we increasing it?
- 30 Value Consumption\_How are we fulfilling it?



## Responding to Consumer Experience with Value Creation

### Consumer Value Creation Structure

[Figure II\_1] Consumer value creation structure



#### Creation of Consumer Value

The retail market is currently witnessing a diversity of channels where choices for consumers are further expanding. More and more consumers opt for products in full consideration of price and social values. Creating values to cater to diverse consumer needs, against this backdrop, is closely linked to corporate survival. Yuhan-Kimberly initiates sustainability management in two perspectives – management strategies and social responsibilities – in order to become the world's best consumer-centered marketing & sales company based on consumer experiences collected through the integrated consumer contact center, consumer surveys, questionnaires and interviews. We perform consumer-centered activities to offer values demanded by consumers, thereby creating values by leveraging an access process to remove risks.

#### How do we define the consumer value?

- 1. Product Safety** Prevention outweighs follow-up measures in product safety. Thus, we manage leading indicators, and do the utmost to manufacture products that are reliable in the entire process ranging from production of raw materials and products to post-launch safety management in accordance with the system for product safety management.
- 2. Consumer Accessibility** We form an inclusive market for all consumers to access our products, make products offer-

ing public interest required by the society and expand points of contact with consumers through diverse channels.

**3. Value Consumption** Consumers tend to prefer products of Valuable companies in terms of sustainability beyond product quality. Yuhan-Kimberly wishes to become an ethical company that considers the environment and the society to fulfill such expectations of consumers.

# 01

## Product Safety Is Yuhan-Kimberly making products which give assurance to consumers?

### 📍 WHERE WE STAND

Many consumers have become paranoid about chemical products along with a greater interest in eco-friendly products amid changes in the external management environment of Yuhan-Kimberly and in the aftermath of the toxic humidifier disinfectant case. According to statistics of the Integrated Consumer Contact Center in 2016, the number of consumer inquiries on the place of origin and ingredients is on the rise. Since ingredients are directly linked to the health and safety on consumers, we put the top priority on customer safety and intensify safety and quality-related organizations and verification process.

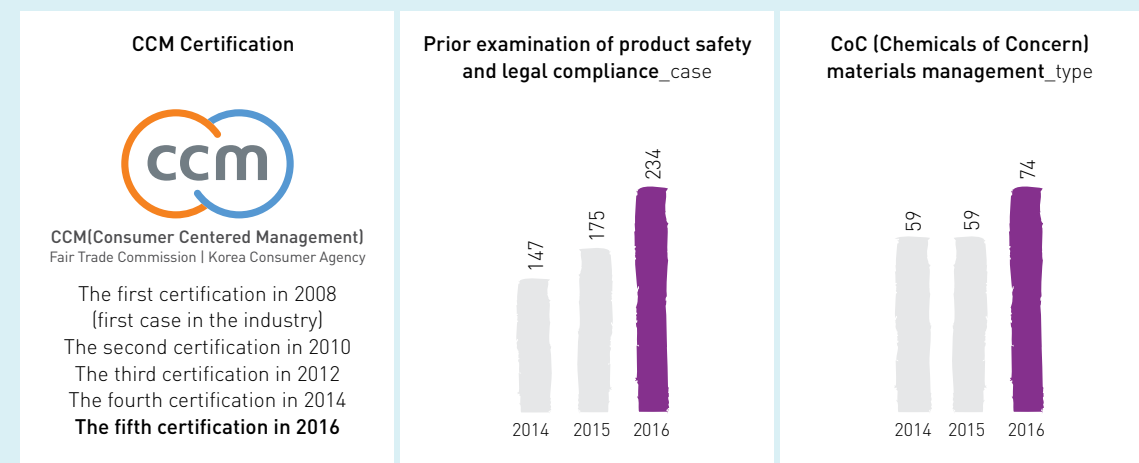
### 📍 HOW WE LISTEN

Results of the evaluation on 15 material issues among internal and external stakeholders revealed that safety-related issues topped the agenda: 'customer health and safety' in the first rank followed by 'provision of products and services' and 'quality management and product safety' in the second and third ranks, respectively.

Stakeholder's Opinion	GRI Aspect	Key Issues	Reporting Issues
A greater interest in product safety	<ul style="list-style-type: none"> <li>Consumer health and safety</li> <li>Products and Services</li> </ul>	<ul style="list-style-type: none"> <li>Customer health and safety</li> <li>Provision of products and services</li> <li>Quality management and product safety</li> </ul>	<ul style="list-style-type: none"> <li>1-1. Thorough Product Safety Management</li> <li>1-2. Strengthening Transparency in Product Information</li> </ul>

### 📍 WHAT WE DO

#### Key Performances

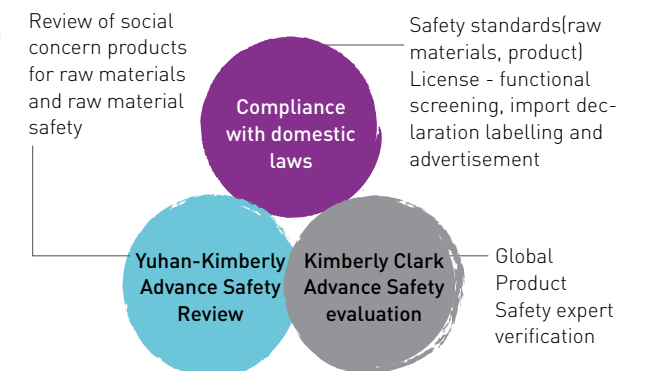


## 1-1. Thorough Product Safety Management

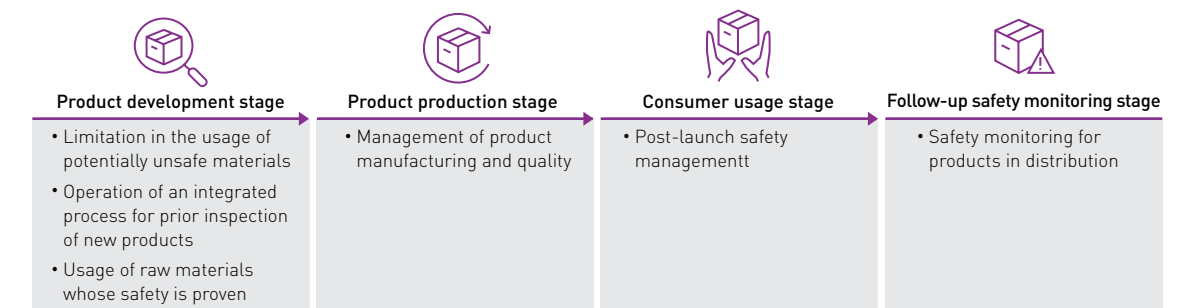
### How is the product safety managed from product development to consumer usage?

For product safety, prevention counts more than follow-up actions. Yuhan-Kimberly as a leading consumer goods company is practicing the disclosure of product safety policies, and is making all-out efforts to cater to and act out social expectations for safer products. Yuhan-Kimberly complies with statutory safety requirements and manages the entire cycle from product development to usage based on stringent safety standards. We complemented safety data verification process on raw materials and products by intensifying both quality and product safety organizations in March 2017.

[Figure II\_1\_1-1\_1] Integrated process of product safety assurance



[Figure II\_1\_1-1\_2] Product safety management system



### How is the raw material safety secured?

Yuhan-Kimberly identifies safety of raw materials from the development stage through adopting guidelines for raw material and prohibited the usage of potentially unsafe materials voluntarily. We adopted a guideline of raw material usage which voluntarily prohibits the usage of 59 'Chemicals of Concern', in January 2014. We applied it to baby products in January 2015, and extended coverage to all products as of June 2016. In addition, the number of Chemicals of Concern is increased to 74 in January 2017.

\* Details on the 74 types of Chemicals of Concern are available. Yuhan-Kimberly Product Safety Policies (<http://www.yuhankimberly.co.kr/Product/Develop>)

### How is the new product safety secured before launching?

Yuhan-Kimberly has an integrated process for approval of new products, and the pre-inspection of 234 cases in 2016 had been secured through product safety process. Also, Yuhan-Kimberly considers scientific proof and potential social issues by implementing the integrated process that reviews safety and legal requirement, prior to new product launch. We inspect social apprehension on raw materials based on the guideline of raw material usage, and review legal safety standards, indication on label and advertisement, etc. We also conduct follow-up safety monitoring for products already in distribution. In 2016, in particular, we carried out analysis through an external authorized testing agency by applying voluntary standards for each product feature. We also conducted monitoring for materials used for packaging, which satisfied both statutory and voluntary standards.



Case Study

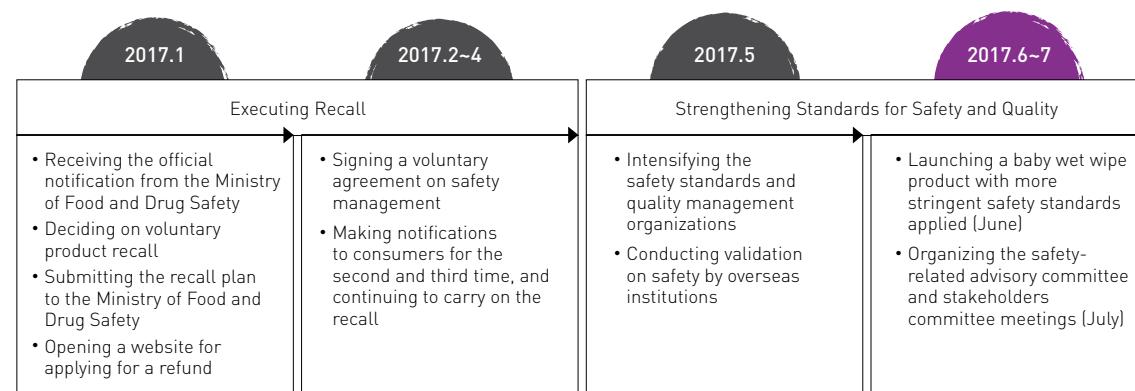
Product safety-related Issue of Wet Wipes and Improvement Effort

**WHERE WE STAND** Yuhan-Kimberly was notified in January 2017 on the need for a recall of some wet wipes of Huggies and Green Finger as their level (0.003%~0.004%) exceeded the permissible level of methanol (0.002%) although the level is not high to the point of harming a human body. We figured that a miniscule amount from a part of raw materials supplied to us soaked into the products, therefore conducted a voluntary recall of a broader scope of products immediately. In fact, wet wipes which used to be categorized as commodities started to be managed as cosmetics from July 2015. They used to be subject to a lower level than the permissible one for methanol in cosmetics (0.2% in Korea, 5% in Europe and no standard in the U.S.O, but the Ministry of Food and Drug Safety began to apply more stringent standards to infant and baby wet wipes.

We decided to order a recall on 100% of our wet wipe products in consideration of Yuhan-Kimberly's safety first policy and consumers' concerns. Yuhan-Kimberly produces a total of 12 wet wipe products, and the ones subject to recall are 10 products – infant/baby wet wipes of Huggies' and Green Finger's. Kleenex® Malg-eun wet wipes and Soo&Soo lime wet wipes were judged to be in conformity with approved usage.

We plan to strengthen verification on safety compliance on raw materials and periodically review it. We strive to reduce risks by implementing a test on raw materials upon new product development and applying more strict prior safety inspection system by running reliable verification programs of external testing agencies.

[Figure II\_1\_1-1\_3] Recall of wet wipes and effort to strengthen safety standard



## 1-2. Strengthening Transparency in Product Information

### What is Yuhan-Kimberly's priority effort to provide correct product information?

A prerequisite for trust is accurate consumer information. It is critical to provide more transparent information for consumers to be capable of acquiring information and selecting products themselves. To this end, Yuhan-Kimberly is making efforts to provide more transparent information.

### Does Yuhan-Kimberly have an organization that professionally reviews information provision?

Yuhan-Kimberly operates the Product Regulatory & Product Safety Assurance Division consisting of employees having majored in pharmacy, chemistry and bio-science in order to preemptively respond to domestic and international laws on product safety and social expectations, and newly recruited a dermatologist as well. We also run an advisory panel consisting of external experts including professors in dermatology, gynecology and genetic engineering.

### Does Yuhan-Kimberly provide correct information on product labels and packaging?



Yuhan-Kimberly launches products following a review according to a procedure on labeling and advertisement prior to product launch. We strive to provide correct information by complying with the regulation on product labeling for all products. We also conduct periodic monitoring on online labeling and advertisement biannually, thereby periodically rechecking and modifying compliance in each business sector.

SPECIAL PAGE

Yuhan-Kimberly Experts Interview

“Product safety, going beyond the legal requirement is critical”

There are specialists in various fields work at Yuhan-Kimberly who have responsibility on safety and quality from the stage of product development to usage. Consumers might wonder about what perspective we have in trying to come up with products to give assurance to them. We introduce thoughts and commitment of specialists through interviews with them.

 <p><b>Date</b> May 12, 2017 June 2, 2017 (2 times)</p>	 <p><b>Venue</b> Jukjeon Innovation Center, Taejeon Mill</p>
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1

**Lee, Ji Hye**  
(Innovation Center, Dermatologist)

I am expected to take part in product development as a dermatologist in consideration of harmful and beneficial elements for the skin in the early product development stage. I used to treat patients in a medical clinic prior to joining Yuhan-Kimberly, so it is the first time for me to develop products at a company. My role is to provide medical interpretation in the course of the company's performance of internal research and procedures, and to consult on possible occurrence of medicinal issues when a product is applied to consumers' skin.

2

**Kang, EunJeong**  
(Baby Skin Science Laboratory,  
Work Leader)

We focus on developing safe products through acquisition of actual data beyond literature review. Our efforts for a safer product launch have been intensified as we went through secondary and tertiary analyses via international clinical trial agencies as well as domestic ones. We plan to thoroughly conduct third-party clinical validation for the new product launch this time as always.

3

**Kim, KyungEun**  
(Product Regulatory & Product Safety  
Assurance Division, Work Leader)

We learnt a lesson to further strengthen substantial inspection in the stage of raw materials as we underwent the wet wipes recall affair. We have implemented a re-inspection on the process by forming PCC (Product Compliance Committee), instead of merely making changes in the system at the team level.



4

**Yun, Taell**  
(Innovation Center, Director)

We need to go beyond to the concept of the statutory standard on product safety. The goal of the Innovation Center is to develop products which consumers can trust, going beyond legal requirement and standards. We need to focus on the fundamentals more than anything else, and keep working hard to offer a better life for our customers, which will definitely guarantee product safety.

5

**Yeo, SangJik**  
(Quality Assurance Division,  
Associate Director)

We have adopted and institutionalized a system called as the Leading Indicator on quality and product safety. We develop leading indicators in three stages: procurement of raw materials and quality assurance; manufacturing and product delivery and storage. We make sure that there is no quality issue in the back end by managing indicators in each stage. Conducting follow-up management after problems occur is subject to limitations.

6

**Choi, YongKoo**  
(FSC QA Work Group, Work leader)

Our activities to improve the culture on quality are three-fold to recover trust toward the producer. When the key word in the past was quality management in a mill, now we need collaboration for quality improvement in all areas. Manufacturing sites, in particular, do the best to recover trust toward the producer based on three concepts for the quality culture: clean materials, clean machinery and proper inspection.

## 02

### Consumer Accessibility How is Yuhan-Kimberly approaching to address consumer choices?

#### WHERE WE STAND

There has been a rapid change in a paradigm on consumers' product selection, purchasing channels and usage patterns due to the social bipolarization and advancement of IT. Yuhan-Kimberly reviews premium-focused brand strategies by catering to such changes throughout the entire process of business development, and establishes and implements differentiated strategies suited to consumer needs in the age of social bipolarization. We have broadened the price spectrum of products and develop products targeting a minority of consumers. We are also engaged in solving problems using approaches of public interest including donation of products in areas where market access such as product sales cannot solve problems. In addition, we develop customer-tailored business models to improve consumers' access to channels as the number of purchases through online and mobile channels has skyrocketed.

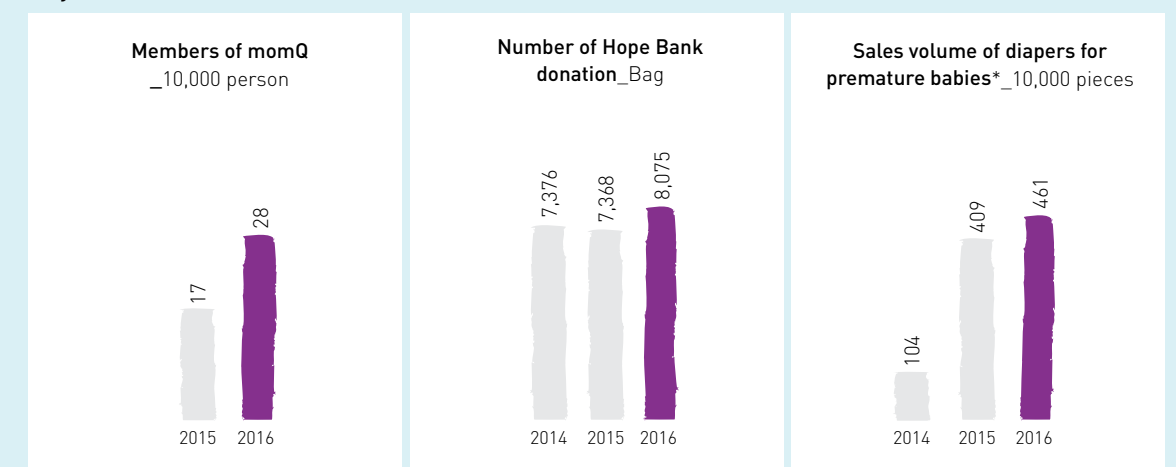
#### HOW WE LISTEN

Survey results of internal and external stakeholders on 15 material issues show 'product innovation' to rank 6th, 'e-commerce' to rank 9th, and 'digitalization' and 'smart manufacturing' to rank 14th and 15th, respectively. As consumer needs diversify and preference of the e-commerce market increases, the value of consumer choice has gained a greater weight.

Stakeholder's Opinion	GRI Aspect	Key Issues	Reporting Issues
Accessibility	Yuhan-Kimberly's own aspect	<ul style="list-style-type: none"> <li>Product innovation</li> <li>e-Commerce</li> <li>Digitalization</li> <li>Smart manufacturing</li> </ul>	2-1. Guarantee of Market Access Opportunity 2-2. Response to Social Issue through Approach with Public Interest 2-3. Digitalization for Channel Access

#### WHAT WE DO

##### Key Performances\*



\* All data shows from beginning year results.



## 2-1. Guarantee of Market Access Opportunity

### Fulfilling Social Responsibility for Market Access through Products

Yuhan-Kimberly believes opportunity of market access should be equally provided to the low income group and disabled. We begin to develop products that embrace minority consumers, and help them possess a better right of choice.

### Launching lower-and mid-range feminine sanitary napkins for price diversification

It was brought up by SNS that some adolescent girls from low-income families are struggling to purchase feminine sanitary napkins due to a high price burden, and market demand for lower-and mid-range feminine sanitary napkins was increased for acquiring price diversification. We made a promise to society to develop a new feminine sanitary napkin that price is 30~40% lower than existing product and focuses on essential functions, and 'Good Feel Pure' was launched in November 2016, as we promised.

### We need magic tape diapers for the disabled in the future.

We came to realize that other categories of consumers of 'Good Night' designed for children with enuresis were disabled children or small adults with disabilities. The existing 'Good Night' had magic tape (or Velcro tape) could be immediately removed, but as it changed into the panty type, the disabled or their caregivers had problems to use. Related personnel involved in products at Yuhan-Kimberly had reviewed the demand of consumers to go back to the previous product to be considerate of the socially underprivileged and plan to resume it in 2nd half year of 2017.

### Launching a specified line of diapers for premature babies who are minority in 2017

While the number of the newborn is shrinking every year, the number of premature babies is on the uphill, so that needs of customized diaper for premature babies is increased. Premature babies' immunity is low since they undergo treatment for a certain period of time at the Neonatal Intensive Care Unit (NICU). Also, their size of body is smaller and skin is very tender, so that they need diapers made with soft material and thinner pad. In July, 2017, we plan to launch a new diaper product for premature babies.

## 2-2. Response to Social Issue through Approach with Public Interest

### What kinds of effort did we make to solve social issues?

Social polarization, poorer air quality resulting from micro dust and yellow dust were emerged as social problems in 2016. In accordance with these social issues, Yuhan-Kimberly is dedicated to make a contribution on social affairs with our products, community engagement programs and services.

### Giving out feminine sanitary napkins to adolescent girls in the age of social bipolarization

Yuhan-Kimberly promised to give out 1.5 million pads to low-income adolescent girls in May 2016 for adolescent girls who cannot afford to buy feminine sanitary napkins due to financial hardship. The pads we donated were distributed to 2,000 schools in 6 areas and 200 charity pharmacies in Seoul in cooperation with Korea Foundation for Women from June 2016.

### Size change diapers and bipolarization

Yuhan-Kimberly has operated the Hope Bank which donates baby diapers returned for size change, change to local community after employees repackage them as voluntary activity since 2011. By doing so, we create such values as reduction of waste treatment cost, GHG reduction, and Win-Win growth with local regions.

### Respiratory health campaign to counter micro dust : Publishing children's fairy tale to educate on children's lifestyle in countering micro dust and yellow dust

Yuhan-Kimberly published <Bam! Bam! Bam! Spring Picnic> (not for sale) in April 2017, a children's book to educate on children's lifestyle to protect their health from micro dust, while warning them of hazardous substances in the air including micro dust and the yellow dust. Moreover, the book has been donated to 52 sites – children's libraries, major public libraries and educational institutions – and a total of 1,420 copies are to be distributed together with small-size masks to fight the yellow dust.

[Picture II\_2\_2-2\_1] Solsam kindergarten in Mia-dong, Seoul



## 2-3. Digitalization for Channel Access

About **24%** of sales generated from online. Consumption trends of baby products shift to e-Commerce which is defined as transaction activity through internet and electronic device. Since the sales channel access is closely linked with competitiveness, we strive to generate points of contact with consumers online by focusing on e-commerce platforms.

**Huggies momQ with 280,000 members is evolving into a brand marketing platform beyond an online shopping mall.** In 2015, Yuhan-Kimberly launched Huggies momQ which is a specialized online shopping mall for children products, and acquired 280,000 members in 2016. Huggies momQ is a brand website where enabling consumers to check the five major brands' product description and proceed to purchase. At the same time, it has been expanding its role as marketing platform.

**Yuhan-Kimberly is operating the curation service by leveraging the CRM platform.** CRM is a process of maximizing customer-centered resources based on deep understanding of customers' behavioral patterns, based on which to perform planning, supporting and evaluating marketing activities suited to characteristics of customers. Yuhan-Kimberly has analyzed customer data via the Customer Relationship Management (CRM) platform based on momQ and introduced a periodic notification (offer) service suited to customer demands. The modality of curation commerce is applied where information and purchasing data based on customer behaviors – information on customers and their child's age in month, visits and surveys, etc. – are comprehensively analyzed to recommend customized information and products on childcare.

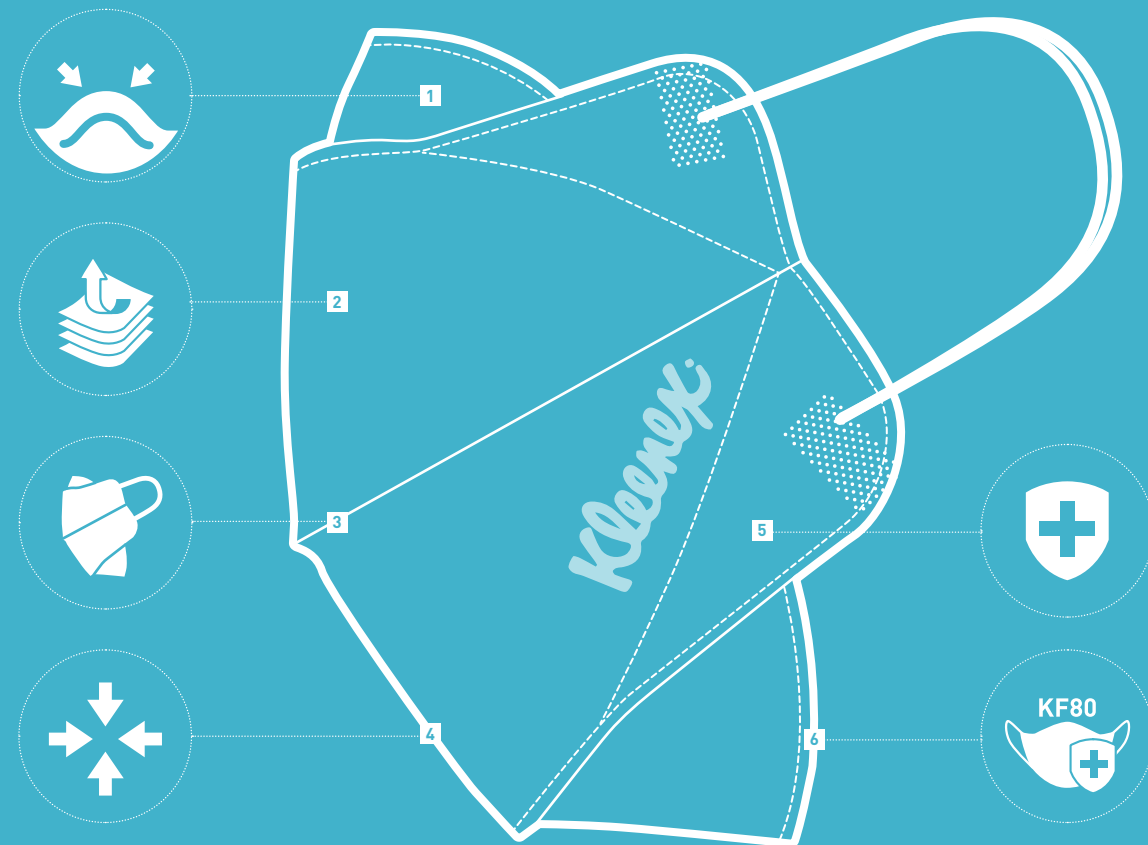




**SPECIAL PAGE**

**"Severity of micro dust: How to wear a mask accurately?"**

Consumers' interest in and inquiries on masks are on the rise as the air quality is worsened by micro and yellow dust. Although we have a process to listen to voices of consumers in the related division, our team on producing the Sustainability Report goes out to different fields to check out on their voices again. We disclose the interviews with consumers in the report, and we would like to thank the consumer for participation with them.



**1 A functional nose support**  
Not falling down and preventing fogging on the eye glasses

**2 4-layer super-electret filter**  
Protecting respiratory systems from yellow dust and micro dust by using the upgraded 4-layer super-electret filter

**3 4-piece foldable design**  
Comfortably attaching to the face without touching lips due to the 4-piece foldable design technology exclusive to Kleenex® Yellow Dust Mask

**4 Compact size**  
Ensuring easiness in carrying it due to the compact packaging design

**5 Product approved as a sanitary aid**  
Enabling a assured wear as a sanitary aid approved to block yellow dust and micro dust

**6 KF80 Yellow Dust Mask approved by the Ministry of Food and Drug Safety**  
Blocking over 80% of yellow dust, harmful substances and micro dust

※ You can find more detailed mask function on the website. (<http://www.ykbrand.co.kr/kleenex/Product/ProductList?menu=43&category=345>)



**Salesman Seo, BuGil**  
we met in Eijiro, Seoul

A micro dust mask is so critical for me because I work outside quite often. I wish to purchase Kleenex products in more diverse stores such as convenience stores or pharmacies.

We will strive to explore more diverse stores. A mask should cover your nose down to chin for effective blocking when you do outdoor activities. There is an indicator called 'KF (Korea Filter)', and the higher it is, the stronger the shielding performance. And yet, the amount of breathing must be considered to the extent of blocking air circulation.



**Physician Kim Hwamok**  
we met in Ilsan

I wear a medical mask for diagnosing patients. Would there be any way to lessen the stuffiness feel when I wear it?

The key purpose of wearing medical masks is to block infection from various diseases. You might feel stuffy because the mask is supposed to block infection. We are currently researching on improving wearing sensation while maintaining its function.



**Senior Son, BokHee**  
we met in Songpa-gu, Seoul

Wouldn't it be alright to wear the used mask again and again?

We get many questions like that. However, a mask used again and again would have its mask filter functionally damaged by pollutants and might have poorer performance in blocking them. Long hours of usage or repeated usage is not recommended, if possible.



**Working mom with 2 year old children Pyeon, YeoungHee**  
we met in Gwanghwamun, Seoul

I am worried a lot in thinking about the respiratory health of my baby! wish there could be a micro dust mask for babies less than 24 months old.

We will tell the fact to our personnel in charge. Child products are managed under the Special Act on Safety. Our 'small-size' mask against yellow dust is a product with Grade KF80 approved by the Ministry of Food and Drug Safety. It was designed to be suited for the face of children aged 4 to 10.

six consumers  
who use  
Yuhan-Kimberly  
masks



**Middle school student group**  
we met in Songpa-gu, Seoul

These days, masks come in different designs, so you have more options. A black mask looks more stylish than a white one.

There are a broader range of masks which reflect consumer tastes. Yuhan-Kimberly launched a black mask as a stylish mask in May 2017. We hope many people would like it.



※ Date: May 2 and 14, 2017 / Location: Seoul, Incheon, and Ilsan



# 03

## Value Consumption What kind of social responsibilities are Yuhan-kimberly practicing to enable consumer's value consumption?

### WHERE WE STAND

Value consumption has become a recent buzzword where people wish that their consumption behavior could make a desirable impact on the environment, society and people. Companies are acting out social responsibilities in diverse ways to make a positive impact on the society. Yuhan-Kimberly is envisioning sustainable 'forests' under the Keep Korea Green campaign which can make both people and forests happy beyond simply expanding forests. We also practice social responsibilities for healthy growth of adolescent girls, fostering of female leaders, and develop our senior business to solve the setback of population aging.

### HOW WE LISTEN

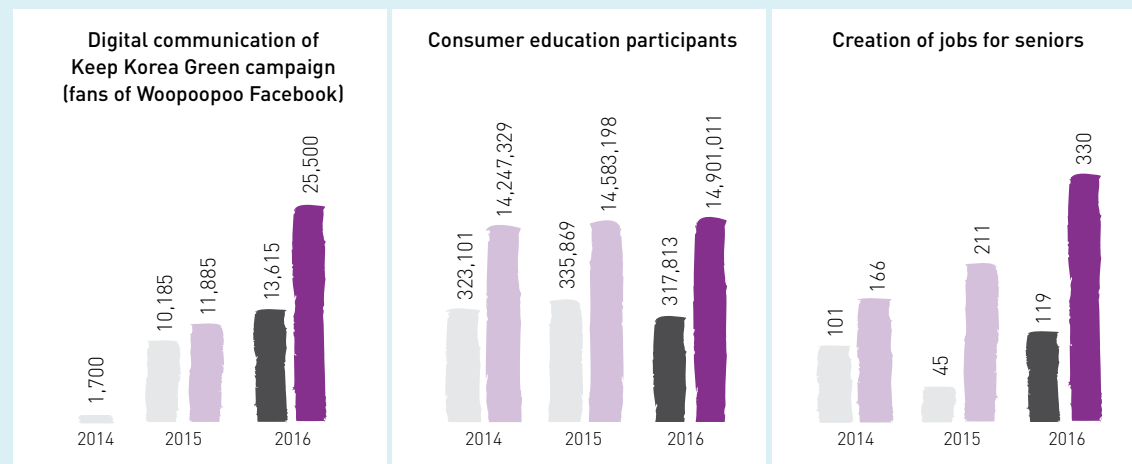
Results of the evaluation on 15 material issues among internal and external stakeholders revealed 'activities of social responsibility' to be ranked 7th and 'climate change' to be 12th. Companies make extra efforts to create values for customers as consumers place higher values on reliability of a company and its social responsibilities upon making purchases.

Stakeholder's Opinion	GRI Aspect	Key Issues	Reporting Issues
Value Consumption	Local community Environment	<ul style="list-style-type: none"> <li>Social responsibility</li> <li>Climate change</li> </ul>	3-1. Social Responsible Activity for Environment/Forest to Encourage Value Consumption 3-2. Social Responsible Activity for Women to Encourage Value Consumption 3-3. Social Responsible Activity for Senior to Encourage Value Consumption

### WHAT WE DO

#### Key Performances

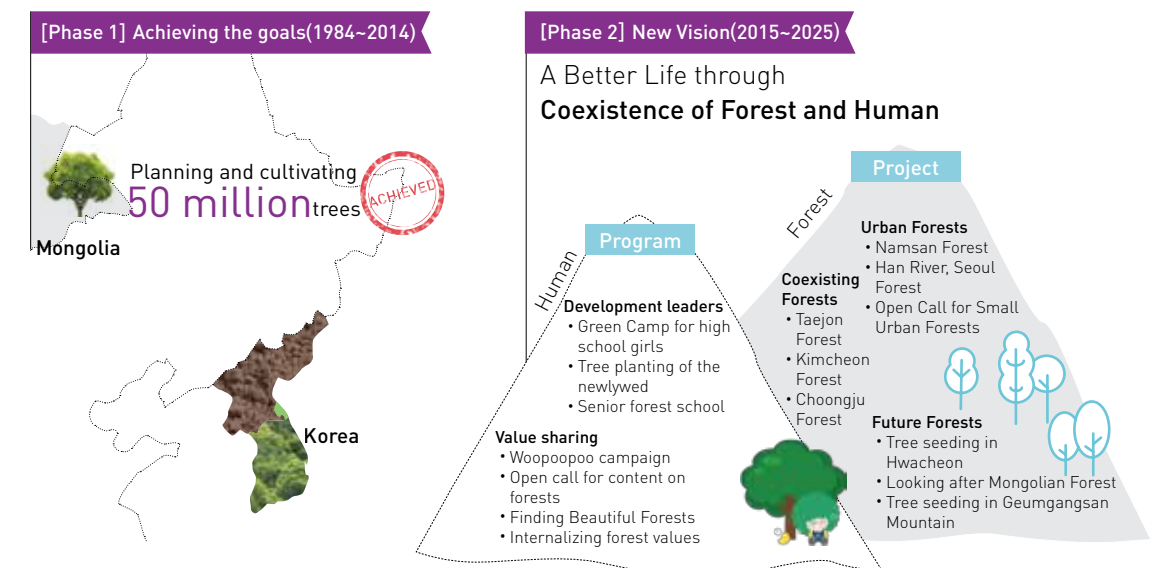
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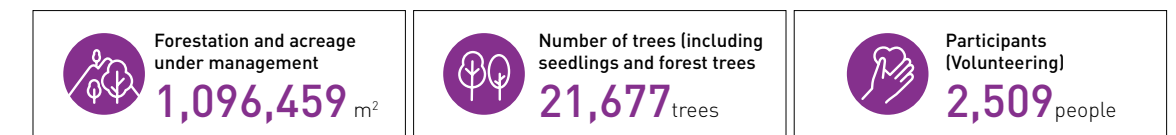
## 3-1. Social Responsible Activity for Environment and Forest to Encourage Value Consumption

**Keep Korea Green campaign, raises consumers' awareness of importance of forests as well as opportunities to plant trees** Yuhan-Kimberly responds to climate change and fosters healthy development of society for 34 years through implementing the Keep Korea Green campaign. During the first stage (1984~2014) Yuhan-Kimberly has planted 50 million trees at home and abroad. For the second stage (2015~present), various activities have been carried out to practice a new vision of 'A Better Life through Coexistence of Forest and Human' starting from 2015. Under a goal to make a bigger forest by keeping 'a small forest' around us greener, we form Urban Forest and Coexisting Forest along with our community, and proceed with Future Forest for recovering damaged forests in North Korea. Furthermore, we run engagement-based programs to foster the future generation of environmental leaders and reflect on the value of forests. In 2016, 650 people including 410 newlyweds, social leaders, and employees of Yuhan-Kimberly and staff of Korea Forestry Service gathered together to plant 9,000 six-year-old fir trees in Yangdong-myeon, Yangpyeong-gun in Gyeonggi Province.

[Figure II\_3-1\_1] Execution of the Vision for Keep Korea Green



#### 2016 project performances

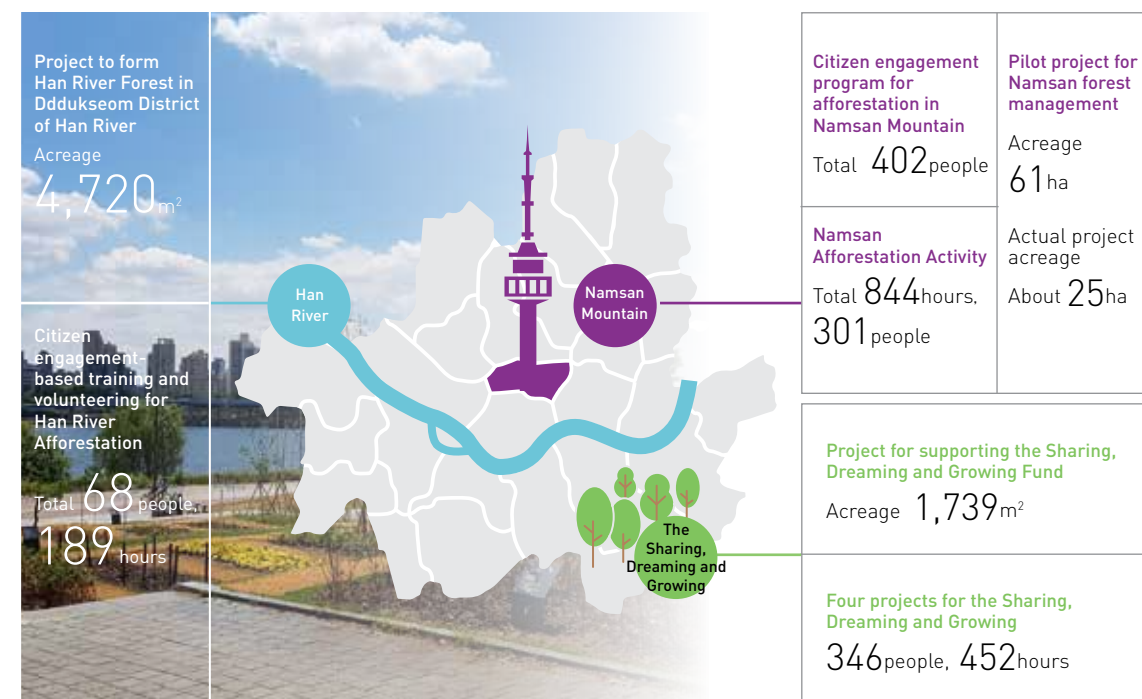


[Table II\_3-1\_1] Forest Experience Program Performances\_accumulated

Category	2014	2015	2016	2017 target
Newly-wed participants in tree planting (person)	18,894	19,520	20,120	20,770
Green Camp participants (person)	4,059	4,179	4,289	4,389
Senior forest school participants (person)	-	-	79	159

**Contribution to micro dust issue through Urban Forest** According to Korea Forest Service, an increase of an urban forest by 1m<sup>2</sup> reduces the amount of electricity consumption by 2kWh on average, and lowers the midday temperature in a city in summer by 1.15°C. In addition, a forest of 1ha (100m x 100m; 3,000 pyeong [app. 9918 m<sup>2</sup>]) can absorb air pollutants (including sulfur dioxides, nitrogen dioxide and ozone) including micro dust which amount to 168kg per year. We have created urban forests worth 880,000 m<sup>2</sup> through such campaigns as creating school forests and urban forests. In order to ensure a life of coexistence of forest and human, we initiate engagement-based programs for local residents, while expanding forests around Seoul Forest, Namsan and Han River.

[Figure II\_3-1\_2] Urban Forest project\_2016 Citizen engagement-driven afforestation



※ Han River Index Garden formed on May 13, 2017

**Present local forest model\_Coexisting forest ensuring the coexistence of forest and human** Yuhan-Kimberly proceeds with the Coexisting Forest Project to take care of the forests through consistent management, and provide forest welfare functions along with carbon sequestration. In 2016, we completed the basic plan in Phase 1 to create a forest in Kimcheon and Taejon, initiate Phase 2 for forming and operating Coexisting Forest by 2018, and fulfil Phase 3 for managing the forests and laying the foundation for their expansion by 2023. We also carry out basic plans and research to form Coexisting Forest in Choongju from the second half of 2016.

**Forests for preparing for the future\_Effort for the forest recovery of North Korea and Mongolia** The Forests for Preparing for the Future is a project to inherit the benefits of forests to future generations in the age of inter-Korean exchanges by recovering damaged forests in North Korea. In May 2016, we signed an 'agreement on the joint forestry project for the Forests for Preparing for the Future and tree seedling & forestation' to create 'Tree Seedling Site' in Paju, and in 2017 we begin constructing a tree nursery in Hwacheon. Yuhan-Kimberly started a forestation project in Mongolia to prevent devastation of forest ecosystems in the region in partnership with the Northeast Asian Forest Forum in 1999. We planted approximately 10 million trees on a land of 3,250ha in Tujin Nars, Mongolia, from 2003 to 2014.

## 3-2. Social Responsible Activity for Women to Encourage Value Consumption

**The Green Camp to raise high school girls' environmental leadership (1988~2016)** Yuhan-Kimberly has organized the Green Camp – a forest experience program for high school girls – since 1988 to experience the preciousness of the natural environment for the female high school students that are the leaders of the future. The Green Camp has been certified three consecutive times by the Ministry of Environment. We organize the Green Camp for high school girls twice a year jointly with the National Institute of Forest Science. In 2016, a total of 110 female students took part. The accumulated number of participants is 4,255.

[Picture II\_3-2\_1] Green Camp for High School Girls



**Fulfilling social responsibility through consumer education program** Yuhan-Kimberly has continuously provided consumer education program since 1972. A total of 317,813 consumers participated in the programs in 2016. The consumer education program consists of lecturing program (childcare forum and youth education program, a total of 14,901,011 participants) and informative program.

**The highest number of participants in the donation relay of 'Hope to Our Daughters'** Employees at Yuhan-Kimberly take part in the donation relay of 'Hope to Our Daughters' every year – a fund raising program to protect women's rights – starting from 2003. In 2016, a total of 861 employees participated, which is 9% up from the previous year.

## 3-3. Social Responsible Activity for Seniors to Encourage Value Consumption

**Creating shared value by fostering the senior industry** As the severity of population aging increases in Korea, Yuhan-Kimberly proceeds with the Creating Shared Value (CSV) model, to solve the aging problem and create new markets. Yuhan-Kimberly is fostering the market for consumer goods for active seniors by providing consulting services in partnership with the Work Together Foundation, targeting small enterprises and social ones which develop and sell products and services for seniors. A total of 26 small enterprises, 65 products and services were explored and fostered as of 2016-end as a result of this project. We have also created 330 jobs by 2016 as we explored and fostered small enterprises and encouraged them to create jobs for seniors.

**Launching of the comprehensive living support service through Senior Hub Co. Ltd., a public benefit retailer** Yuhan-Kimberly started the 'the comprehensive living support service', a new senior service business model, through Senior Hub Co. Ltd., a public benefit retailer, in partnership with 50 Plus Korean, a social entity, in January 2017. The service aims to provide health consultation, help in organizing and storing stuffs, home interior repairs and accompaniment service, which are essential for seniors in need of care. We carry out the project with many partner organizations to provide necessary services to seniors. We plan to foster living assistance experts to help out seniors in their daily life and expand the service by operating 'life care managers' consisting of seniors aged 55 and older.





## Special Page 13th Stakeholders Committee

### In the age of low growth, what should be the way forward for Yuhan-Kimberly?

Yuhan-Kimberly has gathered expert opinions on consumer trends in the age of low growth in the second half of 2016 (13th of its kind). The Stakeholders Committee has organized 13th meeting this year since 2011 by holding it twice a year. The committee consists of six experts in each field, and we make it mandatory that over 30% of the members are women.

1

**Kim, ByungYeon**  
(Researcher, NH Investment & Securities)

Services that touch the emotions are essential. Services, especially emotion-touching ones, are needed instead of simply manufacturing products at a time when the value-driven consumption is intensified. There have been attempts to apply IT in everyday household products. A new growth engine is needed by developing new products which can give better values to consumers by applying IT.

2

**Min, DongWon**  
(Professor, Dankook University)

Compensation strategies are required as psychological bi-polarization deepens. According to Statistics Korea, psychological bi-polarization is deepening to the point where 44% of the Korean population consider themselves as the low class, and 60% said shifting into another class – mostly higher one – is impossible. As compensatory consumption is made more obvious which is to ease such anxiety, strategies to enable product purchases to be led to psychological healing and self-esteem boosting are needed.

3

**Han, SangMan**  
(Moderator, Professor, Sungkyunkwan University)

Value-centered consumption is the key trend. In order to stimulate consumption which has become more sensitive in today's world, a fact-based management philosophy is essential. There is a greater emphasis on the patterns of value-centered consumption where values to be obtained from products – instead of physical needs – are reflected in the objective of purchasing products unlike the past. The platform needs to be more premium by applying intangible assets to it along with selective launching of low-end line-ups.

“



”

4

**Park, JinSoo**  
(Director, Daehaknaeil 20's Research Institute)

Watch out for consumers in their 20s. Despite a low purchasing power, consumers in their 20s are sales spokesmen that induce purchases of other consumers especially in the mobile market, even demanding on not only the physical value of products but also the emotional value considered as self-expression. Marketing and product supply based on the analysis of consumption trends of those in the 20s are likely to the influx of consumers in other age brackets.

5

**Song, SeonSun**  
(General Manager, SK 11th Avenue Retail Division)

Mobile platforms are driving the growth of the online market. Competitiveness in mobile-driven e-commerce is derived from value for money. Thus, gaining price competitiveness could be a strategy to target the mobile market. Emotional needs to ease psychological fatigue on the unstable reality are reflected in the consumer sentiment. We need emotion-based marketing strategies to enable a product purchase to become an intriguing experience.

6

**Lee, HeeSook**  
(Professor, Chungbuk National University)

Demands for safety are on the rise, and products with higher value for money are gaining popularity. Consumer-friendly indicators based on empathy with them needs to be established, measured and analyzed to resolve their inquiries and raise reliability. Compensatory consumption which used to be negatively considered has recently gained positive evaluation as a channel to overcome social fatigue and stress.

## Sustainability Management Performance

- 36 Economic Performance
- 37 Social Performance
- 38 Environmental Performance



# ECONOMIC PERFORMANCE



## Economic achievements in table

[Table III\_1\_1] Financial performance\_KRW 100 million

Category	2014	2015	2016
Sales(rate of change)	14,007(2.54%)	15,191(8.45%)	14,999(-1.26%)
Net income(rate of change)	1,441(6.26%)	1,407(-2.30%)	1,791(27.27%)
Total assets(rate of change)	10,481(9.04%)	10,682(1.92%)	10,577(-0.98%)
Export volume(per sales)	2,345(16.74%)	2,950(19.42%)	2,655(17.70%)

[Table III\_1\_2] Distributed economic value \_KRW 100 million

Category	Type	2014	2015	2016
Shareholders	Dividends	1,300	1,350	1,450
Employees	Wages, Employee benefits costs	2,272	2,638	2,200
Partners	Goods and service purchase costs	9,348	9,770	9,443
Local community	Government Corporate tax, other taxes and utility charges	542	635	760
	Local community/ Customer CSR costs (donation, Keep Korea Green, group contribution)	87	82	82
Others	Other costs (rent, depreciation cost etc.)	407	728	791
In-house reservation	Retained earnings	141	57	341
Total revenue (sales + interest income, etc.)		14,097	15,260	15,067

[Table III\_1\_3] Composition of Sales by Item\_%

Category	2014	2015	2016
Baby Diaper	37.2	38.0	36.7
Wet wipes, towel, senior panties, skincare, etc.	17.4	17.6	17.7
Facial tissues and toilet paper	17.0	16.2	16.5
Feminine sanitary napkins	16.7	15.5	16.0
B2B business	11.7	12.7	13.1

# SOCIAL PERFORMANCE



## Social achievements in table

[Table III\_2\_1] Employee status and social performance

Category	Type	Unit	2014	2015	2016
Customer	Customer satisfaction point	Point	82.0	86.4	91.1
Employment	Employees	Person	1,758	1,748	1,708
	Regular employees	Person	1,720	1,700	1,669
	Contract employees	Person	38	48	39
	Production employees	Person	849	844	833
	Office employees	Person	909	904	875
	Number of female employees	Person	329	329	323
	Number of male employees	Person	1,429	1,419	1,385
	Employment of the disabled	%	2.5	2.4	2.4
	Job creation rate	%	2.09	-0.57	-2.29
	Average continuous service period	Year	17.3	17.9	18.6
New employment / retirement	Average working hours per month	Hour	168	164	165
	Average number of days absent	Day	0	0	0
	Loss days	Day	167	244	69
	New employees	Person	21	11	18
	Retirement rate	%	1.91	1.89	2.16
	Percentage of females in total workforce	%	18.7	18.8	18.9
	Percentage of females at senior management levels	%	19.4	18.9	17.1
	Percentage of females among total office employees	%	37.8	37.9	38.9
	Percentage of females among new recruits	%	71.2	61.9	63.5
	Maternity leave users	Person	16	18	9
Maternity / childbirth	Return-to-work rate after maternity leave	%	100	100	95
	Baby care leave users	Person	24	21(1)	17(1)
	Female employees baby care leave usage rate	%	84	100	78
	Return-to-work rate after baby care leave	%	100	100	100
	Retention rate after return from baby care leave	%	90	95	95
Labor	Number of employees joining the labor union	Person	897	878	864
	Rate of employees joining the labor union	%	99.9	99.3	98.5
Work Safety	Number of industrial disaster	Case	2	3	3
	Industrial disaster rate	%	0.11	0.17	0.18
Training	Training hour per person	Hour	58.3	71.5	81.3
	Training cost per person	KRW 10 thousand	96.5	116.2	78.4
Local Community	Donation	KRW million	2,419	2,384	3,232

※ Employment of the disabled: Monthly average number of employees x 12, subject to the estimation criteria by Korea Employment Agency for the Disabled.  
 ※ Job creation rate: (number of employees this year - number of employees last year) / number of employees last year x 100  
 ※ Loss days: Counted based on the absent days of workers injured due to minor or serious accidents in a mill specified in their medical certificates.  
 ※ One male employee used baby care leave among baby care leave users in 2015, 2016.  
 ※ An average domestic industrial disaster rate in manufacturing industry is 0.62%



# ENVIRONMENTAL PERFORMANCE



Environmental achievements in table

[Table III\_3\_1] Climate change response and major energy use status

Category	Type	Unit	2014	2015	2016	
Environmental Protection Cost	Total Cost	KRW 100million	161.8	177.1	171.9	
	Percentage to Net Sales	%	1.2	1.2	1.1	
GHG reduction	Total emission of CO <sub>2</sub>	CO <sub>2</sub> e	172,113	201,723	204,943	
	Direct(Scope 1)	CO <sub>2</sub> e	13,042	17,161	20,638	
	Indirect(Scope 2)	CO <sub>2</sub> e	159,074	184,564	184,308	
	Intensity of CO <sub>2</sub> emissions	tCO <sub>2</sub> e/product ton	0.735	0.779	0.812	
Energy	Energy use	TJ	3,445	3,945	4,009	
Water	Water use	m <sup>3</sup> /product ton	11.7	15.3	13.9	
Waste	Solid Waste generation	ton/product ton	0.18	0.20	0.18	
Recycle	Ratio of recycled fiber	%	27.5	33.4	29.8	
	Domestic disclaimer	%	40.0	37.1	39.7	
	Ratio of recycled water usage	%	97.3	98.4	97.9	
Water purity control	Treated water discharge		m <sup>3</sup> /product ton	10.2	13.5	12.4
	Water pollution emissions	Total suspended solids	kg/product ton	0.022	0.041	0.043
		Biochemical oxygen demand	kg/product ton	0.008	0.013	0.015
		Chemical oxygen demand	kg/product ton	0.143	0.222	0.243
Air Purity Control	NO <sub>x</sub>	kg/product ton	0	0	0	
	SO <sub>x</sub>	kg/product ton	0	0	0	
	Dust	kg/product ton	0.009	0.028	0.024	

[Figure III\_3\_1] 2016 performance



## Appendix

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Third Party's Assurance Statement
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GRI G4 Index



## Third Party's Assurance Statement

### To the Readers of Yuhan-Kimberly 2017 Sustainability Report

**Foreword** Korea Management Registrar Inc. (hereinafter "KMR") has been requested by Yuhan-Kimberly to verify the contents of its 2017 Sustainability Report (hereinafter "the Report"). Yuhan-Kimberly is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

**Scope and standard** Yuhan-Kimberly describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI G4 indices as below, where professional judgment of the team was exercised as materiality criteria.

- GRI Reporting Principles
- General Disclosures
- Specific Disclosures

<ul style="list-style-type: none"> <li>• Generic DMA of each of material Indicators of Aspects</li> <li>• Economic Performance: EC1, EC2, EC3, EC4</li> <li>• Indirect Economic Impacts: EC7, EC8</li> <li>• Materials: EN2</li> <li>• Energy: EN3, EN6, EN7</li> <li>• Emissions: EN15, EN16, EN18, EN19, EN21</li> <li>• Products and Services: EN27, EN28</li> <li>• Compliance: EN29, S08</li> <li>• Supplier Environmental Assessment: EN32, EN33</li> <li>• Employment: LA1, LA2, LA3</li> <li>• Labor/Management Relations: LA4</li> <li>• Training and Education: LA9, LA10, LA11</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and Equal Opportunity: LA12</li> <li>• Equal Remuneration for Women and Men: LA13</li> <li>• Supplier Assessment for Labor Practices: LA14, LA15</li> <li>• Non-discrimination: HR3</li> <li>• Supplier Human Rights Assessment: HR10, HR11</li> <li>• Anti-corruption: S03, S04, S05</li> <li>• Supplier Assessment for Impacts on Society: S09, S010</li> <li>• Customer Health and Safety: PR1, PR2</li> <li>• Product and Service Labeling: PR3, PR5</li> <li>• Marketing Communications: PR6</li> </ul>
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This Report excludes a data sand information of joint corporate, contractor etc. which is outside of the organization, i.e. Yuhan-Kimberly, among report boundaries.

**Our approach** In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

**Our conclusion** Based on the results we have obtained from material reviews and interviews, we had several discussions with Yuhan-Kimberly on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

**Inclusivity** Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

Yuhan-Kimberly is developing and maintaining stakeholders' communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder Yuhan-Kimberly left out during this procedure.

**Materiality** Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

Yuhan-Kimberly is determining the materiality of issues found out through stakeholders' communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

**Responsiveness** Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

The assurance team could not find any evidence that Yuhan-Kimberly's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI G4.

**Recommendation for improvement** KMR recommends that the report published by Yuhan-Kimberly will be actively used as a tool for stakeholders' communication and continuous improvement.

Reporting negative issues related to wet tissue products in the 2017 Sustainability Report will strengthen stakeholders' confidence in Yuhan-Kimberly. Yuhan-Kimberly is advised to constantly report both positive and negative issues in order that the overall achievement of the company is well delivered.

The report is outstanding that not only are the business field and the sustainability management strategy coherent, but the number of materiality evaluators has also increased every year. Also, the fact that the data is consolidated and managed in a sense of the sustainability management effects its excellence. Yuhan-Kimberly is advised to constantly report the data in figures and utilize web reporting to improve accessibility and transparency of reports.

**Our independence** KMR has no involvement in Yuhan-Kimberly business activities other than providing third party assurance services and maintains independence to avoid conflicts of interest.

June, 8th, 2017  
CEO KiHo Park



K. H. Park



GRI G4 Index

GRI G4	Report page		GRI G4	Report page							
1. General Standard Disclosures			Environment								
a. Strategy and Analysis			Materials	G4-EN1	Materials used by weight or volume	38					
G4-1	Statement from the most senior decision-maker of the organization			6-7	G4-EN2	Percentage of materials used that are recycled input materials	38				
G4-2	Key impacts, risks and opportunities				G4-EN3	Energy consumption within the organization	38				
b. Organizational Profile			Energy	G4-EN5	Energy intensity	38					
G4-3	Organization name			5	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	38				
G4-4	Primary brands, products and services				G4-EN6	Reduction of energy consumption	38				
G4-5	Headquarters location				G4-EN7	Reductions in energy requirements of products and services	38				
G4-6	Number of countries where the organization operates, name of countries with locations of major operations			N/A	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	38				
G4-7	Nature of ownership and legal form		web report (csryuhan-kimberly.co.kr)	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	38					
G4-8	Markets served (geographic breakdown, sector served, and customer / beneficiary type)		11	G4-EN18	Greenhouse gas (GHG) emissions intensity	38					
G4-9	Scale of the organization		5	G4-EN19	Reduction of greenhouse gas (GHG) emissions	38					
G4-10	Total workforce by employment type, employment contract and region		5	G4-EN20	Emissions of ozone-depleting substances (ODS)	38					
G4-11	Percentage of total employees covered by collective bargaining agreements		37	G4-EN21	NOx, SOx and other significant air emissions	38					
G4-12	Major characteristics of the supply chain related to the organization's major activities, products and services		5	Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	4-5				
G4-13	Any significant changes during the reporting period		N/A		G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	4-5				
G4-14	Whether and how the precautionary approach or principle is addressed by the organization		12-13	Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	web report (csryuhan-kimberly.co.kr)				
G4-15	"Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses"		9		G4-EN32	Percentage of new suppliers that were screened using environmental criteria	9				
G4-16	Memberships of associations		web report (csryuhan-kimberly.co.kr)	Supplier Environmental Assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	N/A				
c. Identified Material Aspects and Boundaries			Society								
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents		N/A	Labor Practices and Rights							
	b. Report whether any entity included in the organization's consolidated financial statements or equivalent document is not covered by the report			Employ-ment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	37				
G4-18	a. Process for defining the report content and the aspect boundaries		14-15		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	37				
	b. Explain how the organization has implemented the reporting principles for defining report content							G4-LA3	Return to work and retention rates after parental leave, by gender	37	
G4-19	Material Aspects identified in the process for defining report content		14-15		Labor/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements				37
G4-20	Descriptions of material aspect boundaries within the organization		14-15			G4-LA9	Average hours of training per year per employee, by gender, and by employee category	37			
G4-21	Descriptions of material aspect boundaries outside the organization		14-15	G4-LA10	"Programs for skills management and lifelong learning that support the continued employability of employees"	web report (csryuhan-kimberly.co.kr)					
G4-22	Effect of any re-statements of information provided in previous reports, and the reasons for such restatement		N/A	G4-LA12	"Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity"	37					
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		web report (csryuhan-kimberly.co.kr)	Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	web report (csryuhan-kimberly.co.kr)				
d. Stakeholder Engagement			Human Rights								
G4-24	List of stakeholder groups engaged by the organization		15	Diversity and Equal Opportunity	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	N/A				
G4-25	Basis for identification and selection of stakeholders with whom to engage							Supplier Assessment for Human Rights	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	web report (csryuhan-kimberly.co.kr)
G4-26	Stakeholder engagement approach, including frequency by type and by stakeholder group			G4-HR11	Negative human rights impacts in the supply chain and actions taken	N/A					
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		14-15, 18-19, 22-24, 28-29, 34	Society							
e. Report Profile			Anti-Corruption								
G4-28	Reporting period		2	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	N/A					
G4-29	Date of most recent previous report (if any)		Cover page				G4-S04	Communication and training on anti-corruption policies and procedures	11		
G4-30	Reporting cycle (such as annual, biennial)		2	G4-S05	Confirmed incidents of corruption and actions taken	11					
G4-31	Provide the contact point for questions regarding the report or its contents		2				Compliance	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	11	
G4-32	In accordance option, GRI Index and report assurance		42	Supplier Assessment for Impacts on Society	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society					web report (csryuhan-kimberly.co.kr)
G4-33	Policy and current practices regarding external assurances for the report		40-41				G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	N/A		
f. Governance			Products Responsibility								
G4-34	Governance structure of the organization, including committees of the highest governance body		11-12	Anti-Corruption	G4-PR1	"Percentage of significant product and service categories for which health and safety impacts are assessed for improvement"	18-19				
	Committees responsible for decision-making on economic, environmental and social impacts							G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	22	
G4-56	Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		11								G4-PR9
	Development and impact of infrastructure investments and services supported			25-27							
Indirect Economic Performance	Significant indirect economic impacts, including the extent of impacts		4-5	Compliance	G4-PR9						
			30-33								
2. Specific Standard Disclosures											
a. DMA <td colspan="4"></td>											
G4-DMA	a. Report why the aspects is material and the impacts that make this aspect material		18-19, 20, 25, 30	Compliance	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	11				
	b. Report how the organization manages the material aspect or its impacts							Supplier Assessment for Impacts on Society	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	web report (csryuhan-kimberly.co.kr)
	c. Report the evaluation of the management approach										
b. Indicators											
Economic Performance	G4-EC1	Direct value generated and distributed	5	Customer Health and Safety	G4-PR1	"Percentage of significant product and service categories for which health and safety impacts are assessed for improvement"	18-19				
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	28					G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	22	
Indirect Economic Performance	G4-EC7	Development and impact of infrastructure investments and services supported	25-27								Compliance
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	4-5								



Please visit YK CSR Microsite and join the survey.  
Web report: csryuhan-kimberly.co.kr



가족친화 우수기업  
Best Family Friendly Management





We must pay attention to the voice of consumers. This is the voice for our corporate survival, which must be listened to and improved upon on the manufacturing field. We are further bolstering our business units on customer and quality, and safety, in order to achieve consumer-centered management, and focus our competencies to upgrade product safety and quality management. We will continue to reduce consumer complaints by managing leading indicators on quality and product safety without stopping to challenge ourselves for a higher goal.

- From the YK CCM committee from the first half of 2017 -