


2019 Yuhan-Kimberly SUSTAINABILITY REPORT



People are
our source of hope

About This Report

Reporting principle	GRI (Global Reporting Initiative) Standards, The Ten Principles of the UN Global Compact
Reporting scope	Major supply chain and all operating sites in Korea
Reporting period	January 2018 to December 2018 (including part of the performance from the 1 st quarter of 2019)
Reporting base	Based on the fiscal year, at least 3-year time series presented
Assurance	Third party's assurance statement
Reporting cycle	Annually (first publication in 2006)
Structure of report	Reporting in accordance with the GRI Standards (Core option), preferential reporting of material topics
Further information	Please contact Corporate Sustainability, Yuhan-Kimberly Tel. +82-2-6411-0283
Disclosure principle	The report is available online at web report (csr.yuhan-kimberly.co.kr)

사람이 희망이다

People are our source of hope

2019 Yuhan-Kimberly Sustainability Report
Social Value Special Edition

2019 Sustainability Report, what is different from the previous edition?

1. The highlight of our social value

Celebrating the 50th anniversary of the founding of Yuhan-Kimberly, we provided an in-depth perspective on social issues and discussed the future direction of social value creation.

2. Achievement of MB0-oriented SDGs

Our sustainability management has been aligned with the UN SDGs so that we can join the global efforts beyond the enterprise level.

3. Improvement of information accessibility

Yuhan-Kimberly has introduced a new web report service to increase information accessibility. The service features various functions, such as navigating to related pages in reports and shortcut to web reports, and also allows users to create customized reports by downloading the content that they need by subject.



VIDEO



WEB LINK



HOME



CONTENTS



PAGE PRINT

2019, introduced mark to identify core elements

Yuhan-Kimberly introduced major performance marks to the 2019 report. Readers can identify the core points of 2019 by reading the marked area only.



- 1 2019 Material Topics of Yuhan-Kimberly's Sustainability Management_6p
- 2 Past and Current Efforts for Sustainable Management and the Direction for the Future_8~12p
- 3 Discussion of Sustainability Management Agendas with Executives and Employees_14p
- 4 Business Model Innovation_Application of Digital Transformation_20p
- 5 Keeping on Social Responsibility Management_Evolution of 'Keep Korea Green'_24~25p
- 6 Leading Corporate Culture Change_Smart Work Management_29p
- 7 Economic Performance_Evolution of E-commerce Business Model_35p
- 8 Social Performance_Focusing on 4 CSR activities_52p
- 9 Environmental Performance_Low-Carbon Society_Material Flow Chart_68p
- 10 Trend Analysis of Yuhan-Kimberly's Materiality on Sustainability Management for Ten Years_78p

Yuhan-Kimberly defines its stakeholders as customers, partners, employees, local communities, and shareholders. Yuhan-Kimberly transparently discloses its business direction and performance through management disclosure, shareholders' meeting, BOD meeting, audit report, and website. Also actively listens and responds to the opinions of stakeholders through diverse communication channels.

CONTENTS

07

Yuhan-Kimberly Sustainable Management
04 Value Chain of Sustainable Management
06 Sustainability Management Material Topics
08 CEO Message
13 Internalization of Corporate Vision and Core Value
14 Corporate Governance
15 Sustainable Organization
16 Ethics Management
17 Crisis Management
18 Communication Channel for Stakeholders

19

2019 Sustainability Management Highlights
20 Business Model Innovation_Application of Digital Transformation
24 Keeping on Social Responsibility Management_Evolution of 'Keep Korea Green'
29 Leading Corporate Culture Change_Smart Work Management

31

2019 Performance
33 Economic Performance
39 Social Performance
61 Environmental Performance

70

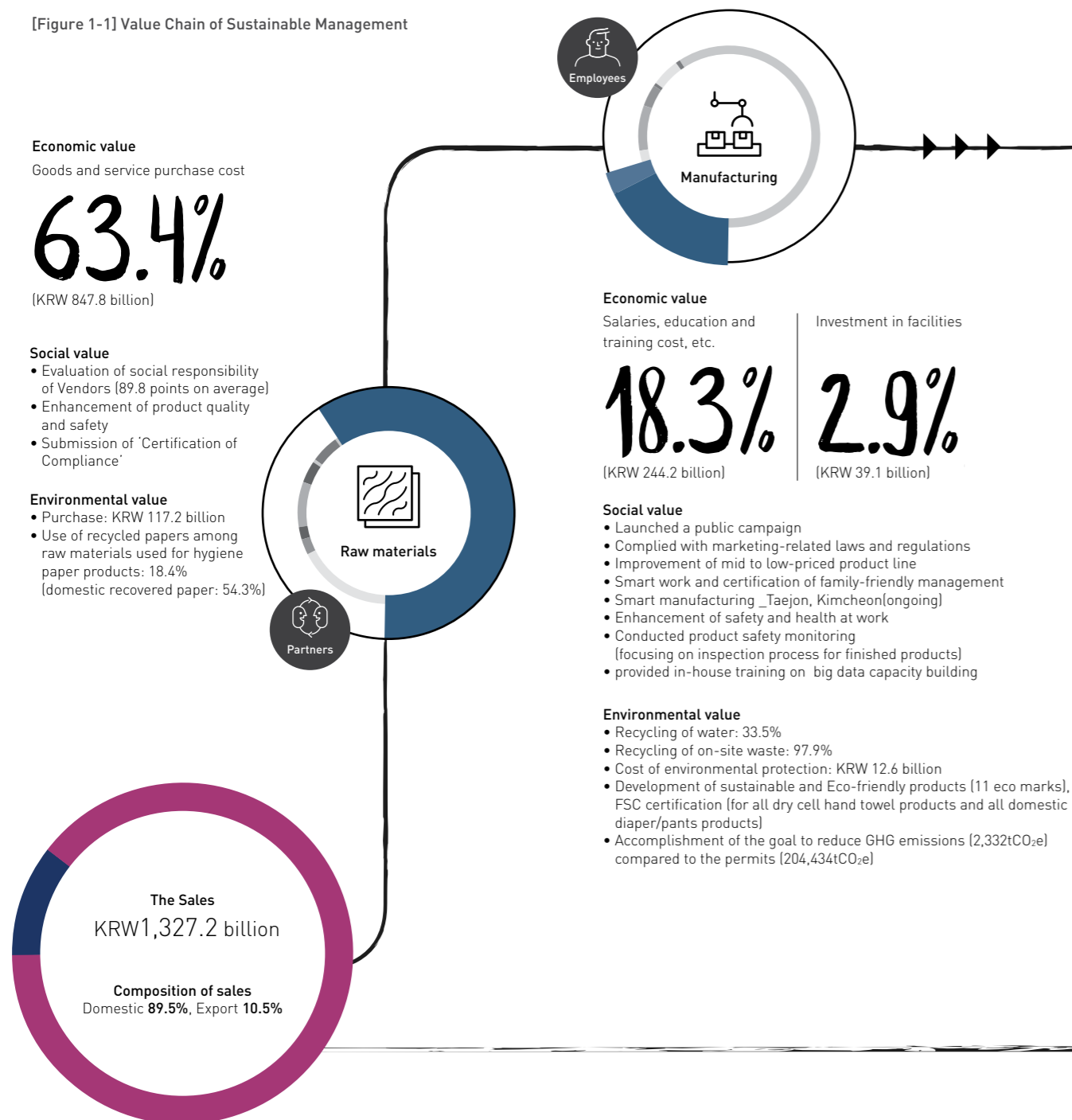
Appendix
71 Third Party's Assurance Statement
73 GRI Index
76 UN Global Compact
77 2018 Yuhan-Kimberly's UN SDGs Activity
78 Materiality Assessment
79 Stakeholders Survey Insight
80 Feedback Monitoring
81 Partners for Local Community
82 Major Awards

사람이 희망이다

How does Yuhan-Kimberly Redistribute its Values?

Value Chain of Sustainable Management Yuhan-Kimberly is a company that grows with society. Yuhan-Kimberly transparently discloses what effects and values it exchanges with stakeholders in the aspect of the economy, society, and environment throughout the value chain of sustainable management every year. Our business activities have created social and environmental impacts through the redistribution of economic values that we created. Due to our efforts to consistently provide transparent reporting on business management, the company trust of Yuhan-Kimberly was high at 5.6 out of 7.0 points, according to the results of a stakeholder survey conducted in 2019.

[Figure 1-1] Value Chain of Sustainable Management



[Figure 1-2] Three Major Assessment of Yuhan-Kimberly's Value Chain (2019. Jan-Feb, 5,226 people participated, 7points)



Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Sustainability Management Materiality Topics



Suggestions from 5,226 Respondents in 2019 Stakeholders Survey - "Product Safety and Personal Information Protection" selected as a major topic for the past 14 years(2006 to 2019), Yuhan-Kimberly has conducted stakeholders surveys to make improvements and strengthen competitiveness for sustainability management. Through the annual survey, the priorities of topics and directions of sustainability management have been presented, and the results have been reported in a transparent manner. For reference, the 2019 report includes the trends of sustainability materiality over the last decade in the appendix.

Please refer to page 78 for more detailed stakeholders inquiries.

Key Implications of Materiality Assessment Results in 2019 In the 2019 materiality assessment (March 18, 2019~ March 27, 2019), three main topics were identified as priorities: [1] product safety, [2] personal information protection, and [3] eco-friendly product development. In other words, the two pillars of our sustainability management are product safety and information safety. There are three things to note in this assessment. First, product-related topics (product safety, eco-friendly product development, consumer product selection) are of high importance. Second, the rapidly expanding online market, driven by market and technological changes, has brought more importance to personal information protection. Third, the need for ethical and compliance management has increased compared to the previous year. Yuhan-Kimberly will continue its management efforts with the reflection of materiality values.

[Table 1-1] Materiality Topic by Rank in 2019

2019 Materiality topic	Stakeholder evaluation (external)	Strategic materiality (internal)	Average	Ranking in 2019	Ranking in 2018
Product safety	89.3	87.8	89.2	1	1
Personal information protection	88.5	84.3	88.4	2	3
Environment-friendly product development	86.3	84.2	86.2	3	5
Enhancement of consumers' rights to choose products	85.7	84.4	85.6	4	9
Ethics & compliance management	85.8	81.1	85.6	5	10
Minimizing environmental impacts	84.5	81.5	84.3	6	8
Resource Utilization and Recycling	83.9	80.8	83.8	7	New
Workplace safety	83.3	82.3	83.2	8	4
Consumer health & safety	82.3	80.8	82.3	9	2
Climate change	82.1	79.3	82.0	10	12
Communication with customer	81.3	79.3	81.2	11	7
Provision of product and service information	80.8	77.6	80.6	12	6
Respect for human rights and diversity	79.9	79.6	79.9	13	New
Product innovation	79.5	84.0	79.6	14	17
Human resource development and fostering	79.3	81.6	79.4	15	14
Win-Win growth	79.3	78.5	79.3	16	11
Work-life balance	78.1	81.4	78.2	17	16
Local community engagement and development	78.3	81.4	78.2	18	19
Women empowerment	76.7	74.6	76.7	19	18
Collaboration culture	76.4	78.5	76.4	20	13
New growth engine	74.3	79.1	74.4	21	20
E-commerce	73.6	80.5	73.8	22	15
Utilization of smart manufacturing and digitalization	72.8	75.5	72.9	23	21



Ranking	Yuhan-Kimberly Efforts	Page
1. Product safety	Reinforcement of product safety and quality policies enforcement of product / ingredient verification process and toll processing quality management, designation and management of substances with safety concerns, disclosure of sanitary pad components, reinforcement of product safety organization, hosting of consumer-centered management committee, participation in the regular consultative group of hygiene product makers, etc.	46-48
2. Personal information protection	Conduct of personal information protection education, 2018 Information Security Management System certificate, conduct of the Cyber Clean Week, an inspection of partners handling personal information, supplementation of legal affairs on the main screen of the integrated brand website	50-51
3. Environment-friendly product development	Introduction of eco-friendly products (sanitary pad - La Nature)	64
4. Enhancement of consumers' rights to choose products	Launching of products with high cost-to-satisfaction ratio: nature-friendly sanitary pads, organic pure cotton covers, scentless sanitary pads, organic diapers	37
5. Ethics & compliance management	Partner evaluation system, faithful tax payment, CSR activities	16, 44

Yuhan-Kimberly Sustainable Management

Accomplishment the target of GHG emission allowance compared to the previous year

Reduction **2,332** tCO₂e

WINNING CULTURE

OUR STORY

Donating sanitary pads **1,455,120** Pads

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards



2019, YUHAN-KIMBERLY SINGS OF HOPE.



Reach Higher Together Dear stakeholders, Yuhan-Kimberly celebrates the 49th anniversary of its founding in 2019. We are pleased to share with you our economic, social, and environmental performance through the 14th sustainability report. **We are proud of our strong organizational culture (Winning Culture) where we find a solution to difficulty through innovation. Having grown with society, we have a history of taking the initiative in solving social problems.** In this report, Yuhan-Kimberly invites you to join the journey of Winning Culture to fulfill its corporate social responsibility.

Sustainability Management Overview Positive Evaluation Including KMAC for 16 Consecutive Years

In 2019, Yuhan-Kimberly was selected as Korea's Most Admired Companies (KMAC) for the 16th consecutive year (5th place). We were ranked first in the consumer goods manufacturing industry in Korea Sustainability Index (KSI), and awarded a Presidential Citation for promoting work-life balance in the workplace. We will keep striving for a sustainable society with a humble heart.

The market environment has been rapidly changing in recent years. Yuhan-Kimberly is now facing with various market changes and social problems. We need to address several issues, including low fertility and low economic growth, the transition to e-commerce, consumer demands for safety and quality, competition across borders due to the market integration among Korea, China, and Japan, and rising raw material costs. At the same time, we are working hard to consolidate our position as a leader in the existing market and to create value in new markets. Through this report, we will briefly disclose to you on the journey we have taken.



Economic Performance and Tasks Creating Opportunities for Growth Based on Four Major Tasks

2018 Performance The persistent low fertility rates hindered the growth of the baby & Child Care products market in 2017. However, our growth in the domestic market rose by 3.4% in 2018, and the sales reached KRW 1.33 trillion. Despite export difficulties and rising raw material costs, we made efforts to cut costs and achieved growth in family, women, seniors, B2B businesses, and by effectively managing products in the vision category. However, we believe that the most magnificent economic performance of Yuhan-Kimberly in 2018 is to explore future possibilities and lay the foundation for new growth. We have restructured our business model in the e-commerce market and invested KRW 39.1 billion in facilities for future growth: introducing new machinery for producing bathroom tissue and senior pants and investing in energy-saving equipment. In addition, it is also meaningful that we have started digitization in all areas, including manufacturing and sales through consumer-oriented innovation. We are striving to build a product quality and safety system to regain consumer trust.

2019 Tasks In 2019, Yuhan-Kimberly created a new slogan, "Reach Higher Together." Based on the growth we achieved last year, we will get another opportunity for growth and development. The rapidly changing market environment has made us compete with not only competitors but also the market environment. Also, to win the competition, we need consumer-oriented innovation. Last year, we tried to figure out what could be our competitive edge in terms of the total supply chain and operated a new e-commerce group while making various responses.

In 2019, we now begin to operate a new e-commerce business model that delivers products directly from mills to consumers. By doing so, we will be able to offer better value to our customers. In 2019, we are expecting a growth of 4% in the domestic market and 10% in overseas markets. To this end, we present four challenges to take on as below.

First, we will achieve growth in the main category by improving market share. Our main category consists of diapers and senior pants, sanitary pads, bathroom tissues and tissue products, and we will make the utmost

사람이 희망이다

Yuhan-Kimberly Sustainable Management

Value Chain of Sustainable Management
Sustainability Management Material Topics
CEO Message
Internalization of Corporate Vision and Core Value
Corporate Governance
Sustainable Organization
Ethics Management
Crisis Management
Communication Channel for Stakeholders

2019 Sustainability Management Highlights

Business Model Innovation_
Application of Digital Transformation
Keeping on Social Responsibility Management_
Evolution of 'Keep Korea Green'
Leading Corporate Culture Change_
Smart Work Management

2019 Performance

Economic Performance
Social Performance
Environmental Performance

Appendix

Third Party's Assurance Statement
GRI Index
UN Global Compact
2018 Yuhan-Kimberly's UN SDGs Activity
Materiality Assessment
Stakeholders Survey Insight
Feedback Monitoring
Partners for Local Community
Major Awards

efforts to have steady growth in this category. In particular, we will launch innovative diapers that reduced thickness by one third as part of the effort to lead the baby products market. We will achieve this goal by preventing the reduction of diaper market and expanding the size of existing markets, including Feminine hygiene products and family care products.

Second, we will make a success in the cross-border market. While the domestic market has reduced in size, we are preparing to enter the Chinese free trade market in August 2019 to find new growth opportunities beyond the borders. For now, we pin great hopes on the cross-border market. By expanding our business area, we will create opportunities for growth. We believe that the hardships of this year will turn into the hope of next year.

Third, we will continue to accelerate the growth of new products and develop new category products. The vision category in the domestic market will become the mainstay of our sustainable growth, and several products in a new category will be launched in 2019.

Fourth, we will implement the fixed assets project successfully. Against all the odds, Yuhan-Kimberly is pleased to finally see an investment in fixed assets worth around KRW 80 billion (KRW 39.1 billion in 2018, and KRW 44.7 billion in 2019), which will be the basis of its sustainable growth, with the support of shareholders. This investment will allow us to create and provide products welcomed by consumers at home and abroad.

Social Performance and Tasks Innovation and CSR Activities based on Entrepreneurship

2018 Performance At Yuhan-Kimberly, safety, ethics, compliance, environment, win-win growth, and social responsibility are regarded and promoted as primary values. Our efforts to achieve these values are described throughout this report, and three particular CSR activities conducted in 2018 are presented below.

First, 'Green Camp for High School Girls' and 'Newly-Weds Communication School' celebrated the 30th and 10th anniversary, respectively, in 2018. As the year of 2018 witnessed a number of women's issues across society, these two programs for promoting women's leadership and gender equality in the family are particularly significant. Green Camp has been held under the theme of women and forest environment with the participation of 4,485 high school girls in total over the past 30 years (1988 to 2018). Newly-Weds Communication School has dealt with gender equality in the family, respect for life, conflict resolution, and communication methods. Boasting the participation of around 1,000 married couples (1,964 persons in total) over the last ten years (2009 to 2018), the school published a report to suggest a solution to low fertility rates based on its 10-year experience.

Second, Hwacheon Seedling Nursery Center released the first shipment of 360,000 seedlings (2017 to 2018). This project started last year for forest recovery of North Korea in the future. Unfortunately, the complicated situation with the North made it impossible to use them immediately for forest recovery, but we hope that they will be used meaningfully sooner or later.

Third, The win-win management activities have progressed well based on mutual trust with partner companies. We are pleased to have achieved the highest rating 'the best' in win-win growth index for four consecutive years. We will not cease our efforts for win-win growth with partner companies.

2019 Tasks Evolution of Organizational Culture Yuhan-Kimberly will continue to carry out CSR activities and build an innovation culture based on entrepreneurship in 2019. In particular, we will strive to improve our low-value-added business/process, with a focus on product safety, environmental management 3.0, consumer trust, sustainable social responsibility and sustainability management, compliance, labor-management collaboration, and workplace safety culture.

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

[Table 1-2] Sustainability Management Performance and Goals

Evaluation: exceed meet require efforts

Category	Sustainability Goal and Performance in 2018			Goals in 2019
	Goals	Performances	Evaluation	
Economy	Increasing the growth rate in the main category from the previous year	Baby & Child Care ▼		1. Increasing the growth rate in the main category from the previous year 2. Success of cross-border 3. Accelerating new growth products, product development of new category products 4. Successful start-up of fixed asset
		Feminine Care, Family Care, B2B ▲		
	Maintaining the growth in sales of vision category* Health&Beauty care, baby wet wipes, Skincare, Scott Towel, Depend Stylish Pants, My Bidet, tampons, wearable overnight, Clean Wet Wipe, La Nature, Good Night, etc.	Promoting vision category growth (26.3%) ▲		
	Securing the competitive edge/competence in the e-commerce market	Increasing the number of momQ membership: 650,000 persons (growth 48% from the previous year) Improving digital competence in all areas _ Operating advanced course of the integrated market data analysis platform		
	Implementing the policy to extend the Chemicals of Concern (CoC) coverage	Management of 72 materials of CoC		
Society	The CEO taking a pledge of ethical management	The CEO taking a pledge of ethics management (Mar)		5. Maintaining CSR activities and sustainable management 6. Enhancing product safety and consumer trust 7. Spreading labor - management collaboration
	Complying with the UN Global Compact Principles	Submission of CoP (Communication on Progress) (Sep)		
	Achieving Win-Win growth (encouraging partners to promote ethical management)	- 70 partners submit 'Certification of Compliance,' 89.8 points on average of evaluation of social responsibility of vendors - Best company in win-win growth Index for the fourth consecutive year		
	Creating jobs for seniors	Senior care manager 178 persons (3 years in accumulation)		
	Enhancing women's competence (promoting the leadership of NGOs' Women activists, making donations for gender equality in society)	- Scholarship Fund for NGO women leaders - 'newly-weds communication school 10 th anniversary (1,964 persons in accumulation) - Donating 1.46 million sanitary pads to 10,393 girls in low-income - 1,211 employees donated for women's rights campaign		
	Consumer-oriented management (improving customer satisfaction (86 points)	- Customer counseling service satisfaction 88.7 points (Increase 2.7 points from the last year) - Announcement of emotional labor's human right in consumer support center (Oct)		
Environment	Responding to climate change_reducing the amount of GHG emissions compared to the permits	Accomplishment of the goal to reducing from the previous year 2018 GHG emission allowance : 204,434tCO ₂ e → Actual emissions 202,102tCO ₂ e (Reducing 2,332tCO ₂ e)		8. Promoting corporate environmental management 3.0 9. Accomplishing reduction goal of GHG emissions 10. Successful complete of environmental investment
	Expanding eco-labeled products	Acquired environmental certifications for 11 product groups (eco mark, FSC certification)		

* Vision category: 12 management products for future growth

[Table 1-3] Yuhan-Kimberly Overview

Company name	Yuhan-Kimberly	Number of employees	1,577 employees	Sales	KRW 1,327.2 billion
Date of establishment	March 30, 1970	Capital	KRW 200 billion	Composition of sales	Domestic 89.5%, Export 10.5%
President & CEO	Choe, KyooBok	Address	504 Teheran Rd. Gangnam-gu, Seoul, Korea		
Net income	KRW 148.3 billion	Business areas	Hygienic consumer goods, industrial and medical supplies, etc.		
Target markets	Individuals, corporations, laboratories, public buildings, restaurants, hospitals, schools, etc.				
Worksites	Headquarter (Seoul), Mills (Kimcheon, Taejeon, Choongju), Innovation center (Jukjeon), Smart work centers (Gunpo, Jukjeon, Busan, Daegu, Taejeon, Gwangju), Logistics center (Gunpo), Hub center (Deokpyeong), Cross-docking point (CDP_Chungcheong, Gyeongnam, Honam, Kimcheon)				
Brands	Huggies, Kleenex My Bidet, Double heart, White, Good Feet, Kleenex, Popee, Scott, Green Finger, tn, Depend, Poise, Unilever, etc.				
Main products	Consumer supplies: baby diapers, childcare products, baby feeding products, feminine sanitary pads, facial tissues, bathroom tissues, paper towels, napkins, wet wipes, senior underwear, Unilever products, etc. Industrial products: wipers, protective suit, accessory, etc. Bathroom supplies: liquid soap, bulk bathroom tissue, hand towels, air fresheners, etc. Medical supplies: gowns, accessories, surgical drapes, etc. Others: nonwoven fabric				
Foreign market	28 foreign markets including China, Australia, Hong Kong, Philippines, Thailand, Malaysia, Singapore, Taiwan, Mongolia, Vietnam, India, Colombia, Japan, Europe region, Peru, Israel, Costa Rica, United States of America, Russia, Kazakhstan, Republic of South Africa, New Zealand, Brazil, etc.				
History	Please refer to Yuhan-Kimberly webpage (http://www.yuhan-kimberly.co.kr/Company/History/)				

Environmental Performance and Tasks Creating Green Value Worth KRW 2.1 Billion through GHG Emissions Trading

2018 Performance First, We achieved our goal by continuously reducing greenhouse gas emissions. We entered the second phase of the GHG emissions trading plan in 2018, followed by the first phase from 2015 to 2017. We set the target of GHG emission allowance for each workplace and implemented programs to increase energy efficiency and reduce GHG emissions. In addition, during the first phase of the execution, we could bank surplus allowances through efficient management and sold about 90,000tCO₂e through the Korea Exchange (KRX) to earn KRW 2.1 billion in May 2018. We are pleased to set an excellent example of greenhouse gas mitigation, which led to green value creation as well as manufacturing innovation.

Second, We have continuously promoted and expanded the eco-friendly pulp purchase policy. Yuhan-Kimberly regards the will to develop sustainable products and eco-friendliness as important values. To meet the consumer demands for product safety and eco-friendly pulp, we expanded the range of eco-labeled products from Kleenex Dry Cell Hand Towel in 2015 to all diapers and pants for the domestic market in February 2018.

Third, The Choongju Mill received the certification of recyclable resources for waste synthetic resins generated from the sanitary pad manufacturing process, according to the Framework Act on Resource Circulation enacted on January 1, 2018. We are currently considering extending the application to other workplaces. The Kimcheon Mill established three automatic control systems that provide air for microorganism at wastewater treatment plants, saving KRW 71 million per year.

2019 Tasks Yuhan-Kimberly will focus on future management activities to minimize the environmental impact of its products and services through the Corporate Environmental Management Division established last year. Led by the Division, a collaborative organization was formed with product development, marketing, manufacturing, logistics, and purchase personnel to create the environmental vision and action plans. This has been named Environmental Management 3.0; please look forward to the changes in Environmental Management. Moreover, we plan to complete the energy innovation program (starting in 2018), which is currently led by the Kimcheon Mill, by 2019. We will share the achievements of our continuous innovation and opportunities for creating green value.

In Closing Since we made a partial success in 2018, we must achieve complete success in 2019. Also, based on such hopeful results, we will celebrate the 50th anniversary of founding in 2020. To deliver the aggressive goals we set for 2019, we need a change. No matter how difficult the market is, Yuhan-Kimberly has kept achieving growth by developing a new competitive edge. In every aspect of the business, including product quality and service, we will create a winning position in all markets by widening the gap with competitors. To that end, we will continue to build digital capacity among employees and accelerate digital transformation in the manufacturing process. Also, if flexibility and agility are improved more, we will be able to gain a winning position sooner than expected. When discussing Yuhan-Kimberly's corporate value and reputation, the importance of environmental management cannot be missed. Through the establishment and active operation of the Corporate Environmental Management Division. We will overhaul our environmental management system.

Yuhan-Kimberly makes a strong start with new hope. We think that 2019 is a more promising year than ever. We will take up more fun, positive, and exciting challenges throughout this year. In respect for our senior colleagues and society, we should make a new leap forward to celebrate the 50th anniversary of the foundation. We will keep challenging ourselves to promote corporate sustainability. I ask for your continued support and encouragement. Thank you.

June 2019
Yuhan-Kimberly President & CEO Choe, KyooBok



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

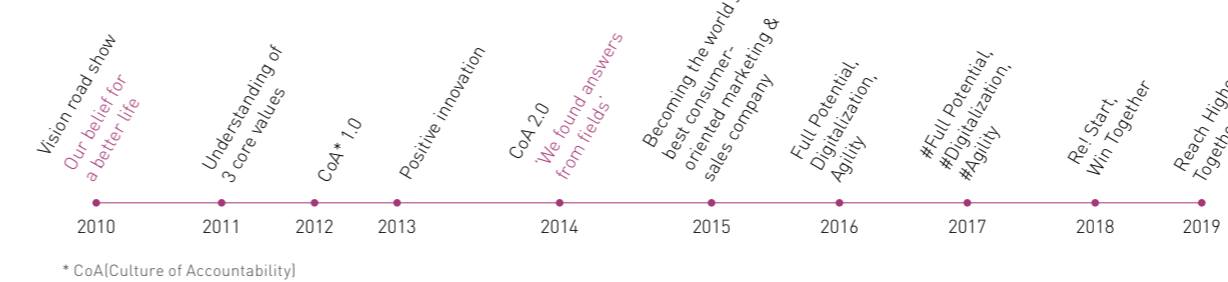
Internalization of Corporate Vision and Core Values

Yuhan-Kimberly's mission and vision is "Our Belief for a Better Life". We developed our new mission and vision in 2010 and completed the implementation roadmap and presented what we need to do to achieve our goals in 2013. We then updated our vision statement in 2015 and have conducted annual employee training on core values for vision internalization since 2010. Yuhan-Kimberly's CEO selects management keyword of the year and conducts workshops for all employees for internalization. We have presented management keyword since 2014, and also held employee workshops for value-sharing since 2015. In 2018, this workshop was once again completed with the participation of all employees. In this way, all of our employees are sharing goals and preparing for future growth based on active communication. Starting from 2013, "The Yuhan-Kimberly People of the Year Award" has been given to recognize exemplary employees who successfully embody our corporate vision. Through this program, employees are motivated to implement three core values (challenge and creativity, trust and consideration, responsibility and contribution). Responsibility and contribution are one of our core values. In 2018, the Social Responsibility Committee demonstrated its commitment to social responsibility by displaying the symbol of the company together with that of our CSR campaign "Keep Korea Green" on signboards, product packaging and advertisements.

[Figure 1-3] Vision Roadmap



[Figure 1-4] Vision/Core Value Workshop (2010~2019)



The 'Yuhan-Kimberly People in 2018' who embody core values
 "The Yuhan-Kimberly People of the Year Award" was granted to those who fully implemented core values in December 2018. Not only contribution to work performance but also hours of community service and training, employee voting and management scores were considered in the final selection.

- Challenge and Creativity Award (Lee, DongKun, B2B Business)
- Trust and Consideration Award (Son, MinWoo, Manufacturing & Production)
- Responsibility and Contribution Award (Hong, SeungPyo, HR)
- World's Best Consumer-Centered Marketing & Sales Company Award (Song, HyeonSeop, Customer Business)

Combining the CSR symbol with the company logo
 The "Keep Korea Green" campaign represents our social responsibility efforts. Since 2018, to strengthen our commitment to social responsibility, we have displayed the symbol of the campaign on product packaging, product advertisements, leaflets, corporate advertisements, and sustainability reports.



Corporate Governance

Corporate Governance Yuhan-Kimberly was established on March 30, 1970, as a joint venture between Yuhan Corp. (30%) and Kimberly-Clark Corporation (70%). The total number of issued shares is KRW 40 million, and the amount of paid-in capital is KRW 200 billion. Yuhan-Kimberly is operated by professional manager system. The CEO, delegated by the Board of Directors, is responsible for the overall management of the company, and several subcommittees (such as stakeholder committee, social responsibility committee, etc.), which develop sustainability agendas related to economy, society and environment, are regularly held to ensure corporate soundness. Please refer to page 15 for more details.

Composition and Remuneration of the BOD The Board of Directors is the highest decision-making body, consisting of 7 directors and one auditor (three-year term of office). In 2019, new directors and auditor were elected at the shareholders' meeting. The Board of Directors operates under the Commercial Code of the Republic of Korea and, in the absence of the chairman, the chairmanship is assumed by those who are entitled to it in the order prescribed by the BOD. The remuneration for directors and auditors is paid within the annual ceiling (KRW 4 billion for directors and KRW 500 million for auditors), which was approved at the shareholders' meeting in March 2018. Executives receive annual salaries and incentives based on their financial and non-financial performance.



[Table 1-4] Yuhan-Kimberly's Shareholders' Meeting (as of March 2019)

Role	Type	Name	Note	Term of office
Director/Chairperson	Non-standing	Achal Agarwal	President of Kimberly-Clark Asia Pacific	From March 2019 to March 2022
Director/President and CEO	Standing	Choe, KyooBok	President and CEO, Yuhan-Kimberly	
Director/President	Standing	Jeff Doherty	Chief Financial Officer of Yuhan-Kimberly	
Director	Non-standing	Lee, JungHee	President and CEO, Yuhan Corporation	
Director	Non-standing	Deborah Vaughn	VP and Chief Legal Counsel APAC, Kimberly-Clark	
Director	Standing	Chin, JaeSeung	Head of the Baby & Childcare Business, Yuhan-Kimberly	
Director	Standing	Kim, SungHoon	Head of the Family Care Business, Yuhan-Kimberly	
Auditor		Lee, JongHo	Certified public accountant	

Activities of the BOD and Discussion of Sustainability Management Issues In 2018, one shareholders' meeting and four BOD meetings were held. A total of 19 decisions were made with 96 percent attendance of directors. The shareholders' meeting approved the business report, financial statements, statement of appropriation of retained earnings, and remuneration ceiling for directors and auditors. The Board reviewed and approved the internal accounting control system, remuneration for directors and auditors, sustainable growth strategies, and collaboration with shareholder companies. Furthermore, the representatives from two shareholder companies shared their sustainability management issues and directions through a discussion meeting and a town hall meeting with Yuhan-Kimberly's employees.

[HIGHLIGHT] Discussion of Sustainability Issues between Shareholder Companies' Management and Yuhan-Kimberly's Employees

Meeting with Lee, JungHee, President and CEO of Yuhan Corporation
November 16, 2018 (Friday)

Sharing Yuhan Corporation's sustainable development commitment

[Key Message] "When I was appointed as the CEO, I said I would like to make a company where employees can work happily. Also, when it comes to 'work happily', I don't think a big bonus is all we need. Instead, I believe building a sustainable company where employees can work as long as they want is the key. I think that the future of Yuhan-Kimberly will change depending on how much you prepare for the future and speak up for yourself. I'm sure that our shareholders will listen to your voice when you show your enthusiasm."

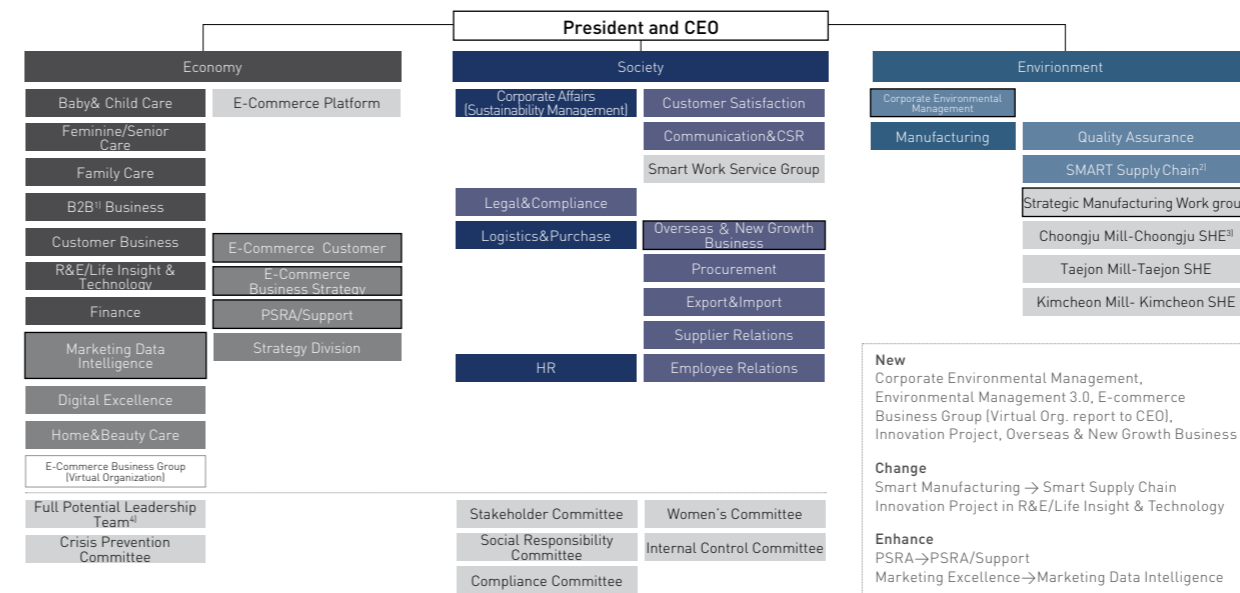
Town hall meeting with representatives from two shareholder companies
March 26, 2019 (Tuesday)

We shared agendas at the shareholders' meetings and board meetings and discussed how to achieve sustainable growth, including major facility investment plans and export expansion through cross-border cooperation.

Sustainable Organization

Yuhan-Kimberly has established a dedicated organization for sustainability management to achieve its vision and mission. The Sustainability Management Sector, which directly reports to the CEO, consists of customer satisfaction team, communication and social responsibility team, and smart work service team. It collaborates with a number of functional organizations to create sustainable values. Besides, Yuhan-Kimberly sets up new organizations in an organic way to prepare for sudden changes in the business environment and to expand business opportunities. In 2018, the Corporate Environmental Management was newly established to improve the environment and safety management for our products and services. Also, we are fostering the Collaboration Organization within the Division that will lead to new growth and digital transformation. Members of diverse fields, such as R&D, marketing, sustainability, logistics, and purchasing, work together to develop eco-friendly business directions and ideas and communicate with the management regularly.

[Figure 1-5] Sustainability Management Organizational Structure (As of 30, Jan 2019)



[Table 1-5] Sustainable Organization Changes

Classification	2010	2011	2012	2013	2014	2015	2016	2017	2018
Enhanced Organization	New	New Growth Business Sector, Strategy Division, CI Team, Family-Friendly Management Team	Digital Marketing Team	Online Business Sector, E-Commerce Team, Design Team		Smart Manufacturing Division, Digital Excellence Sector, E-Commerce Marketing Work group	Smart Supply Chain Division	E-Commerce Business Group, Senior Care Business Division, Consumer Business and Innovation Division	Environmental Management Division, Innovation Project Division, New Growth Business Division
	Advanced	New Way 3.0 Division		Ethics Management, Vision Team, Partners Support Team	CP/Win-Win Growth Team	Smart Work Service Group	Corporate Affairs (Sustainability Management)	QA Division, PSRA, Customer Satisfaction Division	PSRA/Support, Marketing Data Intelligence Division
Flexible Organization	New	Stakeholder Committee	Women Committee, Chief Diversity Officer, Smart Work TFT	CSR Committee, The Crisis Prevention Committee	Risk Management TF	Korea Women's Interactive Network (K-WIN)	Full Potential Leadership Team	E-Commerce Business Group (Virtual Organization)	

*Permanent Organization and Flexible Organization: Y-K is consist of permanent organization with Sector, Division, Workgroup, etc and flexible organization for special purpose of the committee, council, TFT in agility.
[Definition of Terms]
 1) B2B (Business to Business): Industrial hygiene products, industrial safety products, hospital hygiene products, nonwoven fabric business are included
 2) Smart Supply Chain Division: Organization for smart manufacturing
 3) SHE: Safety, Hygiene & Environment
 4) Full Potential Leadership Team: The highest decision-making body, and it manages and evaluates the performance of economic, social, environmental, and risk management

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Ethics Management

Ethics Management Organization Yuhan-Kimberly has operated an exclusive organization for ethics management (Legal Counsel and Compliance Division, since 2012) reporting to the CEO. We recommend a regular legal review by lawyers in the Division throughout the entire business process. Also, we collaborate with the Internal Control Work Group, Internal Control Committee, and Compliance Working Committee on ethics management.

CEO's Ethical Declaration and Promotion Efforts In April 2019, the CEO participated at the BEST (Business Ethics and Sustainability management for Top performance) Forum declare that ethics management is the competitiveness of businesses and society. In fact, our declaration of ethics management has continued since 2004. Besides, the BEST Forum and the UN Global Compact Network Korea provided special lectures on ethics management and compliance with global guidelines with a focus on Yuhan-Kimberly's case.

Internalization of Ethics and Compliance Yuhan-Kimberly has set a code of conduct and posts it on communication channel (the intranet) at all times. To promote the internalization of ethical culture, e-mail letters that contain examples of confusing compliance issues have been regularly sent to employees (25 times in 2018) so that they can be used for employees' ethical judgement. In addition, outreach training has been provided for all employees on the prevention of sexual harassment, protection of personal information, and prevention of corruption and bribery in the workplace with the completion rate of 100% and average training per person of 4.3 hours. Through monthly executive meetings, we have reiterated the five corporate principles: speaking freely, prohibiting retaliation, preventing conflicts of interest, protecting company confidentiality, and promoting mutual respect. Besides, Yuhan-Kimberly recommends its partner companies to establish and implement voluntary codes of conduct.

Fair Trade Compliance Program and Fair Trade Training Yuhan-Kimberly has implemented the Fair Trade Compliance Program (introduced in 2012) for transparent and ethical business transactions. This program helps to protect employees and the company and also to prevent possible collusion or unfair practices. Besides, we have received a compliance agreement (introduced in May 2017) from outsourcing companies and provided training on fair trade compliance for sales and purchasing personnel. There were no violations of the Fair Trade Act in 2018.

[Table 1-6] Ethics Management Training Status

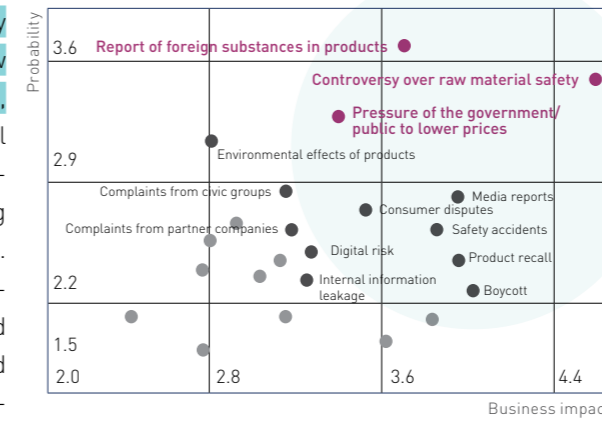
Category	Unit	2016	2017	2018
Ethics Management	Contents	Code of Conduct (One K-C Behaviors)	Code of Conduct (One K-C Behaviors)	Code of Conduct (One K-C Behaviors)
	Training No. (case)	17	27	25
	Training Time (H/Person)	-	3.5	4.3
	Participation Rate (%)	-	99 (Except those on leave of absence)	100 (Except those on leave of absence)
Fair Trade and Compliance	Contents	Fair Trade and Compliance Training	Fair Trade and Compliance Training	Fair Trade and Compliance Training
	Training No. (case)	6	6	6
	Training Time (H/Person)	6	6	6
	Participation Rate (%)	For all employees (Except those on leave of absence)		

Reporting Channels for Violation of Code of Conduct Including Third-Party Vendors At Yuhan-Kimberly, a cyber ombudsman system and a 24-hour helpline (1-844-524-3571) are operated through third-party vendors for employee grievance handling and resolution. Yuhan-Kimberly is subject to the Foreign Corrupt Practices Act (FCPA), a US federal law. In 2018, two disciplinary actions were taken against employees by the Disciplinary Committee.

Crisis Management

2019 Potential Risk Assessment In December 2018, the '2019 Potential Risk Assessment' was carried out to identify three key items for management (controversy over raw material safety, report of foreign substances in products, and pressure for price reduction). In 2019, both internal and external assessment (by stakeholders) presented product safety (safety of raw materials) as a top priority, implying that Yuhan-Kimberly should pay more attention to this issue. The internal assessment, participated by 46 persons responsible for or concerned with crisis management, has identified 13 key items for management among 25 types of crisis and reflected them in the crisis management manual. To be specific, potential risks are mainly related to four areas: product (controversy over raw material safety, report of foreign substances in products, price, environmental effects of products, and product recall); process (digital risk); people (safety accidents and internal information leakage); and company (media reports, complaints from civic groups, and consumer disputes).

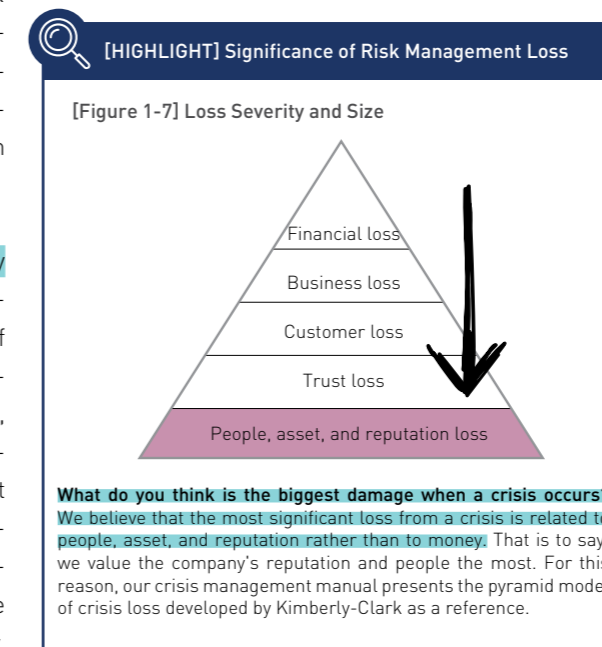
[Figure 1-6] Potential Risk and Crisis Management Factors



Crisis Management Manual We respond to a crisis according to the crisis management manual. The manual includes the definition of crisis, purpose of crisis management, prevention of crisis, procedure of response, responsibilities of crisis manager, composition of crisis management team, roles and responsibilities, assessment of potential risks, priorities of crisis prevention, communication policies, and communication network of crisis management team. In February 2019, the Crisis Management Manual Communicator reported to and received approval from the Chief of Crisis Management on annual revisions.

Crisis Management Organization At Yuhan-Kimberly, the Crisis Prevention Committee has been operated to respond to a crisis preemptively. Focusing on product-related responses, the Committee was reorganized in 2014 into eight fields including product safety and regulatory issues (R&E Life Insight and Technology), product quality (QA Division), customer complaints and consumer group issues (Customer Satisfaction Division), media and public issues (Communication & CSR Division), and legal issues (Ethics & Compliance Division). In 2017, we appointed a crisis management team coordinator who will form a crisis management team with the head of division concerned when an issue arises. A crisis refers to an issue or an event that can have a serve impact on the company's business activities.

Crisis Types and Communication We manage a crisis by type, i.e. product safety incidents, spread of misunderstandings, safety accidents, workplace violence, proliferation of product-related claims, management of financial risks, environmental accidents, business interruptions, labor disputes, computer system failure and recovery, occurrence of local infectious diseases, local disputes, and emergency treatment for visitors from shareholder companies. When there are related media reports or public issues, emails are sent to internal stakeholders and the details and the company's stance are shared with employees through the intranet if necessary.



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Communication Channel for Stakeholders

Communication through Stakeholder Engagement Yuhan-Kimberly identifies stakeholder needs through continuous communication and builds trust relationships by actively responding to them. Opinions collected through various stakeholder channels are reflected promptly in management.

[Table 1-7] Stakeholder Communication and Materiality Topic Responses

Stakeholders	Shareholder	Employee	Partner	Customer	Local community	
Communication channel	Online	<ul style="list-style-type: none"> Website Email letter 	<ul style="list-style-type: none"> Intranet Employee suggestion system, cyber ombudsman system 	<ul style="list-style-type: none"> Website to promote win-win growth Portal for suppliers Information sharing system for mutual cooperation 	<ul style="list-style-type: none"> Integrated website Huggies momQ, online shopping mall for baby and child products College student reporters Consumer education and information blog 	<ul style="list-style-type: none"> Sustainability report Woopoopoo Campaign through social media
	Offline	<ul style="list-style-type: none"> Shareholders' meeting BOD meeting Annual report Town hall meeting 	<ul style="list-style-type: none"> Open executive meeting Presentation on management status Labor-management council, meeting, and workshop Occupational Safety, Health, and Environment Committee Consumer Centered Management Committee Social Responsibility Committee Working-level meeting for environment management Korea Women's Interactive Network Women's Committee Pregnant women's meeting 	<ul style="list-style-type: none"> Agreement on fair trade and win-win growth Presentation on mutual growth by representatives Report, suggestion, and mentoring for partners Newsletter Win-Win Academy 	<ul style="list-style-type: none"> Integrated Customer Support Center TFT to handle customer complaints Customer education Factory tour in groups Baby Forum 	<ul style="list-style-type: none"> Stakeholder Committee Social Responsibility Committee Engagement in government policy Regular consultative group of hygiene product manufacturers CSR activities
	Survey	<ul style="list-style-type: none"> Engagement survey KoBEX SM 	<ul style="list-style-type: none"> Stakeholder survey Satisfaction survey of presentation on management status 	<ul style="list-style-type: none"> Stakeholder survey 	<ul style="list-style-type: none"> Survey on the satisfaction with new products Customer survey Social listening Stakeholder survey 	<ul style="list-style-type: none"> Survey on corporate image Stakeholder survey
Top 5 materiality topics by stakeholder	1 st	Product safety	Product safety	Personal information protection	Product safety	Personal information protection
	2 nd	Enhancement of consumers' rights to choose products	Enhancement of consumers' rights to choose products	Product safety	Personal information protection	Environment-friendly product development
	3 rd	Minimizing environmental impacts	Personal information protection	Workplace safety	Environment-friendly product development	Product safety
	4 th	Personal information protection	Environment-friendly product development	Ethics & compliance management	Ethics & compliance management	Ethics & compliance management
	5 th	Ethics & compliance management	Product innovation	Communication with customer	Enhancement of consumers' rights to choose products	Enhancement of consumers' rights to choose products
Our response	<ul style="list-style-type: none"> One shareholders' meeting Four BOD meetings 19 agendas 	<ul style="list-style-type: none"> Reinforcement of product safety organization, recruitment of professional staff, and zero accidents on worksites 100% completion of personal information protection training and certification Labor-Management Discussion Introduction of eco-friendly products (sanitary pad - La Nature) 	<ul style="list-style-type: none"> Partner Evaluation System (70 companies) Verification of Information Security Management System(2018.12) 	<ul style="list-style-type: none"> Disclosure of the ingredients of sanitary pads Overall customer satisfaction : 88.7 points Certification to ensure the security of personal information (2018. 2) 	<ul style="list-style-type: none"> Honest tax payment Social responsibility and contribution : Forest and environmental campaign Women empowerment : Senior job creation Volunteer work and donations Consumer education 	

[Table 1-8] 2018-2019 Stakeholder Communication Efforts

32,439 Participants in Customer Survey in 2018	Conducted 4,013,854 customer surveys in 2018	Stakeholder survey in 2019	Reflection of report reader feedback in 2019
Provision of service and production information through customer counseling → Reflected on product quality and service	Operation of the social listening system, big data analysis, market survey (Kantar), etc. → Reflected to improve products	Survey on awareness, directivity, and materiality assessment of sustainable management. → Reflected on the sustainability report and shared with the management	Surveyed the 2018 sustainability report using SNS channels → Reflected in the planning of the 2019 sustainability report

[Table 1-9] Number of Stakeholder Survey Participants (Unit: person)

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
External	248	182	321	7,833	5,549	859	2,052	4,802	2,412	4,463	4,173	4,645	8,302	5,064
Internal	1,021	431	430	430	481	407	345	526	660	554	304	978	337	162
Total	1,269	613	751	8,263	6,030	1,266	2,397	5,328	3,072	5,017	4,477	5,623	8,639	5,226

Yuhan-Kimberly's Three Directions to Achieve Sustainable Development Goals

Three major directions have been established for sustainable development in the future. Here are some major details.

HIGHLIGHTS

- 1 Business Model Innovation_ Application of Digital Transformation
- 2 Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- 3 Leading Corporate Culture Change_ Smart Work Management



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_ Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

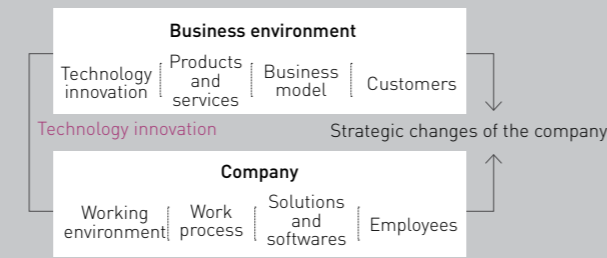
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

1. Business Model Innovation _ Application of Digital Transformation

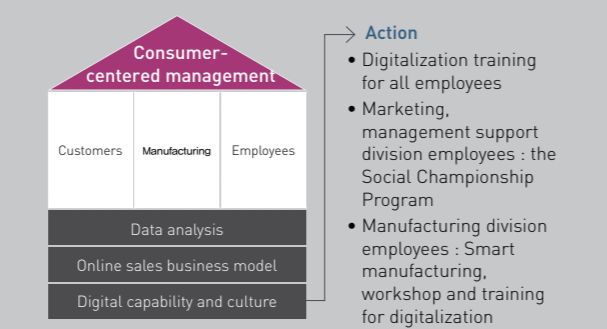
Why is this topic so important? In Korea, the online market has been rapidly expanding since 2010. Yuhan-Kimberly also experienced a high growth in the e-commerce market, particularly regarding diapers, from 2014 to 2016. Currently, digital transformation using mobile, cloud, big data, AI, and IoT is taking place all around us. Businesses need to make strategic changes based on digital technology for their survival.

[Figure 2-1] Changing Business Environment and Response of YK



What is our approach? Yuhan-Kimberly promotes digital transformation in three aspects: customer, manufacturing, and employee to enhance its business value based on consumer-oriented management. By applying digital technology to all business areas including planning, marketing, manufacturing, sales and distribution, and customer communication, we will provide innovative customer value and secure competitiveness in the market.

[Figure 2-2] Digital Transformation for Improvement Business Value



[Figure 2-3] Digital Transformation Efforts in Each Year

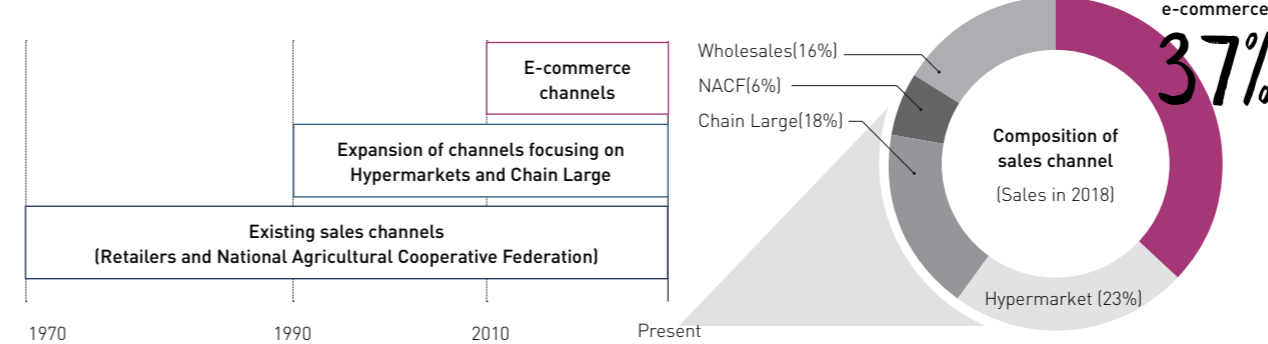
Year	Company in overall	Production	Planning and marketing / sales and distribution	Communication with customers
2000				Corporate website, brand site
2003	SAP Enterprise Resource Planning (ERP) system		Customer Relationship Management (CRM)_Sales	
2007	Automated expense management process		RFID Pilot Test	CTI (Computer Telephony Integration) System
2009	Knowledge, Customer And Merchandising Portal (KCAMP) system		Cross Docking System_Logistics AEO (Export Management System)_Export WMA System_Sales on field	
2010	Electronic approval System, electronic tax invoice system			Consumer Text Message Service
2011	eHR system			Online platform_Woorinam TV
2012			Cross Docking System_Deokpyeong Distribution Center	Consumer Chatting Service
2013			ASRS Warehouse	
2014			Transportation Management System	Integrated Consumer Care System
2015	Smart learning system		Online shopping mall of the company (momQ1.0) Integrated Brand Site Log-in	Mobile chat counseling solution, consumer email counseling, Woorinam TV mobile web service, consumer complaint dashboard, 'Woopoopoo' facebook, etc.
2016	lomy HR website	e-Procurement system	Marketing platform (momQ2.0) Social Analytics Online Monitoring System E-commerce Analysis System	Integrated Consumer Care System (B2B) Social Listening Analysis on Consumer Complaint
2017	Skype phone service	Energy Metering System, big data core team	Differentiated digital platform (momQ3.0) CRM (Customer Relationship Management) eWM (Extended Warehouse Management)	Consumer Satisfaction Survey(Mobile) In-stock notification service Providing premium members with special benefits thereof automatically on the first day of each month.
2018	Certification of Information Security Management System (ISMS)	MES_Taejon mill development	CRM (BCC Business) Data Lake IT Monnit (attached sensor to diapers) Salesforce Automation	Integrated SNS channel (Woopoopoo+YK Story), An educational blog for girls 'We Are on Period,' Online lectures 'Baby Forum'
2019		MES_Kimcheon mill development	D2MP(Digital to Market Place) business model	Online Donation Platform

1-1. Customer_E-commerce Business Model Innovation

How did Yuhan-Kimberly innovate its business model? In the 1990s, Yuhan-Kimberly experienced channel expansion mainly led by large retailers. Since 2010, e-commerce channels have grown and even accounted for 37% of our sales. The first phase of the e-commerce market (2014-2016) was a period of high growth, mainly due to baby diapers. In the second phase (2017-2018), the product category was expanded to include feminine hygiene products, family care, and Double Heart since the diaper market was affected by low fertility. Moreover, now in 2019, we are actively diversifying our e-commerce business model (momQ, D2MP).

Please refer to the economic performance 35-36 page.

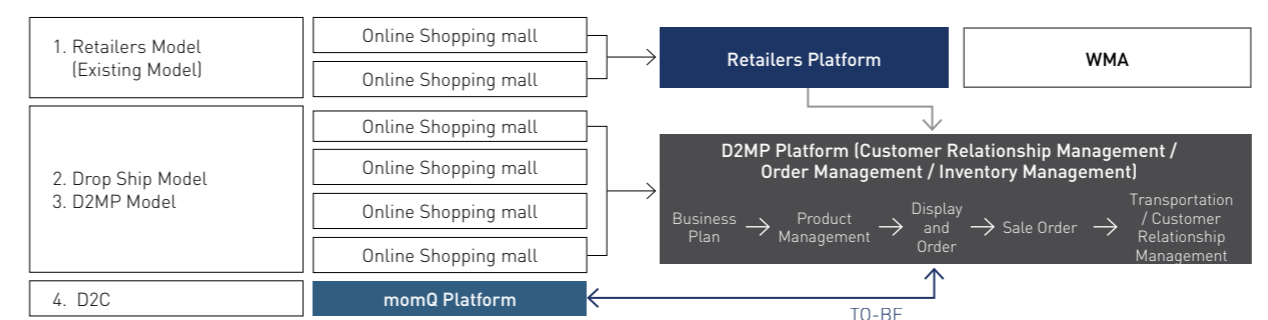
[Figure 2-4] Changes in the E-commerce Market and Composition of Sales Channel



[Table 2-1] Mid-to Long-term Plan of the E-commerce Business Model According to Increasing Consumer Contact

Category	Present (2018)	Mid and long-term plan (2022)
Business model	Vendor-oriented	Advanced direct transactions
Strategy and market management	The indirect practice of strategies and market management	The direct practice of strategies and market management
Sales operation	Focused on management, concurrent operation of channel sales	Focused on channel/customer insight and channel sales
System	WMA, WIMS of shipping companies, box ERP system	Integrated solution(OMS/PMS/WMS)
Distribution system	Storage logistics, transit logistics	Distribution for E-Commerce, direct delivery for consumers
Data analysis	Limited acquisition / analysis of distributor information by consumers	Advanced data analysis

[Figure 2-5] E-commerce Business Model



[Definition of Terms]

- * WMA Wholesaler Management Advisor
- * Digital Transformation: It signifies the fundamental changes and revolution, even stronger than the changes promoted so far. A management strategy that fundamentally changes the strategy, organization, process, business model, culture, communication, and system based on digital in response to various changes due to all things digital
- * Smart Manufacturing : The innovation of manufacturing and factory producing customized products for customers with minimal cost and time by integrating the process of product planning, design, production, distribution, and sales with IT technology
- * e-Commerce : Activity of buying and selling of products and services online or over the internet

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_ Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

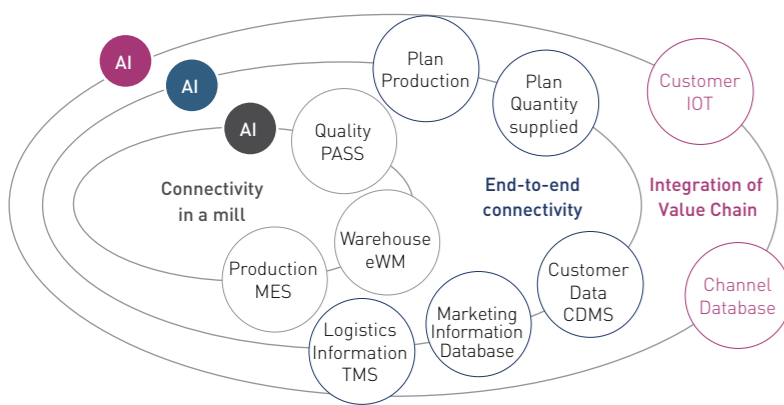
- Economic Performance
- Social Performance
- Environmental Performance

Appendix

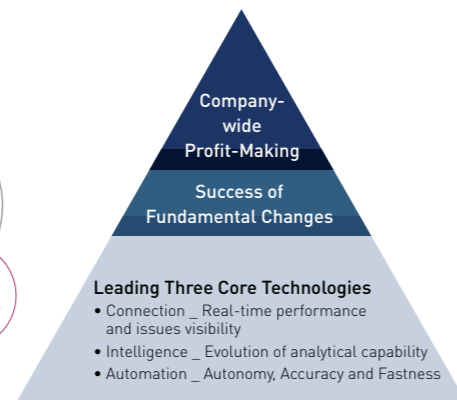
- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

1-2. Manufacturing & Production_Smart Manufacturing Innovation

[Figure 2-6] Yuhan-Kimberly Digital Manufacturing Innovation Model



[Figure 2-7] Vision Model



How is digitalization being promoted in the manufacturing sector? Our three manufacturing plants have begun to achieve excellent results with the application of digital technology. The three main values of our smart manufacturing innovation are connectivity, intellectualization, and autonomy. As the first step, the Manufacturing Execution System (MES) was established at the Taejon Mill (2017 to July 2018) to lead smart manufacturing innovation. Since then, the Kimcheon Mill has been preparing for the expansion of the MES, which will be available from 2020.

Thanks to the AI-based new system, Yuhan-Kimberly is now able to track the history of materials, processes, quality, and products in the manufacturing sector, thus laying the foundation for improving products and promptly responding to consumer complaints. Moreover, by incorporating the delivery information sharing system and the management system of warehouse inventory into the MES, it has been possible to integrate and utilize information of material supply, production, and logistics.

What were the main effects of digitalization in the manufacturing sector?

<p>Reducing raw material cost Saving KRW 500 million in annual waste through waste level check and material waste reduction</p>	<p>Enhancing the ability to respond to customer complaints/quality/process issues by ensuring product traceability Scanning material barcodes, analyzing the causes of quality defects, and taking improvement measures</p>	<p>Improving database aligned with quality / schedule Accumulated schedule and quality data is connecting to productivity increase, process optimization, and quality improvement</p>	<p>Deriving the optimal condition for production Using big data, such as process data and diaper weight, to reduce weight variation by 7% or more</p>
--	--	--	--

What are the major plans for 2019? **Construction of real-time feedback system** We transmit real-time data generated at the manufacturing site to the cloud database and inform the result of analysis by using the machine learning platform. In this way, we will improve productivity, reduce waste, and prevent quality defects under the optimal process conditions. **Application of deep learning image analysis technology** The Taejon Mill is developing a deep learning model that analyzes even unshaped objects. The model will be applied to Smart Vision which uses AI to detect foreign substances accumulated in the nozzle, defective packaging, etc. **Introduction of MES to Kimcheon Mill** The Kimcheon Mill is developing a model that reflects the characteristics of plants with many large facilities and the process industry. **Integration of MES with the PASS system** We plan to create an innovative quality-production operating model that integrates production and quality information, analyzes them organically, conducts quality control, and optimizes the process.

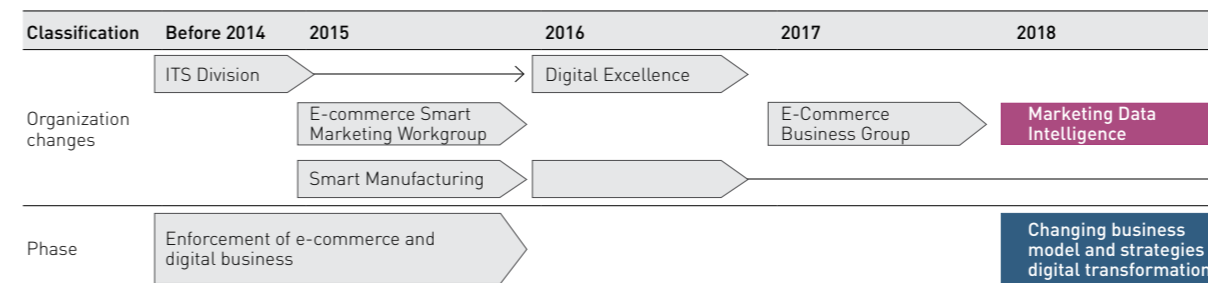
1-3. Employees and Culture _ Building Digital Capability

How is Yuhan-Kimberly building digital capability and culture? In order to build digital capability and culture, Yuhan-Kimberly has implemented smart office features and transformed the way we work into smart work since 2011. We have also provided digitalization training for all employees and changed the overall systems and processes so that we can make decisions using big data. Also, we formed an organization responsible for digital capacity building and online business. In March 2016, the ITS Division was changed to the Digital Excellence Division and the E-commerce Marketing Workgroup was newly created. In January 2017, the Smart Manufacturing Division was reorganized into the Smart Supply Chain Division. **In January 2018, the E-commerce Business Group, a collaboration organization, was newly established to promptly respond to changing sales channels.**

[Table 2-2] Activities to Improve the Digital Capability of Employees(2018)

Category	Program name	Target	Trainer	Description
Production	MES operation training	Operators in Taejon mill	102-154 persons	Job training (4 times)
	Database function / Big data	Manufacturing division	About 60 persons	Database visualization, analysis theories, examples, etc.
	The big data analysis program	Engineers in Kimcheon mill	15 persons	Utilization skills for big data analysis program
For all employees	Big data analysis system utilization	Ten persons/three times	30 persons	Intermediate (8 hours), elementary (8 hours) upper intermediate (32 hours)
	Digitalization special lecture	Headquarters/Executives	660 persons	Special lectures 11times (about 60 persons per lecture)
	Digitalization training - HR development	For all employees	Required	Job training and online training through the e-learning system

[Figure 2-8] Organizational Changes for Digitalization



[Table 2-3] Examples and Effects of Digitalization of Yuhan-Kimberly in Each Field

Classification	Planning and Marketing	Production	Sales and Distribution	Logistics		
Digitalization Efforts	Started to develop the integrated digital platform and secure the groundwork for data analysis in 2014	Reinforced data infrastructures in 2017, researched the big data quality deviation in 2018	Attached sensors to facilities and created an energy usage analysis system	Created a manufacturing innovation and smart manufacturing system (MES) in 2018	Changed omni-purchase channel and responded to on-demand service usage	Shortened delivery distance by reinforcing the cross-docking system and e-commerce business model
Expectations	Allowing to understand consumers and markets and make fast decisions through real-time data analysis	Securing the groundwork and capability for the big data analysis	Reducing cost by removing and optimizing energy wasting factors in the tissue production mill (KRW 110 million in 2017)	Reducing wastes and consumer complaints, optimizing processes, and increasing the reliability of facilities by enhancing the accuracy of decision making	Providing a total supply chain service that delivers products from plants to consumers directly according to the new sales channel	Reducing the shortage rate, enhance warehouse use and inventory soundness, reduce decreasing carbon emission by shortening transportation distance through the direct delivery model, and expanding customer services

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_ Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

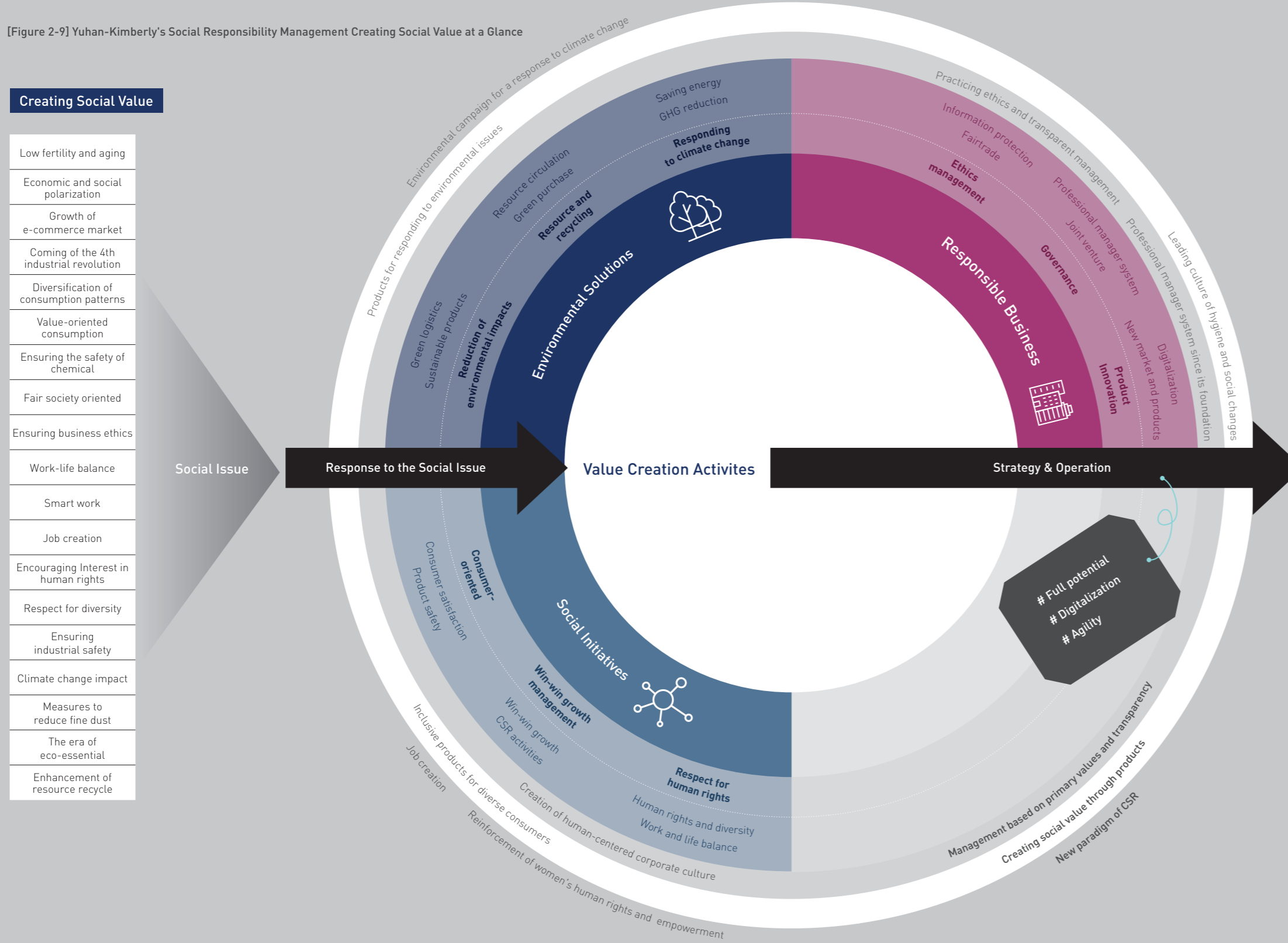
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

2. Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'

Why is this topic so important? In recent years, companies that ensure ethical management, corporate transparency, and social responsibility have seen their value on the rise. Moreover, consumer needs for value-oriented consumption are rapidly changing the marketing paradigm. In this regard, companies need to put more emphasis on local CSR activities as well as product development with the consideration of social and environmental issues.

[Figure 2-9] Yuhan-Kimberly's Social Responsibility Management Creating Social Value at a Glance



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Social Impact Valuation

<p>Economic</p> <p>49 years</p> <p>Keeping transparent management via professional manager system since its foundation</p>	<ul style="list-style-type: none"> Transparent management : a joint venture, professional manager system, transparent accounting system Ethics management : CEO's declaration of ethics management, culture of fair trade Innovation management: digitalization, diversification of e-commerce business model, smart manufacturing, entering the global market, investment for R&D, growth of vision category Product innovation : hygienic and convenient products, products reflected in consumer opinions, inclusive products for consumers
<p>Social</p> <p>36 years</p> <p>Leading social changes since the first CSR activities in 1984</p>	<ul style="list-style-type: none"> Consumer-oriented management : World's Best Consumer-Centered Marketing & Sales Company, communication with customers Securing product safety : enhancing organization and system for product safety management, product safety policy, providing product information Sustainable supply chain management : Evaluation of social responsibility of vendors, Human resource development and fostering : lifelong learning and preretirement education model, women's leadership and capacity building efforts Creation of human-centered corporate culture : respect human rights, organizational culture including winning culture, workplace safety, collaboration culture Smart work : work system innovation, 4-team double shift, flexible work, smart office Development of CSR activities : forest and environmental prevention, CSR activities for vulnerable group, such as women and seniors, etc. donation and volunteer work, providing health information and consumer education
<p>Environmental</p> <p>49 years</p> <p>Promoting environmental management continually since setting a green purchase principle in 1971</p>	<ul style="list-style-type: none"> Minimization environmental impact : compliance with environmental laws, management of hazardous substances, development of sustainable products Promotion of eco-friendly technology : green purchase, use of domestic recycled materials, improvement of environmental facilities Efficient resource utilization : efforts on energy and water saving, recycling efforts, waste disposal charges, extended producer responsibility (EPR) and waste charge system Responding to climate change : GHG reduction, green logistics

사람이 희망이다

2-1. Creation of Social Value through Urban Forest·Future Forest·Coexisting Forest

The Evolution of 'Keep Korea Green' Campaign

Yuhan-Kimberly has carried out its social responsibility for protecting forests and the environment through the 'Keep Korea Green' campaign. From 1984 to 2018, a total of 53,208,365 trees have been planted through the campaign (based on the Korea Forest Service data, effect of absorbing 56,498 tons of carbon dioxide when converted). The total area of forestation is 1,096,520m².

Please refer to the Social Performance 52-53 page for more details and programs

Keep Korea Green accumulated (1984-2018)

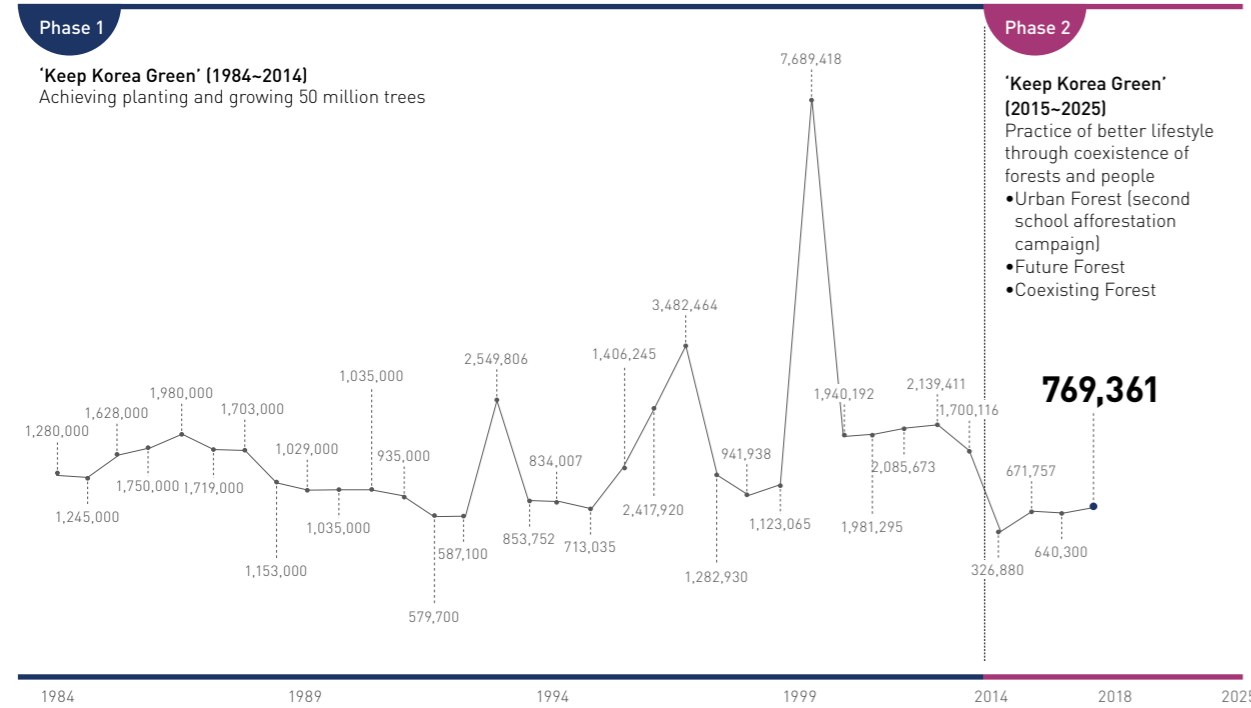
53,208,365 Trees

Absorbing effects of carbon dioxide

56,498 Ton



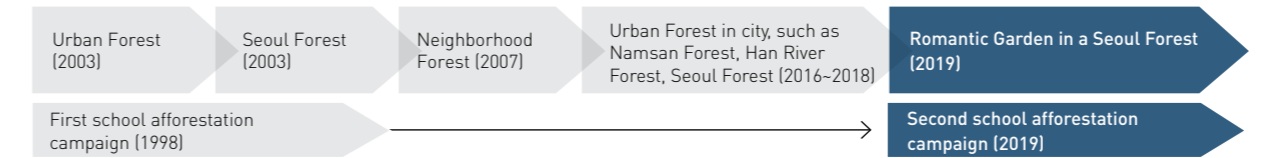
[Figure 2-10] Tree Planting of 'Keep Korea Green' (trees)



Yuhan-Kimberly Forest in Mongolia <https://www.youtube.com/watch?v=Lg6TTB6ulH8>

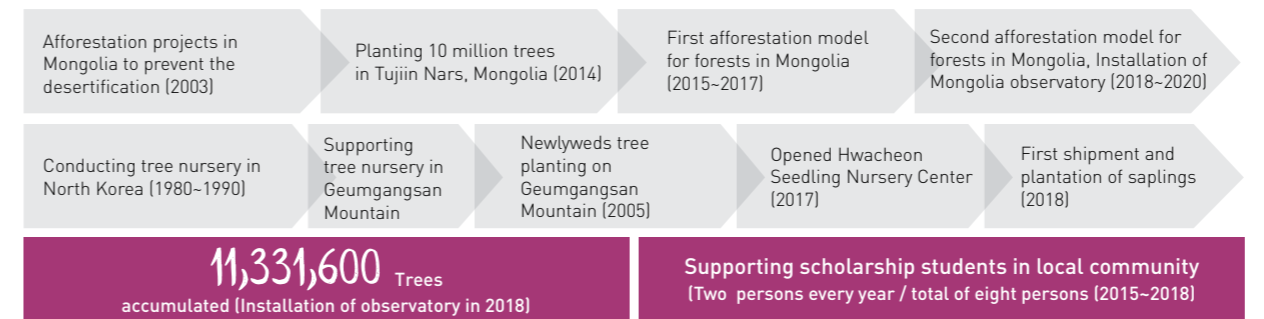
Urban Forest Project(1998 ~) The progress of industrialization has brought about more environmental problems in big cities. In this regard, Yuhan-Kimberly has expanded its forest campaign so that more citizens can benefit from forests in a densely populated area. Our campaign programs include the School Forest Project in 1998, the creation of Seoul Forest, a city park, in 2003, the Neighborhood Forest Project in 2007, and the creation of Index Garden at the Han River from 2016 to 2019.

[Social and environmental values] An increase of urban forest cover by 1m² leads to a reduction of electricity consumption by 2kWh on average and also a decrease of midday temperature in a city in summer by 1.15°C. The climate change issue has drawn more attention to the importance of forest expansion. For reference, 1 hectare of 30-year-old pine trees absorbs 10.8 tons of CO₂ each year. And 1 hectare of forest (100m × 100m; 3,000 pyeong) can absorb 168kg of air pollutants (including sulfur dioxide, nitrogen dioxide, and ozone) per year. (source: Standard Carbon Removal of Major Forest Species, November 14, 2012 / air quality improvement by forests, Korea Forest Service)



Future Forest Project (1999 ~) As forest recovery was successfully completed in Korea in the 1980s and 1990s, Yuhan-Kimberly turned its eyes to forest restoration in Mongolia and North Korea across the border. To be specific, we opened the Hwacheon Seedling Nursery Center, Gangwon Province, in September 2017 to grow seedlings for the future development of North Korean forests. Moreover, a forest in Mongolia was named "Yuhan-Kimberly Forest" with 10 million trees planted in Tujin Nars. In 2018, observation decks were built to see the changes in forests.

[Social and environmental values] We are improving the environment and creating economic benefits by recovering forests with the Mongolian government and residents and also establishing a model of mature forests that cross borders.



Coexisting Forest Project (2014 ~) The 'Keep Korea Green' campaign celebrated its 30th anniversary in 2014 with the completion of planting and growing 50 million trees. In the second stage for another 30 years, the campaign has evolved into the "Coexisting Forest Project" to present an exemplary forest where people and nature can live in harmony. The targets include national and public forests in two regions: Kimcheon Forest (2,220,000m² in Churyang-ri, Daedeok-myeon), Taejon Forest (1,210,000m² in Chudong, Dong-gu) and completed a joint agreement on afforestation in 2015 and 2017 each.

[Social and environmental values] The coexisting forest project is expected to create various types of forest services, such as senior volunteers and green gyms, along with forest jobs. Besides, the project would have a positive carbon offsetting effect (approx. 56,000 tons over the next ten years), and the area for afforestation was calculated according to the forest carbon offsetting plan.



Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

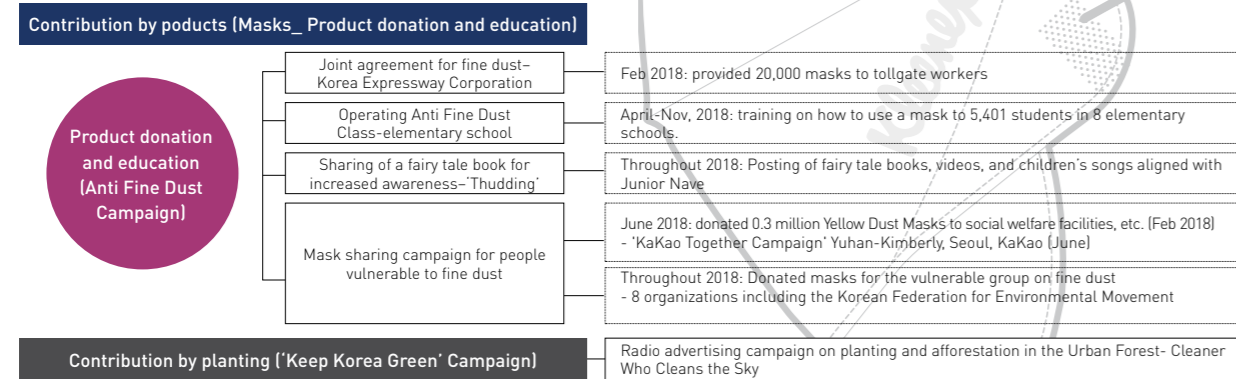
- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

2-2. Responding to Social Issues through Fine Dust Reduction Campaign

Why is this topic so important? In recent years, fine dust has emerged as a serious social problem since it enters the human body through the skin pores or the respiratory system and causes various diseases. According to the 2018 AirVisual report, Korea ranked second in ultra-fine dust pollution among the OECD member countries. In the 2019 employee survey, fine dust was selected as the most serious environmental issue and perceived as a problem to be solved. As seen from this, the fine dust issue requires joint efforts for the survival of individuals, businesses, and society. This issue is particularly significant to Yuhan-Kimberly since we sell fine dust masks.

What is our approach? Measures to reduce fine dust include tree planting and mask-wearing. Since 2010, Yuhan-Kimberly has introduced a pollution mask that protects the respiratory system from fine dust. 'Kleenex® Dust Mask (KF80)' was approved by the Ministry of Food and Drug Safety in 2014 as a quasi-drug, and its quadruple structure filter helps to prevent respiratory diseases effectively. In addition, we are also making long-term efforts to expand forests through the Keep Korea Green campaign. Various programs to combat fine dust have been carried out including donation of pollution masks to the socially vulnerable since 2015.

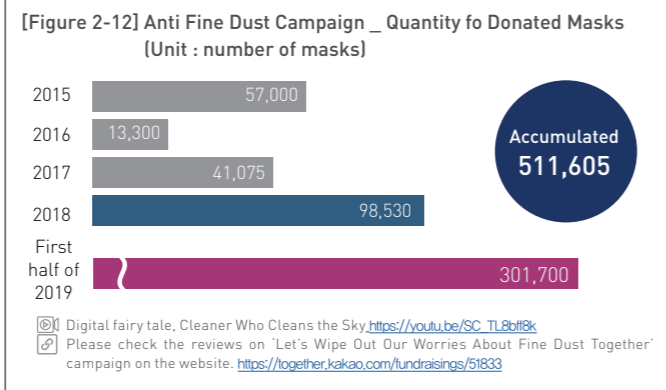
[Figure 2-11] 2018 Yuhan-Kimberly's Response to Fine Dust and Efforts for Social Responsibility



Fine Dust Education for Children and Seniors Since 2016, Yuhan-Kimberly has provided education on how to combat fine dust for the vulnerable, such as children and seniors, with its own booklets. The education program was first introduced to lower graders at eight elementary schools in 2018 and will be expanded to seniors through more sessions (increasing from 8 to 14) in 2019. We have also published storybooks for children on fine dust and daily life habits and provided outreach education programs at facilities.

Providing Pollution Masks for the Vulnerable

Yuhan-Kimberly has donated 510,000 pollution masks to low-income children and the elderly through the Mask Sharing Campaign (2015-2019 1st half of Year). In 2018, we conducted a campaign with Seoul City, Kakao, and Seoul Council on Social Welfare to give away 30,000 pollution masks to those vulnerable to fine dust living in Seoul. In spring of 2019, we conducted mask sharing campaign at Corporate Donation Platform where newly launched and to give 300,000 mask aids.



Three Directions for Sustainable Management

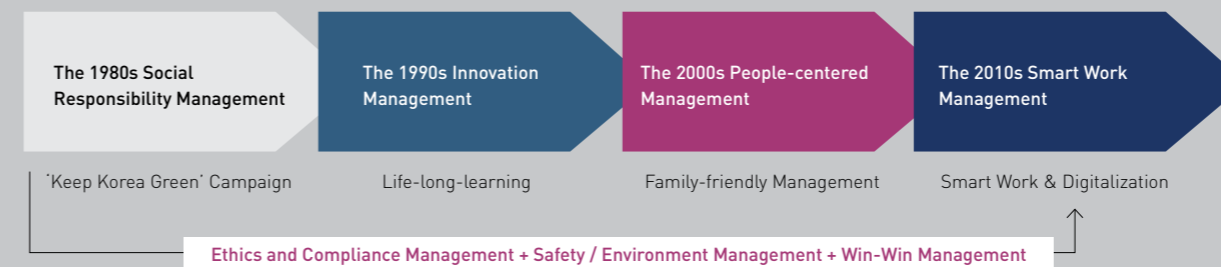
3. Leading Corporate Culture Change_ Smart Work Management

Why is this topic so important? The development of digital technologies has changed the industrial landscape of Korean society as well as the daily lives of individuals since the 2010s. Low fertility, aging population, paradigm shift, and organizational change are being witnessed across society all at the same time. Accordingly, businesses have put more emphasis on smart work (flexibility and collaboration, communication, creativity, etc.) along with digitalization in order to develop new competitive edge. Nowadays, we need to work only for 40 hours a week by using digital technologies and also to increase efficiency and productivity by working in a flexible way.

What is our approach? We believe that employee happiness is the source of our competitiveness. We have introduced flexible work and lifelong learning since the early 1990s and have many stories of success in achieving work-life balance, securing safety, and ensuring competitiveness. Based on these assets, we have built a framework for family-friendly management. From the 2010s, smart work management has been implemented to maximize the flexibility of space and resources beyond time. By sharing our success stories with other companies and society, we are contributing to making a better future.

Please refer to the Digitalization 20-23 page for further details.

[Figure 2-13] Smart Work Management of Yuhan-Kimberly based on its Business History_Efforts to Growth Together with Shareholders, Employees, and Society



[Figure 2-14] Yuhan-Kimberly's Smart Work Direction for Work and Life Balance

	1970-2010	2011-2015	2016-2020	New Corporate Culture
Flexible Time	1994 Staggered working hours (administration) 1997 4-team double shift (manufacturing) 1999 On-field work system (sales)	2011 Flexible lunchtime 2011 Free dress codes 2011 Switch off / WLB campaign (headquarter) 2012 Home-based telework 2013 Shorter working hour system for childcare	2016 Leaves for refreshment 2018 Selective working hour system, deemed working time system, flexible working hour system 2019 Shorter working hour system for childcare	
Flexible Space		2011 Smart office (headquarter), changing seat system 2011 Smart work centers (Jukjeon, Gunpol) 2014 Smart work centers (Taejon, Busan) 2015 Creative Space (headquarter) 2015 Smart office (Taejon)	2016 Smart work centers (Daegu, Gwangju) 2016 Smart office (Choongju) 2017 Smart office (Kimcheon)	
Flexible Resources		2010 Internal contest / job circulation system 2011 Horizontal title system "Nim" 2011 Learning organization/ sector FET ¹⁾ 2013 Collaborative organization system (workgroup) 2014 Open Executives Meeting	2016 Pilot-operation of integrating teams 2016 Introduction of the agility concept 2019 Discussing agile organization ²⁾	

1) FET : Functional Excellence Team
2) Agile organization : The organizational culture that removes the boundary of departments and forms small teams as necessary

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_ Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

With the introduction of the 40-hour work week, how will Yuhan-Kimberly's smart work evolve?

The 40-hour workweek stands for the reform of consciousness and practices, which can be sustained when flexibility and efficiency, not mere benefits, coexist in harmony.

With the implementation of the 40-hour workweek on July 1, 2018, smart work has emerged as a hot topic of the times. On May 11, 2018, Yuhan-Kimberly convened the Stakeholder Committee to discuss how to develop our work system and culture to meet the demands of the times. Experts advise that it is important to appreciate the essence of smart work and to explain and reach a consensus on why we should adopt the system. For reference, the Stakeholder Committee has been held every year since 2011 and ensured the diversity of opinions by supporting the 30% CLUB Campaign.

Prof. Choi, YoungWoo
(Employment & Labor Training Institute)



Yuhan-Kimberly's smart work can be improved when all of its employees understand the purpose of the recent Labor Standard Act amendment. The amendment was designed to make a change in our consciousness and business practices. Yuhan-Kimberly should not pursue institutional change only. In order to improve employee satisfaction and create a healthy organizational culture, seniors (middle managers) need to build a sense of fellowship with and set a good example for their juniors.

Prof. Park, WooSeong
(Department of Business Administration, Kyunghee University)



We need to reflect on the essence of smart work. If work-life balance and flextime are perceived as benefits, sustainability will only decrease. When explaining the purpose of smart work to employees, we should tell them sustainability can be maintained only when flexibility coexist with efficiency. The leadership on the field needs to be strengthened so that employees can understand and follow the system correctly. Employee capacity building is the key to the successful implementation of smart work system, and what matters here is not quantity but quality. As a leader in the industry, Yuhan-Kimberly needs to demonstrate that efficiency can be enhanced by promoting flexibility and present best practices to other companies.

Prof. Kim, HyoSeon
(Department of Business Administration, Chung-Ang University)



I think introducing flexibility based on a consensus at the level of division is one of the important points. For flexibility to be well expressed, it is necessary to reduce the rigidity of the system and increase employee awareness. Flexibility is an important element of creative organizational culture, but employees in the field are reluctant to promote flexibility since it is directly related to productivity. Thus, it is significant to understand their reluctance to promote organizational flexibility and communicate with them to figure out the reason behind it. It is necessary to examine whether flexibility and efficiency are well balanced or whether flexibility emphasizes either employee happiness or performance.

CEO Choi, DooOk
(Beta Lab)



Maintaining constant communication with employees will be the key to the success of Yuhan-Kimberly's smart work. Employees need to think about what their job means at work and also in society. The worst practices of smart work show that there was little or only superficial communication with employees. In the future smart work system, productivity increase, and recruitment will become keywords. Thus, it will be necessary to keep the smart talent through occasional recruitment.

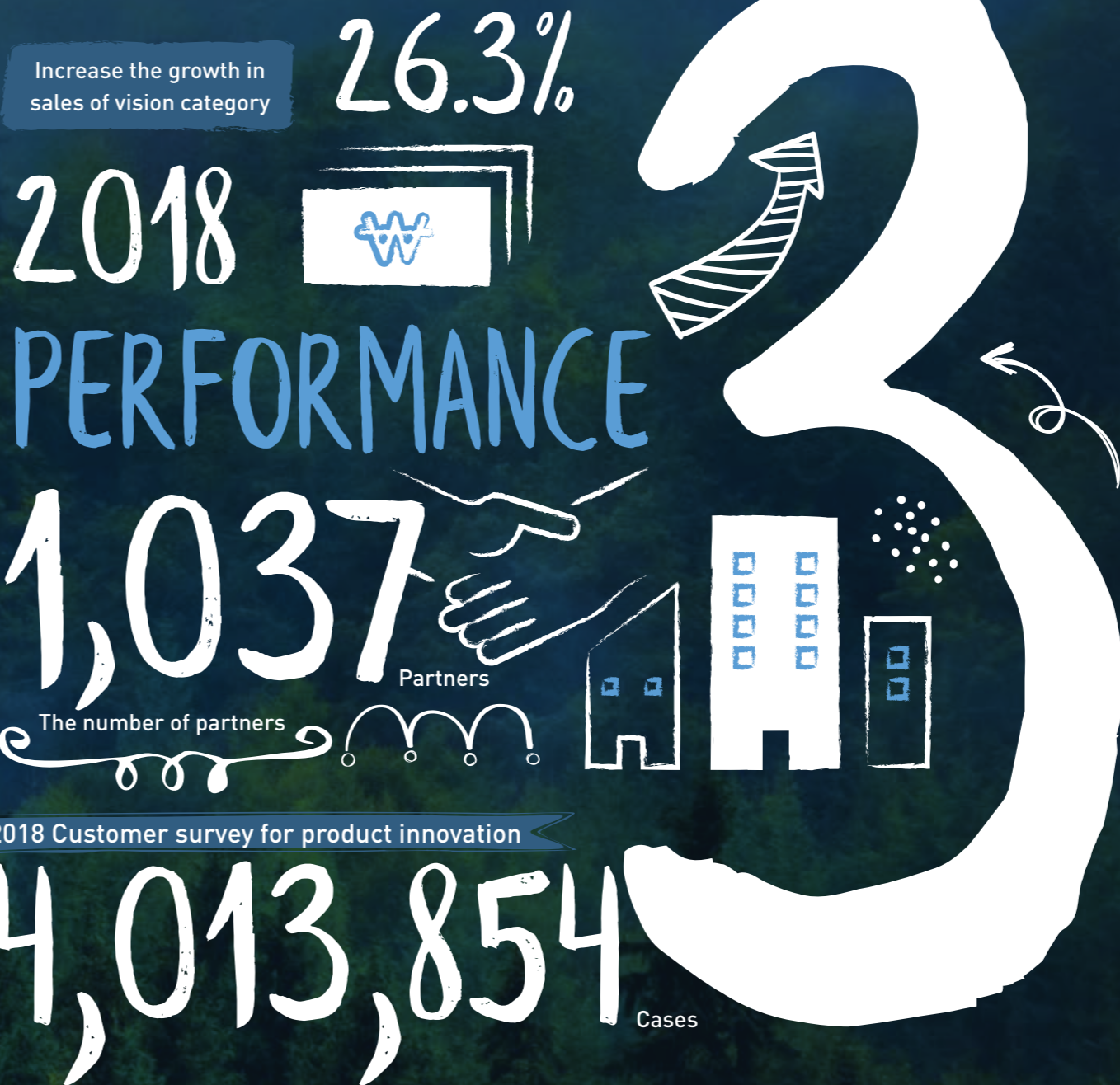
The 15th Stakeholder Committee Advice from five experts

Prof. Han, Joon
(Department of Sociology, Yonsei University)



In the future smart work, I think how to combine community (organization) with technology network will be considered important. Along with technology development, smart combining is required to increase productivity. Smart work needs to be promoted together with the performance for its sustainability, and performance monitoring is also necessary. Yuhan-Kimberly, as a leader in the industry, should present a success case of smart work by achieving work-life balance from the comprehensive perspective, including institutional issues, organizational culture and employee thoughts, and productivity increase.

Yuhan-Kimberly Economic-Social-Environmental Performance



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Economic Performance

At a glance_ Economic Performance

Financial performance

Category	Unit	2016	2017	2018
Sales (Rate of change)	KRW 100 million (%)	14,999 [-1.26]	13,568 [-9.54]	13,272 [-2.18]
Net income (Rate of change)	KRW 100 million (%)	1,791 [27.27]	1,482 [-17.28]	1,102 [-25.65]
Total assets (Rate of change)	KRW 100 million (%)	10,577 [-0.98]	10,434 [-1.35]	10,360 [-0.71]
Export volume (Percentage per sales)	KRW 100 million (%)	2,655 [17.70]	1,869 [13.78]	1,397 [10.52]

Ratio of domestic and export in composition of sales

Category	Unit	2016	2017	2018
Domestic	%	82.3	86.2	89.5
Export	%	17.7	13.8	10.5

Composition of sales by business

Category	Unit	2016	2017	2018
Baby diaper	%	36.7	30.7	23.4
Wet wipes, towel, senior panties, skincare, etc.	%	17.7	18.7	21.4
Facial tissues and bathroom tissues	%	16.5	18.9	20.4
Feminine sanitary napkin	%	16.0	16.2	17.3
B2B business	%	13.1	15.5	17.4

Distributed economic value

Category	Type	Unit	2016	2017	2018
Shareholders	Dividends	KRW 100 million	1,450	1,400	1,180
Employees	Wages, Employee benefits costs	KRW 100 million	2,200	2,175	2,442
Partners	Goods and service purchase costs	KRW 100 million	9,443	8,599	8,478
Government	Corporate tax, other taxes and utility charges	KRW 100 million	760	696	542
Local community/ Customer	CSR costs	KRW 100 million	82	71	60
Others	Other costs (rent, depreciation cost etc.)	KRW 100 million	791	623	746
In-house reservation		KRW 100 million	341	82	-78
Total revenue (sales + interest income, etc.)		KRW 100 million	15,067	13,646	13,370

R&D activity and investment performance

Category	Unit	2016	2017	2018
R&D Workforce	Person	39	42	54
Facility investment	KRW 100 million	319.9	364.9	391.0
Ratio of facility investment to sales	%	2.1	2.7	2.9
Sales of new products	KRW 100 million	2,423	3,358	2,365
Ratio of new products in sales	%	16.2	24.7	17.8

Growth of B2B sales

Category	2017	2018	
	Sales (KRW 1 billion)	Sales (KRW 1 billion)	Annual growth rate (%)
Growth of B2B sales	141.4	157.4	11.3
└ B2B	107.3	116.5	8.6
└ Medical supplies	34.1	40.9	19.8

Economic Performance

We are changing to constantly stay ahead in a rapidly changing market.

SDG Targets



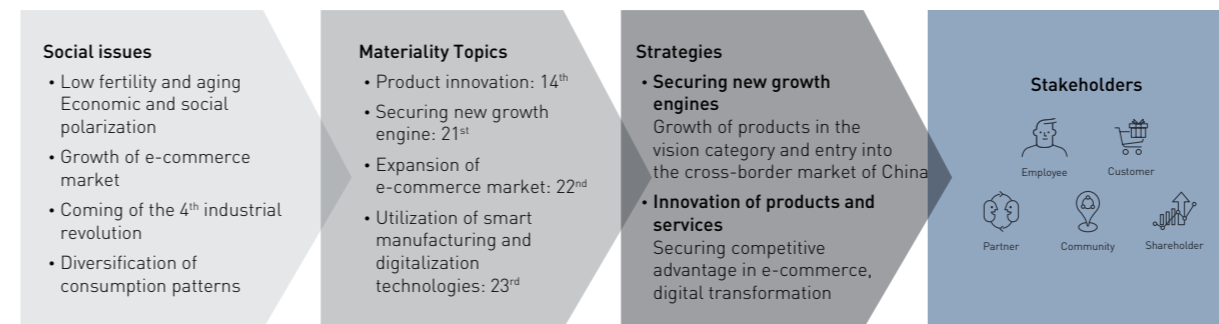
8.2, 8.3, 8.5, 8.8

Management Approach

Why is this topic so important? The low-growth trend has continued for the past few years. Population changes, such as low fertility and aging, have already affected the baby products market and will soon reach all other industries. Businesses looking for a growth opportunity are engaging in a fierce competition. In addition, as a manufacturing company, we consider an increase in raw materials prices and exchange rates as a potential threat. The growth of the e-commerce market channels that reflect changes in consumption patterns, the integration of global markets including Korea, China and Japan, and the assurance of safety are closely related with the survival of a company. In other words, any market changes can increase the probability of a crisis.

What is our approach? As the number of births has fallen to below 400,000, Yuhan-Kimberly is suffering from the shrinking baby products market. The overheated diaper market in China has resulted in a decrease in exports and plant operation. However, Yuhan-Kimberly has maintained the market share of its existing businesses and strived to find new growth opportunities with the introduction of vision category products and the promotion of product innovation. In particular, we are developing models for the e-commerce market and building digital capacity while quickly adapting to changing distribution channels. Also, we are laying the foundation for sustainable growth through the innovation of and investment in new products and entry into the Chinese e-commerce market.

How do we manage performance?



Performances and Goals in 2018			2019 Goals
Goals	Performance	Evaluation	
Increasing the growth rate in the main category from the previous year	Baby& Child Care ▼ Feminine Care, Family Care, B2B ▲	○	1. Increasing the growth rate in the main category from the previous year
Maintaining the growth in sales of vision category (Health&Beauty care, baby wet wipes, Skincare, Scott Towel, Depend Stylish Pants, My Bidet, tampons, wearable overnight, Clean Wet Wipe, La Nature, Good Night, etc.)	Promoting vision category growth [26.3%] ▲	●	
Securing the competitive edge/ competence in the e-commerce market	Increasing the number of momQ membership : 650,000 persons (growth 48% from the previous year)	●	2. Success of cross-border 3. Accelerating new growth products, product development of new category products
	Improving digital competence in all areas Operating advanced course of the integrated market data analysis platform	●	
Implementing the policy to extend the Chemicals of Concern(CoC) coverage	Management of 72 materials of CoC	●	4. Successful start-up of fixed asset

Evaluation: exceed ● meet ● require efforts ○

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

New Growth Engine_ Vision Category Product Growth and Cross-Border Market Entry

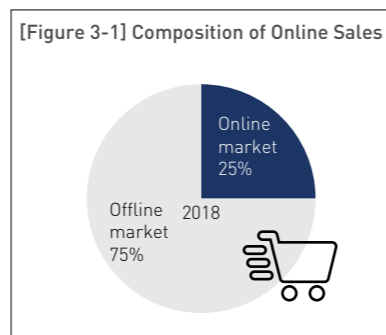
12 Vision Category Products for Future Growth, Growing by 26.3% Year-On-Year Yuhan-Kimberly has selected products for the vision category that will lead the company's future growth. As of 2018, the vision category contains a total of 12 products (sanitary pad 'La Nature' added), showing a 26.3% growth from the previous year. In addition, we have established the New Growth Business Division to look for growth opportunities and responded to the rapidly changing markets and consumption trends through big data management.

[Table 3-1] 2018 Products in Vision Category and Growth Rate (Unit : %)

Baby Wipes	Overnight	Senior Underwear	My Bidet	GoodNites	Tampon	Kleenex towel	Home & Beauty care	Skincare	Scott Towel	Coform Wipes	La Nature
1,171.4	45.4	29.8	21.3	19.6	14.9	13.8	9.9	7.2	-1.5	-3.6	New

*Reference : Paper towels : Kleenex towel, Washable towel : Scott towel

E-commerce Market Accounting for 1/4 of Total Sales, Promoting Official Shopping Mall for Sales Increase In 2018, 25 percent of our sales were generated in the online market. Yuhan-Kimberly has strengthened its existing online shopping mall of baby products (momQ, no. of members: 440,000 in 2017 → 650,000 in 2018) in order to lead the growth of e-commerce. We set the sales goal for 2019 high at 31.4 KRW billion, up 50% from the previous year. Preparing for an increase in the number of shopping mall users, we have introduced chatbot and Kakao talk services and also improved service quality by managing customer experience based on data analysis.



Facility Investment Showing a Growing Trend: KRW 39.1 billion in 2018 and KRW 44.9 billion in 2019 In 2018, Yuhan-Kimberly invested a total of KRW 39.1 billion in facilities (2.9% of sales) to develop future capabilities. Major investments were made to build new facilities that produce bathroom tissues and adult diapers for seniors, and also to reduce mechanical energy consumption and improve productivity. The year of 2019 is expected to see an active facility investment with the budget of KRW 44.7 billion allocated. The number of patent and trademark registration, which will enhance our software competitiveness, was 160 (138 in Korea, 22 in foreign countries).

Entering the Chinese Cross-Border Market in 2019 Yuhan-Kimberly has advanced into the Cross-Border market in China with baby diapers in 2019. In fact, the baby products e-commerce market in China is a place of great opportunity, 1.5 times larger than the domestic market. In 2018, the baby skincare brand 'Green Finger' entered the Chinese market through cooperation with 'Jingdong Worldwide,' an overseas shopping mall operated by 'Jingdong.com,' one of the two biggest e-commerce companies in China. Yuhan-Kimberly exported 174 types of products to 28 countries in 2018.

* Cross Border: Trade occurs between companies in different countries.

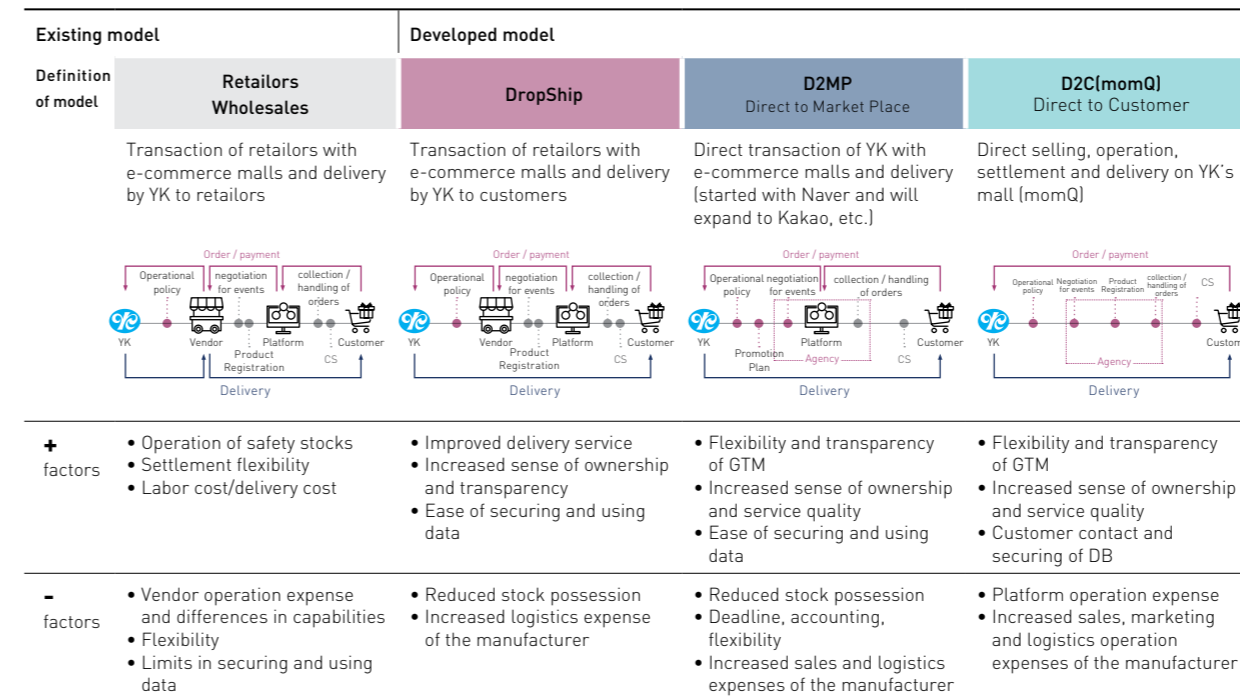
[Table 3-2] Number of Countries for Export per Product (from Jan to Dec 2018)

Product	Diaper	Pants	Baby wet wipes	Depend	Feminine sanitary napkins	General wet wipes	Home supplies	B2B	Hydroknit ¹⁾	UCTAD ²⁾	Others
Number of nations	9	3	7	8	7	16	6	9	6	13	9
No. of countries for export (28 nations)	China, Australia, Hong Kong, Thailand, Japan, Taiwan, India, Malaysia, United States of America, Singapore, Mongolia, Philippines, UK, France, Brazil, Russia, Indonesia, Chile, Peru, Kingdom of Saudi Arabia, Argentina, Vietnam, Israel, New Zealand, Costa Rica, Republic of South Africa, Plurinational State of Bolivia, Colombia										

1) **Hydroknit**: A material made by a patented method of Kimberly-Clark. Physically combining felt and pulp by using high water pressure, the material contains no chemical additives.
 2) **UCTAD**: A tissue production facility at Kimcheon mill that applied the method of drying materials with air (tissues with higher absorbency can be produced by creating a number of pores in them).

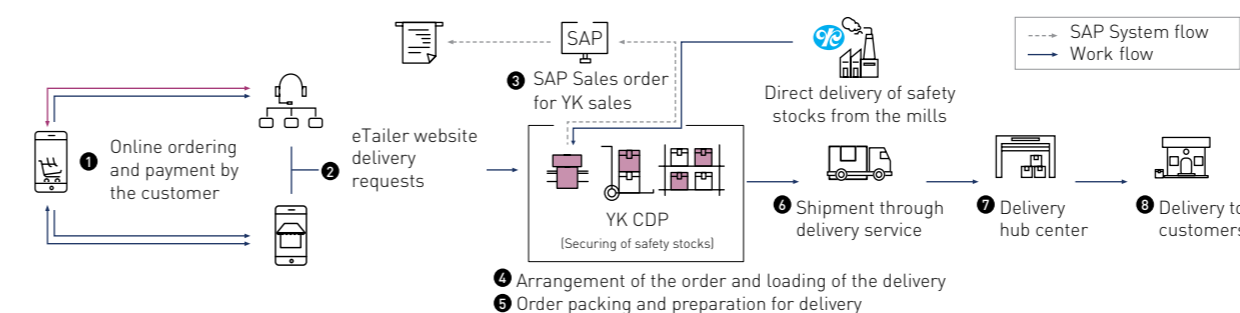
Innovation Management_ Evolution of E-commerce Business Model

[Figure 3-2] Four Types of Yuhan-Kimberly's E-commerce Business Model



Introducing New E-commerce Business Model D2MP to the Market Yuhan-Kimberly has carried out a collaboration project on value chain innovation for seven months from September 2018 to reflect ever-changing consumer needs and wants and fierce competition in the domestic e-commerce market. As a result, we have developed and established related systems and interlocking processes, such as "Integrated E-commerce Order Processing System/Direct Delivery Operation Process from plants", to enter the e-commerce market and build competitive advantage. Since the establishment of D2MP(*Direct To Market Place: direct management by the head office+ direct delivery from plants), a new business model for the e-commerce market, in April 2019, the E-commerce Business Strategy Division has opened a directly operated store (direct management by the head office+ direct delivery from plants) on the Naver shopping platform. With the introduction of the new e-commerce business model, adding store directly managed by the head office to the existing authorized retailers, Yuhan-Kimberly now provides customers with various purchase options and fast delivery services (*strategic partnership Logistics partner). The E-commerce Business Strategy Division will open a total of 8 directly operated stores including big five e-commerce marketplaces (G-Market /11 Street/Auction/We Make Price/Ticket Monster) by 2020, with the expansion of e-commerce products that are currently in five categories.

[Figure 3-3] Drop Ship Process from the Delivery Perspective



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Innovation Management_Securing Future Channel D2C through Successful Operation of Our Own Marketing Platform

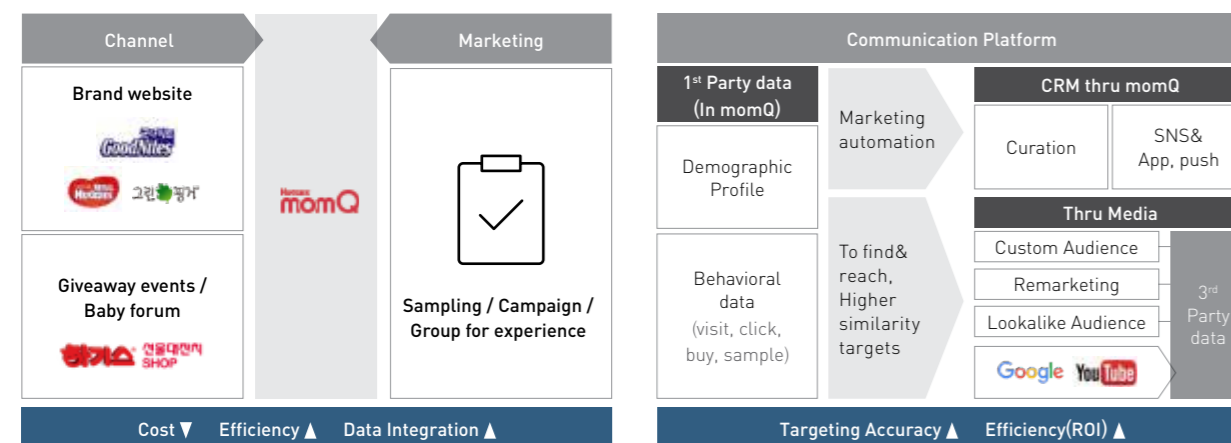
No. of momQ Members Reaching 650,000 in 2018, Up 47% Year-On-Year Our digitalization efforts started with momQ, an online shopping mall for baby products, in 2015. MomQ has evolved into an integrated platform for five baby & child brands in 2018, thanks to the introduction of curation commerce service that provides customized products and services through the comprehensive analysis of purchasing data from 2017.

MomQ has implemented 'Yuhan-Kimberly's own digital platform ecosystem' through which products can be sold directly to consumers. In addition to integrated brand information, differentiated product information and services are also provided for members by combining a mileage program with the Baby forum. This innovation is expected to affect our economic performance positively.

[Table 3-3] momQ _ Performances and Plans of Digital Platform for Consumer Experience

Products	Year	Type	Brands	No. of members	Description
momQ 1.0	2015	Shopping mall	Huggies for babies and children	-	Mobile first, products and information by monthly age
momQ 2.0	2016	Marketing platform	Huggies for babies and children	270,000 persons	New product marketing, e-commerce exhibitions, baby and child brands communication, data insight
momQ 3.0	2017	Differentiated digital platform	Huggies for babies and children	440,000 persons	Brand campaign platform, new product test, consumer survey, optimization of offering based on customer management, launching of exclusive products on momQ
	2018	Direct-managed shopping mall & Brand marketing platform	Integration and expansion of five brands for babies and children	650,000 persons	[Outcome 1] Integration of marketing platform : baby fourm, brand websites (Huggies, Green Finger, etc.), Huggies Giveaway event [Outcome 2] Use of accumulated data : Customer relationship management (CRM), preparation of targeting advertisement [Outcome 3] Differentiation with the 'Freshly Produced Diaper' service (diapers in stages 1-2) [Outcome 4] Sample service on momQ through partnership with other baby and childcare brands such as LEGO and Gerber Baby Food, etc.
Plans in 2019			Increase to feminine care / family care / senior products		[Plan 1] Expansion of the platform [Plan 2] Introduction of an AI-based customized product recommendation system [Plan 3] Project to renew the momQ platform for improved services (to be opened in early 2020)

[Figure 3-4] Integration of Divided Consumer Contact Channels and Contents

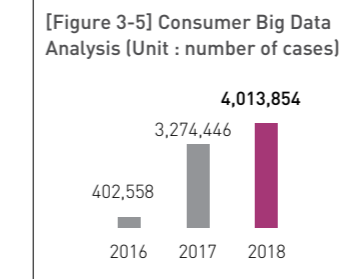


[HIGHLIGHT] | Major Evaluation of momQ

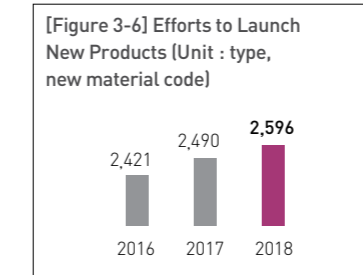
- momQ received the '2018 National Service Awards - Grand Prize for Baby Product Shopping Malls' (Ministry of Trade, Industry and Energy, The Institute for Industrial Policy Studies)
- momQ's innovation was selected as the best practice (Board of Director meeting and CEO forum of Kimberly-Clark Corporation)

Innovation Management_Strengthening Competitiveness and Creating Value through Product Innovation

4,013,854 Participants in Customer Survey on Product Innovation in 2018 For customer-centered product innovation, we conduct customer surveys every year to enhance our competitiveness. The number of consumer big data we acquired through the internal social listening system has reached 4,013,854. We apply the data after analysis to product innovation in various aspects including consumer trend, convenience, customized design, and mobile technology.



Release of 2,596 New or Renewed Products (Based on New Material Codes) Yuhan-Kimberly's new products are the result of innovation. In 2018, new products accounted for 17.8% of overall sales, emerging as a new source of revenue. Examples of products include Scott One day disposable Scrub Sponge that reflected replacement cycle, 'Daily yellow dust mask in black' that considered both fashion and function, 'Huggies IoT service' that attached a real-time sensor to diapers, and 'Defend style pad' that displayed the quantity of absorption for user convenience.



[Table 3-4] Major New Products (2018.1~2019.3)

Category	Product Name	Contents	Date
Baby / Child Care Products	Diapers	Huggies Air Sol Sol Summer	Permeability increased by 150~200% / Received 'excellent' grade from a German Skin Science Research institute
		Huggies Magic Fit	The first personalized baby diapers that changes function and design for each baby
		Max Dry	A diaper that maintains fluffiness for up to 12 hours with maximal absorption science
Childcare Products	Attached to diapers	MONIT X Huggies Smart Baby	Provision of real-time information such as urine and feces alarm, temperature/humidity check, etc.
Feminine Care	Sanitary pads	Eco Fresh	First in Korea to acquire the OK Biobased ECO certificate, used recyclable ingredients
		Garden Fresh	99% deodorization, removing odor without scent
		Amway Hua	An organic pure cotton cover
		Good Feel Som Som	A mid- to low-priced product with a wave-patterned multiple leak prevention channel and thick absorption pad
	Wearable sanitary pads	Organic / Pure Cotton Overnight Sanitary Pads (wearable)	Organic / Pure Cotton Overnight Sanitary Pads (wearable)
	Tampons	Good Feel Organic Tampons	An organic pure cotton absorber and triple absorption structure which acquired the first European eco certification among tampons
	Feminine cleansers	Feminine Cleanser _ L Nature Feminine	An eco-friendly feminine cleanser that used ingredients of EWG*. All Green rated by an American environmental organization
Senior Products	Incontinence pads	Mom's Safe Pad	An exclusive pad for pregnant mothers that has a powerful absorption layer and offers a soft feeling
	Adult diapers	Defend Style Pad	A product that indicates urinary incontinence capacity instead of size to help consumers
Family Care Products	Wet wipes	Kleenex Body Wet Tissue	A convenient wet tissue that can wipe out sweat and odor on the body
		Masks	TN AC Superfine Sheet Mask
	Wet wipes	Kleenex Wet Tissue for Runny Nose	A wet tissue that contains plant-derived glycerin and panthenol
	Scrub sponge	Scott One day disposable Scrub Sponge	A disposable scrub sponge so that one sheet can be used all day long
	Skincare	TN BT21	Collaboration with a globally popular millennial character, BT 21
	Tissue	Tissue for Comfortable Nose	A soft tissue that contains shea butter, aloe vera, moisturizing lotion and sword bean extract
	Masks	Kleenex Yellow Dust Mask Black	A 3D mask that fulfills fashion and functional needs of consumers who prefer black color
B2B Products	Masks	Children's Mask (For Hospitals)	For cold and asthma patients with weak immunity who need to wear masks at all times
		kleenGuard Winter Heavy Gloves G50	Napped multi-purpose gloves for industrial works in the winter
	Hand towels	Kleenex Dry Cell Standard	Strong absorption and soft touch of the UCTAD technique
	Protective suits	Kimtech Pure A5	Sterile protective clothes are worn in cleanrooms and pharmaceutical labs
	Bathroom tissue	Kleenex Air Cell 40m	A toilet roll with excellent water dissolving ability exclusive for the B2B market
	Masks	KleenGuard Yellow Dust Mask	A yellow dust mask to cope with large-scale tenders and government demands
	Wipers	WypAll Pocket	A water/oil absorbing wiper that drastically improved momentary absorption and wiping ability

* EWG : American environmental organization [Environmental Working Group]

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Social Performance

At a glance_ Social Performance

Category	Unit	2016	2017	2018				
Employee	Employment	Total number of employees	Person	1,708	1,671	1,577		
		Employment type	Permanent (98.8%)	Person	1,669	1,658	1,558	
			Contract (0.2%)	Person	39	13	19	
		Occupational classification	Production (50.7%)	Person	833	811	799	
			Office(49.3%)	Person	875	860	778	
		Gender	Female	Person	323	298	283	
			Male	Person	1,385	1,373	1,294	
		Employment rate of the disabled	%	2.41	2.49	2.19		
		Job creation rate	%	-2.29	-2.17	-5.63		
		Average continuous service period	Year	18.6	19.7	20.2		
		Average working hours per month	Hour	165	163	157		
		Average number of days absent	Day	0	0	1		
		Loss days	Day	69	0	334		
		New employment and retirement	New employees	Total	Person	18	16	34
				Rate of new female employees	%	63.5	68.8	79.4
Rate of new male employees	%			36.5	31.2	20.6		
Retirement rate	%		2.16	1.68	7.29			
Turnover rate	%		2.16	1.38	7.29			
Training	Training hour per employee	Hour	81.3	56.8	45.8			
	Training cost per employee	KRW 10 thousand	78.4	31.0	39.0			
Female workforce	Female workforce ratio	%	18.9	17.8	17.9			
	Females above senior management levels	%	17.1	12.9	15.4			
	Females among total office employees	%	38.9	36.4	37.1			
Maternity and childbirth	Maternity leave users	Person	9	17	14			
	Return-to-work rate after maternity leave	%	95	100	100			
	Baby care leave users	Person	17	18	21			
	Baby care leave usage rate of female	%	78	77	58			
	Baby care leave usage rate of male	Person	1	3	2			
	Return-to-work rate after baby care leave	%	100	100	86			
	Retention rate after return from baby care leave	%	95	88	82			
Labor	Number of employees joining the labor union	Person	864	853	821			
	Rate of employees joining the labor union	%	98.5	99.5	100			
Work safety	Number of industrial accident rate	Case	3	0	1			
	Industrial accident rate	%	0.18	0	0.06			
Partner	Average point by the evaluation system (including social responsibility criteria)	Point	87.9	89.2	89.8			
	Pledge of code of conduct	Company	-	-	70			
Customer	Customer satisfaction survey	Point	83.1	86.0	88.7			
Local community	Donation	KRW million	3,232	3,135	3,152			

Social Performance

We will strive to create and promote social value.

SDG Targets

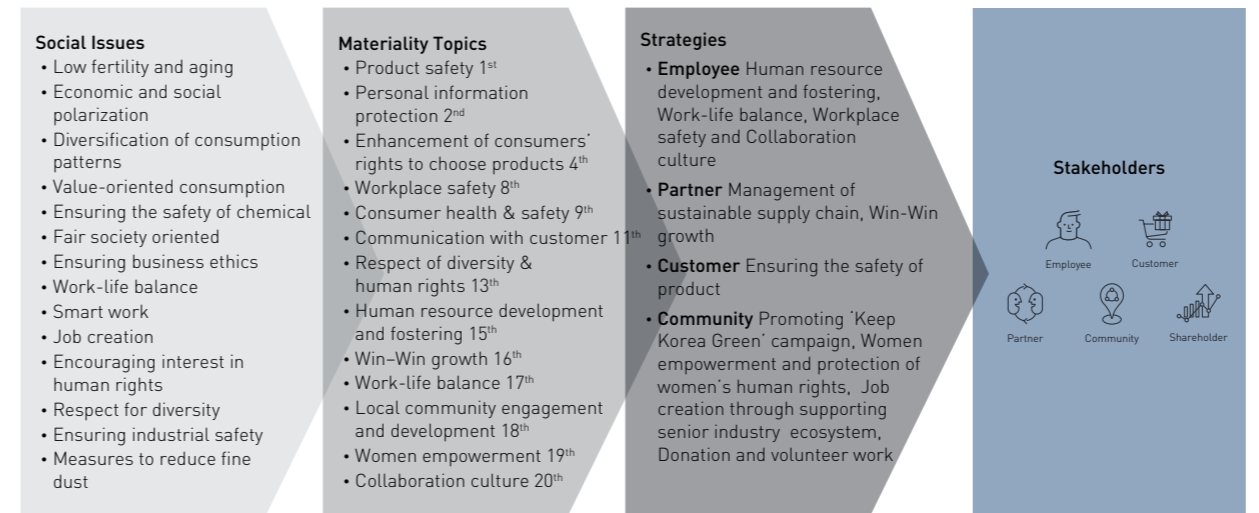


Management Approach

Why is this topic so important? Stakeholders trust companies that fulfill their social responsibility. As the awareness of the importance of corporate social responsibility increased across the globe, more and more countries have institutionalized corporate social responsibility. In addition, investment has expanded through the assessment of social impacts. A company that creates social value while addressing the problems of the local community in the future will have more opportunities for growth.

What is our approach? Yuhan-Kimberly is one of the representative companies that implement their social responsibility. Since its founding, the company has abided by the law for a sustainable society and achieved the win-win growth with various stakeholders. We have provided employees with better jobs and growth opportunities, and promoted fair trade and shared growth with partner companies for the sustainable supply chain management. We have strived to provide customers with safe and quality products and services and also practiced social responsibility and contribution for local communities.

How do we manage performance?



Goals	Performances and Goals in 2018		2019 Goals
	Performance	Evaluation	
The CEO taking a pledge of ethical management	The CEO taking a pledge of ethics management (Mar)	●	1. Maintaining CSR activities and sustainable management 2. Enhancing product safety and consumer trust 3. Spreading labor-management collaboration
Complying with the UN Global Compact principles	Submission of CoP (Sep)	●	
Achieving Win-Win growth (encouraging partners to promote ethics management)	- 70 partners submit 'Certification of Compliance', 89.8 points on average of evaluation of social responsibility of vendors - Best company in win-win growth Index for the fourth consecutive year	●	
Creating jobs for seniors	Senior care manager 178 persons (3 years in accumulation)	●	1. Maintaining CSR activities and sustainable management 2. Enhancing product safety and consumer trust 3. Spreading labor-management collaboration
Enhancing women's competence (promoting the leadership of NGOs' women activists, making donations for gender equality in society)	- Scholarship fund for NGO women leadership - Newly-weds communication school 10th anniversary (1,964 persons in accumulation) - Donating 1.46million sanitary pads to 10,393 girls in low-income - 1,211 employees donated for women's rights campaign	●	
Consumer-oriented management (improving customer satisfaction (86 points))	- Customer counseling service satisfaction 88.7 points (Increase 2.7 points from the last year) - Announcement of emotional labor's human right in consumer support center (Oct)	●	
		●	

Evaluation: exceed ● meet ● require efforts ○

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Employees

Respect for Human Rights_Fair Compensation without Discrimination We have set and uphold standards for the protection of human rights, such as freedom of association and collective bargaining, prohibition of child labor, forced labor and exploitation of labor, and prohibition of discrimination. Our employment policy is based on equality, and performance management process is operated for fair evaluation. New employees receive the same base pay regardless of gender or occupation. The base pay of new employees in 2018 is 126% of the legal minimum wage. The base pay for men and women and the percentage of remuneration are determined based on performance only. Our suppliers and business partners are also encouraged to comply with these standards.

Labor Relations_Guaranteeing Rights of Association and Collective Bargaining & Handling Employee Grievances Yuhan-Kimberly's labor union boasts 100% of membership [821 persons], and Co-Labor & Management Team is operated at each workplace. In 2018, a business strategy presentation and a labor-management discussion for crisis management were held with the participation of the CEO, and a total of 4 Labor-Management Council meetings (with the CEO) took place. Besides, the 2050 Employment Security TFT was formed to promote win-win culture across the company. Meanwhile, we have developed an employee grievance settlement procedure for the improvement of workplace environment, respect for human rights, prevention of corruption, and prohibition of discrimination. In 2018, all of employee grievances (152 cases) were resolved, and there were no human rights issues, such as discrimination.

* Yuhan-Kimberly was selected as the 'Best Labor-Management Culture Enterprise' by the Ministry of Employment and Labor in 2016.

Workplace Safety_Compliance with Laws and Regulations on Occupational Safety and Health Impact Yuhan-Kimberly has an exclusive organization for workplace safety and complies with the laws on occupational safety and health impacts. The labor and management monitor workplace safety and health through the Occupational Safety, Health, and Environment Committee at four workplaces. In 2018, a total of 1,235 risk factors were identified and 94% of them were improved. In March 2018, the Taejon Mill received recertification of the 'Best Workplace with Excellence Healthy Promotion Activities'(certification period: August 30, 2011 to August 29, 2020) from the Ministry of Employment and Labor and Korea Occupational Safety and Health Agency for its effort to prevent work-related diseases. At Yuhan-Kimberly, employees who are exposed to hazardous materials undergo a special medical examination on a regular basis. The number of industrial accidents in 2018 was 1 (accident rate: 0.06%).

[Table 3-5] Risks Jointly Identified by Labor and Management and Improvements (2016~2018)

Category	2016			2017			2018		
	Detected (case)	Improved (case)	Improved (%)	Detected (case)	Improved (case)	Improved (%)	Detected (case)	Improved (case)	Improved (%)
Choongju mill	347	325	93.7	340	325	95.6	402	389	96
Kimcheon mill	388	380	98.0	338	325	96.2	310	305	98
Taejon mill	605	560	92.6	529	519	98.1	384	332	86
Distribution center	25	24	96.0	62	60	96.8	139	139	100
Total	1,365	1,289	94.4	1,269	1,229	96.9	1,235	1,165	94

Human Resources Development and Training_Digital Capacity Building Training Yuhan-Kimberly has developed and encouraged lifelong learning programs for its employees. A credit bank system was introduced in 2016 and an online learning system was established in 2017. A next-generation leader training course and a company-wide flexible taskforce (FET) were organized to support employee growth. In 2018, the Social Championship Program (for marketing and support group employees only in 2017) was expanded to include all employees. For manufacturing employees, we provided training sessions and workshops on smart manufacturing, digital transformation concepts, and related technologies. In 2018, the expense for employee training has increased by 19% and that of training per person by 26% from the previous year. We have also strived to promote the diversity of human resources (Feminine employment: 79.4%, career employment: 85.2%) in 2018.

Please refer to the Digital Capacity Building Training 23 page for further details.

사람이 희망이다

Women's Leadership and Capacity Building Efforts Yuhan-Kimberly values women's leadership and diversity.

As of 2018, Femines account for 17.9% of total employees (37.1% of office workers), and 79.4% of new hires (including contract workers). The ratio of Feminine executives (higher than directors) is 15.4%. Back in 2011, we appointed the Chief Diversity and Inclusion Officer, and launched the Women's Employee Committee. In 2014, the Korea Women's Interactive Network (K-WIN) was established and has been operated in 4 divisions. In 2018, the K-WIN conducted a variety of programs for employees with children (around 50 participated). For reference, as a corporate member of the MEERAE FORUM, we support the 30% CLUB Campaign aiming to 30% of Feminine executives in the corporate. 30% is the minimum percentage required for minorities to voice their opinions in a decision-making group.

Family-friendly Management Policy_Promoting the Culture of Childbirth Celebration, Encouraging the Return to Work after Childcare Leave, and Running In-House Daycare Center

As of 2018, the average length of service of our employees is 20.2 years. The rate of return from maternity leave is 100%, and that from childcare leave is 86%. We celebrate childbirth twice a year through pregnant women meetings and introduce family-friendly policies and programs. For employees who gave birth, we have begun offering baby diapers worth KRW 1 million for one year (previously 3 boxes) along with congratulatory money since 2018. An in-house Daycare Center in Taejon Mill (Purensoop Daycare Center, established in March 2011, 34 children, aged 0 to 4) has been in operation, receiving 99.37 points at the evaluation for recertification by the Ministry of Health and Welfare (2016) and 4.5 out of 5 points in a parent satisfaction survey. Meanwhile, Yuhan-Kimberly has provided retirement payment and retirement pension plans for retiring employees. We have complied with the government guidelines on the management of retirement payment and applied a progressive retirement payment system in accordance with years of service.

Please refer to the Family-friendly Management 42 page for further details.

Consistent Evolution of Family-Friendly Management Programs_Smart Work & Smart Office, Refreshment Leave

We believe the happiness of employees is a source of corporate competitiveness. Since the 1990s, we have implemented flex-time work scheme, on-field work system for sales, and 4-team 2-shift system. In addition, a smart work system, including smart office and smart work center, has been established since 2011, increasing productivity and helping employees achieve work-life balance. In fact, our smart office has become a role model in the business society as sharing experience of establishing it. Prior to the implementation of 40-hour work week system in 2018, we asked advice of experts in the Stakeholder Committee and conducted campaigns: 'Leave work on time' and "Culture of effective meetings'. Also, we introduced various of flexible work arrangements other than flex-time work scheme. Furthermore, the refreshment leave was extended to 15 days per year in 2018 to increase employee satisfaction, and more benefits were offered to those with 20 years of service and 30 years of service (welfare points worth KRW 1 million and 300,000, respectively)

Please refer to the Smart Work Management 29 page for further details.

[Table 3-6] New System for Leaves and Flexible Work of Yuhan-Kimberly (2013~2018)

Classification	Year	Targets and Details
Leave	Expansion of refreshment leave	2018 Expanded to 15 days per year for employees of the head office. Annual plan announced on the previous year to enforce recharging vacation
	Introduction of refreshment leave	2016-2017 Expanded to 10 days per year for employees of the head office. Annual plan announced on the previous year to enforce recharging vacation
	Introduction of learning leave	2013 An 8-week leave and reward of KRW 10 million to the Grand Prize winner of "The Yuhan-Kimberly People of the Year Award" and a 4-week leave to the Second Prize winner
Flexible work	Selective working hour system	Flexible daily or weekly operation according to work characteristic, presuming at least three hours of work per day during the month
	Deemed working time system	Dec. 2018 Salespersons who work outside of the office and employees on business trips regarded as to have worked for 8 hours a day and 40 hours a week regardless of commuting time, presuming a five-day work week
	Flexible working hour system	Flexible adjustment of daily working hours for work leaders and higher positions, presuming a five-day work week

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolverment of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

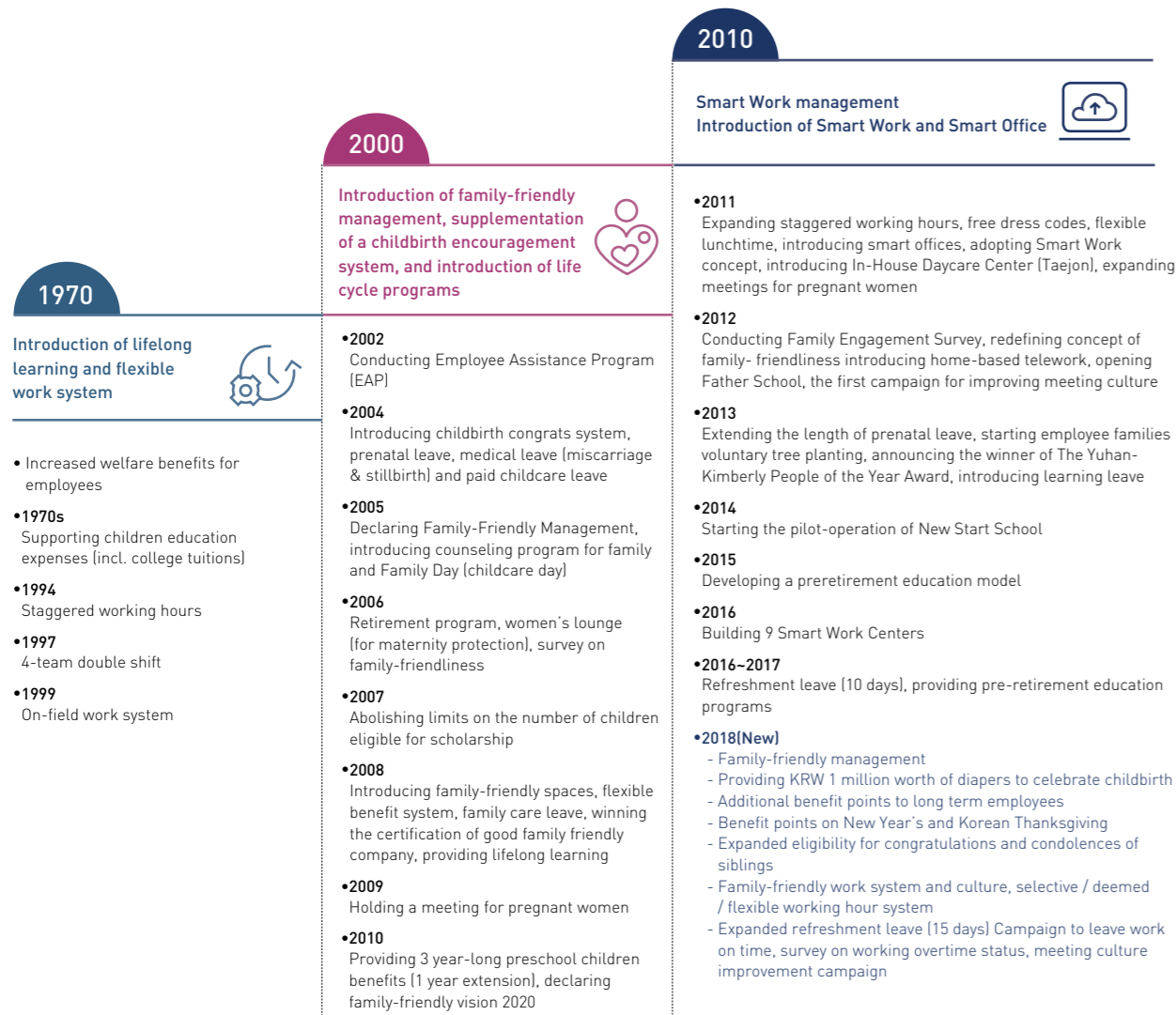
2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

[Figure 3-7] Evolution of Family-friendly Management of Yuhan-Kimberly



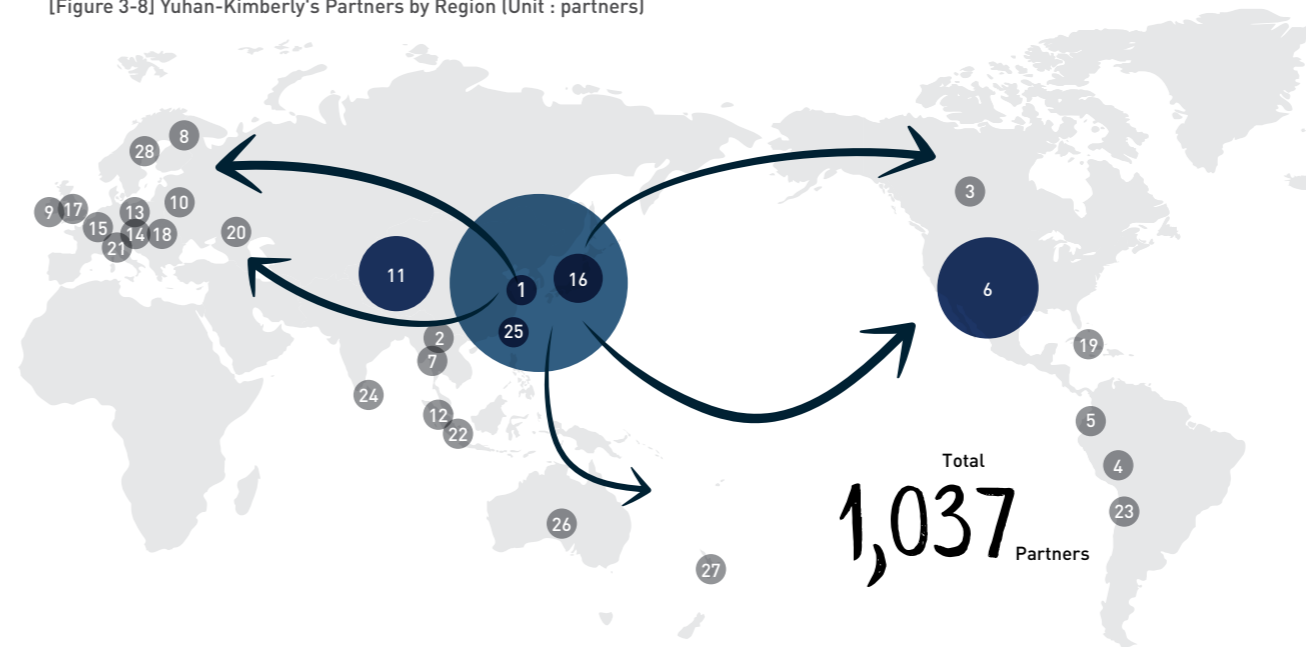
[Table 3-7] Family-friendly Management Awards

2018	- Receiving a presidential citation for work-life balance (Ministry of Health and Welfare, the Population Day)	2013	- Re-Certification of Family-Friendly Companies (Ministry of Gender Equality and Family) - Receiving the presidential citation for Korea's Beloved Company (Ministry of Trade, Industry and Energy)
2016	- Pureunsoop day-care center (Taejon mill) certified as the best in-house day-care center (Ministry of Health and Welfare) - Acquiring the certification of a good family friendly company for four consecutive times, starting in 2008 (Ministry of Gender Equality and Family) - Selected as the best company for The Best Work-Life Balance and Selective Working Hours (Ministry of Employment and Labor)	2012	- CEO(Choe, KyooBok) receiving the Order of Civil Merit for contributing to addressing low fertility rates and promoting family-friendly culture (Ministry of Health and Welfare) - Three employees receiving the Minister's Award for cultivating family-friendly culture (Ministry of Health and Welfare) - Kimcheon mill winning Minister's Award for cultivating family-friendly culture (Ministry of Health and Welfare) - Selected as the Best Manufacturing Company at Good Place to Work Award (GWP Korea)
2015	- Receiving the 'Korean HR Management Award' (Korean Academy of Organization and Management) - Listed among top 30 of 'K-GWPI (Korea Great Work Place Index) 2015', second place in Manufacture category and first place in Household Supply category (Korea Management Association Consulting) - First place in KSI (Korean Sustainability Index) and received the Grand Prize for Social Responsibility Management selected by parties concerned (Korean Standards Association & GRI (Global Reporting Initiatives)) - Receiving the First prize of Grand Human Management Awards for CSR category (Human Development Institute)	2011	- Winning the Seoul Women's Prize for cultivating a woman-friendly company culture (Seoul Metropolitan City) - Prime Minister's Award for good family-friendly company (Ministry of Gender Equality and Family) - Expanding Certification of Family-Friendly Companies (Ministry of Gender Equality and Family)
2014	- Head at Sustainable Management Division receiving the presidential citation for family-friendly management in 2014 (Ministry of Gender Equality and Family) - HR Work Group receiving the Ministerial Citation (Seoul Metropolitan Government)	2008	- Certified as a mother friendly workplace (Korean National Commission for UNESCO) - Achieving Certification of Family-Friendly Companies (Ministry of Gender Equality and Family)
		2006	- Receiving the presidential citation for excellency in family Friendly Management

Partners

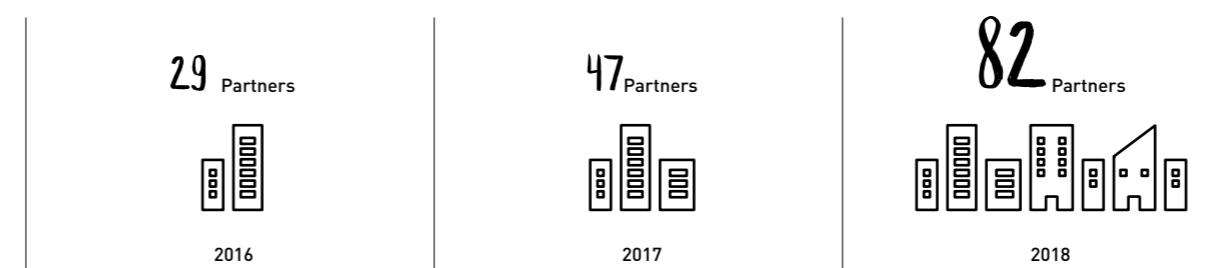
Number and Type of Partners, Regional Distribution and Purchase Yuhan-Kimberly grows together with its partner companies. As of 2018, we have 1,037 partners (90.5% are domestic), mainly related to supply of raw materials and finished products, distributors and direct transaction, advertising business, IT and finance. 72.1% of our domestic partners are located in the metropolitan area, accounting for 69.7% of the total purchase amount. Apart from the metropolitan area, the purchase in Daegu and Gyeongbuk region (where the Kimcheon Mill that produces bathroom tissues is located) was the highest, taking up 14.9% of the total. The number of new contract partners was 82 in 2018.

[Figure 3-8] Yuhan-Kimberly's Partners by Region (Unit : partners)



Country(Number of partners)					
1. Korea(938)	6. United States of America(23)	11. China(15)	16. Japan(7)	21. Italy(6)	26. Australia(3)
2. Hong Kong(4)	7. Thailand(4)	12. Malaysia(4)	17. United Kingdom(4)	22. Singapore(3)	27. New Zealand(1)
3. Canada(2)	8. The Republic of Finland(2)	13. Germany(2)	18. Austria(1)	23. Chile(1)	28. Sweden(1)
4. Peru(1)	9. Ireland(1)	14. Switzerland (1)	19. Cayman Islands(1)	24. Sri Lanka(1)	
5. Colombia(1)	10. The Czech Republic(1)	15. Netherlands(1)	20. Romania(1)	25. Taiwan(6)	

[Figure 3-9] The Number of New Partners



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

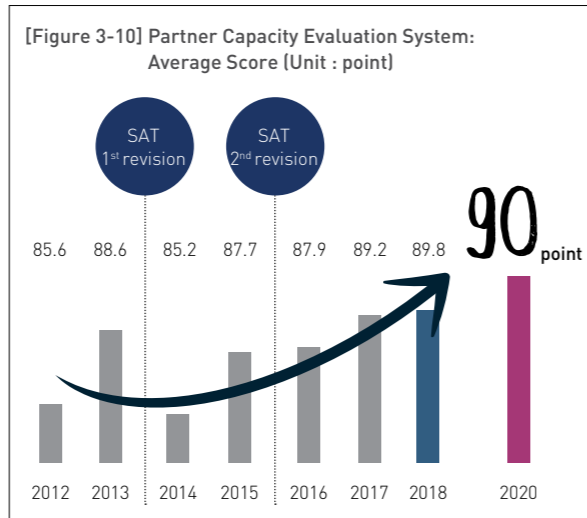
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Compliance with Principles of the 3rd Party Open Bidding via the Internet Yuhan-Kimberly defines a partner company as a general contractor as well as a subcontractor prescribed in the Subcontracting Act as a company that is an existing or a prospective partner for contract manufacturing. According to the selection criteria, procedures, and result announcement policy, we carry out the 3rd party open bidding process through the Internet. The inspection and analysis standards for overall matters including price, quality, and service are disclosed, and the results are sent in written form to individual bidder within 15 days of selection. We also operate a website where aspiring partners can submit proposals and be registered as a partner company at any time. At Yuhan-Kimberly, purchases are made according to the purchasing procedures (internal control), which include creation and approval of request for order, change of request for order, issue of purchase order, management of service purchase, warehousing inspection, claim processing procedures, selection of suppliers, selection of waste treatment service providers, management of subcontractor credit limit, management of purchase incentives, evaluation of suppliers, management of contracts, and management of copper plates for printing.

Supply Chain CSR Management_Operating Evaluation System Including Social Responsibility

Yuhan-Kimberly has reflected the social and environmental performance of its major partners in their annual evaluation (since 2007). We strengthened the evaluation of social responsibility in 2012 and added an evaluation system to receive a pledge of anti-corruption from partners in 2017. Consisting of 72 items over 4 pages, the evaluation checks whether or not to fulfill social responsibility (environmental system, safety management, wage and employment, ethics management, health care, etc.) apart from quality management, housekeeping, and process capability. In 2018, a total of 70 companies were evaluated. The average score was 89.8 points, up 0.6 points from the previous year, and there were no major accidents in safety, environment, human rights or social fields.



Sustainability Management Support for Partner Companies

Yuhan-Kimberly operates various programs for shared growth with partners through the Win-Win Management Division. To be specific, a win-win cooperation organization was established (2002), an information system was introduced (2008), and task force CP/win-win growth team were formed (2013). In 2018, we concluded a fair trade and win-win growth agreement with 34 companies. In addition, 63 technical supports, 6 technology protections, and 16 recruitment supports were provided for partner companies. Also, information on raw materials and win-win cooperation funds are offered to partner companies. In 2018, the Win-Win Academy was held with the participation of 174 employees at 34 partner companies over 8 sessions. Furthermore, the cash payment monitoring system has been operated since 2014. When the primary vendors receive support, such as cash payment and extension of payment date, the secondary vendors are also allowed to receive the same benefit.

Meeting between Yuhan-Kimberly's CEO and Excellent Partner Companies

Yuhan-Kimberly held the "2019 Meeting with Excellent Partner Companies" on April 22, 2019. Among raw material suppliers, product suppliers, and subcontractors (122 partners as of 2019), candidates are selected annually based on the comprehensive assessment of capacity and performance. The meetings have been organized since 2017 to discover and nurture superior suppliers and enhance the competitiveness of both companies. At the 2019 meeting, Yuhan-Kimberly's CEO and 11 employees, and representatives of Serim Plastic, Wooil C&T, Yuyu Tech, Taesung E&I, Polymirae, Handok, and Hompaeg participated as the best partner.

[Figure 3-11] 2018 Yuhan-Kimberly's Win-Win Growth Performance

Financial support

Managing KRW **17** billion in mutual cooperation fund (with IBK)

Communication improvement

Meeting with outstanding partners, Monthly newsletter

Technique, quality improvement

Technical support of **63** cases, technology protection of **6** cases

Sales and competitiveness improvement

Supported participation in overseas product exhibitions (contribution to overseas market pioneering), and supported export of partners (contributed to increase sales of three companies by **12.17** billion KRW)

Recommending the use of the standard subcontract form

Trying to spread the shared growth culture by recommending the use of the standard subcontract form of Fair Trade Commission among tier 1, tier 2 partners, and guiding policies of the Fair Trade Commission

Operating cash payment monitoring system

We have been operating the monitoring system on cash payments since December 2014, as part of the efforts to support the government's plan for Shared Growth between Large Enterprises and SMEs. In 2018, 29 partners of tier 1 and 309 of tier 2 joined this system. If tier 1 partners receive support from Yuhan-Kimberly regarding cash payments and extension of payment dates, they are guided to provide the same support to tier 2 partners.

Direct and indirect support on sustainability management of partners

- 1) Education and training support** | After establishing the education and training plan (the Win-Win Academy) for partners in 2018, education programs were consigned to Gyeonggi Business & Science Accelerator. In 2018 (April to October), 22 partners under the agreement (75 persons) and 12 partners not under the agreement (99 persons) were educated during eight sessions (annual education expense of KRW13.5 million). Professional instructors provided on-site training to partners in need of additional education (CBD Korea - 110 persons).
- 2) Support of insect and disease control to increase the cleanliness of the manufacturing environment of partners** | Supported measures to prevent critical quality issues of partners caused by harmful insects in their manufacturing processes, signed a service contract with CESCO (professional insect and disease control company) so that we provided an insect and disease control expense of KRW 12 million to 11 partners by December 2018.
- 3) Holding regular meetings with partners on the quality partnership** | We operated a regular meeting assembly (monthly) among engineers of Yuhan-Kimberly and quality and production workers of partners to increase the product quality of partners and resolve complaints of consumers. * Partners supported: UCL, Winnova, Darin, Youngjin Pac, Bookuk T&C, Apollo Industrial, etc.
- 4) Operation of a comprehensive diagnosis system and provision of information to reinforce competitiveness of partners** | Comprehensive management diagnosis is performed annually to find and improve the potential risk factors of partners based on objective evaluation results. Management and technology consulting is done for continual improvement.



[HIGHLIGHT] Best Company in Win-Win Growth Index for the Fourth Consecutive

Yuhan-Kimberly was selected as the best company for the fourth consecutive year (2015 to 2018) in the evaluation of Win-Win growth index organized by the win-win Growth Committee, and Yuhan-Kimberly will strive to grow while sharing its social responsibilities with partner companies beyond economic and technical support.

[Table 3-8] Win-Win Index Assessment

2015	2016	2017	2018
Best	Best	Best	Best

※ Win-Win Index is a quantifying index to evaluate companies' level of win-win growth for the purpose of fostering Win-Win growth between large and small-sized companies.

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

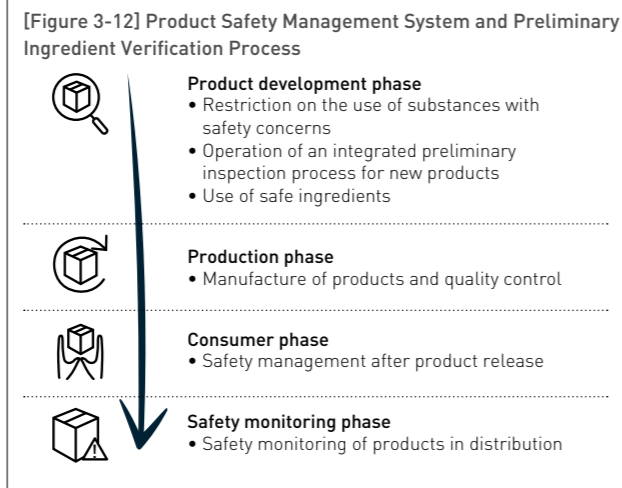
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

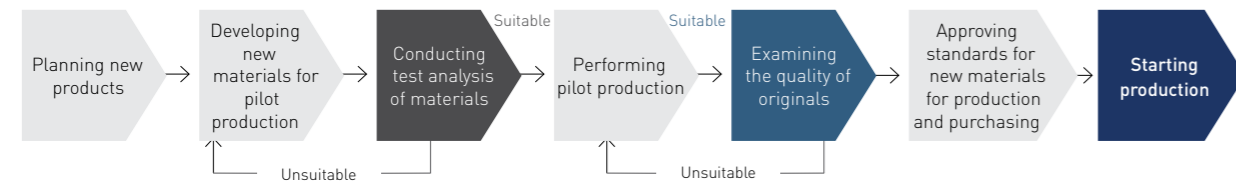
Customer

Consumer Product Safety Management Process

Yuhan-Kimberly puts the highest value on safety and ethics. We disclose our product safety policies and manage products from raw materials to launch through the product safety management system. We not only comply with domestic laws but also conduct preliminary safety review and preliminary safety assessment by Kimberly-Clark (verification by Global Product Safety Experts). In addition, an exclusive organization for product safety and quality control has been operated in cooperation with R&E, quality, safety, manufacturing, and customer satisfaction related divisions.



[Figure 3-13] Preliminary Ingredient Verification Process



Use of Safe Raw Materials and Integrated Safety Review As part of prevention activities, Yuhan-Kimberly conducts an integrated safety review ranging from safety, compliance to potential social issues of new products. Since introducing the guidelines on raw material usage (2014), we have established and managed the database of product material information in a systematic way. We have voluntarily designated 74 substances with safety concerns to ensure raw material safety from the product development stage. After the voluntary recall of baby wipes in January 2017, we established a set of safety requirements for raw materials (17 materials used for product manufacturing including nonwoven fabric, super absorbent polymer, adhesive, and packaging). In 2018, we completed a preliminary inspection of 623 cases in total (331 cases of licensing, 10 cases of product and raw material safety review, and 282 cases of package review) according to the guidelines on raw material usage. For reference, our sanitary pad products with organic cotton cover, such as Good Feel Organic Cotton Cover and La Nature, contain only organic cotton that received OCS (Organic Content Standard) 100 certification from the EU Control Union, and the flow of raw materials and the content in final products are verified.

[Table 3-9] Preliminary Review of Product Safety and Related Laws and Regulations

Category	Unit	2014	2015	2016	2017	2018
Review of product safety and related regulations	Case	147	175	234	216	623
Management of materials of concern	Type	59	59	74	74	74

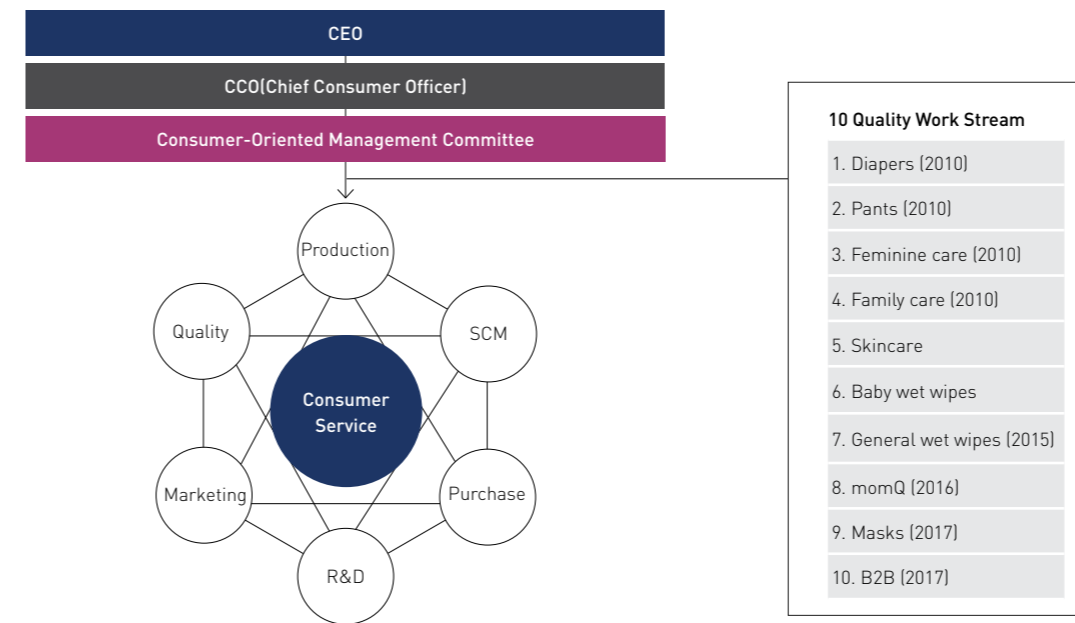
Product safety policy : <http://www.yuhan-kimberly.co.kr/Product/Develop>

Provision of Correct Customer Safety Information_Ingredient Disclosure Respecting the consumers' right to know, Yuhan-Kimberly has been disclosing all ingredients of sanitary pads on its website since 2016. In an effort to relieve consumer anxiety over the issue of Volatile Organic Compounds (VOCs) in 2017, we participated in an international symposium ("Understanding and dealing with chemical substances regarding the safety of daily chemical products") with academia, the government, and other related companies and took the lead in providing correct information on chemical substances.

사람이 희망이다

Consumer Complaint Resolution Process and Professional Counseling Service Currently, Yuhan-Kimberly operates the Customer Satisfaction Division, a dedicated organization to resolve consumer complaints, and the Integrated Customer Support Center, which provides professional counseling services for consumers. The service channels include telephone, website and chat rooms, and telemarketing for senior customers and counseling for B2B customers are also available. In 2018, 7 categories for consumer counseling (Customer support, momQ, Huggies Giveaway Event, Senior Infomercial, Professional, and Unilever, baby fair) have been operated in integration. As for channels, corporate website, integrated brand site (opened in Feb 2015), customized childcare information shopping mall (Huggies momQ, www.MomQ.co.kr), and online platform for consumer education (Woori Nanum TV) are in operation to provide consumer information.

[Figure 3-14] Organization for Consumer-Oriented Management



[HIGHLIGHT] Product Issues and Responses

In 2018, there were social issues, such as the detection of radon and examination of smell by the Korea Consumer Agency. In addition, there were corporate issues, such as cotton swabs label violations. Regarding these issues, we have made efforts for active communication and improvement.

Key issue	Customer inquiries for safety due to the detection of radon in products of other companies and media reporting	Cotton swabs label violation
Period	October, 2018	November, 2018
Our response	Yuhan-Kimberly does not use radon substances in its products. We informed our customers that we do not use radon substances through our integrated customer support center. The result of product inspection for reconfirmation showed that there were no legal issues, but we conducted activities to reduce the original odor of raw materials.	Yuhan-Kimberly voluntarily recalled Double Heart baby cotton swabs and improved product labeling.
Communication channel and figure	Integrated Consumer Support Cente, 81cases	Integrated Consumer Support Cente, 637cases

Hazard: A unique property of chemical substances that can impose harmful effects to human health or the environment, such as toxicity of chemical substances
Risk: The amount of damage that can be inflicted on human health or the environment from exposure to harmful chemical substances, Risk = Harmfulness X Exposure
Volatile Organic Compounds, VOCs: Organic chemicals with volatile properties. Organic compounds that evaporate easily. Hundreds of organic compounds are classified as VOCs, including benzene, toluene, acetone, formaldehyde, etc. VOCs can be naturally released like phytoncide from trees or human-made like gases from laundries, gas stations, or various transportation means.
 * For your information, the consumer-centered management certification has been revoked as a reason for decertification has occurred in August 2018. Nevertheless, Yuhan-Kimberly is voluntarily striving for the advancement of consumer-centered management system on its own.

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Efforts to Reduce Consumer Complaints_Absolute Decrease in Annual Complaints after 13 Years In 2018, we have successfully reduced the number of consumer complaints thanks to the enterprise-wide goal management. Such reduction is attributable to the Consumer-Oriented Management Committee, which was held twice in 2018, and the efforts to improve product and service quality control through the Quality Work Stream in 11 product groups. While integrating the management of counseling information to identify customer needs, we have also promoted digitalization: mobile chatting solution, employee & consumer complaint dashboard, and social listening analysis system are the most representative communication improvements. The Voice of Customer (VOC) collected through online and offline communication channels are utilized for quality improvement, product development, marketing activities, and service improvement. Choosing 'The World's Best Consumer-Centered Marketing & Sales Company' as a management keyword, we have actively implemented consumer-oriented management since 2015.

Activities to Reduce Customer Complaints In 2018, Yuhan-Kimberly operated the Winning Quality (starting in 2016), a program to reduce consumer complaints mainly led by manufacturing employees, in cooperation with the Customer Satisfaction Division, Quality Division, and Education Work Group. Through this program, employees in the manufacturing sector engaged in various activities to deal with product-related complaints, including one-day consumer counseling (26 participants), talk concert for product and service improvement (28 participants from counseling, marketing, and product development division), and counselors' visit to manufacturing sites (23 participants, 4 sessions). Besides, a total of 4,612 customers (selected among those who posted complaints within one year) were offered an opportunity to experience new products first as a way to strengthen communication for customer satisfaction. Yuhan-Kimberly has set and managed customer satisfaction as Key Performance Index (KPI). The mobile customer satisfaction survey was introduced in 2017 to identify customer needs in real-time and improve services. In 2018, the customer satisfaction score rose by 2.7 points from the previous year.

[Table 3-10] Customer Communication at the Integrated Customer Support Center (Unit : number of cases)

Classification		Unit	2016	2017	2018
Customer counseling status	Service counseling	number of cases	169,861	135,315	154,778
	Product counseling	number of cases	20,164	96,465	14,535
	Subtotal	number of cases	190,025	231,780	169,313
Customer satisfaction activities	Activities to increase satisfaction of discontent customers	persons	2,800	3,138	4,612
	Counseling satisfaction	points	91.1	86.0	88.7

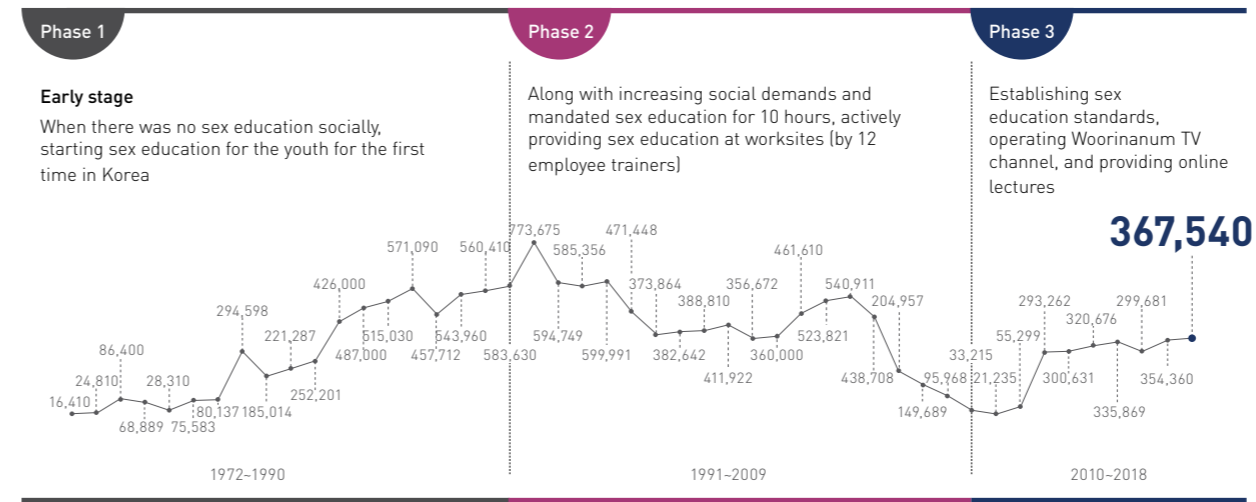
Reflecting the Implementation of the Cleansing & Hygiene Products Control Act in 2018 With the enforcement of the Cleansing & Hygiene Products Control Act (as of April 1, 2018), baby diapers and bathroom tissues were categorized as hygiene products. Accordingly, Yuhan-Kimberly organized a hygiene product task force, held a briefing session on new regulations, completed the inspection of packages and brand pages, specified safety standards, and displayed the certification mark before the enforcement of the Act. In October 2018, the certification mark was displayed on Feminine hygiene products, masks, hand sanitizers, etc. in accordance with the mandatory declaration of all ingredients of quasi-drugs, and also on other products (diapers, bathroom tissues, kitchen towels, etc.) prior to the scheduled date (by April 2020). Yuhan-Kimberly will continue to do its best to provide correct information in cooperation with the government and industries.

Consumer Education_Improvement of Perception of Women's Body through Menstruation Education for 47 Years Since the launch of sanitary pad products in 1971, we have provided consumer education on menarche, how to use sanitary pads, and difference between male and Feminine body with the content we developed. In the 2010s, online platforms have been utilized to deliver menstruation information to adolescents. In 2018, we started to operate a new blog called 'We Have Menstruation!' together with the existing blog 'We Are on Period' to offer more professional health information on menstruation. In particular, we began to use the term 'menstrua-

tion' instead of 'period', and published booklets on menarche for students and parent mentors. In 2018, 367,540 students at elementary, middle and high schools used our menstruation education content, and the total number of participants from 1972 to 2018 has reached 15,665,842.

- 📄 Educational blog for first menstrual period 'We Are on Period' <https://blog.naver.com/ourperiodwithyk>.
- 📄 Blog on women's menstrual period 'We Have Menstruation' https://blog.naver.com/yk_onperiod

[Figure 3-15] Participation in Our Annual Education on Menstruation (1972 to 2018) (Unit : person)



Strengthening Consumer Education on Childcare through Innovation of Woori Nanum TV

Yuhan-Kimberly created an online platform (Woori Nanum TV) in the 2010s to offer menstrual education to youth and also introduced the 'Baby Forum' in the era of low fertility to provide parents with childcare and product information in real-time. Later in 2018, the Woori Nanum TV channel, an online platform for consumer education, was completely overhauled while the Baby Forum, a childcare information site that delivered more than 100 lectures, was transformed into an interactive blog to provide various perspectives on childcare through lectures. From 2018, we have been conducting consumer education for those who use our shopping mall, momQ.

[Table 3-11] Participants of Consumer Education (Unit : person)

Category		2016	2017	2018
Consumer education	Baby Forum	14,738	13,241	23,091
Adolescent Girls	Primary education	101,148	72,930	100,100
	Secondary education	103,938	149,850	145,040
	Post-secondary education	93,968	131,580	122,400
Total		299,681	354,360	367,540
Accumulation (1972-)		14,897,617	15,265,211	15,665,842

* Consumer education data for 2017 is corrected.

[HIGHLIGHT] Yuhan-Kimberly Declaration of Human Rights Protection Policy for Emotional Laborers

On October 16, 2018, Yuhan-Kimberly held the "Declaration of Six Policies for the Protection of Emotional Laborers' Human Rights" at its headquarters to protect the human rights of counselors at the Integrated Customer Support Center. It provides counselors with the right to discontinue service in case of sexual harassment, defamation, profanity, verbal abuse, threats, etc. by customers; encourages the delivery of accurate knowledge and information instead of unconditionally friendly service; and strives for the health promotion of emotional workers. The CEO emphasized that "human rights protection and safety are the most basic values Yuhan-Kimberly pursues and emotional workers should be respected in this regard."

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_ Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Information Protection

Customer Information Protection and Management Yuhan-Kimberly complies with the Personal Information Protection Act and the Act on Promotion of Information and Communications Network Utilization and Information Protection. In 2018, we received the Information Security Management System (ISMS) certification (examined by the Telecommunications Technology Association, reviewed by the Korea Information Security Agency). Through the certification, we have managed the online e-commerce service (momQ) in a stable manner. Starting from January 2018, a newly-developed process has allowed customer information collected at the Integrated Customer Support Center to be automatically processed within the system. In April 2019, a preliminary risk assessment was conducted to identify and eliminate risk factors as part of the effort to ensure information security, safety, and systematic and integrated management. **[2nd important topic in 2019 Stakeholder Survey: personal information protection]**

*ISMS: Information Security Management System Certification (Certification period: Feb 23, 2018 to Feb 22, 2021, ISMS)

Monthly Server Security Update Yuhan-Kimberly operates the IT Help Desk for various business programs, security enhancement and information protection. We apply the latest security patches provided by Microsoft every month to protect the server from vulnerabilities and improve performance. The frequency of update has increased from quarterly to monthly since 2017. (29 updates in total from 2017 to May 2019)

[Figure 3-16] Targets of Regular Inspection Server Security Management

Systems subject to security management	Description
Integrated EDI system	Order system aligned with SAP for distributors
Import and export EDI system	Import and export clearance/refund processing system [Electronic Data Interchange]
Integrated counseling system	Integrated business (CS, momQ, Senior, B2C, B2B) customer (inquiry, complaint) counseling/handling system
KCAMP system	Internal electronic approval and sales knowledge management system
IHB system	Firm banking system
OSP system	Sales forecasting, One sales plan
Intranet	Internal intranet portal
Suggestion management system	Suggestion for work improvement at Kimcheon mill
MCMS system	Bearing oscillation monitoring system



[HIGHLIGHT] | Acquired Information Security Management System (ISMS), certification for Yuhan-Kimberly's online kids e-commerce service operation (momQ)

Yuhan-Kimberly has acquired ISMS certificate through the deliberation of TTA (Telecommunications Technology Association) and KISA (Korea Internet & Security Agency). ISMS is a certification for the general security system that manages all activities of a corporation to protect information assets from various threats. With this certification, Yuhan-Kimberly's momQ service is now internally and externally recognized for its security, stability, systematic general management, and trustworthiness.

Certification period : 23rd Feb 2018-22nd Feb 2021



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Appointment of Chief Privacy Officer Yuhan-Kimberly appoints the Personal Information and Security Officer who is responsible for handling personal information and also resolving complaints and relieving damage related to personal information processing. The PISO is stated at the bottom of the website.

Chief Privacy Officer Choi, SungTaek/ Legal&Compliance /+82-2-6411-0507	Person in charge of Personal Information and Security Jeong, DaEun/ Legal&Compliance /+82-2-6411-0512
--	--

[Table 3-12] Conduct of Personal Information Protection Education

Classification	Education to increase awareness of employees on information protection	Education of external employees on information protection	In-depth education for IT and information workers
Targets	All employees	External employees	In-depth education for IT and information workers
Period	July to Sep 2018	Always	May 2018
Supervising departments	Digital Excellence / Legal&Compliance / HR	Digital Excellence / each department	Digital Excellence
Education method	Online and in-house training	Self training	In-house training
Contents of education	Understanding of laws related to information protection such as the Personal Information Protection Act, Act on Promotion of Information and Communications Network Utilization, etc.	Preparation of security control confirmation form	IT security trends
	Methods of protecting personal information, precautions, etc.	Document security, etc.	Latest security vulnerabilities and solutions

CYBER CLEAN WEEK Practice To enhance company-wide awareness of information protection and make users practice information protection measures, Yuhan-Kimberly utilizes the Cyber Clean Week Checklist for documents and PCs. The Cyber Clean Week takes place once in every quarter (done in January, April, July, and October of 2018).

Continual Improvement and Management of Guidelines In June 2018, Yuhan-Kimberly amended its Personal Information Management Guideline based on the organizational operation, compatibility of asset classification, and latest laws. The Guideline was announced to all employees.

K-C Informing Changes in the Mobile Security Policy In February 2019, YK informed employees via its intranet about the new mobile security policy for individuals and companies using YK's email, schedule, contact, and app.

[Figure 3-17] Efforts to Secure Safety of Personal Information

1. Management measure	2. Technology measure	3. Physical measure
Establishment and practice of an internal management plan and periodic education of employees, etc.	Control of access to the personal information system, etc. installation of an access control system, encryption of unique identification information, installation of security programs	Control of access to a server room, data storage room, etc.



[HIGHLIGHT] What Are in the Personal Information Management List of Yuhan-Kimberly?

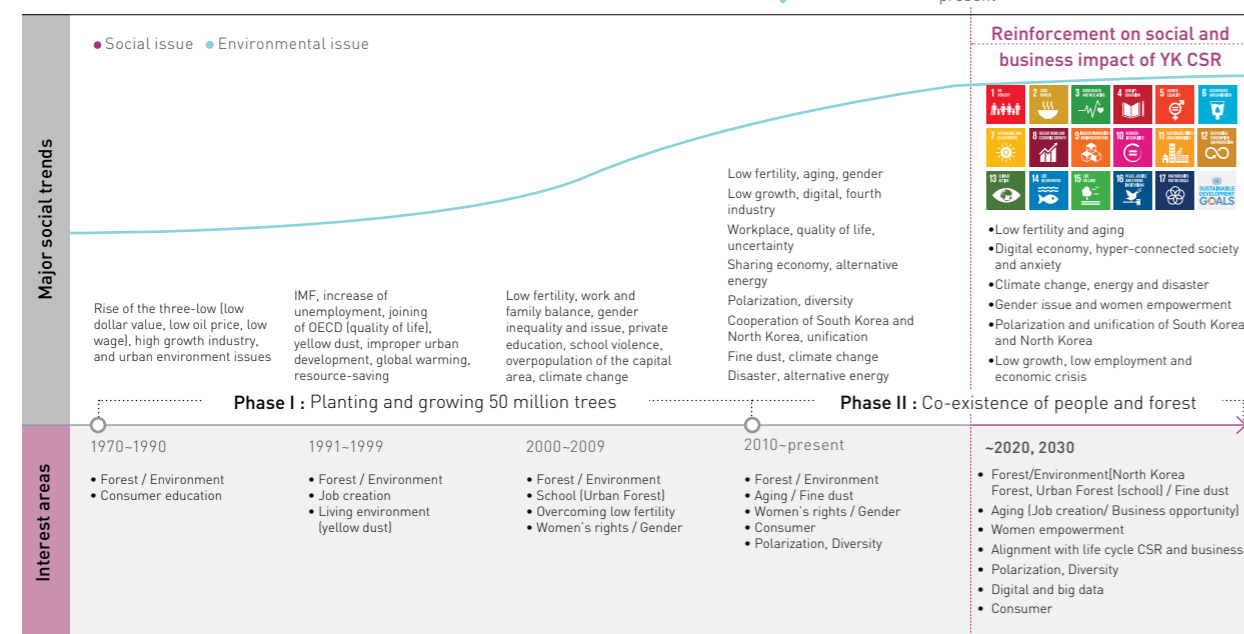
Information security related certification; internal control plan on personal information; personal information processing policy; network diagram and personal information processing system diagram; security equipment name; intrusion detection and prevention system license; personal information consignment/list and contract of associates and third-party providers; entire list of personal information handlers and register of access authorization and cancellation; offline documents on personal information collection (membership, contract, etc.); access logs for each personal information processing system (recent 6 months)/authorization changelogs (recent 5 years); access logs (firewall/webserver); personal information archive DB ERD (Entity Relationship Diagram) and table description

Local Community

Planting **53,208,365** Trees
and afforestation activities for 35years

Focusing on 4 CSR activities: Forest and Environmental Protection, Women, Seniors, Donation and Volunteer Work Regarding social responsibility and contribution as core values, Yuhan-Kimberly conducts a variety of CSR activities in the aspects of forest and environmental protection, women, seniors, donation and volunteer work. In particular, we focus on joint efforts to solve social problems. Since we provided the consumer education in the 1970s, we launched the 'Keep Korea Green' campaign to deal with environmental problems caused by industrialization and urbanization in the 1980s. Next, we evolved the campaign into urban forests and future forests projects in an effort to combat yellow dust and global warming in the late 1990s. In addition, we introduced activities to promote family-friendly corporate culture, gender equality, and women's leadership regarding low fertility and women's rights issue in the 2000s. And recently, we have developed and implemented CSR activities related to jobs, aging, and micro dust in the 2010s.

[Figure 3-18] Transition of Social Agenda and Social Responsibility Activities of YK



[Table 3-13] Yuhan-Kimberly's CSR Performance

Category	Unit	2015	2016	2017	2018	Accumulated contribution	
Forest/ Environment	Forest and environment protection campaign (digital communication)*	Person	10,185	13,165	28,947	71,471	126,907 (2015-)
	Acreage under forestation management	m ²	1,000,000	1,911,300	1,574,000	1,809,000	6,294,300 (2015-)
	The number of Planting (vegetation, high tree)	Trees	326,880	671,757	640,300	769,361	2,408,298 (2015-)
	Participants (volunteer)	Person	-	2,509	2,183	4,361	9,421 (2015-)
	Planting trees with newlyweds	Person	600	600	650	650	21,444 (1985-)
Senior	Forest and environment education for youths (Green Camp)	Person	120	110	98	98	4,485 (1988-)
	Senior_the Senior Forest School	Person	-	79	78	80	237 (2016-)
Female	Senior_Job creation	Number of cases	54	127	147	168	678 (2002-)
	NGO Women_leadership education	Person	72	70	36	70	737 (2007-)
Donation and volunteering	Newlyweds _ Newly Wed's Communication School	Person	166	180	288	304	1,964 (2009-)
	Women in the low-income_Donation sanitary napkins	Person	-	699,786	13,888	10,393	724,067 (2016-)
Consumer	Low-income senior_1% donation from monthly salary	Person	1,277	877	1,042	1,040	4,236 (2015-)
	Gender equality_Employee donation relay	Person	793	861	1,253	1,211	6,454 (2005-)
Consumer	Vulnerable children_Donation to the Hope Bank	Bag	7,831	8,075	5,679	5,289	39,883 (2012-)
	Consumer education_the Baby Forum	Person	11,952	14,738	13,234	23,091	98,239 (2011-)
	Consumer education_Education on menstruation for the youth	Person	323,917	299,681	354,360	367,540	15,557,603 (1972-)

* Acreage under forestation management is based on Mongolia and domestic afforestation. (2015-)

1. CSR Activities for Forest&Environment Protection_ Keep Korea Green Campaign

What Efforts Has Yuhan-Kimberly Made to Protect Forests and the Environment? Since its launch in 1984, the 'Keep Korea Green' campaign has grown into Yuhan-Kimberly's representative forest and environmental protection campaign. For the first 30 years, we had focused on planting and growing 50 million trees, which is equivalent to the population of South Korea. Phase II, we have been developing a model for 'co-existence of people and forest' in cooperation with society. The year of 2018 was meaningful to us since it was the 30th anniversary of 'Green camp,' a forest and environment experience program for youth.

[Table 3-14] Major Projects and Programs of 'Keep Korea Green'

Category	Description	2018 Performance	Cumulative Performance
Three major projects	Future Forest 1999-2018 Proposed the cross-border Cooperation Forest North Korea Forest Phase 1(1999-2008) Provided saplings and fertilizers to North Korea and constructed a tree nursery on Geumgangs Mountain in 1999, constructed a tree nursery in Pyeongyang in 2001, and newlyweds tree planting on Geumgangs Mountain in 2005-2008 (four times) Phase 2 (2009-2019) Installed the Hwacheon Seedling Nursery Center for the restoration of future wasteland in the north in 2017	Number of saplings shipped by a a seedling nursery center 360,000 saplings Planted 27,000 saplings of pine and bee-bee trees in the Minbuk military area	Afforestation and forest care on Geumgangs 13,009,150 trees Number of participating citizens 626 persons
	MongoliaForest Phase 1 (2003-2014) Planted 10 million trees on 3,250ha of the Tujin Nars nature protection area, a border area with Russia MongoliaForest Phase 2 (2015-2020) Afforestation 600ha, installed observatories and created visiting education centers	afforestation area 100 ha two local scholarship students Installed observatories and reorganized the visiting path	Planting in Mongolia Forest 11,331,600 trees (2003-2018), 10 local scholarship students (2015-2019)
	Urban Forest 1998-2018 Suggestion of nature-friendly social alternatives Expanded small forests in cities with high population density and serious environmental problems, developed school forests in 1998, started developing Seoul Forest in 2003, and expanding Seoul Forest to Namsan and Han River Forest	Completed third Han River Index Garden (2016-2018) Afforestation area 0.2 ha Afforestation 661 trees Participated citizen 267 persons	Created 735 school forests Built the Han River Index Garden on gross area of 8,000 m ² , about 160 tons of carbon-offsetting effect
Coexisting Forest 2015-2018	Proposal of community model forests Started to develop alternative forest models in public areas (carbon-offsetting effect, social workplace jobs, green gym, etc.)	Available afforestation area 81 ha Afforestation area 2 ha Afforestation 8,000 trees Participated citizen 300 persons	Coexisting Forest Available afforestation area 210 ha Coexisting Forest participated volunteers 4,361 persons (2018) Coexisting Forest planting 29,100 trees
	Kimcheon Forest (2015-2016) A joint agreement on afforestation was signed for coexisting forests		
	Taejon Forest (2015-2016) A joint agreement on afforestation was signed for coexisting forests		
Participation programs	Tree planting by newly-weds 1985-2018 Tree planting experience Planting of trees in national forests by newlyweds in the spring of every year every spring to spread the environmental protection awareness with a five-year plan (2017-2021) to develop a newlywed forest (National land of 14,000m ² in Hwaseong-si, Gyeonggi-do)	650 participants including newlyweds (446 persons), social leaders, and other authorities, planting of 8,000 fir and wild cherry trees	Number of newlyweds 21,444 persons (1985-2018)
	Forest experience program 1988-2018 Forest experience program for the youth Held annual forest experience camps for female high school students starting in 1988 [Major evaluations] Introduced the concept of 'field study' and obtained the environmental education certification from the Ministry of Environment and the forest education certification from the Korea Forest Service	Hosted the 50th camp in Cheongtaesan Natural Recreation Forest in Gangwon-do for 98 female high school students, 10 undergraduate volunteers and 26 members of the undergraduate experience	Hosted 50 camps in 30 years Number of female high school students who participated in the camp: 4,485 persons (1988-2018)
	Discovery of Beautiful Forests 2000-2018 Finding of forests to be preserved Reviewed forests around the nation to select forests to be preserved every year, starting in 2000	Forests found 7 places in 2018	Discovered 252 beautiful forests of South Korea
The Senior Forest School 2015-2018 Forest education opportunity for seniors in the era of aged society Helped seniors seek alternative lifestyles through back-to-mountain village program	Hosted twice a year, completed by a total of 80 persons (operated fifth and sixth terms)	Number of seniors who completed a back-to-mountain village program 237 persons	

* We cooperate with Forest for Life, Forest for Peace, Northeast Asian Forest Forum, Seoul Green Trust and the Korea Forest Service.

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

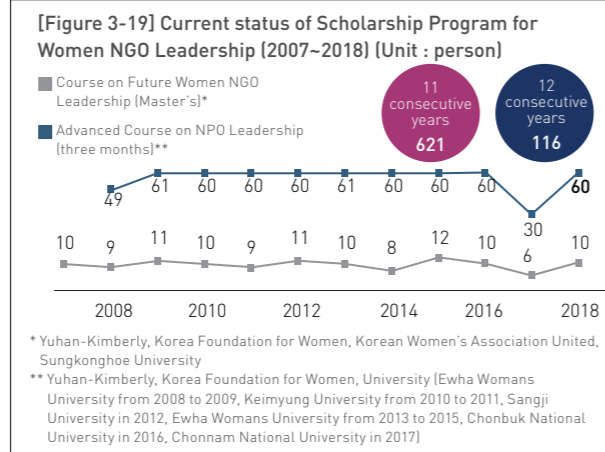
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

2. Women _ CSR Activities for Human Rights Protection and Capacity Building

What Efforts Has Yuhan-Kimberly Made for Women?

South Korea still has a low gender equality index. As a manufacturer of Feminine hygiene products, Yuhan-Kimberly has strived to promote social equality and justice, protect women's rights, and change social attitudes. To this end, we provide products and services for women while offering lifelong learning opportunities and sanitary pads for the better life and women's human rights. The year of 2018 was meaningful to us as we celebrated the 10th anniversary of 'Newly-Weds Communication School,' a communication program designed to find a solution to low fertility.

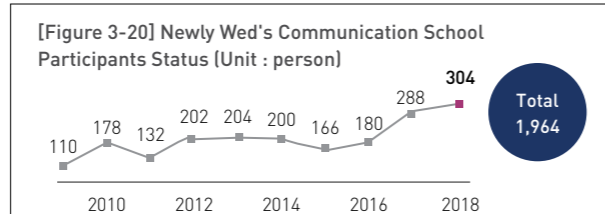


Promoting Gender Perspective and Leadership Capacity for NGO Women (2007 ~ 2018) The 'Women's Leadership Development Program'

is a scholarship project for Feminine activists working in NGOs. Through collaboration among women's foundations - women's organizations - schools - businesses, we have provided life-long-learning opportunities for women for the past ten years (two short-term and long-term leadership courses). From 2007 to 2018, a total of 737 women participated in this program, strengthening the capability to promote gender equality in our society. In 2018, ten women participated in the long-term program (Sungkonghoe University) and 60 in the short-term program (Ewha Woman's University).

Raising Awareness of Gender Equality in the Family among Newlyweds (2009~2018) Yuhan-Kimberly has run the 'Newly-Weds Communication School,' for ten years with Seoul YWCA.

This program was designed to increase the awareness of importance of family and life and also gender equality in the family among the newly-weds in the era of low fertility. The number of participants in 2018 was 304 (1,964 participants and 23 sessions in total). Celebrating the 10th anniversary of the program in 2018, we published research papers and memory books with the suggestion of solutions to low fertility.



Donation of Sanitary Napkins to Low-Income Teens (2016-2018) Yuhan-Kimberly has donated sanitary napkins to low-income teenagers since 2016.

Over the last three years, a total of 3.96 million pads (1.5 million in 2016, 1 million in 2017, and 1.46 million in 2018) have been delivered to the underprivileged youth. In 2018, we introduced a model of consumer participation: sanitary pads are automatically donated as much as the quantity of purchase made on the 'Daughters, Cheer up!' campaign page at 11 Street, an e-commerce channel. The donated sanitary pads were delivered to teenagers in need along with the 'booklet on menarche' through community child centers and school social workers across the country.

[Table 3-15] YK's donation of sanitary pads (2016~2018)

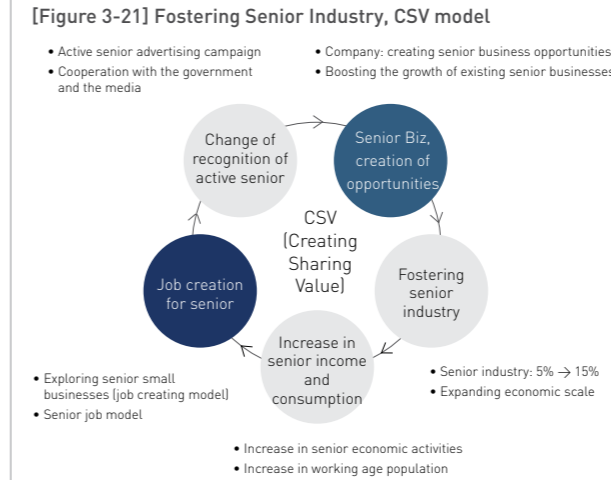
Category	2016	2017	2018
Content	<ul style="list-style-type: none"> Collaboration among the company, Korea Foundation for Women and Education Office Delivering donated pads to schools across the country 	<ul style="list-style-type: none"> Donating sanitary pads from the Korea Foundation for Women - Distribution via National Association of Community Child Centers to local community child centers 'Daughters, Cheer up!' 	<ul style="list-style-type: none"> Donating sanitary pads from the Korea Foundation for Women - Delivered to community child centers from the Korea Foundation Running a matching campaign with 11*, online shopping mall
No. of Beneficiaries	699,786 persons	13,888 persons	10,393 persons
Amount	1.5 million pads (1,532,304)	1 million pads (1,008,352)	1.46 million pads (1,455,120)

사람이 희망이다

3. Senior_Improvement of Perception and Job Creation

What Has Yuhan-Kimberly Been Doing for Seniors?

Job creation has been a national priority and also a social challenge for both 2018 and 2019. Back in 2017, Korea entered the aged society with over 14% of its population being more than 65 years old. Accordingly, the poverty of the elderly and the creation of senior jobs have become major social issues. Yuhan-Kimberly has been expanding its products and businesses to help seniors lead a healthy and active life, while striving to improve the perception of the elderly by youth and create senior jobs.



Creating Senior Jobs through New Businesses

As a new model of CSR activities, Yuhan-Kimberly has realized 'Creating Shared Value (CSV)' through the expansion of senior jobs. Since 2012, we have collaborated with the Work Together Foundation to create senior jobs by finding a market and securing a manufacturing base for small enterprises with less than 50 employees that provide senior products and services. In 2016, we introduced a senior care manager business. We send retired nurses, physical therapists, and care workers aged 55 and over to nursing homes or daycare centers. This creates not only an opportunity for senior businesses but also a job creation model where seniors take care of other seniors. In 2017, we began to offer senior life support services with 50 Plus Korean and Senior Hub. In 2018, 85 seniors aged 55 and over, including 32 newly trained, served at 163 facilities as trainers of cognitive improvement program and hygiene education.

[Table 3-16] Senior Job Creation Model (Unit : person)

Category	Description of task	Period ¹⁾	2012	2013	2014	2015	2016	2017	2018	Accumulated
Call center - Consultation for senior products	Product counselors	2012~2018	2	9	9	8	8	8	8	52
Fostering SMEs	Supporting a facility, direct and indirect		17	35	98	37	77	69	75	408
Fostering distribution system for senior industry	Managing stores and sales		13	1	3	9	9	5	-	40
Senior care manager	Care manager ²⁾	2016~2018	-	-	-	-	33	60	85	178
Total			32	45	110	54	127	142	168	678

1) Calculation of annual subtotal based on the number of participants
 2) The senior care manager business for nurses, physical therapists, care workers, etc. aged 55 years or above continues in 2019.

[Table 3-17] Senior Care Manager Project

Category	Senior care manager	Hours	Organization received support	Number of beneficiaries	Satisfaction
Accumulated figure from 2016~2018	178 persons	8,222 hours	385 organizations	152,322 persons	84% of senior care managers satisfied with self-improvement

Growing Small Businesses to Build Senior Industry Ecosystem

Yuhan-Kimberly has strived to foster small businesses and social enterprises with less than 50 employees that develop and provide senior products and services. We have provided consulting services to those who aspire to engage in senior business through the "Senior Jobs Fund," contributing to revitalizing the senior product market and expanding senior jobs. By 2018, we have developed six small businesses (38 in total) and six products and services (74 in total).

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

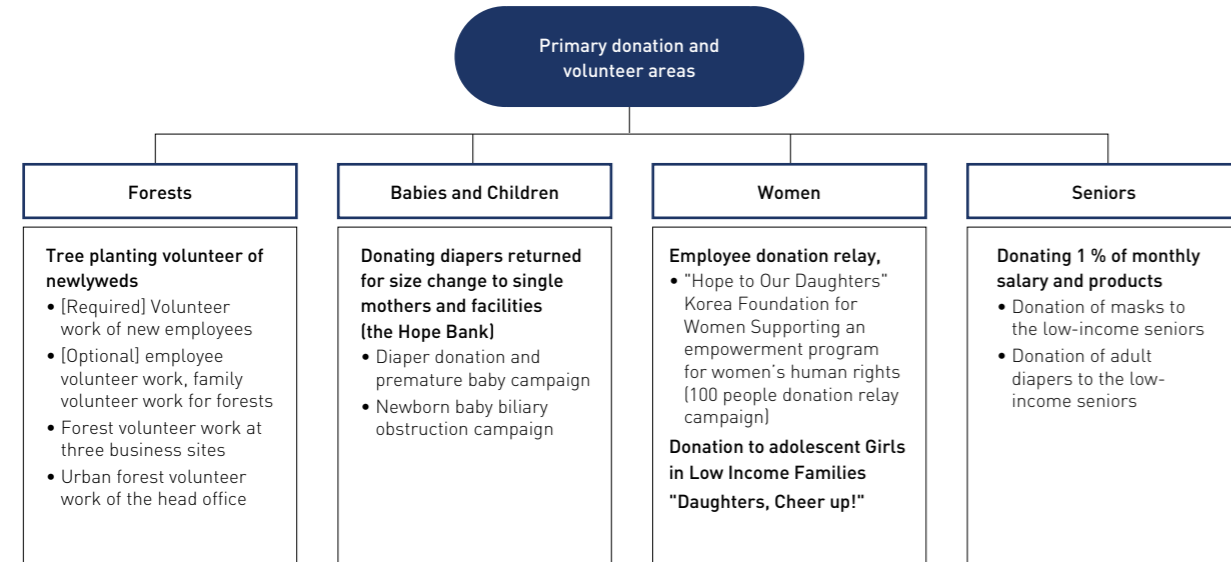
- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

4. Helping Neighbors_ Internalization of Donation and Volunteer Work

[Figure 3-22] Primary Donation and Volunteer Areas



What Kind of Donation and Volunteer Work Does Yuhan-Kimberly Do? Yuhan-Kimberly mainly promotes donation and volunteer work related to forests, infants and babies, women, and seniors. We have created a corporate culture where employees and their families are encouraged to continue CSR activities in their daily life through donation and volunteer work. A regular donation campaign is carried out by all employees to help women and seniors in need in spring and winter seasons. Besides, volunteer programs to protect forests and the environment are implemented with the participation of employees and their families at three manufacturing sites. Furthermore, employees are supported to set and manage their annual goals by themselves on the volunteer work page of the intranet. In 2018, the hours of voluntary work of our employees have reached 4,566 hours in total.

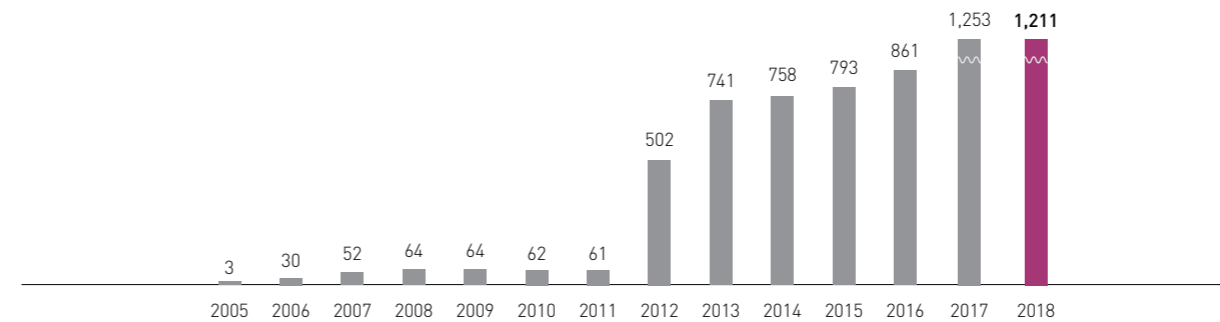
[Table 3-18] Main Donations and Volunteer Programs

Classification	Employee participation_Donation program		Volunteer work+donation	Participation of employee and family_Volunteer program
Activities	'Hope for Daughters' donation relay	Donating 1% of monthly salary at the end of the year	The Hope Bank_Donating diapers returned for size change	Volunteering for forest and environment
Content	Promoting women's human rights, the culture of gender equality, etc.	Supporting low-income seniors, product donation to dementia facilities, support of independence of seniors	Providing diapers to low-income families, single mother facilities, social welfare facilities	Forest volunteer work of three mills and the head office, Planting trees with newlyweds, new and existing employees volunteer work
Performance in 2018	Employees participation : Total 1,211 employees Donation : KRW 44,856,524	Employees+consumers participation : 1,040 employees+10,716 consumers Employees+consumers+YK matching grant donation: Total KRW 120 million	Employees participation: Total 180 employees (four times) Donated diapers : Total 5,289 bags	Participation of forestation in Choongju, Taejon, Kimcheon: 300 volunteers, 8,000 trees
Period	Mar. to Apr. 2018	Nov. 2018 to Apr. 2019	June, Oct, Nov. 2018	Mar. and May. in 2018
Partner	The Korea Foundation for Women	The Korea Medical Assistance Foundation, Naver Happy Bean	The Community Chest of Korea, Korea Juvenile Protection Association, Korean Red Cross, etc.	Forest for Life, Seoul Green Trust

* The new integrated product donation platform created in January 2019 allows consumers to participate in donation.

'Hope to Our Daughters': Employee Relay Donation (2005 to 2018) Since 2005, Yuhan-Kimberly's employees have regularly participated in the donation campaign for women empowerment every April for the past 15 years in order to spread the culture of gender equality and protect women's rights. In 2018, a total of 1,211 employees participated in the relay donation led by four donors, and the donations were delivered to the Korea Foundation for Women.

[Figure 3-23] Number of Participants in the Donation Relay to Promote Gender Equality in Society (2005-2018) (Unit : person)



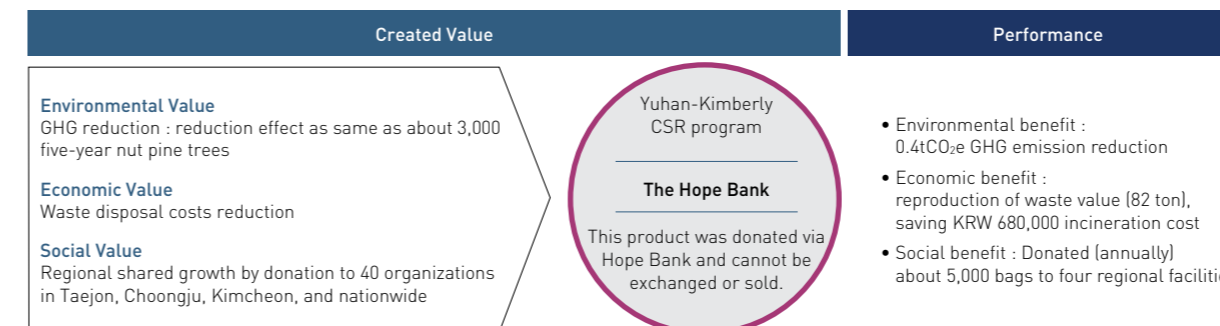
Donating 1% of Monthly Salary to Help Seniors in Need (2015 to 2018) Yuhan-Kimberly has regularly donated 1% of employees' monthly wages once a year to help seniors in need. In 2018, our employees donated from their monthly salary for November, and so did the company in the form of matching fund. Meanwhile, baby diapers are also provided free of charge.

[Table 3-19] Donation Amount of 1% Donation Campaign by Year (Unit : KRW)

Classification	2015	2016	2017	2018
Donation from employees	50,584,327	45,508,703	43,478,028	43,729,418
Donation from matching grant	50,584,327	36,000,000	48,999,995	45,000,000
Donation from consumers participation	-	-	-	30,515,900
Total	101,168,654	81,508,703	92,478,023	119,245,318

Donation of Diapers after Size Exchange: 'Hope Bank' (2012 to 2018) As one of our donation programs, 'Hope Bank' was designed to improve social and environmental value by repackaging some of the unopened diapers that were exchanged due to the wrong size through volunteer work and donating them to local communities. From 2012, the diapers donated have been delivered to welfare facilities that help children in need or single mothers. A total of 5,289 Bags were donated in 2018 through Hope Bank.

[Figure 3-24] Diaper Donation through the Hope Bank



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_ Application of Digital Transformation
- Keeping on Social Responsibility Management_ Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_ Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Diaper Donation Campaign: 'For Premature Baby Campaign' (2017 to 2018) Unfortunately, more than 30,000 babies are born each year prematurely in this era of low fertility. A premature baby is born too early, weighing less than 2.5kg or before 37 weeks of pregnancy. Their underdeveloped body organs require medical care. Since the introduction of diapers for premature babies in 2014, Yuhan-Kimberly has paid much attention to them and launched the 'For Premature Baby Campaign' in 2017. The diaper size has been more subdivided, and our shopping mall momQ and hospitals offer diapers free of charge to premature babies. **In 2018, 723,300 pads were delivered to them.**

[Table 3-20] Diaper Donation

Category	Unit	2016	2017	2018	Donating and distributing organization
Donating diapers for premature babies	Pad	-	570,600	723,300 (About KRW 97,000,000)	Starting July 2017, momQ and hospital (parents of premature babies)
Hope Bank donating diapers	Bag	8,075	5,679	5,289 (About KRW 39,658,140)	Community Chest of Korea, Single Mother Family Association, etc.

Social Contribution Activities by Region The Taejon, Kimcheon and Choongju Mill have helped neighbors in need and offered scholarships for their local communities. The Taejon Mill provided emergency sanitary pads (275 boxes in total, 22,000 pads) for Feminine adolescents in vulnerable group, such as low-income elementary, middle, and high schoolers in Daedeok-gu, Taejon and the socially vulnerable, and participated in the '2018 HOPE Food Pack', a volunteer service for children in poverty. The Choongju Mill is promoting win-win growth with the local community by participating in the '2019 Sharing with Veteran Families'.

[Table 3-21] CSR Activities for Local Community in 2018

Mill	Organization	Description	Amount of donation (Unit : KRW)
Taejon	Community Chest of Korea (Taejon)	Supporting local community	10,000,000
Kimcheon	Kimcheon Human Resource Promotion Foundation	Scholarship for youth from low-income group	10,000,000
Choongju	Community Chest of Korea (Chungbuk), Saemaoul Center in Choongju	Supporting local community, Making kimchi	7,000,000+3,000,000



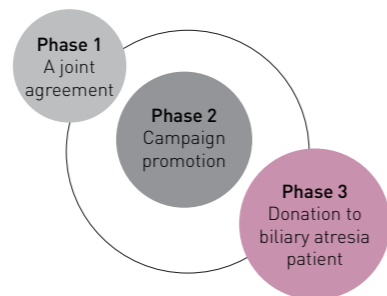
[HIGHLIGHT] Launching the 'Campaign to Observe Baby Stools for 4 Weeks', a Campaign to Overcome Biliary Obstruction

[Status] Approximately 50 babies are born with biliary atresia, a rare disease, in Korea every year. Biliary atresia occurs when the ducts (tubes) that carry bile from the liver to the gallbladder are blocked. The baby will appear jaundiced, their abdomen may become swollen, and stools appear pale grey. Delayed treatment can lead to liver transplantation or death, so it requires a quick diagnosis.

[Response] On November 26, 2018, Yuhan-Kimberly concluded a three-year agreement (2018-2020) and launched a joint campaign with the Yonsei Severance Children's Hospital, for the early detection of biliary atresia through the observation of diaper stools. For reference, biliary atresia can be prevented with fast medical help if grey pale stools are detected on newborn diapers.



[Figure] Plan for a Campaign to Overcome Biliary Obstruction



사람이 희망이다

SPECIAL PAGE

CSR Activities with Digital Technology

Building and Utilizing Integrated Product Donation Platform

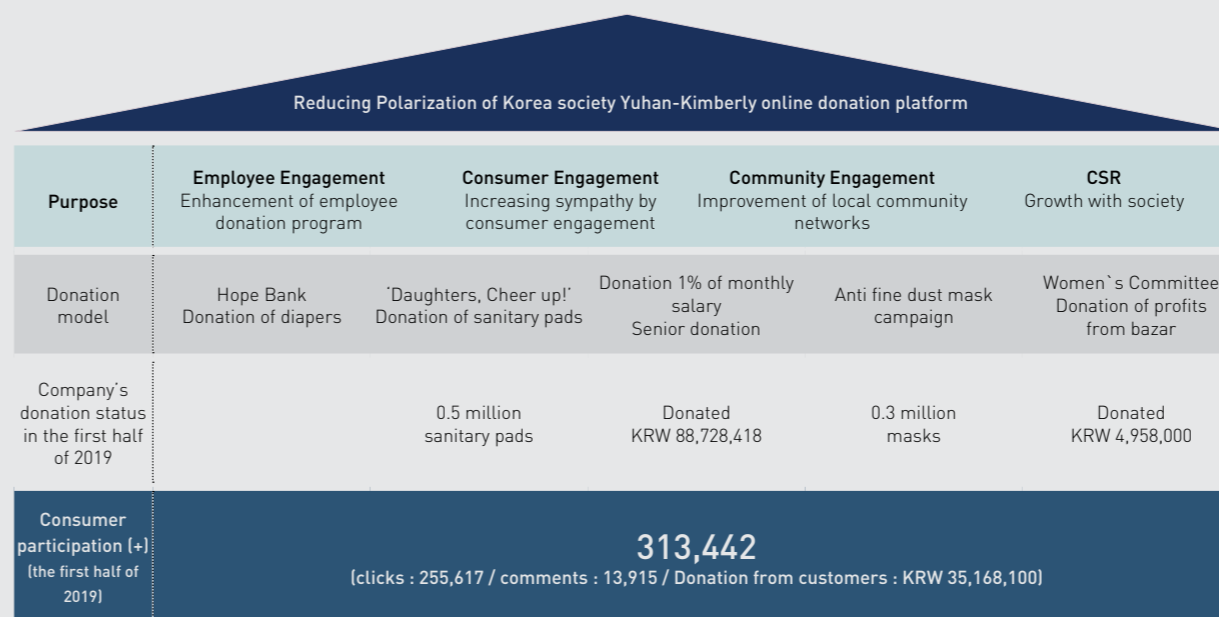
In January 2019, Yuhan-Kimberly introduced an integrated product donation platform (within Naver Happy Bean) to communicate with consumers and contribute to easing economic polarization. We have run five product donation campaigns with the participation of all employees. Through the digitalization efforts for donation, we are encouraging consumer engagement and promoting the donation culture in the Korean society.



[Table 3-22] Yuhan-Kimberly's Online Donation Platform Model

	Existing model - Offline donation model	New model - Donation model based on an online platform
Definition of model	The company donates cash or products to organizations and individuals in need through NGOs, etc.	Donation of cash or products by the company and consumers who use the online donation portal (Naver Happybean) to organizations and individuals in need
Donating body	Company	Company, Customers, Online Donation Portal

[Figure 3-25] Operation Status of Yuhan-Kimberly's Online Donation Platform



Integrated Product Donation Platform <https://happybean.naver.com/GoodCompanyClub/123462986118>

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Environmental Performance

At a glance_ Environmental Performance

Category	Type	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Environmental protection cost	Total cost	KRW 100 million	125.1	124.7	147.0	157.1	161.8	177.1	171.9	148.1	126.0	
	Percentage to net sales	%	1.0	1.0	1.0	1.2	1.2	1.2	1.1	1.1	0.9	
GHG emission	GHG emission allowance (goal)	tCO ₂ e	-	-	209,598	164,386	175,606	238,130	243,016	236,637	204,434	
	Total GHG emission	tCO ₂ e	178,787	170,750	168,351	166,177	172,097	201,723	204,943	202,986	202,102	
	Direct (Scope 1)	tCO ₂ e	54,334	49,124	45,284	45,920	13,042	17,161	20,638	21,257	22,829	
	Indirect (Scope 2)	tCO ₂ e	124,456	121,630	123,069	120,260	159,058	184,564	184,308	181,730	179,274	
	Intensity of GHG emissions	tCO ₂ e/product ton	0.748	0.792	0.736	0.745	0.735	0.779	0.812	0.865	0.916	
Energy	Energy use	TJ	3,441	3,312	3,430	3,379	3,445	3,945	4,009	3,977	3,967	
Water	Water use	m ³	3,378,822	3,181,832	2,874,315	2,865,243	2,846,816	3,924,777	3,516,736	3,561,610	3,407,973	
	Municipal water	m ³	132,568	159,735	171,295	169,311	154,153	167,206	148,251	130,293	137,496	
	Stream water	m ³	2,765,717	2,737,461	2,631,874	2,634,040	2,650,303	3,719,091	3,332,427	3,401,403	3,227,216	
	Industrial water	m ³	480,537	284,636	71,146	61,892	42,360	38,480	36,060	29,914	43,261	
	Water usage per volume of products produced	m ³ /product ton	14.4	15.0	12.3	12.5	11.7	15.3	13.9	15.2	15.4	
Waste	Waste generation per volume of products produced	ton/product ton	0.22	0.23	0.21	0.21	0.18	0.20	0.18	0.16	0.15	
	Ratio of recycled waste	%	88.6	91.6	95.8	98.1	98.9	90.4	97.9	97.5	97.9	
Recycle	Ratio of recycled paper use	%	39.0	39.5	33.5	33.5	29.9	33.4	29.8	20.2	18.4	
	Domestic recycled paper	%	91.8	86.5	86.1	92.5	89.7	78.3	71.8	59.8	54.3	
	Ratio of recycled water use	%	43.4	42.1	39.5	39.8	40.0	37.1	39.7	35.0	33.5	
Water purity control	Treated water discharged	m ³ /product ton	11.6	12.9	10.6	10.7	10.2	13.5	12.4	13.2	13.3	
	Water pollution	Total suspended solids	kg/product ton	0.027	0.025	0.020	0.023	0.022	0.041	0.043	0.031	0.038
		Biochemical oxygen demand	kg/product ton	0.015	0.012	0.012	0.008	0.008	0.013	0.015	0.02	0.035
		Chemical oxygen demand	kg/product ton	0.155	0.161	0.153	0.149	0.143	0.222	0.243	0.207	0.261
Air	Dust	kg/product ton	0.006	0.011	0.012	0.013	0.009	0.028	0.024	0.023	0.028	
Cost for diaper wastey		KRW 100 million	40	44	82	82	85	90	88	76	68	
Cost for package recycle		KRW 100 million	6	6	7	6	7	9	9	9	9.5	

* Since the destruction of incinerators at Gunpo and Kimcheon mills in 2011, NOx and SOx emissions have become zero.

Environmental Performance

We will respond to climate change and minimize the environmental load.

SDG Targets



Management Approach

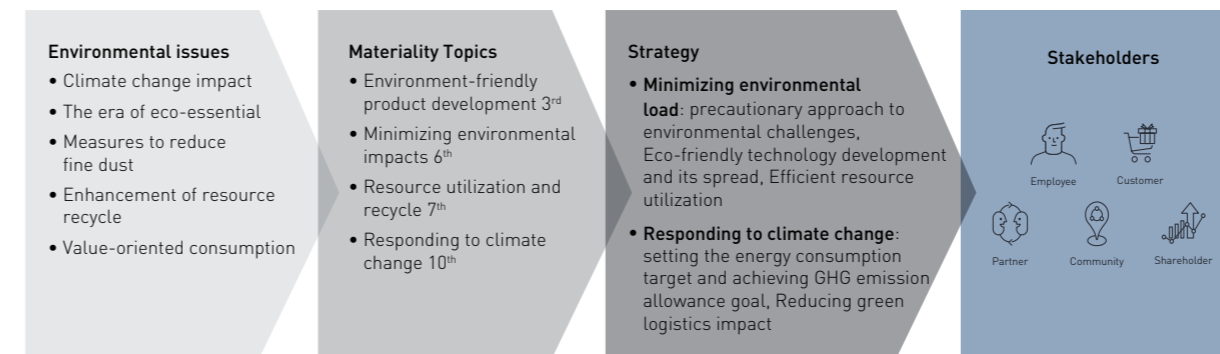
Why is this topic so important? As the severity of climate change has increased, the global society is working together to respond to global warming effectively. The governments have strengthened environmental protection and energy-related regulations, consumers have developed a tendency of value-oriented consumption, and the era of 'eco-friendly' has been followed by the era of 'eco-essential'. The 2019 stakeholder survey (table below) shows that environment-related agendas rose by two notches from the previous year, and strategic importance was high.

2019 Materiality Topics	Stakeholder(external)	Strategic materiality	Average	2018 Ranking	2019 Ranking
Environment-friendly product development	86.3	84.2	86.2	5	3
Minimizing environmental impacts	84.5	81.5	84.3	8	6
Resource utilization and recycle	83.9	80.8	83.8	New	7
Responding to climate change	82.1	79.3	82.0	12	10

What is our approach?

Since the announcement of its environmental management plans in 1996, Yuhan-Kimberly has joined a number of environmental initiatives and organizations at home and abroad. In addition, all of our manufacturing and production sites have acquired the ISO 14001 certification, establishing environmental management plans and monitoring under international standards. In 2018, we created the Corporate Environmental Management and the Collaboration Organization to put more focus on the development of eco-friendly products and services.

How do we manage performance?



Performances and Goals in 2018			2019 Goals
Goals	Performance	Evaluation	
Responding to climate change_reducing the amount of GHG emissions compared to the permits	Accomplishment of the goal to reducing from the previous year 2018 GHG emission allowance 204,434tCO ₂ e → Actual emissions 202,102tCO ₂ e (Reducing 2,332 tCO ₂ e)	●	1. Promoting corporate environmental management 3.0 2. Accomplishing reduction goal of GHG emission allowance 3. Successful complete of environmental investment
Expanding eco-labeled products	Acquired environmental certifications for 11 product groups (eco mark, FSC certification)	○	

Evaluation: exceed ● meet ○ require efforts ○

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

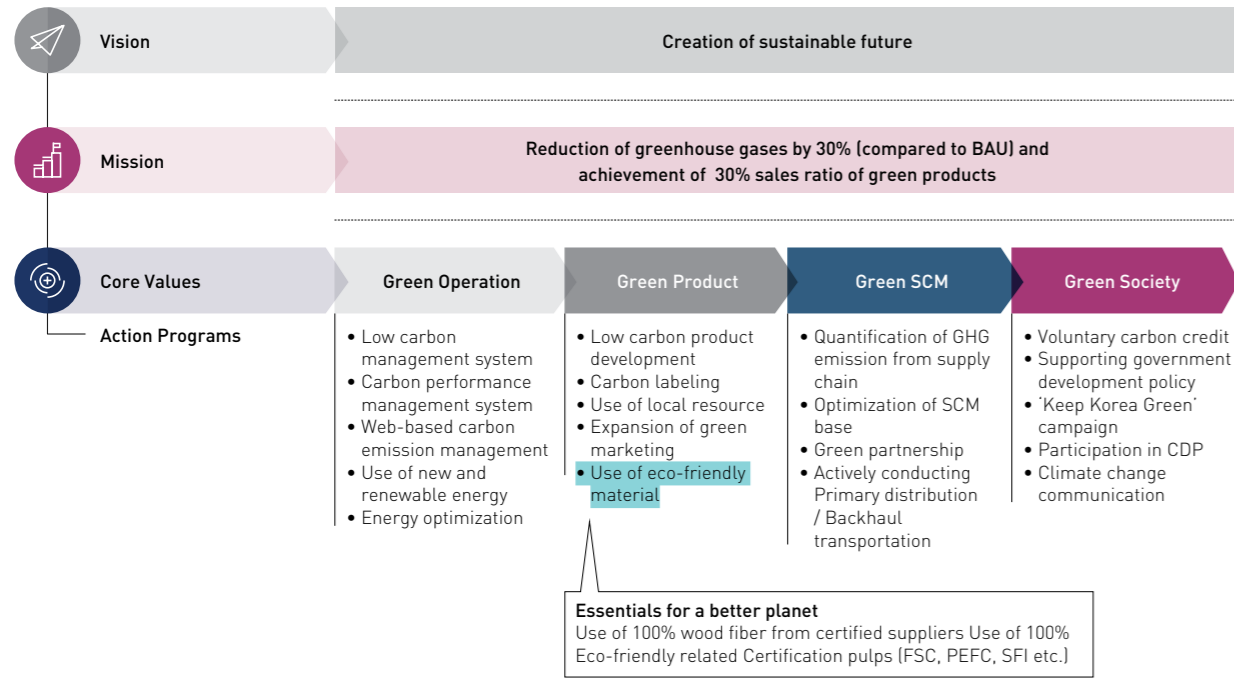
- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Low Carbon Vision and Climate Change Response

[Figure 3-26] Yuhan-Kimberly Environment Management Low Carbon Vision

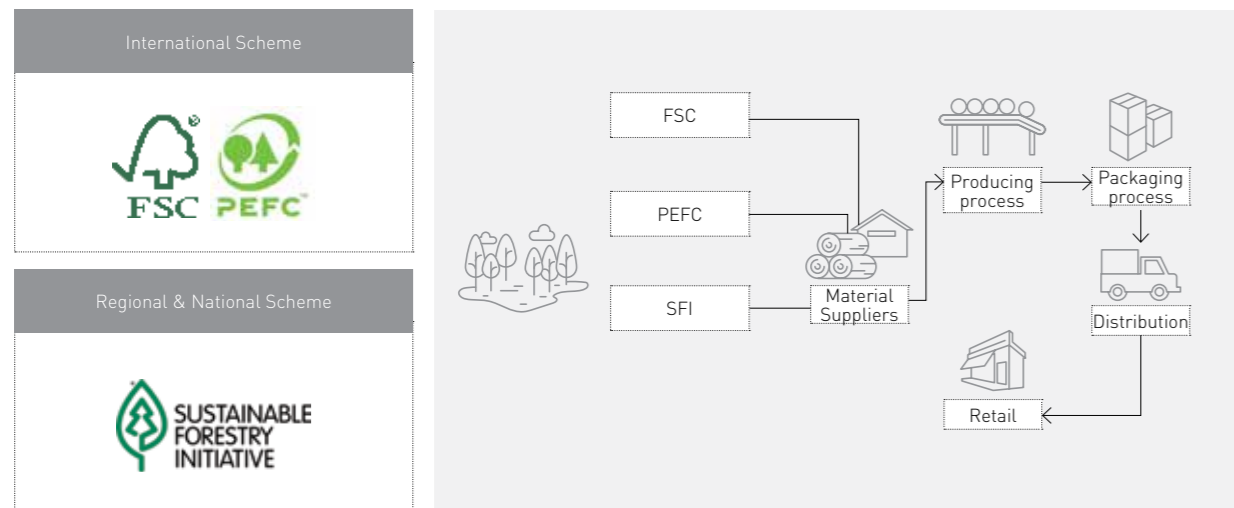


[Table 3-23] Green Purchase (Purchasing of Fabric with FSC certification)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Certification
Purchasing (ton)	95,314	112,766	95,208	106,756	99,857	112,543	116,095	134,041	135,398	140,948	FSC ¹⁾ , PEFC ²⁾ etc.

1) FSC(Forest Stewardship Council)
2) PEFC(Programme for the Endorsement of Forest Certification)

[Figure 3-27] Producing Process Using Eco-friendly Materials



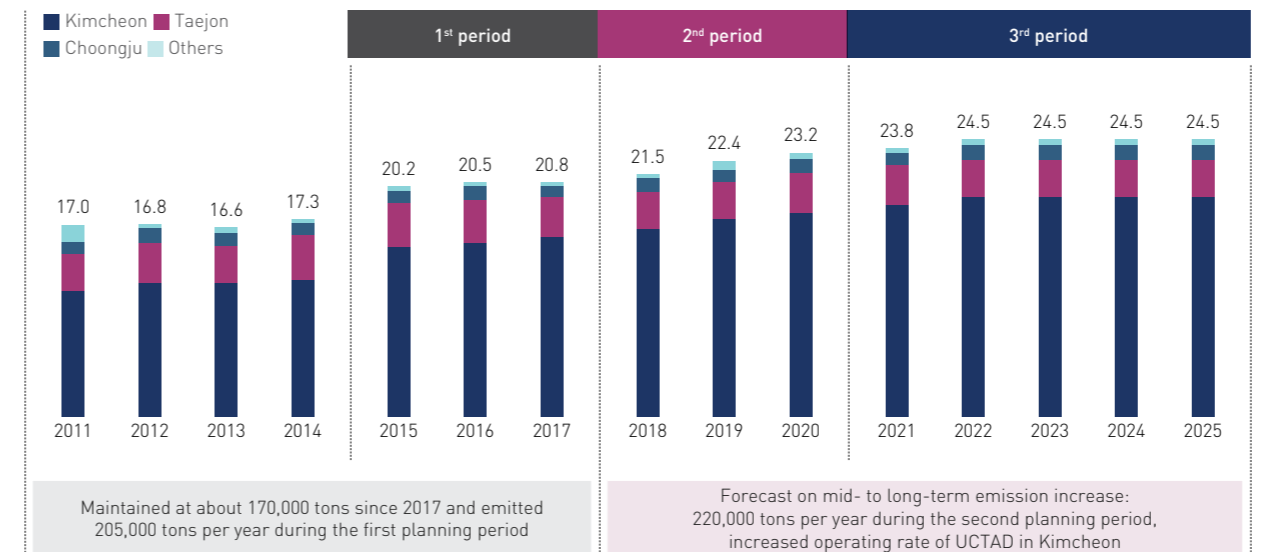
Low-Carbon Operations

Response to Climate Change Achieving Low Carbon Vision and Exceeding CO₂ Reduction Goal by 1.1% in 2018

According to the low-carbon vision and roadmap, Yuhan-Kimberly exceeded the GHG emission allowance from government by about 1.1% in 2018 (202,102tCO₂e=directly 22,829 tCO₂e +indirectly 179,274tCO₂e). We will receive a certification for the previous year's emissions from Greenhouse Gas Inventory and Research Center on May 2019. For reference, the amount of GHG reduction that exceeded the target (2,332 tCO₂e) is to be carried forward to the second trading period through the government registration system or to be sold in the OTC market. And the proceeds from sales will be used for the reinvestment in environment and energy facility improvement and also in preparation for the second trading period. The transaction costs of emissions trading in 2018 were KRW 2.1 billion.

Kimcheon Mill Energy Efficiency Improvement Project Over the past 4 months (from March to June 2018), the Kimcheon Mill had implemented an energy consumption diagnosis project together with Kimberly Clark for the purpose of cost and GHG emission reduction by improving energy efficiency of hand towel and tissue production facilities. Through this project, an improvement plan was established to replace the existing high-capacity vacuum pump with a high-efficiency blower and optimize the hood system for drying in the production line 8 and 9. The plan is scheduled to be implemented in the second half of 2019 with an investment of about KRW 7 billion, and it is expected that the energy cost and GHG emissions will be reduced by 7.3% and 4.9%, respectively, compared to 2017.

[Figure 3-28] Yuhan-Kimberly's Current GHG Emission and Mid and long-term Prospects (Unit : 10,000 tons)



[Table 3-24] Business Site and Environmental Certifications

Category	Period	Certification agency	Mill
Green Company	2017.7.4~2020.7.3	Ministry of Environment	Taejon mill
	2016.11.27~2019.11.26	Ministry of Environment	Choongju mil
ISO 14001	2018.10.30~2021.10.19	SGS	Taejon mill
	2016.12.24~2019.12.23		Kimcheon mill
	2018.10.27~2021.10.27		Choongju mil
Best Workplace with Excellence Healthy Promotion Activities	2011.8.30~2020.8.29	Ministry of Employment and Labor	Taejon mill

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Low-Carbon Products

Purchase of Eco-friendly Raw Materials_Green Purchasing Yuhan-Kimberly cares about the environment and sustainability from the stage of purchasing pulp, one of its main raw materials. We have concluded a voluntary agreement with industries for green purchasing. In 2018, we spent KRW 117.2 billion on purchasing pulp that received a forest certification. Besides, our diapers and pants produced for the domestic market acquired the FSC CoC (Forest Stewardship Council Chain of Custody), one of the international forest certifications.

While complying with the international guidelines, Yuhan-Kimberly will monitor its efforts to use eco-friendly raw materials at the stage of product development and will expand certification to other manufacturing sites and products in the near future.

[Table 3-25] Acquisition of FSC CoC Certification

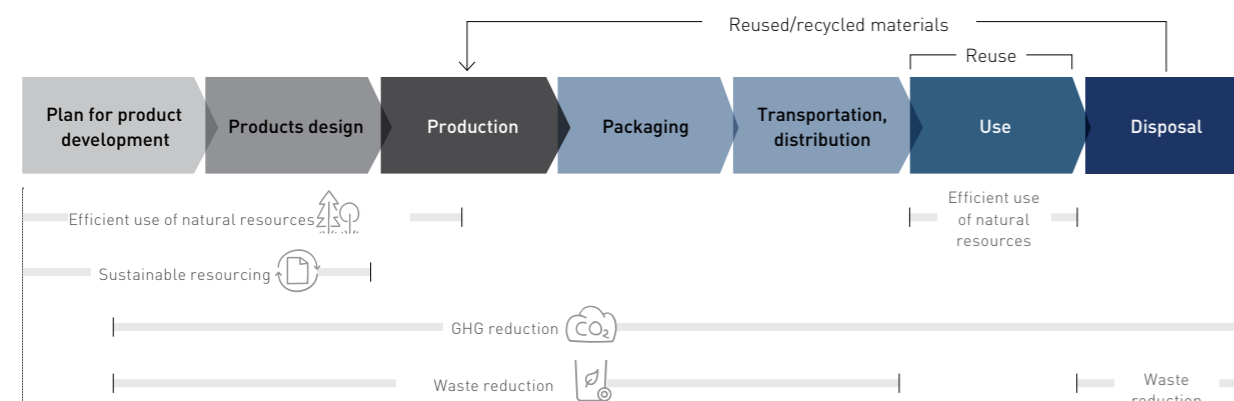
Name of product	Mill	Certification period
The entire production process of Kleenex dry cell hand towel	Kimcheon	2015.8.6 ~ 2019.6.13
Diapers and underwear for the domestic market	Taejon	2018.2.20 ~ 2023.2.19

Development of Eco-friendly Products Yuhan-Kimberly defines sustainable products as those that total of 5 steps [raw materials-manufacturing process- product performance- packing- product certification], and has managed environmental performance stage by stage. Starting with Huggies Nature Made in 2008, we have launched a variety of products made from natural and organic ingredients so that we can meet the customer expectations for ethical consumption and environment preservation. We have acquired environmental labels for B2B products including Kleenex Dry Cell Hand Towel, family care products and diaper products. As of 2018, we have 11 eco-labels in total. We have expanded the existing five steps of the eco-friendly product development process into seven steps, developed eco-friendly product index, and strengthened the mindset of employees about environmental management. Meanwhile, we have set the priorities of sustainable and eco-friendly product development and established strategies for new products and packaging.

[Table 3-26] Acquisition of Eco mark certification/CFP [Carbon Footprint of Products] (Unit : type)

Category	2016	2017	2018	Current certified products
CFP	7	7	-	Nature Made, common (1-step) and respectively for boys and girls (2, 3, 4-step)
Eco mark certification	22	18	11	Popee Jumbo Roll, Popee Embossing Jumbo Roll, Save Roll Tissue, Save Jumbo Roll, Kleenex Hand Towels, Dry Cell Premium (roll type), etc. (Currently preparing to increase the number of certified product groups to 29)

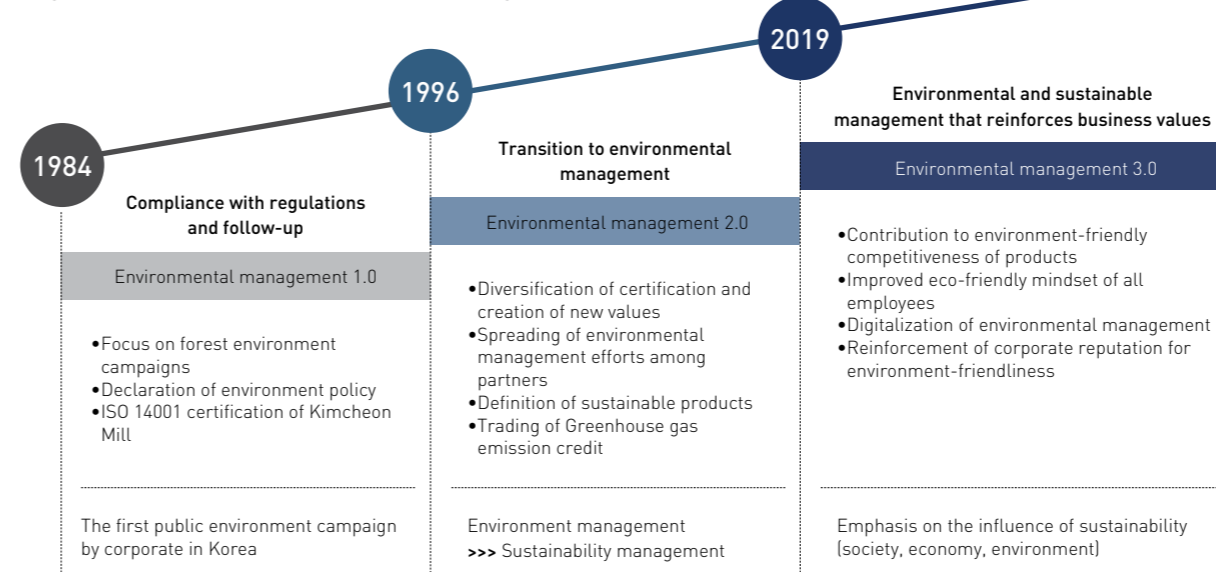
[Figure 3-29] Contribution to Competitiveness in Eco-friendliness of Product_Effort to Rearrange Flow of Product Development



Waste Generation Reduction and Recycling Efforts In order to reduce waste generated in the manufacturing process, we have set the goals for total waste generation and waste unit (waste generation compared to production) and managed the targets for raw material and product waste, respectively, to minimize process waste. Most of

the waste generated (98%) is treated in the order of reuse, recycling, and incineration to minimize environmental impacts, and waste reclamation is avoided. Scrap papers and leftover fabrics are recycled after recovery and rework to minimize the amount of waste generated. When it comes to nonwoven fabrics, we contribute to reducing, outward transport, and purchasing cost of raw materials by improving resource recycling within the process. (non-woven fabric production process at the Kimcheon and Taejon Mill in 2018: 2,051 tons and KRW 1.9 billion reduced) The waste generated in 2018 consists of paper sludge, defective diaper products, and raw material leftovers. The rest (2%) includes dust from air pollution prevention facilities and miscellaneous junk. The total waste generated in 2018 was 33,476 tons, down 12% from the previous year, and the waste generated per ton of product was 0.152 tons, also reduced 6% over the same period.

[Figure 3-30] Efforts to Practice Environmental Management



Certification of Recyclable Resources_Waste Synthetic Resin from Sanitary Pad Manufacturing Process

The Choongju Mill received the certification of recyclable resources for waste synthetic resins generated from the sanitary pad manufacturing process, according to the Framework Act on Resource Circulation enacted on January 1, 2018. Through the certification, waste materials that have a low environmental but a high economic impact and thus can be directly input into raw materials (such as waste paper or scrap metal) can be certified as recyclable resources and excluded from the regulations. The recyclable resources are processed into recycled materials and used to make plastic containers for daily use. The certification period of recyclable resources ends on January 8, 2022.

[Figure 3-31] Efforts to Circulate Resources



Utilization of Recycled Paper The sanitary paper products produced at the Kimcheon Mill are made of pulp and recycled paper, and for recycled paper, we use both domestic and imported waste paper. In 2018, the utilization of recycled paper was 18.4%, of which 54.3% was from domestic waste paper. In accordance with consumer needs, the production of premium products increased in 2018, leading to a 1.8%p decrease in the utilization of recycled paper from the previous year.

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

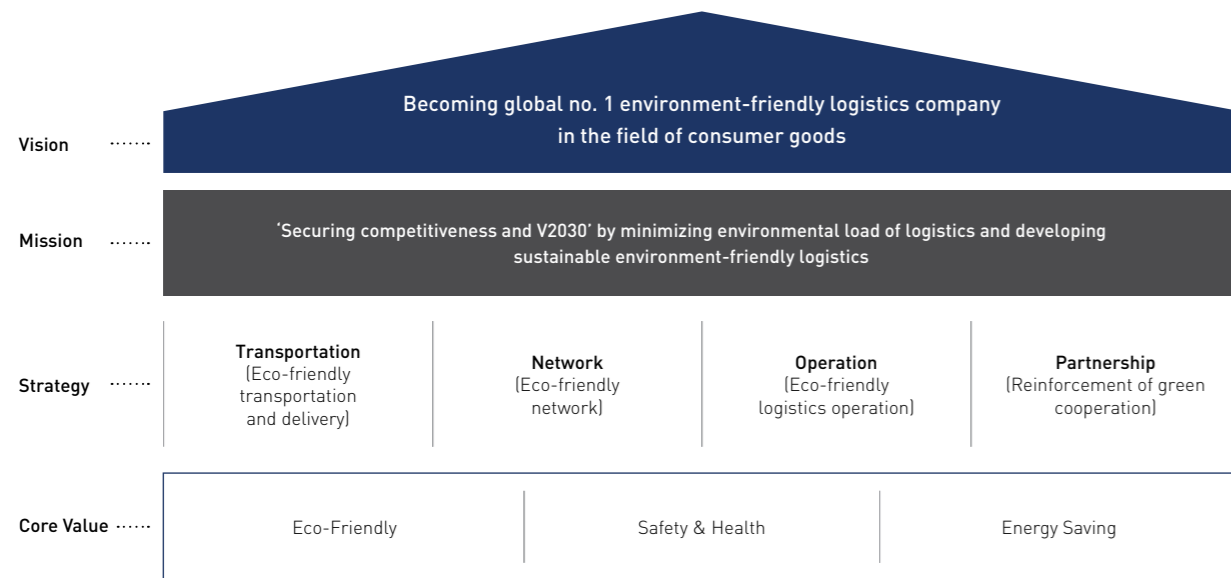
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Low-Carbon Supply Chain

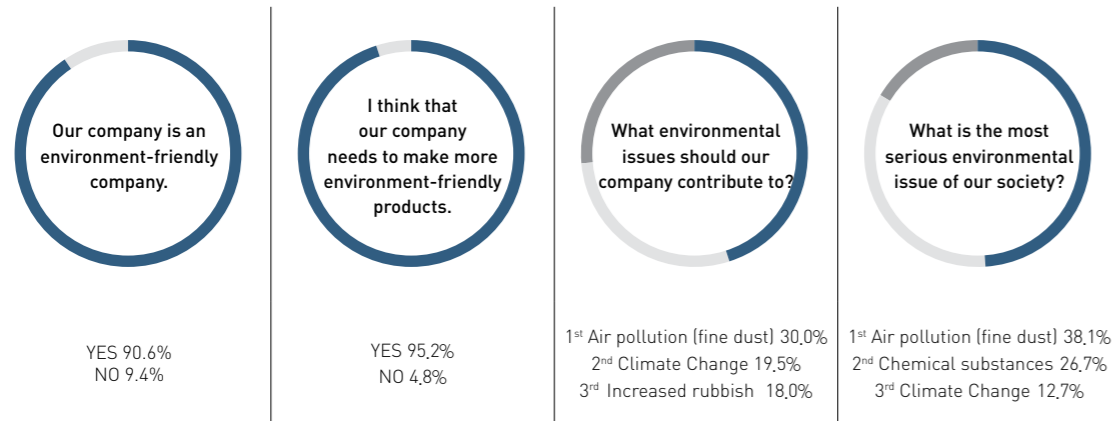
Green Logistics Vision and Strategy We created a task force responsible for eco-friendly logistics in 2019. We established Vision 2030, presented four strategies of eco-friendly transportation and delivery, eco-friendly network, eco-friendly logistics operation, and green cooperation, and developed action programs.

[Figure 3-32] Vision and Strategy for Environment-friendly Logistics



[HIGHLIGHT] Communication with Stakeholder: Ask Employees about Environmental Management

Yuhan-Kimberly surveyed on environmental management awareness to its employees according to create Corporate Environmental management. (2019.1.29-2.14)
420 employees participated in the survey about environmental management awareness, business relevance, major environmental issues, etc. 90.6% of employees responded that 'our company is environment-friendly,' also 95.2% of them regarded that 'our company needs to make more environment-friendly products.'



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

FORCE Program Through the implementation of a GHG reduction program, we have reduced logistics costs by approximately KRW 320 million from March to December 2018.

[Table 3-27] Cost Saving through the Innovation in 2018

Period	Contents	Saving Cost
March ~ December	Reduction of shipping expenses through collaboration with Planning Team and efficient warehouse operation	KRW 72 million
June ~ December	Reduction of industrial water expenses through management of old industrial water pipes and water tanks	KRW 3 million
July ~ December	Reduction of transportation expenses through operation of Coupang Daejeon VF	KRW 145 million
September ~ December	Reduction of transportation expenses from transport contracts in 2018	KRW 108 million
Total		KRW 328 million

Environmental Impact of the Transportation Sector During the Logistics Process Yuhan-Kimberly has been implementing green logistics since 2009 by introducing a logistics system that delivers manufactured products directly from its workplaces to distribution centers and dealers. Yuhan-Kimberly aims to increase loading and transportation efficiency and to minimize environmental load at the distribution stage. These efforts reduced the GHG emissions in 2018 by about 2% compared to the previous year. The amount of diesel used for transportation and delivery in 2018 is 3,512,271L, and that of GHG emissions is 9,374 tCO₂e. In 2019, we plan to decrease the reverse-shipping rate between logistics hubs to below 3.42% and increase direct delivery to 67%. For reference, diesel consumption and GHG emissions in the logistics process are excluded from the emission trading inventory and verification.

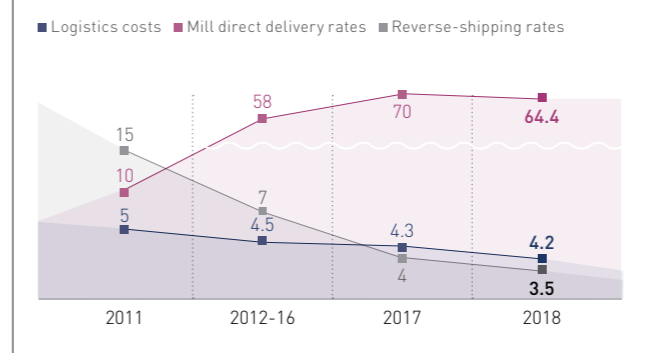
[Figure 3-33] Representative Initiatives

Strategies & Initiatives	
Green Transportation <ul style="list-style-type: none"> Expansion of primary distribution with distribution customers Efficient operation of the transport management system Direct shipment from plants Optimization of online business transportation 	Green Network <ul style="list-style-type: none"> Optimization of logistic flow through integration of stock Construction of e-Fulfillment Hub Center Development and application of e-commerce logistics model
Green Operation <ul style="list-style-type: none"> Greenhouse gas inventory management and expanded third-party verification Use of electric vehicles and electricity charging Installation of effective DC/CDP waste recycling centers Continual development of health, safety and environmental campaigns 	Green Partnership <ul style="list-style-type: none"> Operation of an exclusive TF team for environment-friendly logistics Increase of YK Green Partnership Acquisition of the national certification for a green logistics company Spreading of green logistics awareness and environmental volunteer activities

Innovation through E-commerce Process Development

In order to respond to the rapidly expanding e-commerce business, we have defined processes for each business model and implemented appropriate processes and systems. We provide differentiated services by shortening the lead time and steps of delivery from production to customers, so that we contribute to cutting down the GHG emissions by lowering the environmental load.

[Figure 3-34] Efforts to Minimize Environmental Load by Optimizing Logistic Network (Unit : %)

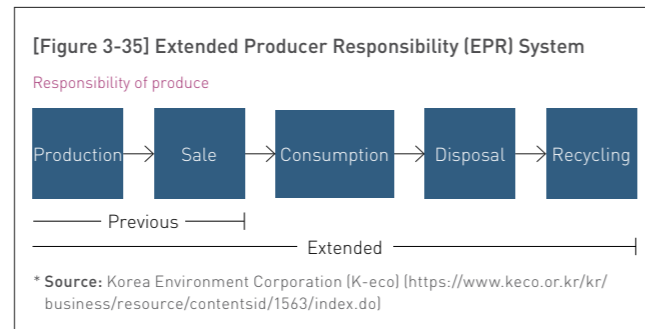


Low-Carbon Society

Extended Producer Responsibility (EPR) and Waste Charge System

Yuhan-Kimberly has applied the principle of Extended Producer Responsibility (EPR) under which producers are given responsibility for the disposal of post-consumer products. In accordance with the Act on the Promotion of Saving and Recycling of Resources, we fulfilled the EPR (for 66.6% of film-type packaging, 80.8% of containers) in 2018.

Meanwhile, for diapers that cannot be recycled, we pay waste charges. In 2018, we spent about KRW 950 million for recycling charges and KRW 6.8 billion for diaper waste charges.



Management of Environmental Pollutants and Hazardous Substances

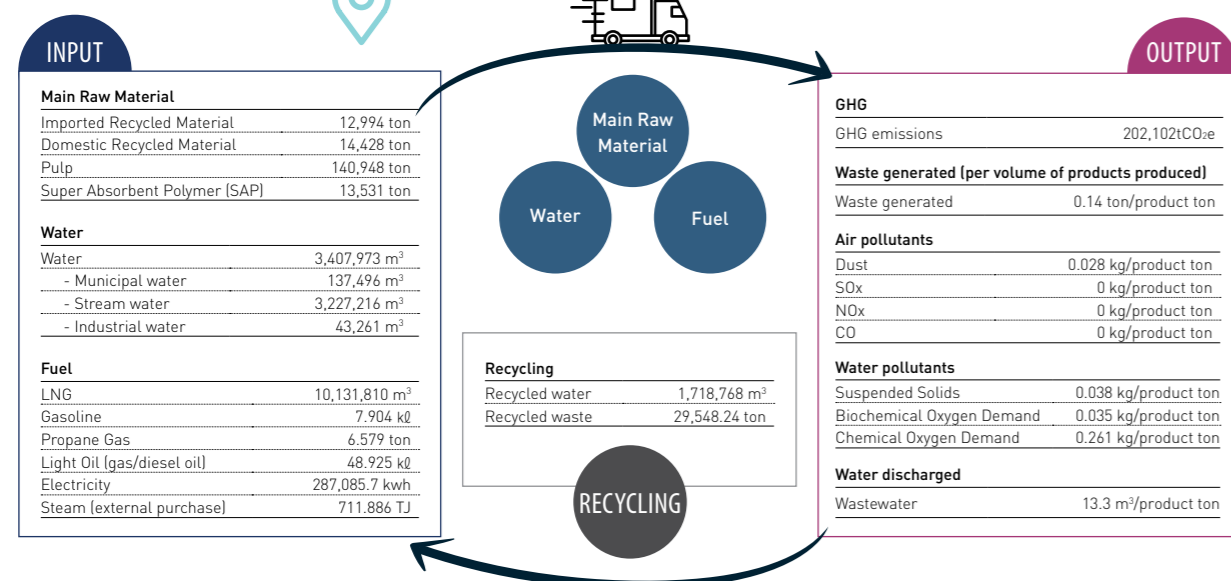
Yuhan-Kimberly complies with domestic laws and regulations on environmental pollutants, such as Framework Act on Environmental Policy, Clean Air Conservation Act, Water Quality and Ecosystem Conservation Act, and Wastes Control Act, at all worksites. Certain toxic chemicals, such as caustic soda, methyl ethyl ketone, and methyl alcohol, required in the papermaking process are used after receiving prior approval. In order to reduce chemical risks and actively respond to chemical laws and regulations, we have integrated the lists of chemical substances at each site. In addition, training has been conducted on environmental pollution and preparation for chemical spills. No environmental accidents or violations of environmental regulations were reported in 2018.

Compliance with Environmental Laws

Yuhan-Kimberly strictly abides by all domestic laws and regulations on environmental protection, including Framework Act on Environmental Policy, Clean Air Conservation Act, Water Quality and Ecosystem Conservation Act, and Wastes Control Act. All of our manufacturing sites have acquired the ISO 14001 (Environmental Management System) of the International Organization for Standardization (ISO), established environmental management plans, and conducted monitoring according to the international standards. Meanwhile, we manage five areas (social impact, forest & fiber, waste and recycling, energy & climate change, supply chain management) according to 'Kimberly Clark Strategy 2022' for sustainability management. In recognition of our efforts for environmental improvement, the Taejon and Choongju Mill were designated as green company.

Please refer to the Environmental Performance 60 page for further details.

[Figure 3-36] Material Flow Chart



사람이 희망이다

Efficient Resource Utilization

Water Saving and Recycling Efforts

At the Kimcheon Mill, the total water usage was reduced by 4.6%p (3,407,973m³, 15.4m³ per ton of product) in 2018 compared with the previous year. And the water recycling rate was 33.5% (a 1.5%p decrease over the same period). Since establishing the Kleenex Dry Cell Hand Towel facility in 2015, the Mill has reduced the amount of wastewater generated in the manufacturing process by reusing water for process stabilization and water saving. In addition, we have effectively managed the automatic microfiltration system, key water-purifying equipment, for recycling water after wastewater treatment, thus increasing the usage of freshwater.

Improvement of Oxygen Supply System at Wastewater Treatment Plant

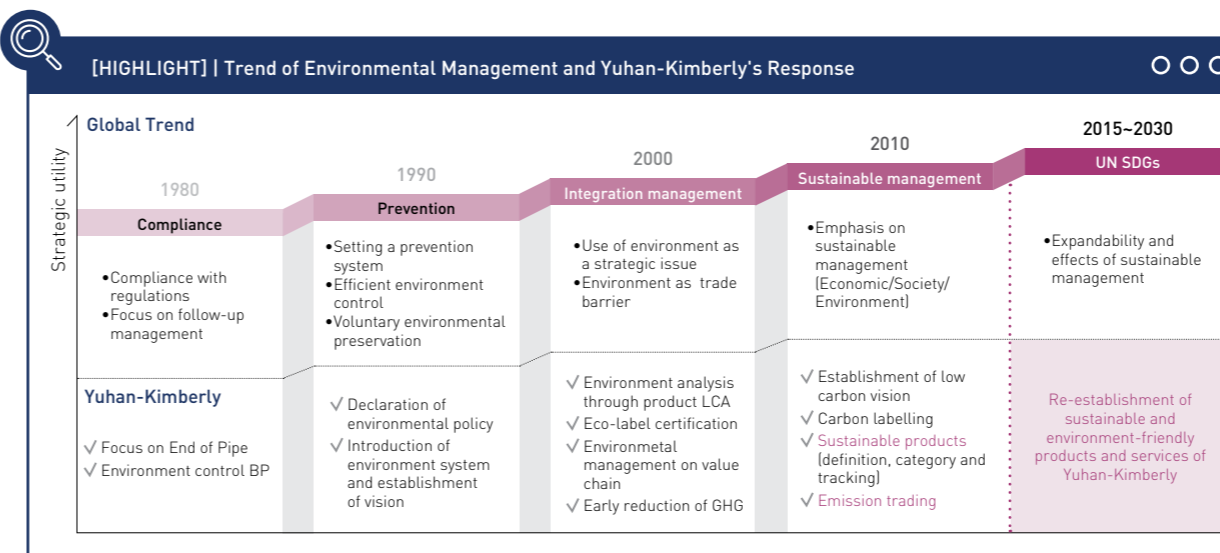
As part of smart manufacturing, the Kimcheon Mill invested KRW 250 million in replacing the existing oxygen aeration blower, which provides air for microorganism at wastewater treatment plants, with a high-efficiency blower and establishing three automatic control systems equipped with a high-efficiency blower and a dissolved oxygen sensor to optimize air supply. Since then, the power consumption of wastewater treatment plants has decreased by 13% (14,249 → 12,303 kwh/d), saving KRW 71 million per year and reducing the level of machine noise from 90dB to 70dB. This allows the automatic control of aeration tank operation and thus the improvement of management of water quality at wastewater treatment plants.

Improvement of Effluent Quality Monitoring System

The Kimcheon Mill has monitored environmental data by installing an automatic measuring device for five items regarding water pollutants in the final effluent with the investment of KRW 130 million in 2018 (June to November). In addition to compliance with the Water Environment Conservation Act, we monitor the operation of effluent and wastewater treatment facilities in real-time through large monitors and CCTVs on the site to prevent environmental pollution.

Optimization of Wastewater Treatment Plant Operation

The Kimcheon Mill used to operate four wastewater treatment facilities due to the sludge floating in the secondary settling tank in the winter season. However, sludge settling has been improved thanks to the reduction of wastewater generation by the manufacturing division (480m³/day) and optimization of temperature of wastewater inflow in winter (an increase of about 2°C). Accordingly, from March 21 in 2018, we have operated three wastewater treatment facilities by replacing one existing facility with a flow equalization tank that controls moment flow, reducing electricity costs by KRW 52 million per year. Even if more production machines will be added in the future, we will utilize the existing facility that serves as a flow equalization tank instead of building more facilities.



Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Third Party's Assurance Statement

To the Readers of 2019 Yuhan-Kimberly Sustainability Report:

Foreword

Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of Yuhan-Kimberly to verify the contents of its 2019 Yuhan-Kimberly 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 type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI Standards which covers the followings.

- **GRI Standards Reporting Principles**
- **Universal Standards**
- **Topic Specific Standards**
 - Management approach of Topic Specific Standards
 - Economic Performance: 201-1, 201-2, 201-3
 - Indirect Economic Impacts: 203-1, 203-2
 - Anti-Corruption: 205-1, 205-2, 205-3
 - Materials: 301-2, 301-3
 - Energy: 302-1, 302-4, 302-5
 - Water: 303-3
 - Emissions: 305-1, 305-2, 305-4, 305-5, 305-7
 - Effluents and Waste: 306-2, 306-3
 - Environmental Compliance: 307-1
 - Supplier Environmental Assessment: 308-1
 - Employment: 401-1, 401-2, 401-3

- Occupational Health and Safety: 403-1, 403-2
- Training and Education: 404-1, 404-2, 404-3
- Diversity and Equal Opportunity: 405-1, 405-2
- Non-Discrimination: 406-1
- Freedom of Association and Collective Bargaining: 407-1
- Child Labor: 408-1
- Forced or Compulsory Labor: 409-1
- Supplier Social Assessment: 414-1
- Customer Health and Safety: 416-2
- Marketing and Labeling: 417-1
- Customer Privacy: 418-1

This Report excludes data and 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

The number of stakeholders Yuhan-Kimberly met through the 2018 sustainability report

27,095 Persons



APPENDIX



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 stakeholder 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 stakeholder 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 standards.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

Yuhan-Kimberly identified key topics based on the due materiality assessment process and faithfully included them in the report. Also, Stakeholder opinions are faithfully reflected and Yuhan-Kimberly are fully disclosing the past goals / achievements / targets on sustainability management in the highlights section in this report. KMR recommends that a complete and balanced report on the positive and negative impacts on economic, environmental and social sustainability be made in the future.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other Yuhan-Kimberly's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

June 27th, 2019

E. J. Hwang

GRI Index

GRI Standards			UN SDGs	UNGC Advanced Level	UNGC Women's Empowerment Principles	Reporting Page	External Assurance
Topic	Disclosure	Description					
General Disclosures							
GRI 102: Organizational Profile	102-1	Name of the organization		22		11	✓
	102-2	Activities, brands, products, and services			5	11	✓
	102-3	Location of the organization's headquarters				11	✓
	102-4	Location of operations				11	✓
	102-5	Nature of ownership and legal form				14	✓
	102-6	Markets served				11	✓
	102-7	Scale of the organization				11	✓
	102-8	Total workforce by employment type, employment contract and region	8			11, 38	✓
	102-9	Description of the organization's supply chain		2		4-5, 43	✓
	102-10	Significant changes to the organization's size, structure, ownership, or supply chain				No restatement made	✓
	102-11	Precautionary Principle or approach				17	✓
	102-12	External initiatives		15, 16, 17, 18	7	73-77	✓
	102-13	List of the main memberships of industry or other associations				81	✓
GRI 102: Strategy	102-14	A statement from the most senior decision-maker of the organization		1, 19, 9, 10		8-12	✓
	102-15	Key impacts, risks, and opportunities				8-12, 17	✓
GRI 102: Ethics and integrity	102-16	Organization's values, principles, standards, and norms of behavior	16			13, 16	✓
	102-17	A description of internal and external mechanisms for ethics and compliance	16	12, 13, 14		16	✓
GRI 102: Governance	102-18	Governance structure of the organization		2		14	✓
	102-22	Composition of the highest governance body and its committees	5, 16			14	✓
	102-23	Whether the chair of the highest governance body is also an executive officer in the organization	16			14	✓
	102-27	Measures taken to enhance the highest governance body's knowledge				14	✓
	102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management		20		14	✓
	102-32	The highest committee or position that formally reviews and approves the organization's sustainability report				14	✓
	102-35	Remuneration policies for the highest governance body and senior executives for the following types of remuneration				14	✓
GRI 102: Stakeholder Engagement	102-40	A list of stakeholder groups engaged by the organization				18	✓
	102-41	Percentage of total employees covered by collective bargaining agreements	8	7, 8		40	✓
	102-42	Identifying and selecting stakeholders				18	✓
	102-43	Stakeholder engagement				6, 18, 78-80	✓
		Customer satisfaction				48	✓
102-44	Key topics and concerns raised				6, 18, 78	✓	

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

사람이 희망이다

GRI Standards			UN SDGs	UNGC Advanced Level	UNGC Women's Empowerment Principles	Reporting Page	External Assurance
Topic	Disclosure	Description					
General Disclosures							
GRI 102: Reporting Practice	102-45	Entities included in the organization's consolidated financial statements				Audit report	✓
	102-46	Process for defining the report content and the topic Boundaries				2	✓
	102-47	Material topics identified in the process for defining report content				6, 78	✓
	102-48	Restatements of information given in previous reports				49	✓
	102-49	Changes in reporting				6, 78	✓
	102-50	Reporting period for the information provided				2	✓
	102-51	The date of the most recent previous report				2	✓
	102-52	Reporting cycle				2	✓
	102-53	The contact point for questions regarding the report or its contents				2	✓
	102-54	Claims of reporting in accordance with the GRI Standards		21		2	✓
	102-55	GRI content index				73-75	✓
102-56	External assurance				71-72	✓	
Management Approach							
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary				6, 20, 24-25, 29, 33, 39, 61	✓
	103-2	The management approach and its components	1, 5, 8, 16				✓
	103-3	Evaluation of the management approach					✓
Economic							
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	1, 2, 5, 7, 8, 9			4-5, 32	✓
	201-2	Financial implications and other risks and opportunities due to climate change	8, 13			28, 53, 63	✓
	201-3	Defined benefit plan obligations and other retirement plans				41	✓
GRI 203: Indirect Economic	203-1	Infrastructure investments and services supported	2, 5, 7, 9, 11			26-27	✓
	203-2	Significant indirect economic impacts	1, 2, 3, 8, 10, 17			24-25, 52-59	✓
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	16			16	✓
	205-2	Communication and training about anti-corruption policies and procedures	16			16	✓
	205-3	Confirmed incidents of corruption and actions taken	16			16	✓
Environmental							
GRI 301: Materials	301-2	Recycled input materials used	8, 12			60, 65	✓
	301-3	Reclaimed products and their packaging materials	8, 12			60, 68	✓
GRI 302: Energy	302-1	Energy consumption within the organization	7, 8, 12, 13			60, 63	✓
	302-4	Reduction of energy consumption	7, 8, 12, 13			60	✓
	302-5	Reduction in energy requirements of products and services	7, 8, 12, 13			60	✓
GRI 303: Water	303-3	Water recycled and reused	6, 8, 12			60, 69	✓
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	3, 12, 13, 14, 15			60, 63	✓
	305-2	Energy indirect (Scope 2) GHG emissions	3, 12, 13, 14, 15			60, 63	✓
	305-4	GHG emissions intensity	13, 14, 15			60, 68	✓
	305-5	Reduction of GHG emissions	13, 14, 15			60, 63	✓
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3, 12, 13, 14, 15			60	✓

GRI Standards			UN SDGs	UNGC Advanced Level	UNGC Women's Empowerment Principles	Reporting Page	External Assurance
Topic	Disclosure	Description					
Environmental							
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	3, 6, 12			60, 64-65	✓
	306-3	Significant spills	3, 6, 12, 14, 15			68	✓
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	12, 13, 14, 15, 16	11		68	✓
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria				44	✓
Social							
GRI 401: Employment	401-1	New employee hires and employee turnover	5, 8			38	✓
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8		3	41-42	✓
	401-3	Parental leave	5, 8		2	38, 41	✓
GRI 403: Occupational	403-1	Workers representation in formal joint management-worker health and safety committees	8			40	✓
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3, 8			38, 40	✓
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4, 5, 8			38, 40	✓
	404-2	Programs for upgrading employee skills and transition assistance programs	8		4	23, 40	✓
	404-3	Percentage of employees receiving regular performance and career development reviews	5, 8			40	✓
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5, 8			14, 38	✓
	405-2	Ratio of basic salary and remuneration of women to men	5, 8, 10		2	40	✓
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	5, 8, 16		1	40	✓
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	8	6		40	✓
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	8, 16	3		40	✓
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	8	4, 5	6	40	✓
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	5, 8, 16			44	✓
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	16			40	✓
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	12, 16			46, 48	✓
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16			50-51	✓

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

UN Global Compact

Yuhan-Kimberly's commitment to the UN Global Compact principles Since signing up for the UN Global Compact in 2007, Yuhan-Kimberly has complied with 10 principles on human rights, labor, environment and anti-corruption. We submit the COP (Communication on Progress) every year and will fulfill our social responsibility by continuously practicing the principles.

[Table 4-1] Activity for responding to UNGC

Category	Principle	Our regulation	2018 Our effort	Reporting page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> Management policy [human rights] Article 35, Personnel Rules and Regulations [status guarantee] Code of Conduct [considerations for employees] Article 27, Chapter 2, CBA [relief of unfair disciplinary action] 	<ul style="list-style-type: none"> Company-wide training on the Code of Conduct [once a year] Training on sexual harassment prevention CEO's declaration to support the achievement of SDGs 	16
	2. Make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> Guidelines on personal information protection Guidelines on partner selection [sound ethics of the organization] Items for partner evaluation [pay and employment] 	<ul style="list-style-type: none"> Complying with the obligation of protecting personal information [certified] Introducing fair trade self-compliance program Regularly evaluating partners on human rights [70 tier1 partners] 	16, 44, 50-51
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> Article 10, Chapter 2, CBA [assurance of union activity] Article 11, Chapter 2, CBA [prohibition of unfair labor practices] Article 66, Chapter 7, CBA [labor-management council, grievance committee members, grievance committee] Article 75, Chapter 9, CBA 	<ul style="list-style-type: none"> Labor union membership 100% Labor-management council on a quarterly basis, a total of four times Grievance committee on a quarterly basis, a total of four times Wage bargaining once a year 	40
	4. The elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> Article 21, Chapter 3, work rules [overtime, night, holiday work] Article 35, Chapter 4, CBA [extended, night, holiday work] 	<ul style="list-style-type: none"> Extended, night and holiday work are conducted under labor-management agreement Exclusion of pregnant workers from harmful and risky work places/prohibition of night duty for pregnant workers Items for partner evaluation [wage and employment] 	40-41, 44
	5. The effective abolition of child labour; and	<ul style="list-style-type: none"> Article 18, Chapter 3, work rules [working hours] Article 34, Chapter 4, CBA [working hours] 	<ul style="list-style-type: none"> No employees aged under 18 Items for partner evaluation [wage and employment] Prohibition of child labor, forced labor and exploitation of labor 	40, 44
	6. The elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Article 89, Chapter 9, work rules [prohibition of gender discrimination] Article 45, Chapter 5, CBA [equal pay for work of equal value] Chapter 2, Code of Conduct [Considerations for employees] 	<ul style="list-style-type: none"> Equal starting wages for male and female college graduates Female workforce ratio [office workers 37.1%, senior management positions 15.4%] 	38, 40
Environment	7. Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> Purchase principles [eco-friendly raw material purchase and production] Environmental management principles [environmental load minimization] Environmental management principles [prevention of environmental accidents] 	<ul style="list-style-type: none"> Annual green purchase worth KRW 11.72million Establishing the low-carbon vision and roadmap, management of environmental pollutants and hazardous substances and compliance with environmental laws 	62-65, 68
	8. Undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> Core value-based [social responsibility and contribution] environmental conservation activities Chapter 2, Code of Conduct [environmental protection] Purchase philosophy [mutual profit generation by cooperating with partners] Environmental management principles [leading role in environmental protection campaign] 	<ul style="list-style-type: none"> Forest and environmental protection campaign The best company in win-win growth Including social responsibility part for partner evaluation 	44-45, 53
	9. Encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> Purchase philosophy [support for good product manufacturing technological innovation] Environmental management principles [constant environmental improvement] specifying efforts for reduction, recycling and reuse 	<ul style="list-style-type: none"> Introducing innovative products Establishing the Corporate Environmental Management 	15, 37
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Chapter 2, Code of Conduct [specified gift and treatment criteria] Chapter 2, Code of Conduct [prohibition of giving money to public officials] Chapter 11, work rules [particulars of prohibition] prohibition of rewards, gifts and feast Chapter 2, Fair trade voluntary compliance manual [considerations per work type], Chapter 4 [practical application checklist] 	<ul style="list-style-type: none"> Company-wide training on the Code of Conduct [once a year] Anti-corruption training [separate from online training] Actively conducting fair trade self-compliance training 	16

2018 Yuhan-Kimberly's UN SDGs Activity

Diffusion of Yuhan-Kimberly 's UN SDGs Performance Yuhan-Kimberly CEO (Choe, Kyoobok) participated in the signing ceremony to support Sustainable Development Goals and shared Yuhan-Kimberly's activities and experience related with the SDGs at the conference.



[Table 4-2] Activity for Responding to UN SDGs

Category	Goal	Target	Activity	Reporting page
Economy	Goal 8. Decent work for all and economic growth	8.2	- Business model innovation_application of digital transformation	20-23
		8.3	- Partner_operating evaluation system including social responsibility, sustainability management support - Senior_improvement of perception and job creation	43-45
		8.5	- Employee_respect for human rights	55
		8.8	- Employee_Family-friendly management, compliance with laws and regulations on occupational safety and health impact	40
Society	Goal 1. No poverty	1.3	- The vulnerable_donation of sanitary pads to low-income girls, donation of diapers after size exchange	40-42, 54, 56-59
		1.5	- 'Keep Korea Green' campaign_forest restoration in Mongolia and North Korea	27
	Goal 3. Good health and well-being	3.7	- 'Newlywed communication School'_raising awareness of gender equality in the Family among newlyweds	54
		3.9	- 'Keep Korea Green' campaign_making long-term efforts to expand forests - 'Anti Fine Dust' campaign_providing pollution masks and education	27, 53
	Goal 4. Quality education	4.7	- Consumer education_improvement of Perception of Women's Body Health through Menstruation Education - 'Green Camp'_forest and environment experience programs for high school girls - 'Scholarship Program for Women NGO Leadership'_promoting gender perspective and leadership capacity	48-49, 53, 54
	Goal 5. Gender equality	5.1	- Employee_respect for human rights, women's leadership and capacity building efforts - Scholarship Program for Women NGO Leadership_promoting gender perspective and leadership capacity	40-41, 54
		5.4	- 'Woorinamun TV'_strengthening consumer education on childcare through channel innovation - 'Newlywed communication School'_raising awareness of gender equality in the Family among newlyweds	49, 54
		5.5	- Employee_respect for human rights, women's leadership and capacity building efforts	40-41
	Goal 8. Decent work for all and economic growth	8.2	- Business model innovation_application of digital transformation	20-23
		8.3	- Partner_operating evaluation system including social responsibility, sustainability management support - Senior_improvement of perception and job creation	43-45
		8.5	- Employee_respect for human rights	55
		8.8	- Employee_Family-friendly management, compliance with laws and regulations on occupational safety and health impact	40
	Goal 9. Industry, innovation and infrastructure	9.1	- Mid/low-priced sanitary napkin_expand product line 'Good Feel Som Som'	37
Goal 10. Reduced inequality	10.2	- Employee_respect for human rights, women's leadership and capacity building efforts - 'Hope for Daughters'_employee relay donation to spread the culture of gender equality	40-41, 57	
	10.3	- Customer counselor_declaration of 'Human Rights Protection Policy' for emotional laborers	49	
Goal 11. Sustainable cities and communities	11.4	- 'Keep Korea Green' campaign_'Urban Forest', 'Future Forest' and 'Coexisting Forest' projects, tree planting by newly-weds, forest experience camp, 'Discovery of Beautiful Forests', 'Senior Forest School'	26-27, 53	
	11.6			
	11.7			
Goal 15. Life on land	15.1	- 'Keep Korea Green' campaign_'Urban Forest', 'Future Forest' and 'Coexisting Forest' projects, tree planting by newly-weds, forest experience camp, 'Discovery of Beautiful Forests', 'Senior Forest School'	26-27, 53	
	15.2	- 'Keep Korea Green' campaign_forest restoration in Mongolia and North Korea	26-27	
	15.3			
Goal 16. Peace, justice and strong Institution	16.5	- Ethics Management_fair trade compliance, submission of 'Certification of Compliance'	16	
Goal 17. Partnership to achieve the goal	17.16	- Global Partnership_commitment to UNGC principles and UN SDGs	76-77	
Environment	Goal 12. Responsible consumption and production	12.4	- Low-carbon society_management of environmental pollutants and hazardous substances and compliance with environmental laws	68
		12.5	- Low-carbon products_waste generation reduction and recycling efforts, effort of recyclable resources, utilization of recycled paper - Efficient resource utilization_water saving and recycling efforts	65, 69
		12.6	- Environment management_establishment of 'Low Carbon Vision'	62
Goal 13. Climate action	13.2	- Climate change response_exceeding the target of reducing GHG Emissions, compliance with environmental laws	63, 68	



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_Application of Digital Transformation
- Keeping on Social Responsibility Management_Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

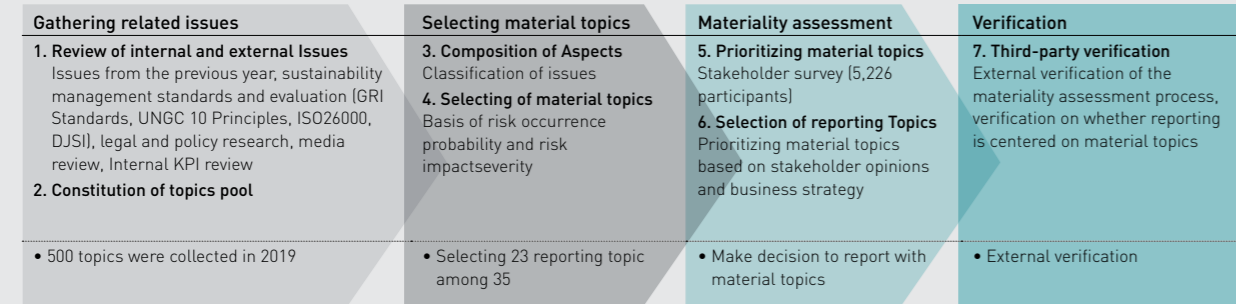
Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Materiality Assessment

2019 Objective Measures of Materiality Assessment Yuhan-Kimberly conducts a materiality assessment through stakeholder surveys(2007~2019). Through the impact analysis, the 2019 materiality assessment selected 23 major topics among about 500 issues. The priority of major topics was determined based on stakeholder questionnaire. This matter went through the materiality assessment process and data validation by a third party.

[Figure 4-1] Materiality Assessment Process



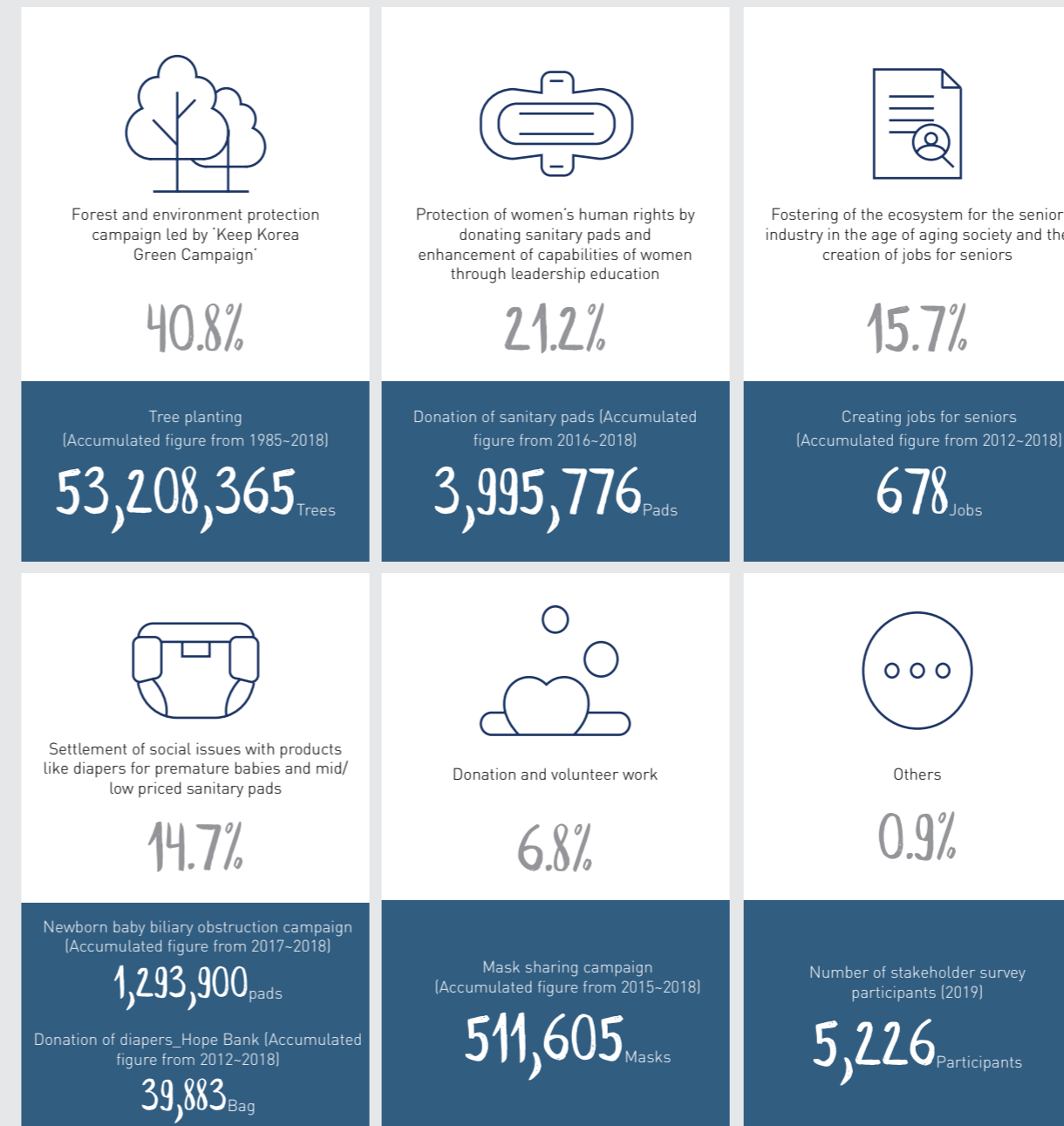
[Table 4-3] Analysis of Yuhan-Kimberly's Material Topic Trend for 10 Years (2010~2019)

Category	1st	2nd	3rd	4th	5th	
Customers	2010	Product safety	Customer satisfaction management	Environment-friendly product development	Culture of respecting for life and child	Observing environmental laws
	2011	Social contribution activities	Product safety	Environment-friendly product development	Customer satisfaction management	Observing environmental laws
	2012	Product safety	Customer satisfaction management	Environment-friendly product development	Ethical and transparent management	Observing environmental laws
	2013	Product safety	Customer satisfaction management	Environment-friendly product development	Observing environmental laws	Culture of respecting for life and child
	2014	Product safety	Customer satisfaction management	Sustainable improvement	Environment-friendly product development	Observing environmental laws
	2015	Product safety	Customer satisfaction management	Observing environmental laws	Sustainable improvement	Socially responsible management
	2016	Consumer health & safety	CSR activity	Customer satisfaction	Environment management	Sustainable product
	2017	Consumer health & safety	Quality management and product safety	Provision of product and service information	Workplace safety	Product innovation
	2018	Product safety	Consumer health & safety	Personal information protection	Workplace safety	Respecting for life and child
	2019	Product safety	Personal information protection	Environment-friendly product development	Ethics & compliance management	Enhancement of consumers' rights to choose products
Partners	2010	Product liability & product safety	Customer satisfaction management	Product research and development	Ethical and transparent management	New business development
	2011	Customer satisfaction management	Product research and development	Product liability & product safety	Environmental management & environment-friendly product development	Ethical and transparent management
	2012	Product safety	Customer satisfaction management	R&D and innovation	New product development	Win-Win growth
	2013	Customer satisfaction management	Product safety	R&D and innovation	Win-Win growth	Ethical and transparent management
	2014	Product safety	Observing environmental laws	Customer satisfaction management	Ethical and transparent management	New product development
	2015	New product development	Product safety	Customer satisfaction management	Product innovation	Observing environmental laws
	2016	-	-	-	-	-
	2017	Consumer health & safety	Quality management and product safety	CSR activity	Creation of future business value	Workplace safety
	2018	Provision of product and service information	Consumer health & safety	Product safety	Collaboration culture	Personal information protection
	2019	Personal information protection	Product safety	Workplace safety	Ethics & compliance management	Communication with customer
Employees	2010	Customer satisfaction management	Product liability & product safety	Management leadership	New market	New product development
	2011	Management leadership	Product liability & product safety	Customer satisfaction management	Ethical and transparent management	Product research and development
	2012	Management leadership	Product safety	Customer satisfaction management	R&D and innovation	New product development
	2013	Management leadership	New business	New market	Product safety	Customer satisfaction management
	2014	Management leadership	Product safety	New market	New product development	Product innovation
	2015	Product safety	Management leadership	Observing environmental laws	Ethical and transparent management	New market
	2016	Ethical and transparent management	Consumer health & safety	Customer satisfaction	Business strategy	Work-life balance
	2017	Provision of product and service information	Consumer health & safety	Workplace safety	Ethical and transparent management	Quality management and product safety
	2018	Product safety	Consumer health & safety	Workplace safety	Personal information protection	Environment-friendly product development
	2019	Product safety	Enhancement of consumers' rights to choose products	Personal information protection	Environment-friendly product development	Product innovation
Local community	2010	Ethical and transparent management	Environmental management & environment-friendly product development	Product liability & product safety	Customer satisfaction management	Observing environmental laws
	2011	Ethical and transparent management	Product liability & product safety	Customer satisfaction management	Environmental management & environment-friendly product development	Culture of respecting for life and child
	2012	Ethical and transparent management	Customer satisfaction management	Product safety	Environment-friendly product development	Observing environmental laws
	2013	Product safety	Management leadership	Customer satisfaction management	Ethical and transparent management	Environment-friendly product development
	2014	Product safety	Observing environmental laws	CSR activities	Trust-building	Customer satisfaction management
	2015	Product safety	Observing environmental laws	CSR activities	Environment-friendly product development	Customer satisfaction management
	2016	-	-	-	-	-
	2017	Workplace safety	CSR activities	Consumer health & safety	Quality management and product safety	Provision of product and service information
	2018	Consumer health & safety	Product safety	Workplace safety	Environment-friendly product development	Personal information protection
	2019	Personal information protection	Environment-friendly product development	Product safety	Ethics & compliance management	Enhancement of consumers' rights to choose products

Stakeholders Survey Insight

Key Questions and Answers of 2019 Stakeholders Survey Regarding the Yuhan-Kimberly's CSR activities, most of respondents were aware of the 'Keep Korea Green' campaign (79.6%) and also the 'Daughters, Cheer up!' campaign (donation of sanitary pads) (42.6%). When it comes to CSR activities that Yuhan-Kimberly needs to focus on in the future, respondents mentioned 'forestation and environmental protection (40.8%)', represented by the 'Keep Korea Green' campaign, and 'protection of women's human rights including donation of sanitary pads and women empowerment through leadership training (21.2%)'. Yuhan-Kimberly will continue its efforts for forest and environmental preservation and protection of women's human rights through CSR activities.

[Question] Which field do you think Yuhan-Kimberly should concentrate on among its social contribution activities?



사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

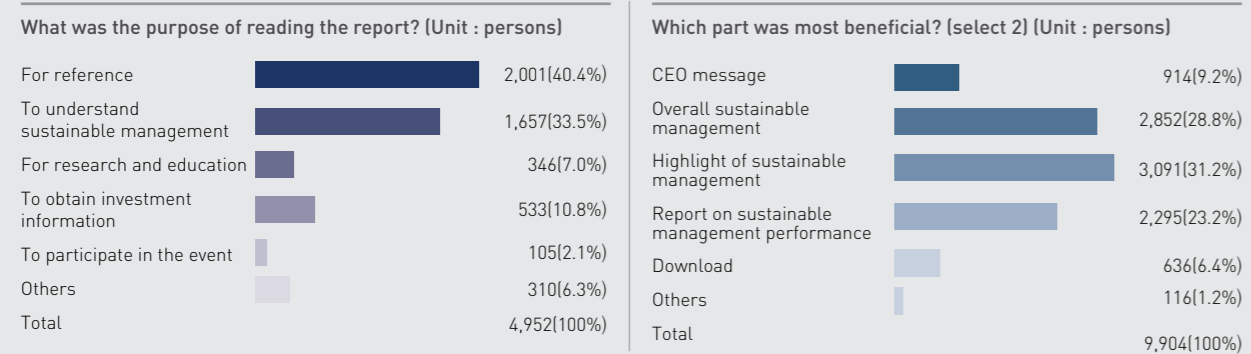
- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

2018 Sustainability Report Utilization and Feedback Monitoring

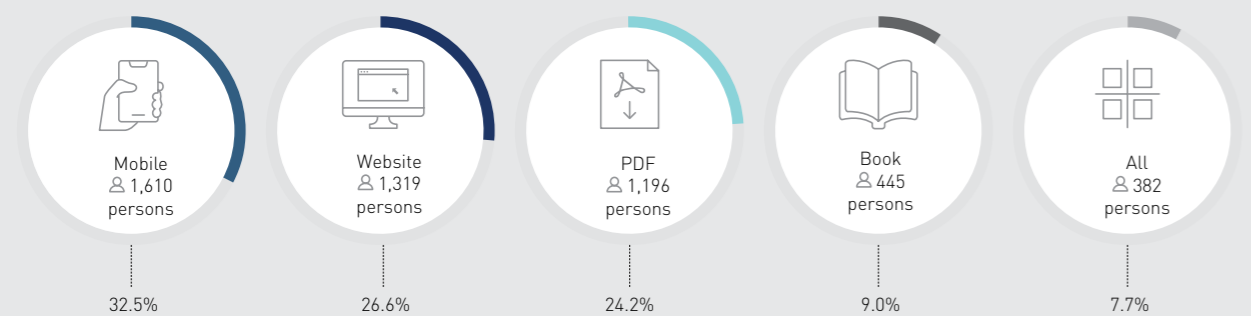
The number of stakeholders Yuhan-Kimberly met through the 2018 sustainability report **27,095** Persons

The number of visits by stakeholders was higher in foreign countries (62.5%) than in Korea. When it comes to web reports, the mobile access rate was 12.8%, indicating an upcoming change in customer channels. Sustainability report now serves as a reliable source of information on the overall management of a company. In 2018, the number of participants in the reader survey through social media was 4,592, up 79.5% from the previous year (2,759 participants in 2017). The most popular content of the report was the highlights of sustainability management, which were used as a reference to understand the company's sustainability management. The most preferred report channels include mobile and PDF in web report format.

[Figure 4-2] Results of 2018 Report Reader Feedback



What is your preferred report format? Total 4,952 persons (100%)



Overall report evaluation

Items	2016	2017	2018
Satisfaction with monthly report	-	71.5	73.7
Trustworthy information	72.0	72.5	73.6
Appropriateness of font size	-	67.1	72.9
Easy and apprehensible diagram	68.3	71.7	72.4
Satisfaction with web report	-	71.5	72.0
Important and relevant issues	71.8	71.4	71.3
Clear expression of sentence	70.2	68.8	70.2

Customer approach in 2018 and reflection of the opinion in 2019

Feedback on the 2018 report (Unit : persons)
 Information 1,356 | Mobile 589 | Design 318 |
 Reporting cycle 81 | Others 90

Things reflected in 2019 report

- We have presented a 10-year time series of materiality trends for information provision.
- We have improved the function of generating your own online report to increase user satisfaction with web reports.
- We have tried to create a unique design with core elements mark.
- We have addressed negative issues as well as positive ones for transparent reporting.

Partners for Local Community

We have membership of 47 major societies and associations.

Headquarters The Organization of Consumer Affairs Professionals in Business (OCAPI), Green Business Association, Korean Nurses Association, Korean Bar Association, Korea Industrial Safety Association, Korea Cosmetic Association, Meerae Forum, Korea Fire Safety Association, Korea Safety Equipment Association, European Society for Pediatric Dermatology, Global Compact Network Korea, Ethical Management CEO Club/ Ethical Management SM Forum, Association of Dangerous Substances Director, The Federation of Korean Industries, Research Head Conference, Korea Employers Federation, Fair Competition Federation, Korea Environmental Engineers Association, MASOK, Korea Marketing Association, Korea International Trade Association, Korea Environmental Prevention Association, Korea Association of Occupational Health Nurses, Korea Industrial Technology Association, Korea Fire Safety Association, Environment and Safety Director Association, Intree 4.0 Association (Korea Industry 4.0 Association), Korea Personnel Improvement Association, Korea Medical Device Industry Association, Korea Electric Engineers Association, Korea Electric Power Engineers Association, Korea Paper Association, Korea Paper Resource Association, Korea Air Protection Academy, Korean Society of Supply Chain Management, CSV Society

Manufacturer Gumi-Kimcheon Safety Manager Council, Kimcheon Chamber of Commerce & Industry, Gyeongbuk Environmental Engineering Federation, Daegu Gyeongbuk Environment Protection Association, Daegu Gyeongbuk PSM Safety Management Association, Daedeok Industry Association, Chungnam CEO Association, Choongju CEO Association, Choongju Eumseong center for victim of crime, Chungnam High-tech Complex Association, Ministry of Justice Republic of Korea (Korean Probation Office) Kimcheon Conference

We have 32 major partner organizations.

Business Cooperation 3,4 Industrial Complex Management Conference, KOKJE, IPS, Korea AEO Association, Korea Technical Association of The Pulp and Paper Industry, KSQM, Korea Toilet Association, Toilet Paper Fair Trade Association, Sanitation Product Business Consultative Organization, Korean Academic Society of Business Administration, Korea Management Association, The Korean Association of Gerontology and Geriatrics, Korea Logistics Society

Social Responsibility 50+Korean, Climate Change Center, Green Consumer Network in Korea, Green Korea, Northeast Asian Forest Forum, Literature House Seoul, Meerae Forum, Friends, Community Chest Of Korea, National Forestry Cooperative Federation, Seoul YWCA Seoul Green Trust, Forest for Life, Ecoferm, Peace Forest, Korea Women's Association United, Korea Foundation for Women, Korea Women's Hot Line, Green Fund

Manufacturer's cooperation by subjects

Category (Manufacturing)	Safety	Environment	Fire	Health	Radiation
Kimcheon Mill	Korea Occupational Safety and Health Agency, Korea Industrial Safety Association, Daegu Gyeongbuk Industry Safety Headquarters, Daegu Gyeongbuk PSM Safety Manager Association, Gumi Kimcheon Safety Manager Council, Korea Safety Technology Association, Korean Science Institute of Safety & Environment, Korea Elevator Safety Agency, Gumi Kimcheon Environment & Safety Officer Council	Kimcheon Safety Manager Council, Gyeongbuk Environmental Engineering Federation, Daegu Gyeongbuk Environment Protection Association, National Institute of Environmental Research, Korea Paper Association, Korea Packing Recycling Cooperative, Korea Environment Corporation, Korea Gas Safety Corporation, National Institute of Chemical Safety, Korea Chemicals Management Association, Gyeongsangbuk-do Council for Sustainable Development	Gimcheon Korea Fire Safety Association, Korea Fire Safety Institute, Korea Fire Protection Association	Corporation Industrial Health association, Business Industrial Health Council, Korea Association of Occupational Health Nurses, Korean Nurses Association, Korean Industrial Health Association, Korean Industrial Hygiene Association	Korea Institute of Nuclear Safety, Korea Foundation of Nuclear safety, Korea Academy of Nuclear Safety, Korean Association for Radiation Application
Taejon Mill	Ministry of Employment and Labor, Korea Occupational Safety and Health Agency, Korea Industrial Safety Association	Geum River Basin Environmental Office, Daejeon City Hall Micro Dust Response Division, Daedeok 3,4 Industrial Complex Corporation, Chungnam-Daejeon Environmental Preservation Association	Daedeok Rescue EMS Fire, Korea Fire Safety Institute	Korean Nurses Association, Korea Association of Occupational Health Nurses, Daedeok-gu Office Health Center	-
Choongju Mill	Ministry of Employment and Labor, Korea Occupational Safety and Health Agency, Korea Worker's Compensation & Welfare Service, Korea Industrial Safety Association, Korea Safety Technology Association	Chungju Council for Sustainable Development, Wonju Regional Environmental Office, Chungcheongbuk-do Environment & Forestry Bureau, Chungju Environment and Water Resource Head Office	Chungju Rescue EMS Fire, Korea Fire Safety Institute	Korea Association of Occupational Health Nurses, Chungju Health Center	-

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolution of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Major Awards

Major Awards 2018-2019 Social Reputation of Yuhan-Kimberly

Company in overall - Governance_Stockholder / About Yuhan-Kimberly fame

- Feb. 2019 Ranking fifth in Korea`s Most Admired Company(Korea Management Association Consulting, KMAC)
- Sep. 2018 KC, Winning the 3rd Award in "Best Company to Work For" by KORN FERRY (KORN FERRY)
- Mar. 2018 Holding company 'kimberly-Clark Corporation', Entered Top 100 at 'World's most respected companies' (FORBES)
- Mar. 2018 President and CEO at Yuhan(Lee, JungHee) winning 'Gold Tower Order of Industrial Service Merit' in the 45th day of Commerce & Industry (Korea Chamber of Commerce & Industry, KCCI)
- Nov. 2018 Winning First Place in '2018 Korean Sustainability Conference' Sustainability index & report (Korean Standards Association, KSA)
- June 2018 2017 Winning Win-win index "Best business Honor" level (Fair Trade Commission & Korea Commission for Corporate Partnership)
- Mar. 2018 President and CEO (Choe, KyooBok) winning Silver Prize in 2018 Global Business & Peace Awards, by UNGC Network Korea, UNAOC, RFBF(Religious Freedom & Business Foundation)
- Feb. 2018 Ranking fifth in Korea's Most Admired Company(KMAC), securing top 10 spots for 15 consecutive years/ranking 1st in household item (Korea Management Association Consulting, KMAC)

Economy - Advertisement/Product/Brand

- Apr. 2019 Lipton, ranking "2019 the Best Brand" (The Korea Economic Daily)
- Dec. 2018 Sanitary Pad 'White', ranking "Korea Top 100 brand" for 15 consecutive years (BrandStock)
- Dec. 2018 Lipton, winning at "2018 Star Brand Best Award" (Maeil Business Newspaper)
- Nov. 2018 Sanitary Pad 'La Nature', winning "The Highest Grade in Eco Certification of Europe" (OK Biobased)
- Sep. 2018 Green Finger wet wipes ranking the 1st in 2018 Brand Customer Satisfaction Index (Korea Marketing Association)
- Sep. 2018 Huggies momQ shopping mall, winning Early Childhood Shopping Mall field at 2018 National Service Awards (Ministry of Trade, Industry and Energy)
- Apr. 2018 Lipton, winning at '2018 Korea Master Brand Awards' (The Korea Economic Daily & The Dong-A Ilbo)

Social - Social Responsibility/Family-Friendly/etc

- Dec 2018 Taejon Mill, Receiving The Commendation from The Minister of Health and Welfare for Social Contribution (Ministry of Health and Welfare & Korea National Council on Social Welfare)
- Dec. 2018 Ranking "The Best Social Value Corporation" at 2018 Korea Management Award (Korea Management Association Consulting, KMAC)
- Nov 2018 Winning "2018 Transparent Management" (Korea Accounting Information Association)
- July. 2018 Receiving The Presidential Citation for Contribution to Family-Friendly at the 7th Population Day (Ministry of Health and Welfare)
- Mar. 2018 Taejon Mill, recertification of the Best Workplace for Employee Health Improvement Activity (Ministry of Employment and Labor & Korea Occupational Safety and Health Agency)

'Keep Korea Green' Campaign, Advertisement

- Jan. 2019 'Keep Korea Green' Winning bronze prize in Seoul Creative Festival -KKG 'How Far Does Our Nature Reach?' (Seoul Creative Festival executive committee)
- Jan. 2018 'Days when I feel like going to the forest' winning Digital Media Events Category, 2017 & AWARD (Korea Digital Enterprise Association)
- Jan. 2018 Winning silver prize in Craft field at Seoul Creative Festival (Seoul Creative Festival executive committee)

Stakeholders who participated in publishing 2019 Sustainability Report

Overall	Choe, KyooBok Kim, HeaSook Lee, SooYun Kim, HyoJeong
Economic part	Kim, KyoungEun Kim, GuenHo Kim, MinSoo Kim, SangYoung Kim, SeHyun Kim, YuRi Roh, HyunJun Noh, HyungKyun Moon, JangChun Min, JoungSun Park, GwangHu Bae, HyunJung Seo, SungWook Shin, JeeWon Woo, ChangJe Yoon, SeungHyun Lee, GyungJin Lee, NamYeon Lee, YoungJong Lee, WanKoo Lim, JiWon Choe, YuRan
Social part	Kweon, OhSin Kim, DoHyup Kim, YeongIl Kim, JungHyun Kim, JeanHee Kim, HyunHee Kim, HeeWung Park, KyungJun Baek, SangKi Son, SeungWoo Ahn, TaeKun Yu, SunEie Yoon, YoungDo Lee, DaHye Lim, TaeHwan Chun, YongHoon Jung, SukHoon Jung, ChangMin Cha, MiYeon Choi, YoungSuk Choe, ChanSoon
Environmental part	Ahn, JiYeon Yu, KwangHo Lee, SeungPhil Jung, SangJin Cho, HyungSuk Hyun, JoonSik
External Assurance	Korea Management Registrar Inc. (KMR)
Consultation	Marcspn Inc.
Design	intoGraphic



2018 Sustainability Report Awards
 Winning 1st place in 2018 Korean Readers' Choice Awards & Korean Sustainability Index (Korea Standards Association)



Stakeholder survey
 Thank you for reading the sustainability report.
 In order to make the report better, we would like to listen to your opinion.
 Please participate in the survey through the QR code provided.
csr.yuhan-kimberly.co.kr

사람이 희망이다

Yuhan-Kimberly Sustainable Management

- Value Chain of Sustainable Management
- Sustainability Management Material Topics
- CEO Message
- Internalization of Corporate Vision and Core Value
- Corporate Governance
- Sustainable Organization
- Ethics Management
- Crisis Management
- Communication Channel for Stakeholders

2019 Sustainability Management Highlights

- Business Model Innovation_
- Application of Digital Transformation
- Keeping on Social Responsibility Management_
- Evolvement of 'Keep Korea Green'
- Leading Corporate Culture Change_
- Smart Work Management

2019 Performance

- Economic Performance
- Social Performance
- Environmental Performance

Appendix

- Third Party's Assurance Statement
- GRI Index
- UN Global Compact
- 2018 Yuhan-Kimberly's UN SDGs Activity
- Materiality Assessment
- Stakeholders Survey Insight
- Feedback Monitoring
- Partners for Local Community
- Major Awards

Basic strategies of all business of Yuhan-Kimberly must include eco-friendliness. It not only applies to all business sectors but HR as well. Environment-friendly strategies will increase our values and turn into our competitiveness. Many people have a preconception that practicing eco-friendly businesses requires higher quality and leads to an increase in cost. However, higher quality, in fact, allows for products of consistent quality and reduces production wastes and costs. We need to find the solution to moving vehicles less in logistics and reduce wastes in manufacturing. Environmentally friendly strategies are an important direction for our company and society.

-CEO message at Open Executives Meeting in July 2019-

