

사람이 희망이다

People are our Source of Hope

2021 Yuhan-Kimberly
Sustainability Report

About This Report

Reporting principle	Global Reporting Initiative(GRI) Standards, The Ten Principles of the UN Global Compact
Reporting scope	Major supply chains and all operating sites in Korea
Reporting period	January to December 2020 (including Q1 2021 results)
Reporting base	Based on the fiscal year, at least three-year time series presented
Assurance	Third-party's assurance statement
Reporting cycle	Annually (first publication in 2006)
Structure of report	In accordance with the GRI standards, focusing on material topics
Disclosure principle	Available online in the form of web report (csr.yuhan-kimberly.co.kr)
Additional information	Tel. 02-6411-0506 / Email. ran.yoo@y-k.co.kr

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2021 Yuhan-Kimberly Sustainability Report

2021 Sustainability Report, what is different from the last issue?

1. Presenting a vision for the next 100 years

Last year, Yuhan-Kimberly published a special edition of the sustainability report to commemorate the 50th anniversary of founding. This year, we present a vision for the next 100 years, and share sector-specific goals and directions with stakeholders.

2. Highlighting product & brand activities in the environmental (E) and social (S) sectors

Among our ESG (Environmental, Social, and Governance) activities, we pay a specific emphasis on product and brand-level efforts in the environmental and social aspects as a key focus along with the various social values and environmental activities we have introduced.

3. Introducing greenhouse gas verification and opinion

In June 2021, our statement made in 2020 on our GHG emissions and energy use, has been verified by a third party. Please find the verification on page 75 of this report.

Stakeholders who participated in publishing 2021 Sustainability Report

Overall	Chin, JeaSeung / Choi, HoYun / Kim, HeaSook / Jeon, YangSook / Lee, SooYun / Yoo, Ran
Economy	Lee, YoungJong / Yoon, SeungHyun / Lee, WanKoo / Moon, Sung / Lee, HyungIl / Lee, HyeJin / Lee, HeeDah / Jung, DaEun / Chung, Holl
Society	Kim, HeeWoong / Kim, GeunHo / Kim, HyunHee / Kim, DoHyub / Kim, YoungIl / Lee, JiWon / Kim, HyunJung / Park, KyungJun / Baek, SangKi / Byun, JeongOk / Seo, MinJeong / Lee, DaHye / Lee, JunHo / Choi, YoungSeok / Lee, KukWha / Lee, HeeDa / Lim, TaeHwan / Jung, KyungHee / Jung, MiKyung / Jung, SangJin / Cho, KyuSik
Environment	Lee, SeungPhil / Cho, YoungHee / Moon, SungJin / Kim, TaeSuk / Jeong, ChangKun / Kim, JinGab / Song, YoungHo / Kim, SangJin / Sung, ByungSam / Kyun, ByungChul / Lee, YongIl
Assurance	Korea Management Registrar Inc.(KMR)
Consulting	Marcspoon Inc.
Design	intoGraphic

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Economic Value Created

KRW **1.517** trillion



OVERVIEW

How does Yuhan-Kimberly Redistribute its Value? 06

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Materiality Assessment

No. 1 Product Safety

No. 2 Customer Hygiene and Health Management



2021 Stakeholder Survey

5,587 participants



How does Yuhan-Kimberly Redistribute its Value?

Value Chain of Sustainable Management

Yuhan-Kimberly has grown by redistributing the value created from its business activities to stakeholders. In the annual Sustainability Report, the impact and value of our business activities in the aspects of economy, society, and environment have been clearly described in the value chain of sustainable management.



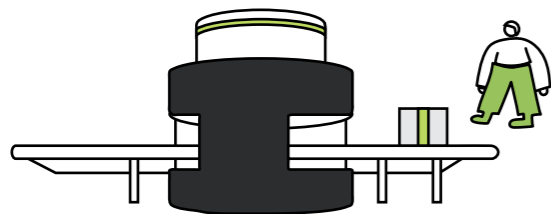
Raw materials

Economic value
 • Purchase of goods and services
63.1%
 (KRW 956.8 billion)

Social value
 • Assessment of partner CSR activities 89.5 Points
 • Enhancement of quality and safety
 • Pledge of integrity

Environmental value
 • Purchase of FSC certified pulp 150 thousand tons
 • Use of recycled paper among raw materials used for hygienic paper products 17.4%

[Figure 1-1] Value Chain of Sustainable Management



Manufacturing

Economic value
 • Salaries and benefits
19.1%
 (KRW 289.7 billion)

Social value
 • Investment in facilities 2.6%(KRW 39.4 billion)
 • Enhancement of safety and health at work
 • Smart Work
 • Certification of family-friendly management
 • Monitoring of product safety
 • Pre-emptive quality control system based on big data analysis

Environmental value
 • Recycling of water 29.8%
 • Recycling of on-site waste 98.9%
 • Cost of environmental protection KRW 13.2 billion
 • Development of sustainable and eco-friendly products/ FSC certification
 • GHG emissions 201,903tCO₂e



Distribution

Economic value
 • Cost of transport KRW 35.7 billion
 • Ratio of new product sales 17.5%

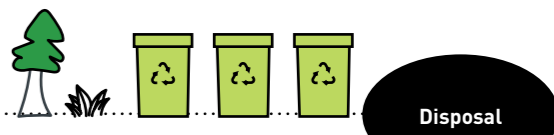
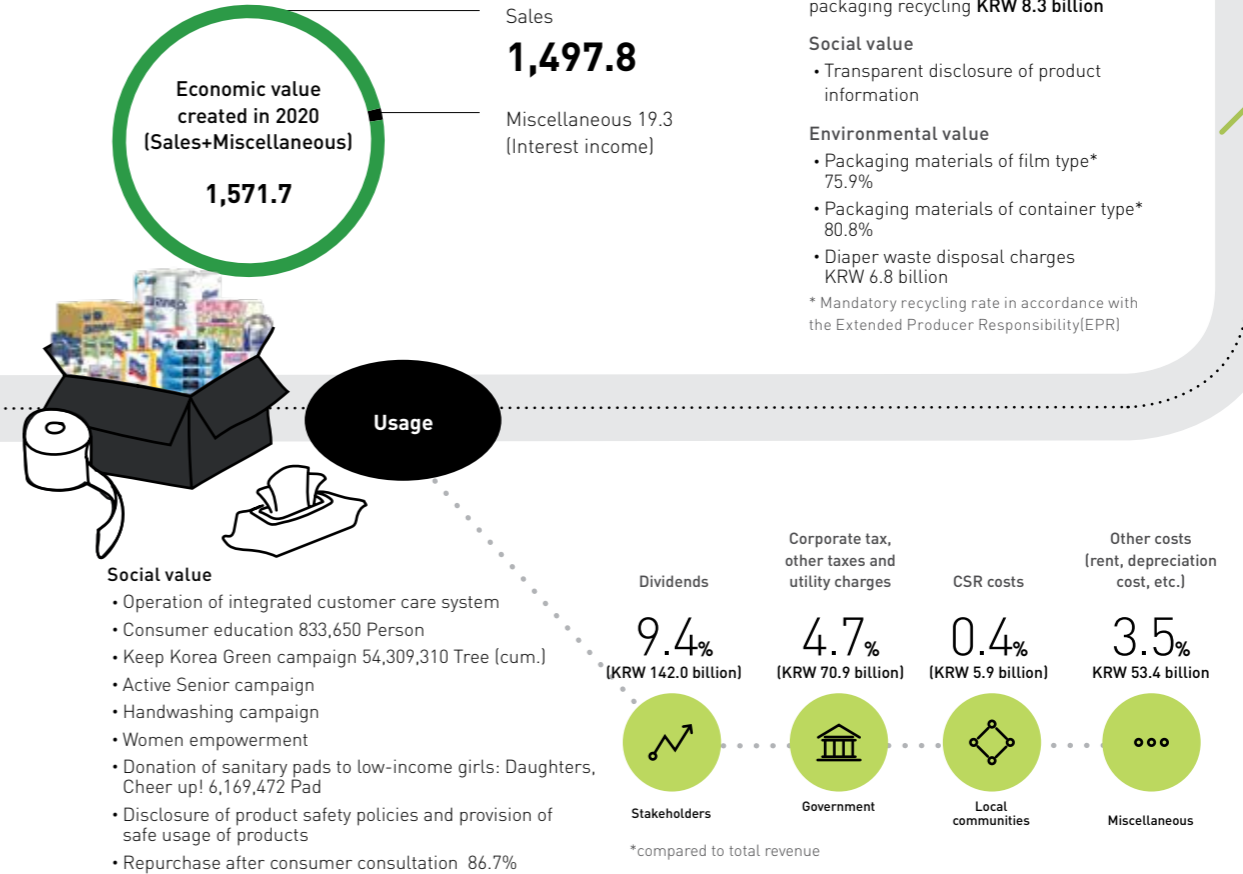
Social value
 • Achievement of the highest rating in the Shared Growth Index
 • Number of newly contracted partners for win-win management 156
 • Members of e-commerce platform for customer engagement (YK Shop on momQ): 1.08 million

Environmental value
 • GHG emissions during transportation 9,781tCO₂e



[Figure 1-2] Creation and Distribution of Economic Value

(unit : KRW billion)



Disposal

Economic value
 Costs of waste disposal and packaging recycling KRW 8.3 billion

Social value
 • Transparent disclosure of product information

Environmental value
 • Packaging materials of film type* 75.9%
 • Packaging materials of container type* 80.8%
 • Diaper waste disposal charges KRW 6.8 billion

* Mandatory recycling rate in accordance with the Extended Producer Responsibility(EPR)

[Table 1-1] Yuhan-Kimberly Overview

[QR code] 2021 Yuhan-Kimberly's company introduction video

Company name	Yuhan-Kimberly	Location of headquarter	29 th floor, Lotte World Tower, Olympic-ro 300, Songpa-gu, Seoul
Date of establishment	March 30, 1970	Business areas	Hygiene consumer goods, industrial and medical supplies, etc.
President & CEO	Chin, JeaSeung	Target markets	Individuals, corporations, laboratories, public buildings, restaurants, hospitals, schools, etc.
No. of employees	1,526 (as of March 2021)	History	http://www.yuhan-kimberly.co.kr/Company/History/ Refer to Yuhan-Kimberly website
Sales	KRW 1.4978 trillion	Sales composition	Domestic 90.1%, export 9.9%
Worksites	• Headquarter (Seoul) • Mill (Kimcheon, Taejon, Choongju), Innovation center (Jukjeon), Smart work center (Gunpo, Jukjeon, Busan, Daegu, Taejon, Gwangju), Logistics center (Gunpo), Hub center (Deokpyeong)		
Brands	Huggies, White, Good Feel, Kleenex, Scott, Green Finger, Depend, Poise, Red to Rad, Popee, TN, Double Heart, KleenGuard, WypAll, KimTech, etc.		
Production and sales	Consumer supplies: baby diapers, baby bath products, baby feeding products, feminine sanitary pads, facial tissues, bathroom tissues, paper towels, napkins, wet wipes, senior diapers, masks, etc. Industrial products including skincare: wipers, protective suits, accessories, detergents, etc. Bathroom supplies: liquid soap, bulk bathroom tissues, hand towels, air fresheners, etc. Medical supplies: gowns, accessories, surgical drapes, etc. Others: nonwoven fabric		
Foreign markets	27 foreign markets including China, Australia, Hong Kong, Thailand, Japan, Taiwan, India, Malaysia, United States of America, Singapore, Mongolia, Philippines, United Kingdom, France, Czech Republic, Russia, Indonesia, Chile, Peru, Saudi Arabia, Vietnam, Israel, New Zealand, Costa Rica, Republic of South Africa, Bolivia, Colombia, etc.		



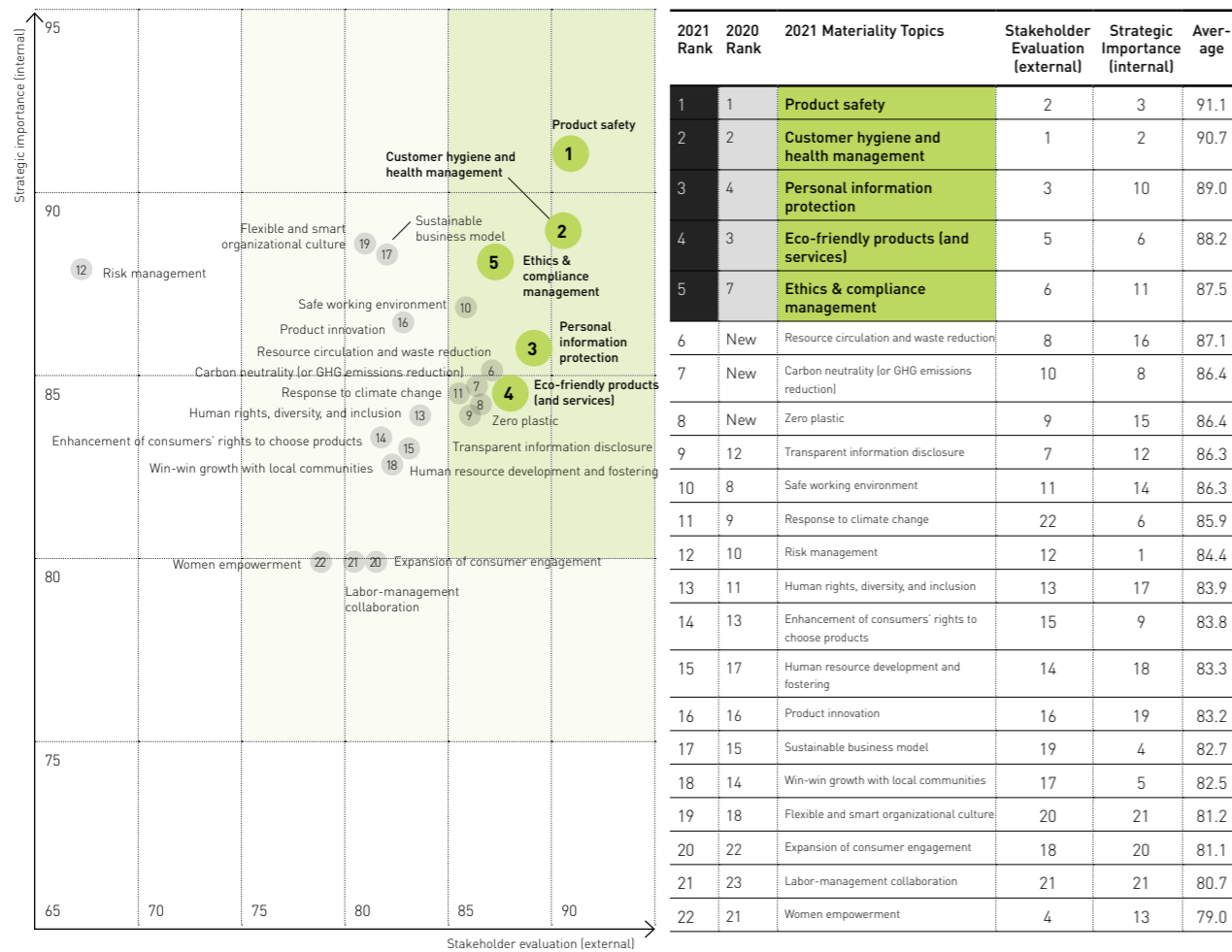
2021 Materiality Assessment

Ongoing COVID-19 Pandemic – Prioritizing Product Safety and Hygiene

The top 5 topics identified from the 2021 materiality assessment include product safety, customer hygiene and health management, personal information protection, eco-friendliness, and ethics and compliance management. **Product safety and hygiene issues ranked at the top, as of 2020, indicating that the ongoing COVID-19 pandemic forces stakeholders to pay continuous attention to these topics.** Personal information protection and ethics & compliance management being in the upper ranks implies that the company is required to promote more safe and ethical sustainability management.

New Environmental Topics Ranked Top 10 Considering the latest sustainability trends in the industry and policy issues at home and abroad, the topics in the environmental sector have been expanded to include carbon neutrality, zero plastic, and resource circulation. Remarkably, these new topics were all ranked in top 10, and 5 environmental topics were all placed in the upper ranks (within top 11). This indicates that stakeholders now pay more attention to resource efficiency and carbon reduction throughout the entire process from production to consumption to disposal, beyond their existing needs for eco-friendly products. In this regard, this report describes the efforts and activities of Yuhan-Kimberly to improve product eco-friendliness as well as product safety and hygiene, and personal information protection.

[Figure 1-3] 2021 Yuhan-Kimberly’s Material Sustainability Topics



Stakeholder Engagement Each year, Yuhan-Kimberly selects a number of topics with regard to sustainable management through to material assessment. In 2021, 37 topics out of about 500 issues were selected for reporting, and 22 of them were designated as key topics. A total of 5,587 participants took part in the stakeholder survey.

Top 5 Materiality Topics

The 2021 report describes the top 5 materiality topics including product safety, customer hygiene and health management, personal information protection, eco-friendly products (and services), and ethics & compliance management. Details below and on corresponding pages as indicated.

1

Product safety

- Product safety management system for consumer safety
- Use of safe ingredients and preliminary verification of new products
- Safety First - Response to consumer safety issues through the Hygiene Products Council

>>> [Go to page 50 for more details](#)

Yuhan-Kimberly fully discloses its product safety policies and applies a product safety management system to the entire manufacturing process from raw materials to product launch. **We comply with domestic laws, conduct a preliminary safety review, and undergo the preliminary safety assessment by Kimberly-Clark (verification by Global Product Safety Experts).** In addition, under the leadership of the **Product Safety & Regulatory Affairs (PSRA) Division, R&E, quality, safety, manufacturing, and customer satisfaction related departments are collaborating to ensure product safety and quality control.** To provide safer products for consumers, we participate in the Hygiene Products Council, proactively engaging in activities for improved consumer safety and to collaborate to build capacity in safety management in small and medium-sized hygiene product manufacturers.

2

Customer hygiene and health management

- Development of new PPAA (Proactive Protection Anytime Anywhere) products
- Customer hygiene/health promotion campaign and online education programs
- Donation of masks to the underprivileged

>>> [Go to page 40,41,44 for more details](#)

With the increasing importance of personal hygiene and health management due to the COVID-19 pandemic, we have launched a number of new hygiene products, including face masks and sanitizing wipes. To meet the higher standards of customers for personal hygiene products, we strive to make products that promote consumer hygiene and health by maintaining a super gap in quality. Besides, we conduct the 'Wetiquette' campaign to prevent infectious diseases and promote public hygiene and health.

3

Personal information protection

- Corporate & personal information protection management system
- Support for a safe telework environment
- Employee training on information security and email phishing
- Introduction of next-generation firewall to 3 mills and headquarters
- Transition to cloud security

>>> [Go to page 52 for more details](#)

Yuhan-Kimberly complies with the Personal Information Protection Act and the Information and Communications Network Act. We have introduced a strong access control system and security program to ensure the safety of personal information so that **we can properly manage business risks. As the amount of our customer personal information has reached 1 million in 2020, we have newly established the 'Corporate and Personal Information Protection Management System'**. In addition, a personal information manager was designated to handle related tasks, customer complaints, and requests for damage relief. The completion rate of employee training on personal information protection was 100% in 2020.

4

Eco-friendly products (and services)

- Development and expansion of sustainable brands (eco-friendly certification, greener products)
- Zero plastic strategy: Yuhan-Kimberly's sustainable products and packaging development
- Super Greener Working-Level Council

>>> [Go to page 33,37,38 for more details](#)

Yuhan-Kimberly strives to reduce waste and carbon emissions by expanding the use of sustainable raw materials in products and packaging for a sustainable environment. **We set a goal for each product category to apply sustainable materials, developed various materials to improve resource utilization, and established strategies for developing sustainable products and packaging materials.** Furthermore, under the vision of 2030 Eco-Friendly Logistics, Yuhan-Kimberly is minimizing the environmental load of logistics and establishing a mid-to long-term road-map with action plans by 2050.

5

Ethics and compliance management

- Policy and organization management to promote ethical management
- Activities to support official declarations to spread ethical management
- Various programs for ethical management and fair trade

>>> [Go to page 22,23 for more details](#)

For transparent and ethical business management, Yuhan-Kimberly provides training on the Code of Conduct for all employees and various programs on anti-corruption, ethics, and voluntary compliance with fair trade practices. **In 2020, we signed fair trade and mutual growth agreements with 66 partners and are supporting their sustainability management. We have been selected as the 'Best Company in Win-Win Growth Index' for five consecutive years since 2016.**

START FOR THE NEXT 50, 100 YEARS

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2



Special Feature

**GT Project for the Next 50 :
A Project for a Better Corporate Future
through Sustainable Growth
and Transformation**

CEO Message

**In celebrating the 51st
anniversary of founding,
we start new in growth and
transformation.**

Yuhan-Kimberly's New Vision and Value

We Act Life-Health-Planet

CEO Message



Celebrating the 51st anniversary of foundation, we start a new for growth and transformation.

Dear Stakeholders, In 2021, Yuhan-Kimberly celebrates the 51st anniversary of founding. Since the COVID-19 pandemic has threatened the safety and survival of the human race over the past two years, we are now forced to move towards an unknown future instead of returning to our normal life. This sustainability report informs stakeholders on our latest efforts to achieve 'sustainability' of the company and society despite the adverse effects of 2020 and the challenges ahead.

2020 Economic·Social·Environmental Performance The year 2020 will be remembered as a milestone in the company history of Yuhan-Kimberly since it marked the 50th anniversary of our inception in 1970. Before the festive mood set in, however, we had to face the harsh reality that the COVID-19 pandemic brought about, including rapid changes in the distribution market, effects on consumption patterns, and the lowest fertility rate in the world. We pivoted from a year of celebration to a year of helping the underprivileged while ensuring customer and employee safety remained priority. Quick responses to market changes helped us achieve significant business results.

Yuhan-Kimberly has continued to contribute to the stable availability and accessibility to daily essentials to manage the pandemic with products such as face masks, hand sanitizers, wet wipes, protective wearable equipment and bathroom tissues, essential for safe public health. These efforts have led to the sales growth of 34% in household goods and 12.1% in B2B, achieving 12.2% of sales growth in the domestic market. Besides, even the drastic decline in the number of newborns in Korea could not impede our sales efforts; exports of diapers and pants brought about sales growth of 13.6% compared to the previous year. Environmental investments, such as energy-saving facilities, were made to lay the foundation for sustainable growth in the future, while future investments were implemented in various fields, including expansion and remodeling of machinery, establishment of e-commerce logistics automation facilities, development of information technology to lead the digital market, and relocation of headquarters.

Amid the COVID-19 pandemic, it is particularly noteworthy that Yuhan-Kimberly is fully committed to promoting the safety policy of 'Safety Comes First' for its employees, partners, customers and local communities. We have implemented teleworking to ensure employee safety, set higher standards for safety and environmental management to guarantee customer satisfaction,

and strived to achieve super-gap quality. In addition, we have conducted CSR activities through various methods including contact-free and improved the fair trade compliance program. Thanks to these efforts and support from our stakeholders, we were selected as the No. 1 company in the Korean Sustainability Index, which measures corporate sustainability based on ISO 26000, in 2020. For having received the recognition as a Sustainable Company for more than ten times, we were elevated to the 'Hall of Fame'. In addition, we have also been identified as the Most Admired Company in Korea for the 18th time. I would like to extend my heartfelt gratitude to the stakeholders for making these achievements possible.

2021 ESG Tasks The year 2021 marks the beginning of our next 50 years. To commemorate this significant moment, we have created a new creed "Start Fresh for Growth and Innovation! Go 21" which will serve as the foundation for future growth of our long-prepared projects. We will shift our organisation culture with considerations for the environment and our way of working. Since the inception of the company, we have recognized the importance of non-financial values including ethical management, socially responsible management, and environmental management, and have been implementing these values and achieved growth while managing social issues and responding to risks. I hope that the value of 'challenge and transformation' will be added to such experience so that the next generation can have a bigger dream in the future. In March 2021, Yuhan-Kimberly announced a new vision, "We act for life-health-planet". This new vision will embrace ESG management and lay the foundations for more valuable growth and transformation. The summary is as below.

1 First, we will make products by considering the environmental impact on the planet, and act for carbon neutrality throughout the entire manufacturing process. Since the declaration of 'Environmental Management 3.0' in 2020, we strive to increase the proportion of products made from sustainable materials to more than 95% of the total sales by 2030. To that end, we will establish guidelines for sustainable products and packaging and apply them to products, while reducing carbon emissions in the manufacturing and production process by formulating carbon neutral policies and disclosing related information. Furthermore, we will continue to promote environmental management in all areas of raw material selection, product design, manufacturing and logistics, and customer service.

2 Second, we will actively communicate with stakeholders and conduct CSR activities. We will promote value-based consumption by carrying on and expanding our social contribution activities to improve customer health, including annual donations of, 1 million sanitary pads; "first menstrual panties" for girls with developmental disabilities; and micro diapers and masks for premature babies. We will be faithful to the principles of corporate social responsibility, including 'Keep Korea Green' campaign, safety first policy, personal information protection, diversity and inclusion, fair trade and mutual growth, and customer satisfaction.

3 Third, we will act to build a decision-making structure and flexible organizational culture that can support E (Environmental) and S (Social). Yuhan-Kimberly will report its business performance and reflect the stakeholders' opinions through the sustainability report every year. We will respect autonomy and diversity so that organizational and individual growth can coexist amid the change and growth of the company, and also create an organizational culture where employees can work with creativity and flexibility.

Once again, I would like to express my sincere gratitude for the love and support you have shown Yuhan-Kimberly over the past 50 years. Yuhan-Kimberly will promote the ESG management with sense of duty for our planet and future generations. In addition, we will place safety before any other value during the COVID-19 period and do our best to support the safety and health of our stakeholders. I would like to ask for your continued interest and opinion about Yuhan-Kimberly. Thank you very much.

July 2021

Yuhan-Kimberly President & CEO Chin, JeaSeung



Yuhan-Kimberly's New Vision and Value

Vision and Strategic Direction

Yuhan-Kimberly has established a new vision and direction through the Growth & Transformation(GT) project for its future strategies. The new value system expands the business areas from those under the previous vision 'Our Belief for a Better Life' and also spreads positive influence over society for a better future of the planet. Moreover, it reflects our willingness to emerge as a centennial company.

[Figure 2-1] Yuhan-Kimberly's Vision and Value



Our four new core values include accountability+, collaboration, agility, and transformation. These values deliver a clearer message to provide specific implementation guidelines for years to come. Adding a plus sign (+) to accountability indicates that we will have a greater responsibility for the activities and values that we have maintained.




[Table 2-1] Yuhan-Kimberly's Core Values

<p>Accountability+ We will take a greater responsibility for the values that we have sincerely maintained, including respect for human rights, transparent management, safety first, trust building, diversity and inclusion, fair trade and mutual growth, customer satisfaction, better quality of life, eco-friendliness and social contribution. Our employees will fulfill their roles and strive for personal growth, our leaders will commit themselves to nurturing talent and enhancing performance, and our management will carry out responsible management with a sense of duty.</p>	<p>Collaboration We strive for shared growth while respecting autonomy and diversity and also promote collaboration to achieve greater results for the entire company. We will seek a harmonious co-existence with local communities, partners, government, and organizations for mutual growth.</p>
<p>Agility In the rapidly changing business environment, we will explore new opportunities and present new values above and beyond customer expectations. Our organization will go through transformation so that employees can make a quick and right decision with delegated authority, learn faster than before, and take on more creative challenges.</p>	<p>Transformation We will remain enthusiastic and dedicated to setting challenging goals and providing innovative products and services for the better life, health, safety, and hygiene of our customers. Also, we will promote innovation for a better society, environment, and planet.</p>

NEXT 50: Growth and Transformation

The First Step Toward the Future : Growth and Transformation (GT) Project

In 2021, Yuhan-Kimberly takes the first step towards becoming a centennial company, building upon its legacy of excellence of 50 years. Recognizing the gravity of this moment, we launched the 'Growth & Transformation Project', which is designed to contribute to a better future of the company through sustainable growth and transformation.

-  Growth strategy
-  Cost innovation
-  Organization health promotion

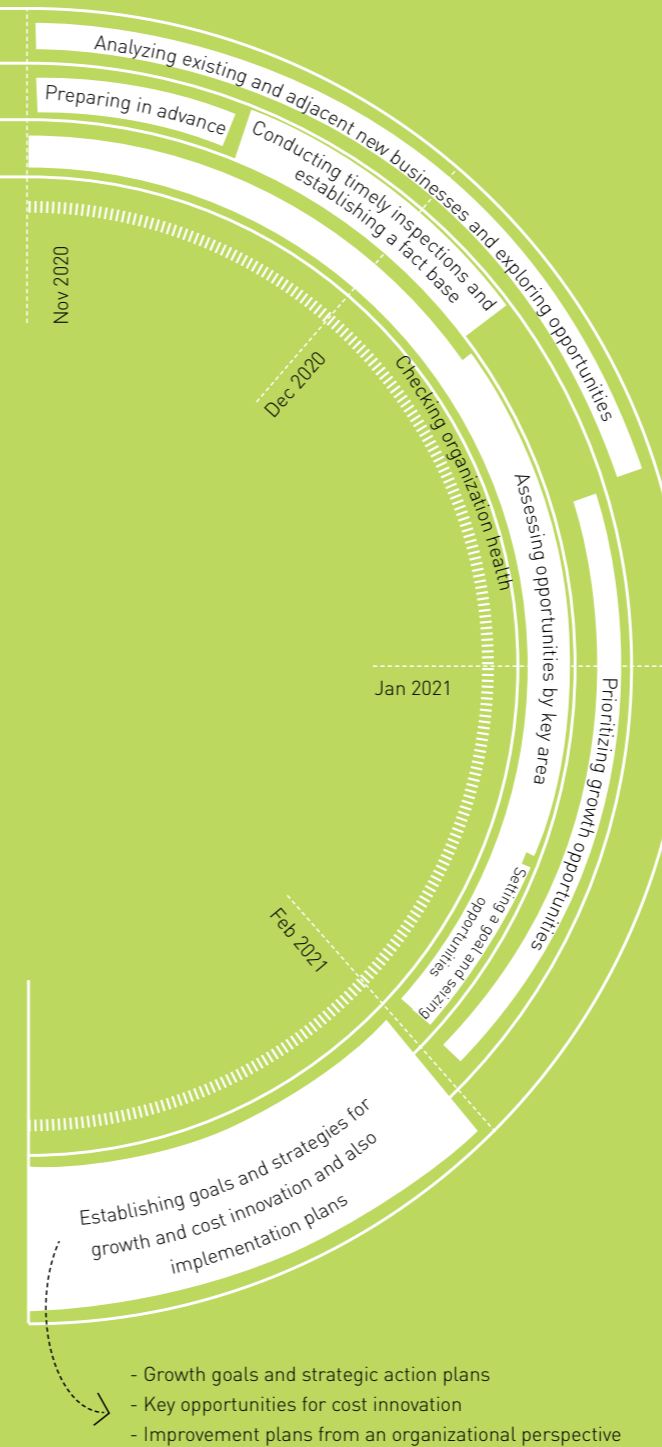
NEXT 50

The first phase of the project started in November 2020 and lasted for four months, and the second phase began in April 2021. The GT project will enable us to present a clear vision for the future, develop business strategies and plans, and achieve steady development, growth, and innovation.

[Figure 2-2] GT Project Five Goals



[Figure 2-3] 2020-2021 GT Project Timeline



GT Project Deliverables : Directions and Goals for the Next Step

Enhancement of Existing Businesses

Growth of Existing Businesses in B2C and B2B

Despite the rapidly changing market environment in Korea, Yuhan-Kimberly has been achieving high growth and high profit in its existing businesses and moving forward to emerge as a customer-oriented company. Against this backdrop, we will focus on high functional and eco-friendly premium products and renovate our online shopping mall to strengthen the online sector in both quality and quantity. Moreover, we will advance our data analysis technology to boost sales and launch a new brand in the senior product market with great growth potential. Our campaign to raise the awareness of urinary incontinence will lead to more purchase of products by those with early incontinence symptoms and a stronger position of the company in the senior market.

In addition, Yuhan-Kimberly will focus on challenges and opportunities amid uncertainty caused by the COVID-19 pandemic. We plan to expand our customer base by using the UCTAD technology in the B2B sector to consolidate our position in the premium market. In the market of high-performance products, such as wipers and protective clothing, we will strive to grow out of low-price competition and create demand in the premium market. The new growth category including liquid soap, glove, and mask will be nurtured in earnest while efforts will be made to secure cost, quality, and environmental competitiveness through strategic cooperation and partnership. Furthermore, we will increase the market share by developing differentiated products with improved water fluxibility, softness, and absorption.

Sales Channel Innovation

At Yuhan-Kimberly, the business department should take the lead in sales channel innovation to effectively deal with the rapidly changing environment. We plan to improve partnerships with channel customers by expanding our business model for direct transaction, while focusing on the growth of e-commerce channels to further innovate our business model. We will also establish a specialized channel that creates synergy between online and offline operations to nurture special agencies, develop markets, and provide high-level services for customers.

Business Opportunity Discovery

New Business Development in B2C and B2B Yuhan-Kimberly will create new growth engines for the future by discovering new business opportunities. As for the B2C sector, we aim to achieve the No. 1 market share in the bathroom market by 2025 by launching a total cleaning product brand that will make a breakthrough in house cleaning. We will also target the premium baby care market overseas through online operations based on localized communication strategies and strengthen the global production base to boost sales and consolidate our position.

In the B2B sector, we will make the most of technologies and capabilities to identify business opportunities, implement business plans, and stabilize business operations. In this regard, we will launch a wound protection business to create more opportunities and promote the value of public hygiene and health. In addition we will take the initiative in sales channel innovation and digital capability building to improve our strategy execution in a timely and accurate manner.

Cost Competitiveness for Growth

Manufacturing and Production Division Cost pressure, post Covid-19 uncertainty, and excessive low-cost competition are only some examples of the obstacles and threats that we are currently faced with at home and abroad. In the process of overcoming these difficulties, we are working hard to deal with three transformations at the same time: cost transformation, quality transformation, and capacity transformation. For cost transformation, we have identified factors for improvement in each field through consultation with external experts and will promote improvement through collaboration with all departments including manufacturing, procurement, design, marketing, and logistics as well as related partners. When it comes to quality transformation, plans to strengthen the organization have already been prepared for external production quality innovation, while product specialists will be trained and quality risk prevention process will be enhanced according to the growth strategy. This will enable us to increase customer satisfaction and decrease business risks. In the aspect of capacity transformation, a variety of plans have been arranged to lead a new business and make a difference from competitors. Furthermore, we will redefine the concept of talent and necessary competencies for manufacturing employees with a focus on digital technology, hire people with required competencies, and grow internal experts in each area at the same time.

Procurement and Logistics For the development of procurement and logistics, Yuhan-Kimberly analyzed internal and external factors surrounding the supply chain, including economic prospects, government policies, e-commerce logistics trends, eco-friendliness and climate change, and technological environment, from various angles. Also, we found a number of implications by collecting various opinions related to the logistics sector. As a result, we have defined four directions for logistics transformation as follows and implemented strategic tasks for each direction.

[Figure 2-4] Four Directions for Logistics Transformation



Promotion of Organizational Health To promote a healthier organizational culture, we conducted surveys of employees and executives, in-depth interviews with the management, and group interviews by division. 86% of all employees participated in the survey on organizational health, which required everyone from executives to employees to establish a clear and specific value system. Based on the collected opinions, Yuhan-Kimberly restructured the corporate value system and shared the draft with employees, which has led to increased satisfaction with the new value system. Nevertheless, it is still noteworthy that there were considerable demands for innovation in personnel management system, including stronger leadership, more talent for capacity building, and reasonable performance assessment and compensation. By specifying areas for improvement, changes are being made to establish a healthier organizational culture.

SUSTAINABILITY MANAGEMENT OVERVIEW

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3

Zero Plastic

- Minimize the use of plastic raw materials
- Expand the application of bioplastic to products and packaging materials

Response to Climate Change

- Establish a climate change response system
- Achieve the 2020 low-carbon vision (reduction by more than 11% compared to target emissions)
- Achieve the GHG emissions reduction target (reduction of 15,596tCO₂e compared to allowances)
- Conduct energy-saving activities
- Yuhan-Kimberly's Climate Change Leadership Program

Carbon Neutrality

- Declare the Environmental Management 3.0
- Improve carbon management in the supply chain

Eco-friendly Products and Services

- Use sustainable forest certified pulp
- Switch to eco-friendly materials (linen, etc.)
- Expand eco-labelled products

Resource Circulation and Waste Reduction

- Set a target for the application of recycled plastic to packaging materials (50% by 2030)
- Expand the use of recycled paper (17.4% in 2020)
- Reuse subsidiary materials generated during production in the manufacturing process
- Reduce water use intensity

Support for the Socially Vulnerable

- Donate sanitary pads for the vulnerable, "Daughters, Cheer Up!"
- Donate face masks, "Fine Dust Out/Wetiquette"

Gender Equality

- Newlywed's Communication school
- Scholarship program for women NGO leadership
- Education on menstruation for the youth

Mutual Growth

- Financial support for business partners
- Support for technology and quality improvement
- Improve payment conditions for non-contractors

Customer Satisfaction

- Education to provide information for consumer life
- Early warning process to deal with consumer complaints
- Introduce the visible ARS service (in April 2021)
- Regular CEO meetings with the customer center

Healthy Forest Environment

- "Keep Korea Green" campaign
- Present a forest model for local communities
- Forest of coexistence for carbon offsetting
- Tree planting with citizen participation
- Youth environmental education

Product Safety

- Product safety management system
- Safe use of raw materials and preliminary verification of new products (2,029 cases in 2020)
- Response to consumer safety issues through the Sanitary Products Council

ESG Committee and Sub-committees

- Monitor key ESG activities and review agenda items
- Determine the mid- to long-term ESG policies

Promotion of Ethical Management

- Organization dedicated to ethical management
- Code of conduct for ethics and promotion of ethical culture
- Channel for reporting violations of the code of conduct
- Ethics education for employees and partner companies
- Declaration of ethical management by the CEO (UNGC, BEST ESG Forum, etc.)

Compliance

- Fair Trade Compliance Program
- Internal disclosure of anti-corruption and fair trade policies at all times

Corporate Governance

Corporate Governance-Joint Venture

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 40 million, and the amount of paid-in capital is KRW 200 billion. Yuhan-Kimberly is operated under a professional management system. The CEO, delegated by the Board of Directors, is responsible for the overall management of the company, and subcommittees, including the Stakeholder Committee and the ESG Committee, are collecting sustainability topics related to economy, society, and the environment to ensure corporate soundness.

Composition and Remuneration of the BOD(The Board of Directors)

The Board of Directors, as a top decision-making body, consists of seven directors and one auditor (three year term). At the general meeting of shareholders in 2020, one director resigned and one new director was appointed. 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 auditor is paid within the annual ceiling (KRW 5 billion for directors and KRW 500 million for auditor), which was approved at the shareholders' meeting in March 2020. Incentives for the management are determined by the financial and non-financial performance of the organization.

[Table 3-1] Yuhan-Kimberly's Board of Directors (as of March 2021)

Role	Type	Name	Gender	Note	Term of office
Director/Chairperson	Non-standing	Aaron Powell	M	President of Kimberly-Clark Asia Pacific	From the effective date of appointment to March 2022*
Director/President and CEO	Standing	Chin, JaeSeung	M	President and CEO, Yuhan-Kimberly	
Director/President	Standing	Jeff Doherty	M	Chief Financial Officer of Yuhan-Kimberly	
Director	Non-standing	Cho, WookJei	M	President and CEO, Yuhan Corporation	
Director	Non-standing	Kimsuka Narsimhan	F	Chief Financial Officer of Kimberly-Clark Asia Pacific	
Director	Standing	Shin, BongChul	M	Executive Director of Manufacturing & Production, Yuhan-Kimberly	
Director	Standing	Kim, SungHoon	M	VP and Head of the Family Care Business, Yuhan-Kimberly	
Auditor		Lee, JongHo	M	Certified public accountant	

* The expiration date is stated in the articles of incorporation

Activities of the BOD and Discussion of Sustainability Management Issues

In 2020, one shareholders' meeting and three BOD meetings were held, and a total of 19 decisions were made. At the shareholders' meeting, business reports, financial statements, statement of changes in equity, and remuneration cap for directors and auditor were approved. At the board meeting, relocation of headquarters, internal accounting control system, remuneration for directors and auditor, sustainable growth strategies, and collaboration with shareholders were reviewed and approved. Besides, according to the Occupational Safety and Health Act, the 2021 Yuhan-Kimberly safety and health plans were reported to and approved by the BOD. Meanwhile, as in 2019, the CEOs of the two major shareholders held a gathering and a town hall meeting with Yuhan-Kimberly's executives and employees and shared the agenda items and directions of sustainability management.

[Photo 3-1] Yuhan-Kimberly's 51st General Meeting of Shareholders



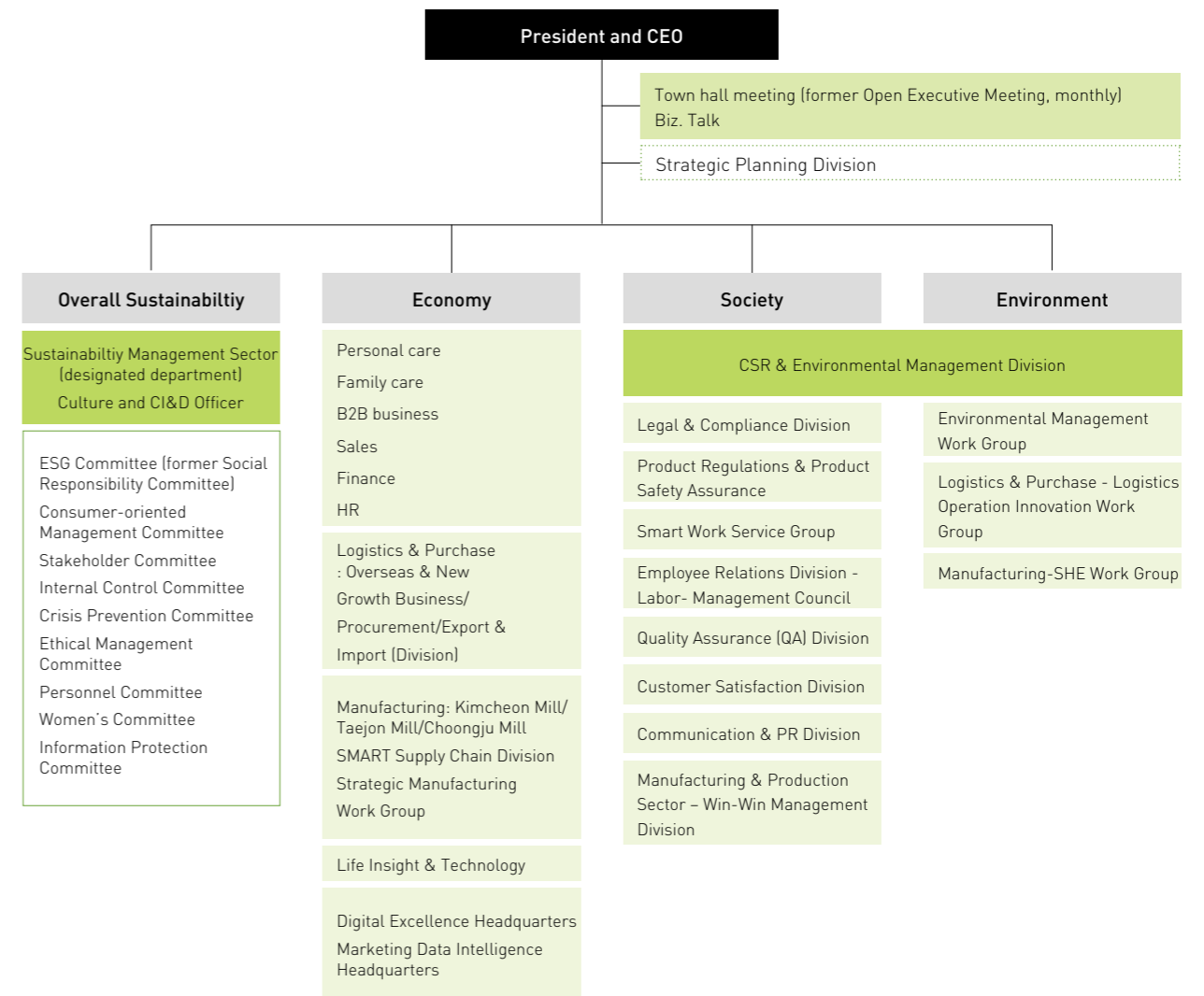
Highlight | Discussion of Sustainability Issues between Shareholder Management and Yuhan-Kimberly's Employees

- Town hall meeting with Lee, JungHee, President and CEO of Yuhan Corporation (Feb 20, 2020)
- The CEO Lee JungHee asked for progressive collaboration for sustainability of both shareholders, shared the status of Yuhan Corp.'s new business, and presented opinions about new business models such as CSR collaboration.

Sustainable Organization

Yuhan-Kimberly announced its new project 'Growth and Transformation' as the first step toward a centennial company in March 2021 and carried out organizational restructuring for 'a journey of new leadership and transformation'. First, the organizational structure of sector-division-workgroup remains intact, but the system has been reformed into 9 sectors, 1 research center, 4 mills, and 33 divisions. When it comes to ESG management, the Social Responsibility Workgroup, which was spun off to respond to society's higher demands for corporate responsibility, has been integrated with the Environmental Management Workgroup and upgraded to the Social Responsibility and Environmental Management Division in the Sustainability Management Sector. The newly established division will enable the company to promote differentiated sustainability management.

[Figure 3-1] Sustainability Management Organizational Structure (as of March 1, 2021)



Highlight | Changes in Organizational Structure from 2020 to 2021

- Business restructuring in response to changes in business environment : integration of feminine care/senior/baby and child products into personal hygiene products
- Integration of Social Responsibility Workgroup with Environmental Management Workgroup to strengthen corporate social responsibility
- Establishment of Strategic Planning Division to improve strategic consulting on core businesses and new businesses

Sustainability Management Performance

[Table 3-2] 2020 Sustainability Management Performance and Goals Evaluation: Exceed ● / Meet ● / Require Efforts ○

Category	2020 Goals	2020 Performance	Evaluation	Goals in 2021	
Economy	1. Increase of market share in key businesses from the previous year	11.6% growth in key categories compared to the previous year Tissues, face masks, diapers, industrial goods ▲	Exceed ●	- Increase of market share in key businesses compared to the previous year - Enhancement of market competitiveness through premium strategies and innovation of products - Sales growth in new businesses - Concentration of core competencies and resources on e-commerce and new offline channels	
		Sanitary pads ▼	Require Efforts ○		
	2. Growth of sales in new businesses	16.7% increase in sales of ACT category from the previous year	Exceed ●		
	3. Development of new business models	Launch and operation of Vendor Flex Expansion of Direct to Market Place (D2MP) e-commerce model and promotion of live commerce	Meet ●		
	4. Digital transformation	No. of momQ members exceeding 1 million Establishment of smart manufacturing system Introduction of Robotic Process Automation (RPA)	Exceed ●		
	5. Relocation of headquarters to commemorate the 50th anniversary of founding	Completion of headquarters relocation for the future corporate culture (April 2020)	Exceed ●		
Society	6. Innovation of organizational culture	Three directions set for the innovation of organizational culture (business, space, people) Implementation of GT Project for healthy organizational culture Utilization of flexible work and telework Use of digitalization technology to improve work efficiency at the headquarters	Exceed ●	- Innovation of way of working and organizational culture - Promotion of product safety and consumer-oriented management - Reinforcement of CSR activities	
		7. Improvement of product safety and customer-oriented management	Expansion of the list of materials with safety concerns managing 74 types of materials, 2,029 cases of examination on safety and regulations		Meet ●
		Consumer-oriented consulting service – consulting on e-commerce, introduction of visible ARS Enhancement of competitiveness in customer communication (intention to repurchase: 86.7 points)	Meet ●		
	8. Promotion of CSR activities	Stakeholder engagement and consensus reinforcement Stakeholder engagement through sustainability report (20,732 persons) Stakeholder communication through donation platform (492,034 persons) Compliance with the UN Global Compact principles	Meet ●		
		CEO pledge of ethical management (May)	Meet ●		
		Keep Korea Green campaign (536,315 trees) Donation of sanitary pads (1.08 million pads) Creation of senior CSV jobs for 185 persons	Meet ●		
			Best company in win-win growth Index for the fifth consecutive year		Exceed ●
	Environment	9. Efforts to reduce GHG emissions	Accomplishment of carbon reduction target in 2020 (by 2,531 tCO ₂ e) From 2020 GHG emission allowances : 202,435 tCO ₂ e → to actual emissions: 201,903 tCO ₂ e		Exceed ●
10. Expansion of eco-labelled products			37 types of products with Korea Eco-Label including 20 types of toilet tissues, 15 types of flushing towels, and 2 types of air fresheners	Meet ●	

Highlight | Yuhan-Kimberly's Efforts for Sustainability Management

Participation in Seoul ESG CEO Pledge (April 30, 2021)

Yuhan-Kimberly participated in the 'Seoul ESG CEO Pledge', hosted by the BEST ESG Forum and organized by the Institute for Industrial Policy Studies, to show its commitment to establishing sustainable economic, social, and environmental foundations through the internalization and spread of ESG management. (participated for 18 consecutive years)

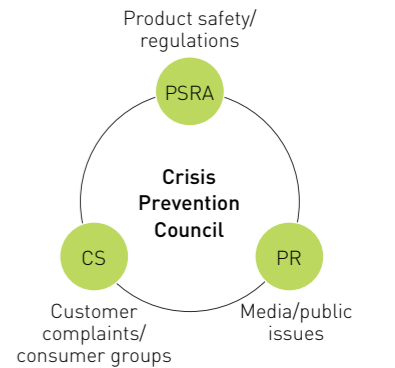


Crisis Management

Preemptive Crisis Prevention Organization

Crisis Prevention Committee At Yuhan-Kimberly, the Crisis Prevention Committee is operated for the preemptive response to a product-related crisis. The committee has voluntarily restricted the use of materials with safety concerns apart from related laws and regulations by establishing safety policies for baby and child products, decided to disclose all ingredients of sanitary pads, and conducted proactive communication activities with stakeholders. The committee will reduce potential risks from new businesses and change management, carry out annual training on crisis management capability for leaders, predict and respond to potential issues, manage and consult business issues and crises, operate crisis management manuals, identify potential risks, and build strategic cooperation with key stakeholders. In addition to legal, quality, and environmental, new functions will be added to the committee with a focus on customer satisfaction, product safety, and media and publicity.

[Figure 3-2] Crisis Prevention Council

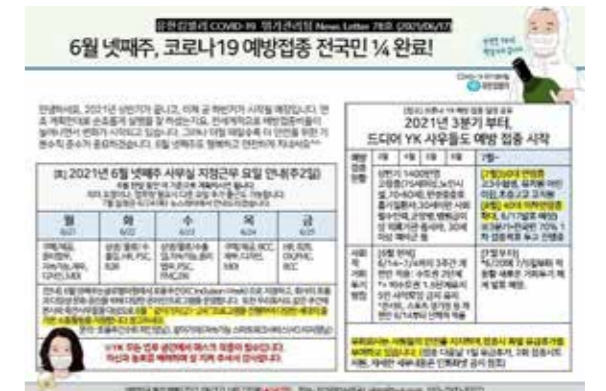


Internal Crisis Management Team At Yuhan-Kimberly, the COVID-19 Crisis Management Team has been operational since February 2020 to ensure employee safety amid the global pandemic. The team provides instructions on working hours, guidelines on social distancing and also develops and manages the COVID-19 quarantine and isolation guidance. In addition, the team issues a weekly newsletter on COVID-19 for active communication and campaign to keep employees and partners protected.

Media Training to Strengthen Crisis Management Capacity

The annual employee training on crisis prevention helps us build an enterprise-wide capability and effectively respond to a crisis. Employees are provided with training on internal and external environmental changes, public expectations, implications of pending issues, and communication in case of a crisis. In 2020, online media training was offered to executives with consideration of the modified external communication policy. The training was implemented in an online format due to the COVID-19 situation and will be extended to all employees in 2021. In the first half of 2021, three sessions were held to strengthen training/simulation for new leaders, and in the second half of 2021, a new issue training program will be created and provided for all employees.

[Photo 3-2] Crisis Management Team News Letter



[Photo 3-3] Crisis Management Training Program Session



Crisis Management Manual

Yuhan-Kimberly has prepared and implemented a systematic crisis management manual that includes the duties of crisis manager, composition of crisis management team, roles and responsibilities, assessment of potential risks, priorities of crisis prevention, procedure of response, and communication policies. The manual is reviewed and revised annually at the approval of the Chief of Crisis Management. In 2020, new guidelines were added to the media policy & external inquiries and request-response protocol, and also an online media training package was developed. In 2021, the crisis management manual will be updated to improve the issues response protocol.

Ethical Management · Transparent Management

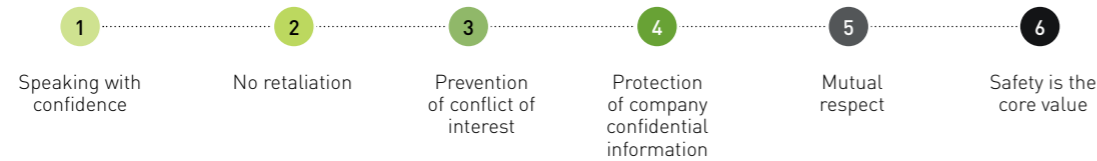
Policies and Organizational Operation to Spread Ethical Management

Ethics Policy and CEO's Effort to Promote a Culture of Ethics Yuhan-Kimberly is striving to create a culture of ethics where employees can freely express their opinions and raise an issue and not to be retaliated against. At executive meetings, in particular, we emphasize the practice rules that ensure the employee's right to speak. Since July 2019, "Safety is the core value", which is the code of conduct for all employees, has been added to the set of five principles at the request of the CEO. Along with the code of conduct, anti-corruption policy, fair trade policy, and fair trade and compliance program are also provided on the intranet so that employees are encouraged to make the right decision and contribute to creating a culture of integrity. Currently, as a member of the BEST ESG Forum (formerly known as BEST Forum: Business Ethics and Sustainability management for Top performance), Yuhan-Kimberly promotes ethical management across society, and the CEO has joined the declaration of ethical management and fulfilled his commitment since 2003.

Yuhan-Kimberly's No Retaliation Policy Promises Three Things

1. We will take appropriate corrective actions, review candidly on raised concerns in an objective manner.
2. Employees who raise concerns will be protected from any form of retaliation.
3. When retaliation is reported, we will conduct a thorough investigation and take corrective measures of up to a dismissal.

[Figure 3-3] Yuhan-Kimberly's 6 Ground Rules for a Culture of Ethics



Designated Organization for Ethical Management Yuhan-Kimberly has operated the Ethics & Compliance Division, dedicated to ethical management directly under the CEO, where in-house lawyers look after the legal needs of the organization. Related organizations include the Internal Control Workgroup, the Internal Control Committee, and the Compliance Working Committee, and the Ethical Management Committee is convened every quarter. The Internal Audit Organization consists of employees with more than 15 years of financial and field experience. The results of department inspection are directly reported to the top management.

Support for Official Declaration to Spread Ethical Management

Join the UN Global Compact (UNCG) The UN Global Compact is a non-binding United Nations pact for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption. Yuhan-Kimberly participated in the pledge of anti-corruption at the 'Business Integrity Society (BIS) Summit 2021', co-hosted by the UNGC Korea Association and the Korea Socially Responsible Investment Forum, in March 2021. This indicates our promise to make efforts for a society of integrity and improvement of business competitiveness based on ESG together with the UNGC. The pledge of anti-corruption includes 'We eradicate corruption to strengthen

[Photo 3-4] UN Global Compact (UNGC) Anti-Corruption Pledge (March 2021)



business competitiveness and take the initiative in improving anti-corruption policies and systems', 'We manage business risks based on ESG and build trust with stakeholders to enhance transparency', and 'We join efforts with the government, local governments, public institutions, business entities, media corporations, and civil society to create a fair and clean business environment'. As a member company of the UNGC Korea Association since its foundation in 2007, Yuhan-Kimberly will take the lead in spreading ESG management across society.

BEST ESG Forum: Sustainability Improvement through Ethical Management The BEST ESG Forum was launched in 2003 to spread ethical management and strengthen sustainable business competitiveness. The forum is participated by major companies, government, academia, and civic groups with much interest in ESG management. On April 30, 2021, more than 100 entrepreneurs, social organizations, and academics joined the 'Seoul ESG CEO Declaration' to create a sustainable economic, social and environmental foundation through the internalization and promotion of ESG management.

Various Programs for Ethical Management and Fair Trade

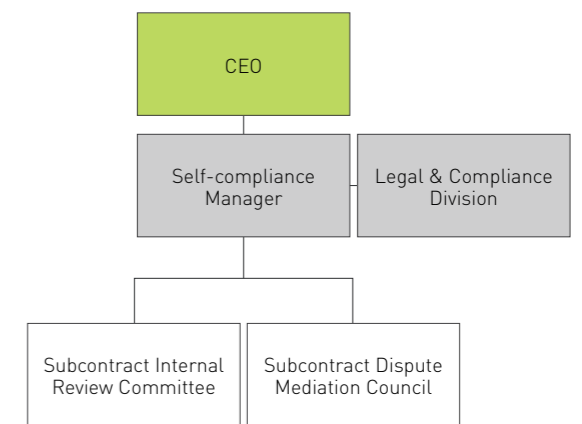
Ethics and Fair Trade Training In 2020, Yuhan-Kimberly provided all executives and employees with training on the Code of Conduct and the policy of case offering for anti-corruption and particularly, sales and purchasing managers with training on fair trade and compliance. Yuhan-Kimberly has made it mandatory for all employees to participate in ethics training programs (except those on leave of absence), and there were no violations of the Fair Trade Act in 2020. Our internal ethics and fair trade standards are equally applied to partner companies. In particular, new contractors and primary partners are evaluated on ethical management, human rights, and social responsibility as well as business capabilities.

Compliance Program The Compliance Program (CP) was adopted in January 2012 to observe the principle of fair shared growth. Since then, we have complied with relevant laws and regulations and also spread the culture of compliance. Moreover, a dedicated department and a self-compliance manager were designated to manage the program more effectively, and as a result of these efforts, we were selected as the 'Best Company in Shared Growth Index'.

Reporting Channels for Violation of Code of Conduct

At Yuhan-Kimberly, a cyber ombudsman system is operated for employee grievance handling and resolution and also a helpline by a third-party vendor (1-844-524-3571) is open 24 hours to encourage more objective and voluntary actions. Yuhan-Kimberly, actively engaging in international business, is subject to the Foreign Corrupt Practices Act (FCPA), a US federal law. In 2020, five employees were subject to disciplinary action for two cases of violation of the Code of Conduct.

[Figure 3-4] Self-Compliance Organization



Highlight | Monthly Townhall Meeting for Transparent Management

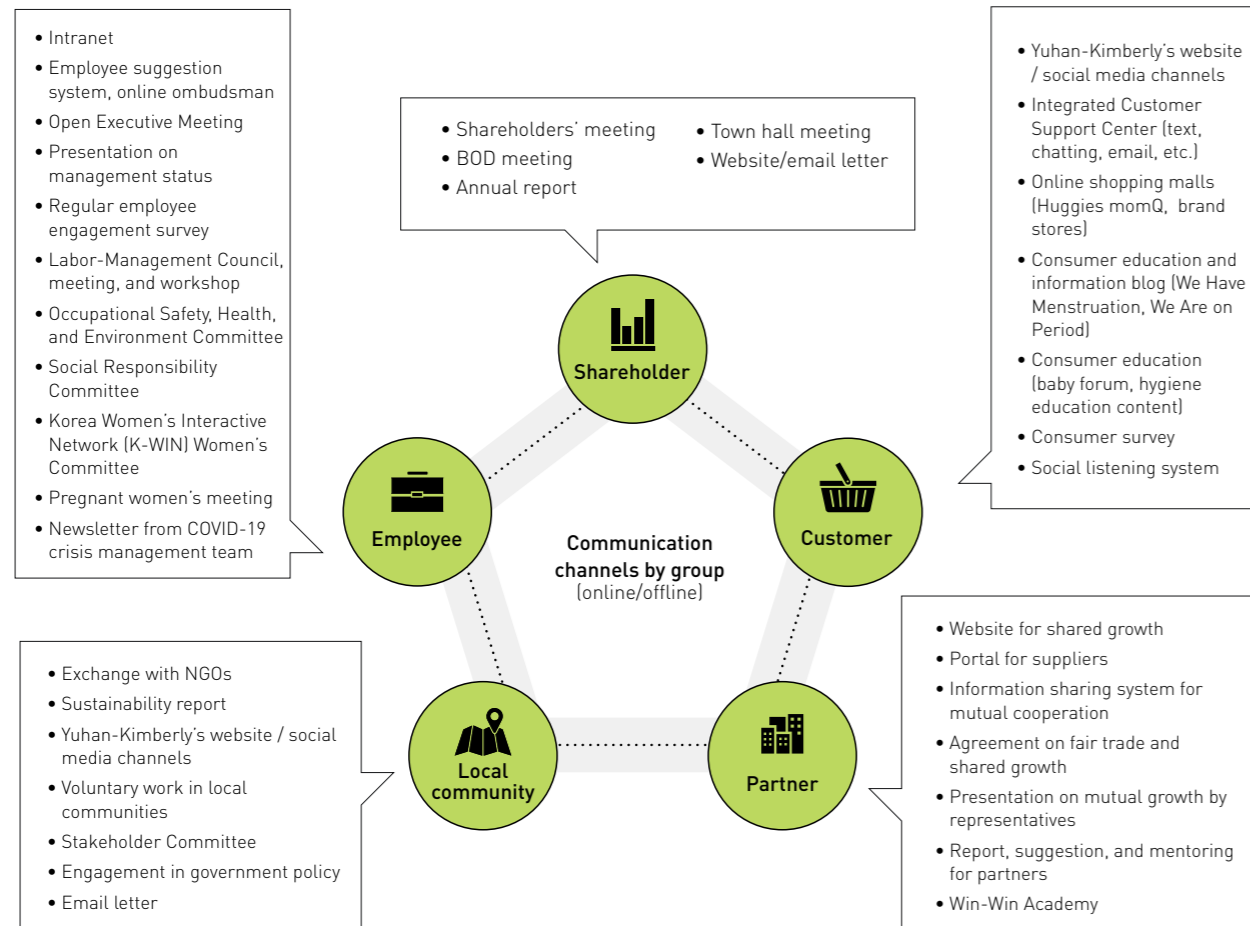
Yuhan-Kimberly has encouraged all employees to participate in executive meetings since 2013. The Monthly Townhall Meeting is held online and offline at the same time and participated by the CEO and heads of each business department to share the current status and strategic direction of each department. On average, about 200 employees attend to ask questions and exchange opinions.

Stakeholder Communication Channels

Definition of Stakeholders and Communication Channels

Yuhan-Kimberly has actively responded to the needs of stakeholders and built a trust relationship with them through various communication channels. The stakeholders' opinions about our business activities and products are collected through engagement surveys, stakeholder surveys, and consumer surveys.

[Figure 3-5] Stakeholder Communication Channels



[Table 3-3] 2019-2021 Stakeholder Communication Efforts

2019 Customer Opinions	2019 Customer Survey	2020 Stakeholder Survey	2020 Reader Feedback	2021 Stakeholder Survey
196,961cases	4,761,034cases	5,869persons	4,467persons	5,587persons
Provision of service and product information through customer consultation	Operation of the social listening system, big data analysis, market survey (Kantar), etc.	Survey on the awareness and direction of sustainability management and materiality assessment	Survey on the readers of 2019 Sustainability Report for feedback using social media	Survey on the awareness and direction of sustainability management and materiality assessment

[Table 3-4] Stakeholder Survey Participants

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	5,579	5,222
Internal	1,021	431	430	430	481	407	345	526	660	554	304	978	337	162	290	365
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	5,869	5,587

[SPECIAL] THE 17th STAKEHOLDER COMMITTEE - Dreaming of Well-being Revolution

The 17th Stakeholder Committee (October 2020)

10 Years of Yuhan-Kimberly's Stakeholder Committee As part of the effort to collect the opinions of stakeholders, Yuhan-Kimberly has held the 'Stakeholder Committee' for 10 years since 2010. Through the committee, we listen to opinions on various topics including corporate culture, sustainability management vision, growth and innovation, and consumer safety and also discuss future directions.



[Figure 3-6] Key Topics at the Stakeholder Committee Over the Past 10 Years

Year	2010-2011	2012-2013	2014-2015	2016-2017	2018-2019	2020
Key-word	Long-lived company 10 years of Yuhan-Kimberly Responsibility and contribution Family-friendly management	Challenge and creativity Vision 2020 Image for innovation Growth strategy	Growth-driven Consumer-oriented Flexible resources Smart manufacturing	Low-growth era Changes in consumption patterns Quality and consumer safety Closing a gap with consumer expectations	Corporate culture Smart work Questions for the future Value and identity	Wellbeing Revolution

Keyword for Yuhan-Kimberly : Well-being Revolution

For the past 50 years, Yuhan-Kimberly has strived to provide products and services that contribute to promoting consumer hygiene and health and thus enable a 'better life'. However, as the Korean society dramatically changed during that period, so did the definition of 'convenience' and 'hygiene' and consumer expectations. And with the advent of 2020, we have encountered a series of unexpected changes. As the coronavirus spread rapidly across the globe, consumers are now required to maintain a higher level of hygiene and pay more attention to personal care goods. Accordingly, radical changes are being made in every aspect of life compared to before the pandemic. The challenges ahead of us are such daunting and complex as population reduction, environmental destruction, and public health failure. In this regard, **the 17th Stakeholder Committee was held to discuss the purpose of existence of Yuhan-Kimberly that has commemorated its 50th anniversary and redefine its businesses for the next 50 years.** The discussion involved 10 external opinion leaders and 9 internal stakeholders.

[Table 3-5] The 17th Stakeholder Committee's Internal and External Participants

Category	Name	Title	Specialty	Way of Participation
External opinion leaders	Kang, HyeongGeun	COO (Vice President), the SMC Group	Industry/Marketing	One-to-one interview Introduction of agenda and background in written form
	Kim, HanUhl	Professor of Business Administration, Gachon University	Academia/Global Business	
	Song, SeungSeon	Managing Director, Mobile Business Department, Homeplus	Industry/Retail Marketing	
	Ahn, JoonMo	Professor, Graduate School of Management of Technology, Sogang University	Academia/Technology Management	Discussion of ideas about 'well-being revolution'
	Yang, GyeongRahn	Managing Director, Dassault Systèmes Korea	Industry/Big Data	
	Lee, GyeongMee	Professor of Business Administration, Seoul National University	Academia/Marketing	Collection of questions and opinions in written form
	Cho, YoungSik	Professor, Department of Design, Ewha Womans University	Academia/Design	
	Cho, YoonMee	Co-CEO, Consumer Rights Forum	NGO/Consumer	Gathering of opinions
	Chung, DooHee	Professor, Department of ICT Startup, Handong Global University	Academia/Technology Management, Startup	
Internal stakeholders	Hong, YoonHee	Director of Public Relations / Social Impact of eBay Korea	Industry/Public Relations & CSR	

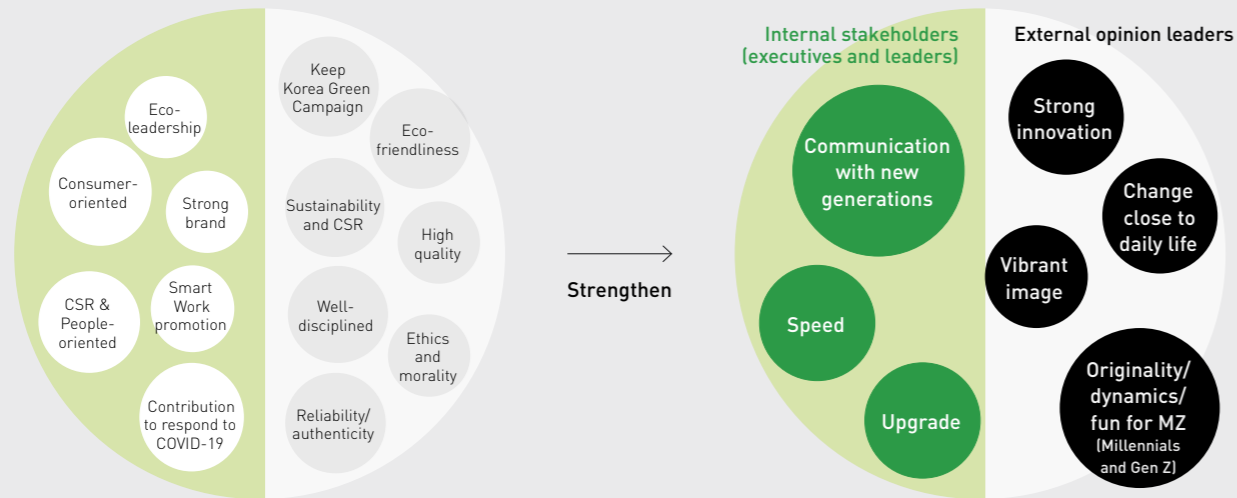
Internal stakeholders

- Business Section: Chin, JaeSeung(CEO)/Kwon, OhSeung(B2B)/Ahn, ByeongUhl(Households business)
- Customer & Society Insight Session: Nam, YoungEe(Social Listening)/Kim, JinHee(Consumer)/Lee, SeungPil(Environment)
- Customer Business & SCM Session: Kang, WonDoo(Sales)/Roh, HyeongGyun(Sales)/Jeon YongHoon(Logistics)

Four Questions and Answers of Stakeholders

To set a strategic direction of Yuhan-Kimberly toward a centennial company, internal and external stakeholders defined values that well describe the company at the moment and suggested values that need to be strengthened in the future. In particular, they presented what we should do as a company that promotes life innovation in the post COVID-19 era and the direction we should take for social responsibility management in the coming years. The four questions to and answers from our stakeholders are summarized as below.

[Figure 3-7] Yuhan-Kimberly's Values that Internal & External Stakeholders Emphasize



Q1 What value best describes Yuhan-Kimberly?

Yuhan-Kimberly has engaged in CSR management, public health promotion, and benefit sharing with stakeholders through consumer-oriented production and marketing and environmental campaigns, such as 'Keep Korea Green'. Amid the COVID-19 pandemic, in particular, we have strived to protect public health and lead the culture of hygiene by introducing quality goods and brands. This is a key core value of Yuhan-Kimberly.

Q2 What will Yuhan-Kimberly and its products look like in the post-COVID-19 era?

Since the outbreak of COVID-19, people have paid more attention to personal hygiene and safety than ever before. As most of our products are worn and used in close contact with body, we are making products that can reflect user experience and ensure convenience and safety in daily life. However, the development of eco-friendly products and management of disposable items, is now a significant responsibility of companies towards a sustainable environment and addressing climate change. As the use of disposable products, such as face masks and wet wipes, has rapidly increased since the pandemic started, we need to develop reusable eco-friendly goods to minimize environmental impact and figure out how to utilize eco-friendly raw materials that dissolve well in water or biodegrade.

Q3 What should we do for well-being revolution in the post-COVID-19 era?

In the post COVID-19 era, we need to turn our eyes from manufacturing and production to customized services for more convenience. We have to remain relevant and updated to the changes in the marketplace, with continuous developments and improvements to our products. In particular, an aging society requires us to develop more products for active seniors while the growth of feminine products market gives us opportunities to expand sales. Besides, the increasing number of companion animals, telecommuting workers and demand for homeeconomy products are the newest trends and thus need to be considered in product research and production. Further tasks ahead include listening to the opinions of specific consumer groups, developing customized products for the disabled, and introducing various product lines that cover the entire lifecycle.

* Homeeconomy: A compound word of Home and Economy, where various economic activities take place at home as a house is now considered a space for not just residence but recreation, culture, and leisure

Q4 What are the values and directions to pursue for socially responsible management?

Yuhan-Kimberly should establish itself as a company that exerts a positive influence on society by assuming responsibilities for global issues, such as climate change, public health and safety, and aging society. In particular, its persistent efforts to enhance publicity on the awareness of aging will lead to greater social change, if a declaration of corporate commitment is made public. Yuhan-Kimberly, as a manufacturer of daily necessities, should value consumer diversity and pay attention to ecosystem issues; build an innovative organizational culture and expertise; promote mutual growth with all its members; and achieve co-existence and development with external partners. Furthermore, the company needs to actively engage in research and development by utilizing various resources in the local community.

4

6,169,472 pads (cumulative)
Daughters, Cheer Up! Sanitary Pad Donation

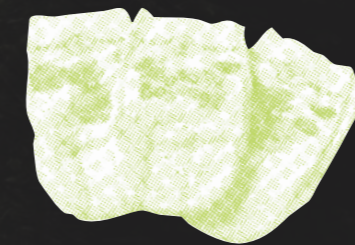
YUHAN-KIMBERLY'S SUSTAINABILITY MANAGEMENT PERFORMANCE

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Economic Performance 41

Social Performance 48



Best Company
in Shared Growth Index
for the fifth consecutive year

Domestic sales growth
12.2%



2020 GHG emissions
201,903 tCO₂e



* Yuhan-Kimberly received notification from the Ministry of Environment (May 31) that its 2020 GHG emissions were estimated as 201,903tCO₂e, and 15,596tCO₂e surplus emission permits were secured during the second K-ETS planning period (2018-2020).

Environmental Performance

Environmental Management

Yuhan-Kimberly's Declaration of Environmental Management 3.0 In the era of environmental management 1.0 since 1970s when the company was founded, Yuhan-Kimberly complied with the government's environmental regulations and also maintained higher standards for environmental management through facility investment. With the declaration of environmental management policy in 1996, the era of environmental management 2.0 began. During this period, environmental management was defined to include knowledge management, quality management, ethics management, and win-win management. It was implemented to strategically respond to environmental issues and extended to the supply chain for a sustainable environment. And commemorating the 50th anniversary of foundation, "Environmental Management 3.0" was announced in March 2020 and environmental goals were also presented to create future value by 2030.



More Use of Sustainable Raw Materials We will contribute to reducing carbon footprint on the planet by expanding the use of biomass-based plastics (non-petroleum-based plastics) in products and packaging and ensure the recycling of materials through the development of innovative technologies. In particular, we plan to increase the use of recycled plastics up to 50% by 2030 in packaging materials. In addition, we will improve eco-friendliness in the logistics sector by applying sustainable packaging materials 100% to our e-commerce delivery packaging.

Carbon Neutrality in the Production Process As part of the effort to minimize GHG emissions in the production process, we will improve the manufacturing process and energy efficiency. We are now considering the installation of solar power system at worksites, and planning to increase the conversion of used electricity into renewable energy. Currently, we are establishing specific goals and plans for carbon neutrality.

Increase of Resource Circulation We will improve the recycle rating of our product packing to excellence at the packaging material structure evaluation and replace 100% of plastic containers and film-type packing materials with recyclable ones by 2030. In addition, we aim to reduce the amount of waste at worksites by 30% from 2019 to 2030.

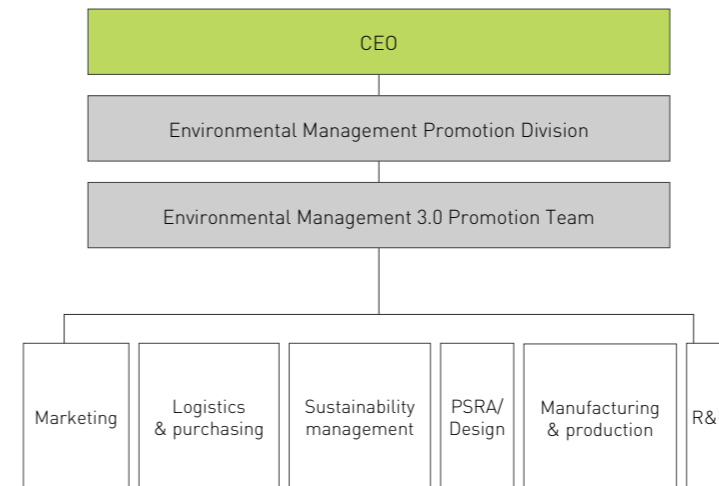
[Table 4-1] Targets for the Application of Sustainable Materials

Infants	Women	Households	B2B	Logistics
<ul style="list-style-type: none"> Applying 100% sustainable materials (Huggies, NatuerMade) Developing lowbase weight felt for reducing the use of materials 	<ul style="list-style-type: none"> Applying 100% sustainable materials (La Nature) Applying sustainable plastic packaging materials to 2nd polybags 	<ul style="list-style-type: none"> Applying 100% sustainable materials (toilet paper, facial tissues, paper towels) Applying sustainable plastic packaging materials (toilet paper/paper towel out case, facial tissues/wet wipes bundle packaging) 	<ul style="list-style-type: none"> Increasing sustainable textiles (hand towels, jumbo rolls) up to 90% Applying sustainable plastic packaging materials to the entire category 	<ul style="list-style-type: none"> 100% of packaging in e-commerce products Establishing a digital E2E process in the entire logistics process Achieving an eco-friendly e-logistics through optimized transport

Dedicated Environmental Organization The Environmental Management Promotion Division, under the direct control of the CEO, has been taking responsibility for environmental management across the company until March 2021. With the declaration of Environmental Management 3.0 in March 2020, the division has introduced green products and services that consider the entire process from product development, production, sales to logistics, and also built an enterprise-wide climate change response system. And as part of the effort to accelerate Environmental Management 3.0 from the perspective of sustainability management, the division was incorporated into the Sustainability Management Sector in March 2021. The division will promote ESG throughout Yuhan-Kimberly's business and establish action plans to achieve carbon neutrality in products and manufacturing process. The discussions on environmental strategies and corresponding decisions were previously made at the Social Responsibility Committee (participated by the CEO and major sector heads), but now will be at the ESG Committee from 2021.

Environmental Management 3.0 Presentation With the declaration of Environmental Management 3.0, Yuhan-Kimberly began to provide training on environmental management for the manufacturing and production sector in 2020 to raise the employees' awareness of environmental management. A total of 12 training sessions were held, presentations were provided on how to reduce GHG emissions and develop eco-friendly products, and discussions were made on the current environmental policies at home and abroad and the risks and opportunities ahead of us. After the Environmental Management 2030 Presentation, 97% of employees answered that environmental management would have a positive impact on the company. In 2021, we will continue employee education in the marketing and product development sectors, promote the understanding and consensus of employees, and encourage them to actively engage in the environmental management.

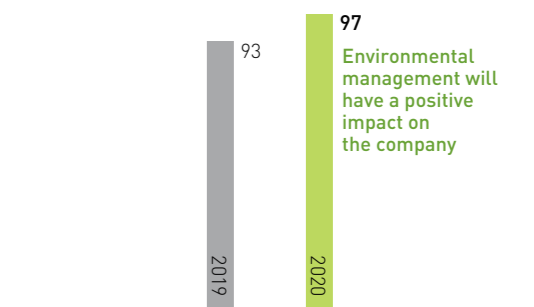
[Figure 4-1] Environmental Organization Chart



* The Environmental Management Promotion Division was incorporated into the Sustainability Management Sector and its name was changed to the Environmental Management Workgroup in March 2021.

[Figure 4-2] 2020 Participants of Job Training Program at Worksites (unit: %)

208 employees for job training at worksites in 2020 (vs. 420 respondents across the company in 2019)



Highlight | Highlight: 2021 Climate Change Leadership Program

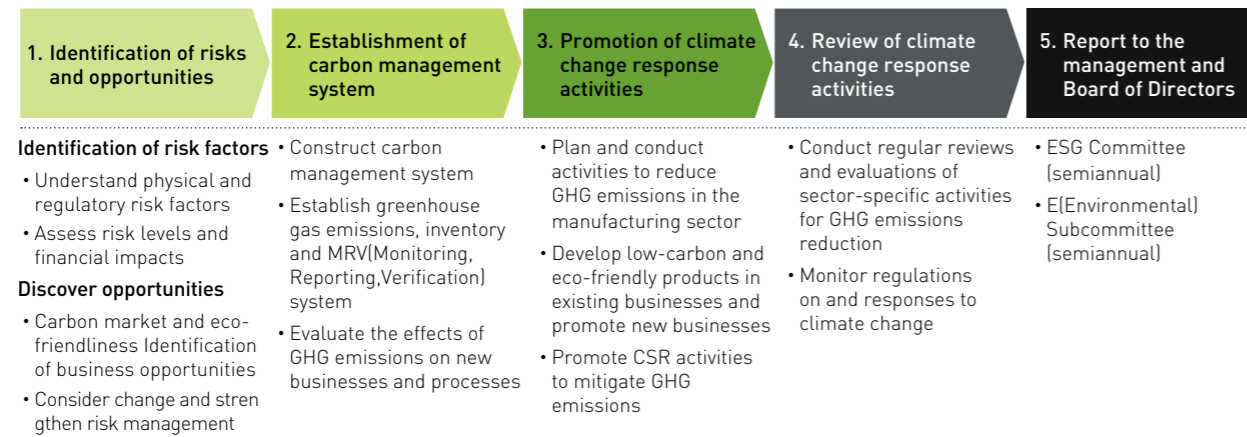
Our new leadership program was designed to enhance the understanding of climate change among the top management and develop their response capabilities in preparation for the era of low-carbon economy. The program was held four times from April to May 2021 for the CEO, Sector heads, and Mill heads, to increase their understanding of climate change issues and domestic and foreign policies and also discuss climate change risks and industry responses. Yuhan-Kimberly's management confirmed that the company is fully aware of climate change in every aspect of its business and decision-making and thus committed to improving business flexibility and taking climate change as an opportunity for business growth.

Carbon Management

Carbon Management System

①Climate Change Response System Recognizing climate change as both a crisis and an opportunity at the same time, Yuhan-Kimberly is committed to leading the transition into low-carbon economy through the establishment of a climate-resilient business model. As the demand for climate change mitigation has grown at home and abroad, regulatory risks are increasing and so are uncertainties in the procurement of raw materials. However, we will take advantage of this climate change issue for business growth with our quality control know-how, production capacity of personal hygiene products that help to curb the spread of infectious diseases caused by climate change, and use of eco-friendly materials instead of disposables. Under the leadership of the Environmental Management Promotion Division, a carbon management risk and opportunity management process has been established to support effective policy response and decision-making of top management. We will strengthen our production competitiveness by improving energy efficiency and resource circulation in the manufacturing and production sector and gain the upper hand in the market through the development of low-carbon products.

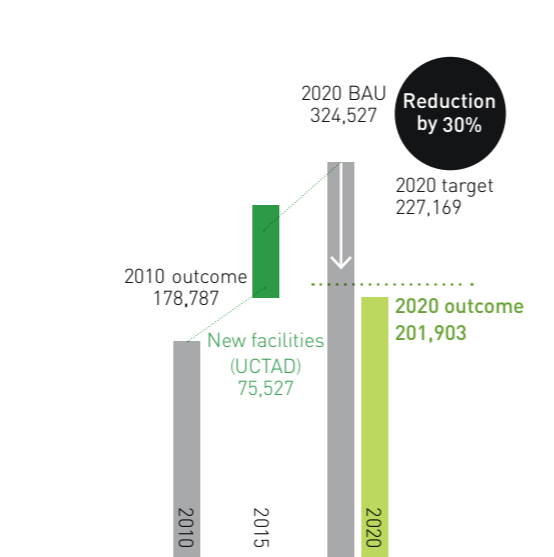
[Figure 4-3] Carbon Management Risk & Opportunity Management Process



②Low Carbon Vision Yuhan-Kimberly established the "2020 Environmental Management Low-Carbon Vision" back in 2010. We have since then implemented low carbon operations in the product manufacturing and supply chain, and also managed the target to reduce GHG emissions by 30% compared to BAU*. In 2020, we were glad to see that the amount of GHG emissions exceeded the original target of 227,169tCO₂e by about 11.1% or more to reach 201,903tCO₂e (the amount to be carried over is 25,266tCO₂e). We promote low carbon operations in manufacturing and production through the maximization of energy efficiency and introduction of renewable energy sources and also in product development through design improvement and raw material reduction. Furthermore, we will replace plastics with eco-friendly materials to contribute to GHG emissions reduction throughout society. In this regard, we are currently establishing specific visions, mid-to-long term plans, and action plans for carbon neutrality over the next 50 years.

* BAU (Business As Usual): Emissions when no artificial measures are taken to reduce greenhouse gas emissions

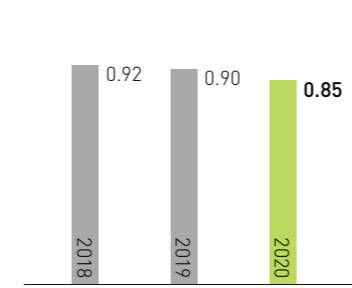
[Figure 4-4] Low Carbon Vision: GHG Emissions Reduction Target (unit: tCO₂e)



Greenhouse Gas Emissions Yuhan-Kimberly has managed emission allowances subject to the Korea Emissions Trading Scheme (Korea ETS) and also internal emission targets in line with Kimberly-Clark's other global business sites. To be specific, emission targets are assigned to each worksite based on the consultation between the Environmental Man-

agement Promotion Division and the manufacturing and production sector, monitored on a monthly basis, and reflected in the individual performance goal of the head of manufacturing sector and leaders of each worksite. The Environmental Management Promotion Division and the Environmental Management Workgroup review climate change response activities and discuss improvement programs. Most of the GHG emissions from our domestic worksites including Mills in Taejon, Choongju, and Kimcheon, Gunpo Logistics Center, Life Innovation Research Center, and headquarters buildings are caused by electricity use. The amount of our GHG emissions in 2020 was 201,903 tons, down from 202,435 tons in 2019, and 178,684 tons of them from electricity use accounted for about 88.5% of the total. The amount of production in 2020 increased by about 6.6% from 224,125 tons in 2019 to reach 238,886 tons, while that of emissions decreased by about 0.26%. Moreover, the intensity of CO₂e from the production of 1 ton of products, indirectly indicating energy efficiency improvement, has significantly decreased by more than 6.4% from 0.90 tCO₂e/ton in 2019 to 0.85 tCO₂e/ton in 2020. This is attributable to the improved production efficiency owing to the increased capacity utilization caused by the intensification of production and also to the energy efficiency improvement activities including replacement of obsolete facilities and LED lighting. During the 2nd planning period of the Korea Emissions Trading Scheme (2018 to 2020), we were allowed to carry over 15,596tCO₂e to the first year of implementation (2021) in the 3rd planning period (2021 to 2025).

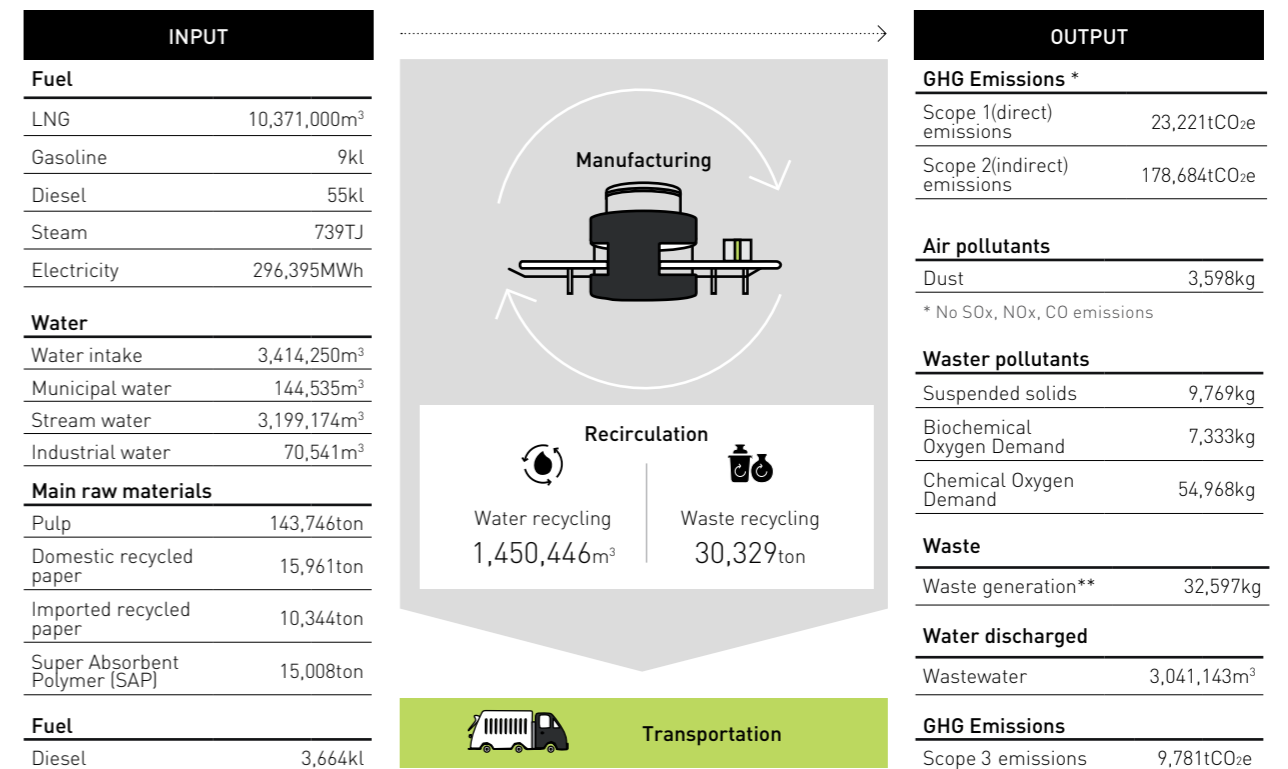
[Figure 4-5] GHG Emissions Intensity (unit: tCO₂e/ton_{product})



[Table 4-2] 2020 Major Energy Saving Activities

Activities	Investments	Savings	Worksites
Improvement of cooling systems	KRW 1.08 billion	122kWh/year	Kimcheon Mill
Replacement with high-efficiency compressors	KRW 380 million	228kWh/year	Kimcheon Mill
Replacement of high-efficiency refiners	KRW 550 million	400tCO ₂ /year	Kimcheon Mill
Replacement of hybrid transformers	KRW 300 million	1,180,000kWh/year	Taejon Mill
Improvement of air conditioners	KRW 35 million	364,000kWh/year	Taejon Mill
Improvement of LED lighting at wastewater treatment facilities	KRW 9 million	45,300kWh/year	Taejon Mill
Replacement of electric boilers with LNG boilers	KRW 400 million	410tCO ₂ /year	Choongju Mill

[Figure 4-6] Material Flow Chart 2020



* Scope 1: Emissions from sources directly owned and controlled by the company

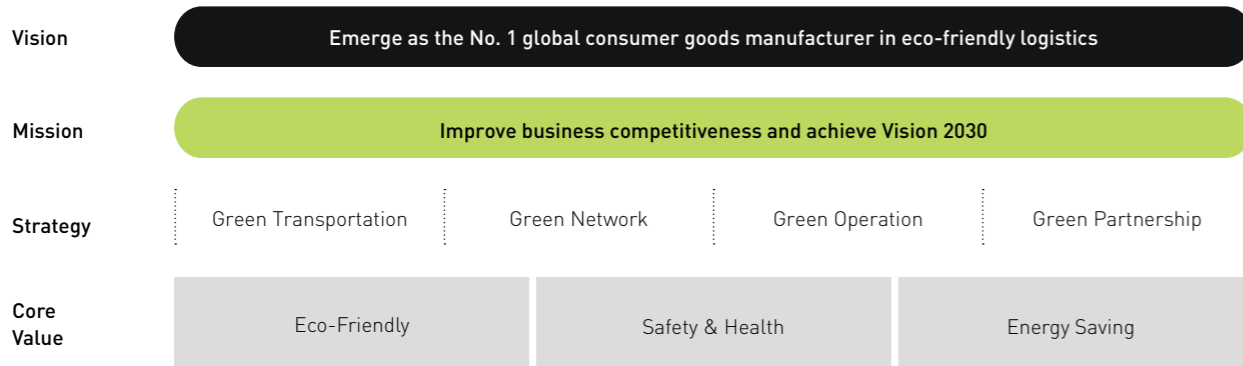
Scope 2: Energy such as electricity and steam used within organizational boundaries, but greenhouse gases emitted outside organizational boundaries

Scope 3: Emissions from sources not directly owned or controlled by the business operator

** Waste generation: The amount of waste generated at the workplace and reported to the government's Allbaro system

Carbon Management in the Supply Chain Yuhan-Kimberly has been exerting efforts to minimize its carbon footprint in transportation and distribution since 2009. Under the Eco-friendly Logistics Vision 2030 established in 2019, we strive to reduce GHG emissions in the logistics sector through the improvement of logistics system efficiency and rationalization of logistics network. The GHG emissions from transport and delivery in 2020 increased by about 4.7% from 9,435 tCO₂e in 2019 to reach 9,781 tCO₂e. This is attributable to an 8.4% increase in cargo volume due to the COVID-19 outbreak. The amount of GHG emissions in the logistics sector is set aside from that at worksites and thus excluded from the emissions statement. Nevertheless, we are working hard to curb emissions in logistics so that we can contribute to reducing GHG emissions across society. In particular, we are promoting the introduction of electric trucks that replace existing diesel vehicles at Gunpo Logistics Center in cooperation with external logistics companies. We have also completed the installation of an electric vehicle charging station in December 2020 and will gradually increase the number after pilot operation in 2021.

[Figure 4-7] Eco-friendly Logistics Vision 2030

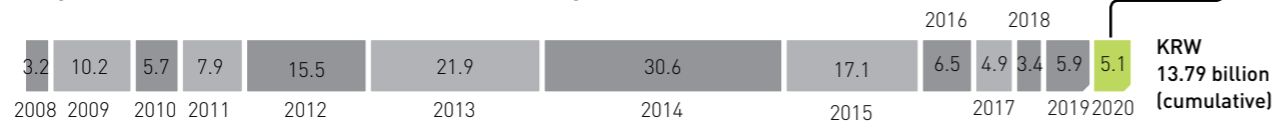


Logistics Innovation Program For the reduction of greenhouse gas emissions and transport costs, we have promoted a logistics innovation program since 2008. In 2020, 6 tasks were implemented including logistics system rationalization and process change to reduce transport cost and energy consumption. Thanks to this program, approx. KRW 510 million were saved, which is similar to the 2019 savings of about KRW 590 million, and the accumulated savings since 2008 have reached around KRW 13.8 billion.

[Table 4-3] Cost Reduction through Logistics Innovation Program in 2020

Period	Description	Cost reduction(KRW 10,000)
2020. 1-3	Reduction of transport costs at Gunpo Logistics Center thanks to the increased loading capacity at Taejon warehouse	2,399
2020. 3-12	Reduction of transport costs by introducing direct delivery from mills	6,837
2020. 8-12	Improvement of pallet loading efficiency	9,100
2020. 9-12	Additional build-up at Kimcheon Hub	23,687
2020. 9-12	Increase of product loading by improving warehouse space efficiency due to the relocation of D2MP workshop	1,163
2020. 9-12	Rationalization of Costco logistics and improvement of efficiency of inventory management at Choongju Mill	7,348
Total		50,534

[Figure 4-8] Efforts to Reduce GHG Emissions from Logistics in 2020 (unit: KRW 100 million)



Development of Eco-friendly Products

Zero Plastic Strategy We use plastic as a raw material in making consumer goods. However, at the same time, we have developed and applied a variety of materials to reduce waste throughout the entire production-distribution-consumption process as well as solutions including diaper recycling technology. We have established strategies for sustainable products and packaging materials in compliance with the 2020 Environmental Management 3.0 Declaration and the government's resource circulation policy. As for feminine hygiene products, we have set a goal to increase the sales of products made from sustainable materials from 35% in 2020 to 95% in 2030 out of the total sales. With regard to B2B products, we plan to expand the eco-labelled products of 37 types at the moment to 50% of the entire product lineup by 2030. In terms of household goods including toilet tissue and wet wipe, we will increase the use of sustainable materials to 60% and apply recycled raw materials to more than 50% of packaging materials by 2025. Furthermore, we are currently working on the mid-to long-term roadmap and action plans by 2030 for all products and packaging materials.

[Figure 4-9] 2030 Sustainable Products and Packing Materials Development



This sustainable product development is considered very important in Yuhan-Kimberly's business strategy, and thus has a process reflected across all business areas, including product development, marketing, and logistics. Through "Super Greener," a working-level consultative body for sustainable product development and marketing activities, monthly discussions are held to share issues and deliver feedback on performance, and the pending issues reviewed at the body are reported to the management in each sector for decision making.

[Table 4-4] Environmental Improvement Goals

	2021 Goal	2030 Mid-to Long-term Goal
Personal hygiene products (female and infant)	<ul style="list-style-type: none"> Expand the use of organic cotton and linen Increase the use of recycled plastics in packaging materials up to 30% Expand the use of bioplastics in La Nature products up to 30% Develop new products using sustainable materials (absorbents and recycled plastics for packaging materials) 	Sales of sanitary pads using sustainable materials (unit : %)
Household products	<ul style="list-style-type: none"> Launch paper wipes Reduce paper tube size Use recycled plastics up to 30-50% 	By 2025 <ul style="list-style-type: none"> Expand the use of sustainable materials up to 60% Increase the use of recycled plastics in packaging up to 50%
B2B	<ul style="list-style-type: none"> Develop paper wipes for hand sanitization Acquire eco mark for all air freshener lineup Use recycled plastics in dispenser containers 	By 2025 <ul style="list-style-type: none"> Eco mark to all product lineup including jumbo rolls Expand the use of recycled plastics in packaging up to 30% By 2030 <ul style="list-style-type: none"> Increase the proportion of eco-labelled products up to 50% of all lineup (37 types as of 2020)

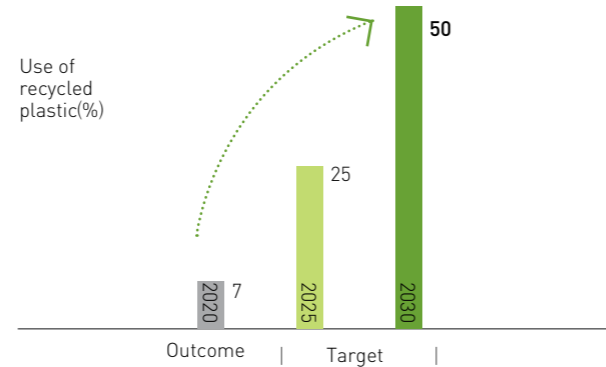
Sustainable Packaging Program Yuhan-Kimberly plans to reduce the use of petroleum-based plastics in packaging materials to 50% by 2030, and replace all of them with bioplastics (non-petroleum-based plastics) after 2030. First, we will expand the use of recycled plastics (recycled contents) in packaging and containers.

The use of recycled plastics remained at 7% in 2020 but will be increased to 25% in 2025 and even to 50% in 2030. With regard to film-type packaging and lead in wet wipe packaging, we aim to expand the use of recycled plastics to 30% by 2021. In addition, paper packaging will be applied to certain hygiene products including wet wipes and masks so as to gradually reduce the consumption of petroleum-based plastics. Ultimately, we will contribute to reducing the use of petroleum-based materials and promoting carbon neutrality by using more bioplastics in packaging and containers.

[Figure 4-10] Super Greener Consultative Body



[Figure 4-11] Use of Recycled Plastics in Packaging
(unit: %)



[Figure 4-12] Recycled Content resin (RC) applied to up to 30% of product packaging

Recycled Content resin (RC: Recycled Contents) applied to up to 30% of product packaging



Eco-labelled Products The Korea Eco-Label is granted by the Ministry of Environment to a product that has improved eco-friendliness compared to other products of the same purpose. That is to say, the label is awarded to a product that has reduced environmental impacts, such as pollutants or GHG emissions, and resource and energy consumption, throughout the entire process of manufacturing, consumption, and disposal of materials and products. Yuhan-Kimberly has acquired the Korea Eco-Label for 37 types of B2B products, including 20 types of toilet papers, 15 types of face towels, and 2 types of air fresheners, which improved resource circulation and reduced harmful substances. We will gradually increase the number of certified products by enhancing the eco-friendliness of materials and production process.

[Figure 4-13] Korea Eco-Label



[Figure 4-14] Eco-labelled Product Lineup

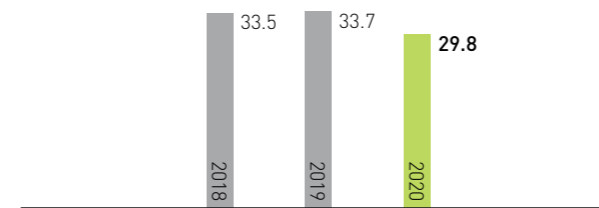


Sustainable Product Production and Resource Circulation

Water Management Climate change increases uncertainty in water resource planning for stable water supply and aggravates difficulty in preparing for extreme natural disasters such as floods and droughts. Yuhan-Kimberly consumes a large amount of water to make toilet paper using pulp. Fortunately, our Kimcheon, Taejon, and Choogju Mills bear low risk of water shortage since they face 'low to medium' levels of water stress according to the World Resources Institute(WRI). However, we have improved water purification facilities to prepare for natural disasters given the increasingly unpredictable weather in recent years and also stabilized and monitored the management of water quality concentration due to the direct discharge of treated wastewater to rivers nearby.

In particular, the Kimcheon Mill, which mainly produces tissue products, uses industrial water for the efficient use of water resources. As the premium product line has expanded, the reuse of water slightly decreased from 33.7% in 2019 to 29.8% in 2020, while the water consumption per ton of product is decreasing every year and reduced by 2.3% in 2020 compared to the previous year. Against this backdrop, we will establish water management strategies that consider climate change risks so that high-quality products can be produced while increasing the reuse of treated wastewater. Also, we are striving to minimize the discharge of wastewater through the monitoring and management of microfiltration system and engage in information disclosure and responsible wastewater treatment.

[Figure 4-15] Water Recycling Rate
(unit : %)

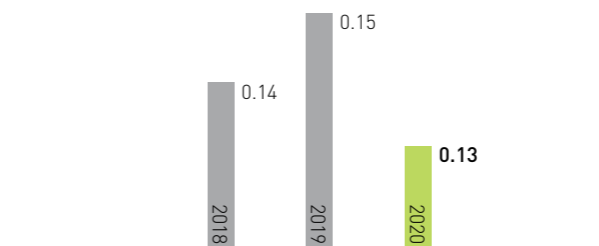


[Figure 4-16] Water Use Intensity
(unit : m³/ton of product)

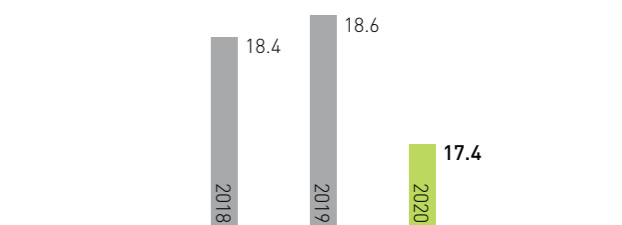


Waste Management and Resource Circulation Yuhan-Kimberly minimizes the generation of waste in the production process, and reuses recyclable subsidiary materials, such as scrap paper, in the process as much as possible. In particular, the Taejon Mill reduced waste by about 1,652 tons in 2020 by reusing the scrap paper generated during the manufacturing of non-woven fabrics in the in-house processes, contributing to saving the material cost by approx. KRW 1.9 billion. Regarding the generated waste, we are searching for sources of demand so that it can be recycled as raw material in other industries or used as a heat source. Thanks to these efforts, the amount of waste generated at Yuhan-Kimberly in 2020 was 32,597kg, a decrease of about 4% from 34,052kg in 2019. and the recycling of waste outside the company increased from 98.5% in 2019 to 98.9% in 2020. Moreover, the amount of waste generated to produce 1 ton of products went down from 0.15 tons in 2019 to 0.13 tons in 2020.

[Figure 4-17] Waste Generation Intensity
(unit : ton/product ton)



[Figure 4-18] Use of Scrap Paper
(unit : %)





Yuhan-Kimberly produced goods using recycled paper for about 17.4% of the pulp consumed in 2020. We fulfill the environmental responsibility in the entire process from production to disposal in accordance with to the Extended Producer Responsibility (EPR) and exert the utmost effort to cut down on the use of plastics in compliance with the mandatory recycling rate for producers (75.9% for film-type and 80.8% for container-type). Yuhan-Kimberly expands the use of recycled raw materials considering resource circulation, minimizes the generation of waste in the production process, and improves recyclability after the use of products. In this way, we will move from petroleum-based to non-petroleum-based in using raw materials, establish a low-carbon product life cycle, and ultimately contribute to preserving the global environment.

Procurement of Sustainable Raw Materials Paper and pulp, used as the main raw materials for Yuhan-Kimberly's products, come from conifers. When it comes to these forest-derived materials, we need to make sure that they are certified for sustainability. All pulp purchased by Yuhan-Kimberly is made from trees grown in the forest free from planned logging and also supplied through organizations for responsible management of the world's forests, such as Forest Stewardship Council (FSC). The pulp we use is procured by Kimberly-Clark's global purchasing team, and it also meets Kimberly-Clark's eco-friendly pulp purchasing policy. The purchase of FSC certified pulp has steadily increased over the past five years, and in 2020, it is particularly attributable to the increase in production from the previous year and expansion of premium products. Meanwhile, according to the company's marketing policy, some hand towels and all diaper products for the domestic market must obtain the FSC CoC (Forest Stewardship Council Chain of Custody) certification, one of the international forest certifications, before being sold.

[Table 4-5] Purchase of FSC Certified Pulp(unit : ton)

Year	2016	2017	2018	2019	2020
Purchase	136,699	140,898	141,604	143,358	149,903

[Table 4-6] FSC CoC Certified Products

Product	Kleenex Dry Cell Hand Towel (partial)	
Manufacturing Plant	Kimcheon Mill	
Certification Period	2015.8.6 ~ 2024.6.13	
Product	Diaper and pants products for the domestic market [all]	
Manufacturing Plant	Taejon Mill	
Certification Period	2018.2.20 ~ 2023.2.19	

[Table 4-7] Purchase of FSC Certified Pulp

Category	Certification period	Organization	Worksite
Green company	2019.11~2022.11	Ministry of Environment	Choongju Mill
	2018.10~2021.10		Taejon Mill
ISO14001	2019.11~2022.11	SGS	Kimcheon Mill
	2018.10~2021.10		Choongju Mill

Eco-certified Worksite Yuhan-Kimberly ensures compliance with the Framework Act on Environmental Policy, Clean Air Conservation Act, Waste Control Acts, and Act on Integrated Management of Environmental Pollutants, and also stricter environmental management in our manufacturing sites including Kimcheon, Taejon, and Choongju. All of our three manufacturing sites have maintained the certification of ISO14001 (Environment Management System) and also established environmental management improvement plans and conducted monitoring in accordance with the ISO14001 standard. Among them, the Choongju Mill has been designated and operated as a green company for its environmental improvement, such as significant reduction of pollutants, saving of resources and energy, environmental improvement of products, and establishment of a green management system.

Highlight | 2021 Crystal Tree Award

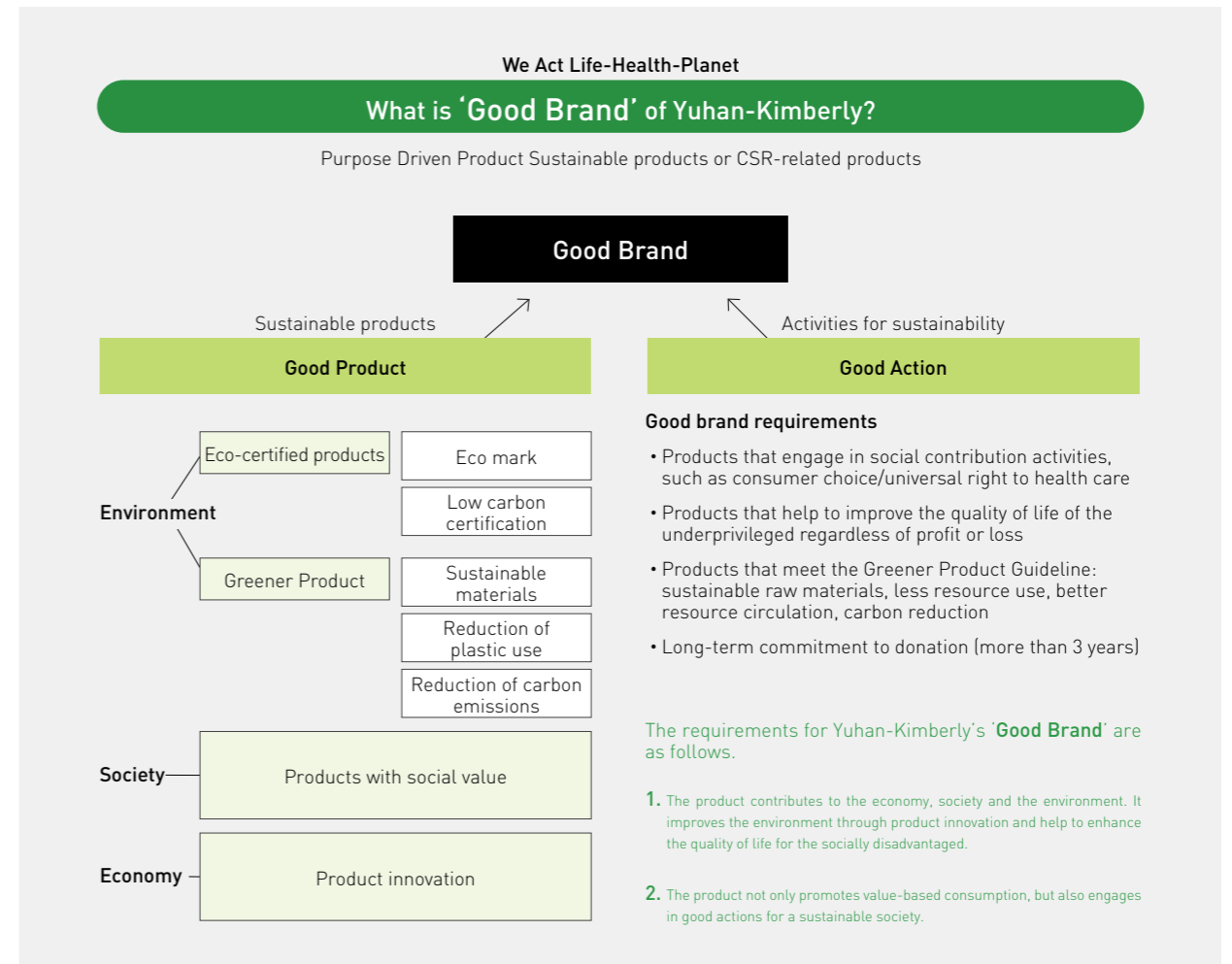
The Taejon Mill of Yuhan-Kimberly was recognized for its sustainable leadership in the Crystal Tree Award where Kimberly-Clark evaluates all of its global operations and was selected as the only winning team among manufacturing sites in the Asia-Pacific region in 2021. The Crystal Tree Award is one of the most prestigious awards granted every year to teams and individuals who strive to deal with sustainability issues while promoting business value. The Taejon Mill has been appreciated for its higher quality, safety and sustainability than any other Kimberly-Clark mills around the world, and this is the third award following 2015 and 2017.



KEY TOPIC - Yuhan-Kimberly's Sustainable Brands

What is a sustainable brand? It is a brand that exerts a positive influence on consumers through good products of better economic, social, and environmental value together with stakeholders for a sustainable society. Yuhan-Kimberly proposes that all of our society members join our efforts for good brands. Yuhan-Kimberly will make 'Good Brands' by developing products for the planet as well as ourselves and leading activities to help the socially vulnerable so that we can act for value-based consumption together with consumers.

[Figure 4-19] Requirements for Yuhan-Kimberly's Good Brand



Environmentally Conscious Products

Good brand products that are environmentally conscious consist of eco-labelled products (government certification) and greener products (voluntary industrial certification, products with environmental improvements). Launching an innovative product to improve the quality of life is an important task for business entities. However, depending on product group, some do not have certification standards yet, or more technological efforts are needed, such as resource circulation. Yuhan-Kimberly will not only develop safe products beyond legal requirements, but also strive to set new environmental standards together.

Eco-labelled Products Eco-labelled products receive environmental mark from official organizations, and we have a total of 37 eco-labelled products in various groups including toilet paper, towels, air fresheners, and diapers. (contributing to improve resource circulation and reduce harmful substances, etc.)

Greener Product Yuhan-Kimberly's greener products using sustainable raw materials are environmentally superior to existing products. When no domestic standards exist, we receive certification from a third-party organization or reduce the use of plastics in packaging or raw materials for greener products. Moreover, products that have improved resource circulation and reduced carbon emissions are considered green as well. The 'Super Greener', a working group formed to develop more 'green' and sustainable products within the company, engages in discussions and decision-making for environmental improvement, leading to the launch of 'greener products'.

[Photo] La Nature and Naturemade certified for organic cotton



①Use of Sustainable Materials Huggies Naturemade Organic Cotton Cover Diaper is the first product in Korea that received OCS100 international certification for organic products. 100% organic cotton is applied to the inner cover to maximize softness and comfort while promoting eco-friendliness

[Photo] Greenfinger Honest Wet Wipes' biodegradable fabric



'La Nature' is made from more than 90% natural materials. It is the only sanitary pad in the world that received Ecocert, eco-friendly fiber certification, and the first in Korea that meets the European biodegradability standards. Greenfinger Honest Wet Wipes is made from only raw materials of green grade granted by the Environmental Working Group (EWG), a non-profit environmental research group in the US, and uses biodegradable fabrics to reduce environmental burden and minimize skin irritation.

②Reduction of Plastic Use Yuhan-Kimberly made a voluntary agreement with the Ministry of Environment to 'reduce excessive packaging' in September 2020. When it comes to sanitary pads, we reduced the environmental burden by cutting down the use of plastic in all secondary packaging applied to bundled products by 30% by November 2020. In addition, we have further developed large-capacity products in order to fundamentally reduce secondary packaging for bundled products, cutting plastic packaging by more than 40% compared to existing ones. 'Scott Eco Wipes' is a 'paper wet tissue' developed by adding moisture to fabric made from 100% FSC certified natural pulp, to minimize environmental impact. Besides, we removed adhesive tape from 'Huggies Hug Box' and the handle from toilet paper packages distributed online for the environmental improvement of product packaging. Yuhan-Kimberly will expand the sales of key businesses that use sustainable materials: diapers and sanitary pads up to 95% and toilet paper up to 100% by 2030.

[Figure 4-20] Products and packaging with less use of plastic



Socially Conscious Products

Good Product(Products with Social Value) Yuhan-Kimberly has been developing products that can meet the needs of minority consumers while providing more choices for consumers and improving their quality of life through the effort to enhance product inclusion. In 2020, we launched 'Good Feeling First Menstruation Panties' for girls with developmental disabilities, incorporating the insights provided by special education teachers. This product was developed for adolescent girls who have their first menstruation and for the disabled who have difficulty changing sanitary pads, helping them properly wear a sanitary pad with intuitive design. The first menstruation panties have a universal design for all adolescents who start menarche as well as the disabled.

Good Action(Products Acting for Society)

Good Feel - 'Daughters, Cheer up!' campaign, exerting positive influence on consumers through live donations 'Good Feel', our signature brand of Feminine Care products, donates more than 1 million pads annually to the underprivileged through the 'Cheer Up Daughters' campaign. As of 2021, we have been carrying out a donation campaign together with e-commerce Shopping Live to promote value-based consumption and have spread positive influence over more consumers by promising to donate 100,000 pads for 100,000 views. As of June 2021, more than 200,000 consumers participated in Shopping Live, and 8,050 of them actually joined the donation campaign through Happy Bean.

[Photo 4-1] 2021 1million sanitary pads donation ceremony



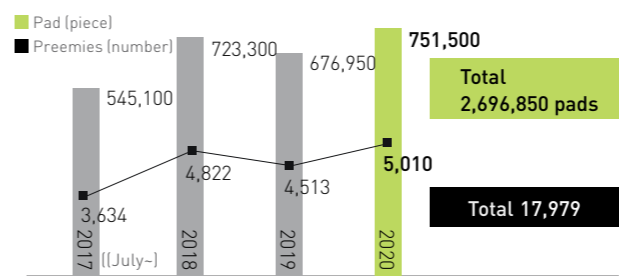
[Table 4-8] Daughters, Cheer Up! (donation of 1 million sanitary pads)

Year	2016	2017	2018	2019	2020	2021 (First half of 2021)	Total
Donation of sanitary pads	1,532,304	1,008,352	1,455,120	1,086,832	1,086,864	1,086,832	7,506,408

Huggies - Extra Small-Sized Diapers for 'Premature Babies' Announced a Three-Year Extension of Free Support in 2020 Yuhan-Kimberly's Huggies launched a campaign to encourage public attention to and promote consideration for premature babies and has been providing extra small-sized diapers for free since 2017 considering the economic burden of families staying in hospital for a certain period of time. In 2020, it announced to extend the free support of diapers for another three years, which will lead to the donation of 2.3 million diapers for about 15,000 premature babies over the next three years. Yuhan-Kimberly provides free diapers to applicants among newborns weighing less than 2.2kg who need to be kept in an incubator for a while, and parents can file an application form through the momQ website. (3 million or 1.5 million pieces will be available for each person)



[Figure 4-21] Number of premature babies at home and donation of diapers for them



* The number of donated pads in 2017 has been corrected.



Kleenex Mask – Donating 1 Million Pieces for COVID-19 Emergency Response and Conducting Hygiene and Safety Campaign Since 2015, we have donated 1,025,802 pieces of Kleenex masks to those working in environments exposed to fine dust through the 'Fine Dust Worry Out' campaign (accumulated as of May 2021). In 2020, 1 million masks for emergency usage were provided for free to Daegu areas, severely affected by the COVID-19 pandemic, and in March 2021, we gave 10 pieces of masks to each citizen who participated in the 'Wetiquette' campaign designed to promote the hygiene and health of consumers in this new normal era. The masks were delivered to those who engaged in parcel delivery service and public transportation and contribute to maintaining the daily life of citizens amid the prolonged pandemic. In addition, educational contents for youth on how to prevent infectious diseases were developed under the supervision of the Health Teachers Association and provided to schools for online education.

[Photo 4-2] Kleenex's mask education and donation campaign



[Table 4-9] Products in alignment with CSR activities for sustainability

Brand	Realization of social value
Good Feel	Introduction of first menstruation panties for girls with developmental disabilities (2020) Donation of 1 million pads through the 'Cheer Up Daughters' campaign (2016)
Huggies	'Raising Huggies Premature Babies Together' campaign (2017) Hope Bank (donation of products after size exchange) (2015)
Goodnight	Regular activities and campaigns for youth incontinence Development of products to improve incontinence of children with disabilities
Kleenex Mask	'Fine Dust Worry Out' campaign (2015) Donation of 1 million masks for emergency usage 'Wetiquette' campaign to prevent virus infections (2020)
Depend	Donation of 1% of employees' monthly wages (2015)
Double Heart	Development of baby bottle for those with cleft lip/palate

Yuhan-Kimberly's Donation Policy

In order to fulfill the role as a corporate citizen, Yuhan-Kimberly has established a department responsible for the transparent and systematic management of donation process, and stipulates its procedure, authority and responsibility. (Published on March 28, 2008 / Revised on February 10, 2017)

Policy

1. The target of donations shall be a non-profit organization or a public institution with the purpose of collaborating with local communities and increasing public interest.
2. The disposition of donations must be properly documented and executed according to established procedures.

Responsible Department

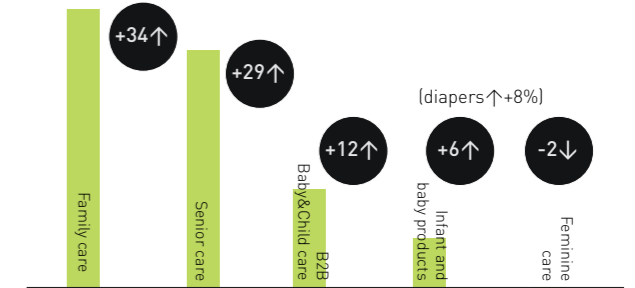
1. The Sustainability Management Sector is responsible for the drafting and execution of donations.
2. Each business department shall ask permission of the Sustainability Management Sector to execute donations when necessary. However, donations generated at the divisions and workgroups within the sector shall be executed by each person in charge and reported to the Social Responsibility Workgroup.
3. The revision and maintenance of this procedure are the responsibility and authority of the leader of Social Responsibility Workgroup.

Economic Performance

Leading the market amid changes in the business environment

The year 2020 was full of uncertainty in many aspects, including politics, economy, culture, and consumption patterns, due to the unprecedented pandemic sweeping across the world. In addition, the widening gap between the rich and the poor and nose-diving childbirths have brought another change in the market. Under these circumstances, we have led market changes amidst the uncertainty through product and business model innovation and strengthened internal capabilities through prompt onsite response, speedy implementation, and efficient organizational structure.

[Figure 4-22] Product Growth in Key Categories (unit : %)



As a result, Yuhan-Kimberly recorded a double-digit growth with a 12% increase in sales in 2020. This achievement is attributed to our proactive efforts to improve product quality and safety for public health, timely supply of hygiene products to fight coronavirus, which have led to the sales increase in household and BSB products., and growth of diaper sales achieved through strengthened leadership in the baby products market despite the birth-rate fall.

Reinforcement of E-commerce Channels

In the ever-growing e-commerce market, Yuhan-Kimberly is expanding its e-commerce channels by developing Drop Ship*, Direct to Market Place *(D2MP), and Direct to Consumer*(D2C) models. In 2020, we strengthened live commerce in particular, both channel-led and seller-led content. Channel-led content is the product of brand casting, program planning and hosting by channels. We have made channel-led content in collaboration with various platforms including Grip and Kakao. Meanwhile, seller-led content is planned and hosted by sellers on the account provided by channels. In 2020, we launched a brand store of Yuhan-Kimberly on NAVER Smart Store where products are delivered directly from the headquarters or mills while various benefits and information are communicated to shoppers. We also strengthened partnership to consolidate our leadership in the market of key products and expanded the number of exclusive products. In this way, the introduction and publicity of new and differentiated products through e-commerce channels serve as an opportunity for us to increase the awareness of our products.

* Drop Ship: The agency deals with external e-commerce malls and Yuhan-Kimberly sends products directly to customers
 * Direct to Customer (D2C): Yuhan-Kimberly deals with sales, operation, settlement, and direct delivery at its own mall (momQ)
 * Direct to Market Place (D2MP): Yuhan-Kimberly directly transacts with external e-commerce malls and also delivers products

[Photo 4-3] Yuhan-Kimberly Brand Store (on NAVER)



[Photo 4-4] Footage of Brand Live Commerce



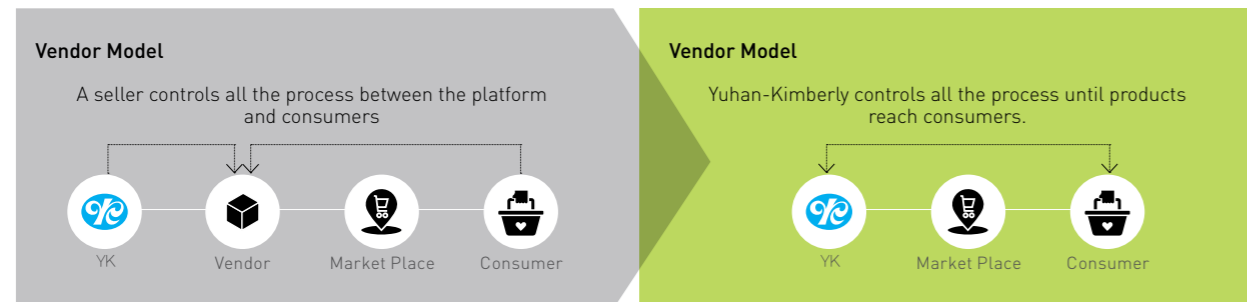
[Table 4-10] Types of Live Commerce

Channel-led content	Seller-led content	
Grip: A live shopping platform, broadcasting mainly with the exclusive influencer 'Gripper'	Live shopping	
Led by Kakao, broadcasting carefully selected content 1-2 times a week with brand companies	IT Platform	Providing planned live accounts for each brand on the smart store
	SNS	Hosting a live show for the followers of each brand's influencers on Instagram
Broadcasting through 'On Live' provided by the Lotte On mobile application on brands sold at LOHBs and Lotte Mart	Online distribution	Starting live commerce for the first time in the industry in 2017. Yuhan-Kimberly has participated mainly in 'TV On Select'.
Focusing on fashion and accessory brands in liaison with Grip	Offline distribution	

Business Innovation and Growth through D2MP and momQ In 2019, Yuhan-Kimberly developed the Direct to Market Place(D2MP) model, opened a directly operated store on an external e-commerce platform, and established an e-commerce model of 'direct operation by the headquarters and direct delivery from mills'. In April 2020, we integrated its order, delivery, and settlement system with our own shopping mall, momQ. This integrated digital management system has allowed us to reduce human errors, such as wrong delivery, and carry out efficient operation at each stage from product registration to delivery. In addition, Shopper Behavior Research, which analyzes banner locations, coupon use, search volume, and clicks on a web page, is used to understand consumption behavior and provide better services.

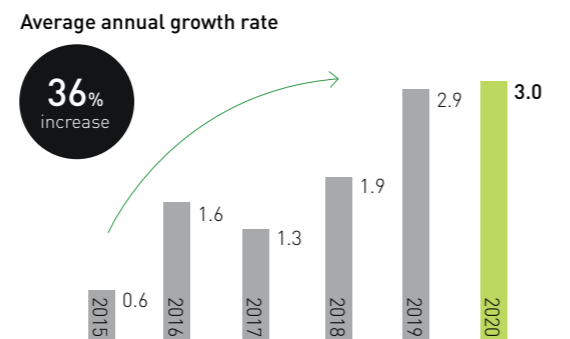
MomQ, a Direct-to-Consumer(D2C) channel, which started as a directly operated shopping mall for infant and baby products, expanded its product line to include household and female hygiene products, and evolved into an official commerce platform under the direct operation of the headquarters. Furthermore, momQ reconfigured to become a platform where consumers participate in the entire process of brand experience, growing into a channel with 1.08 million members as of 2020. Its various efforts for growth include provision of brand information, integration of consumer surveys, and planning of consumer-tailored events.

[Figure 4-23] Difference between the Existing Sales Model and D2MP Model



Improvement of momQ Services MomQ provides customized pop-ups, banners, and messages according to a customer's experience, purchase history, children age, and frequency of visits by introducing an onsite marketing tool. At the same time, its own live commerce service has been launched for brand communication and sales activities. The purpose of live commerce is to communicate with customers in real-time, provide more detailed information of products, and receive customer feedback. Live commerce has established itself as a new communication and promotion channel exclusive to momQ.

[Figure 4-24] Business Performance of momQ (unit: 10 billion)

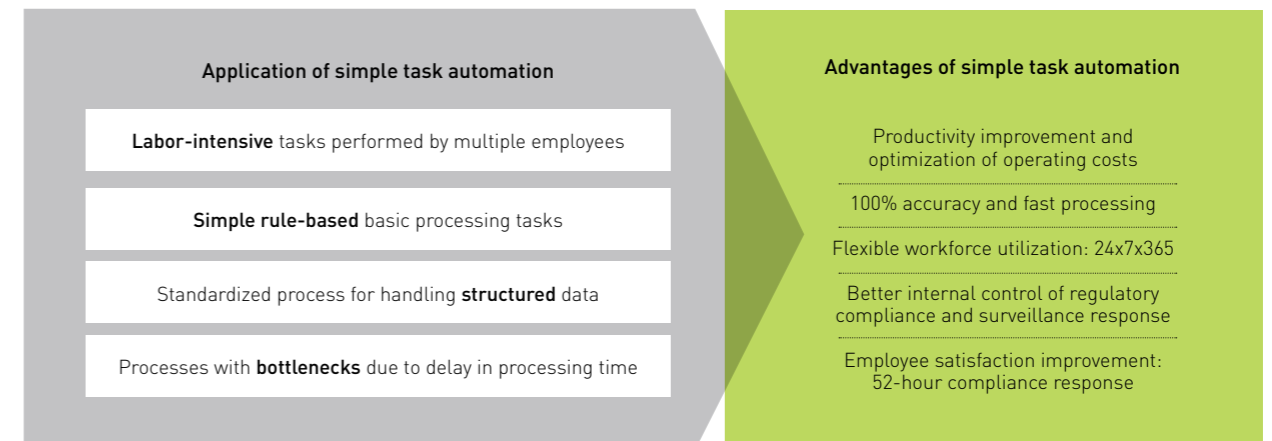


Establishment of Smart Manufacturing and Production System Yuhan-Kimberly has applied digital technology to its manufacturing sector. In the short term, we put emphasis on building a preemptive quality control system based on big data analysis and ensuring product traceability. In the mid to long term, we will establish a quality assurance system that encompasses consumer feedback, process management information, and product & raw and subsidiary material quality information. Moreover, our quality-production operating system, which integrates the Manufacturing Execution System (MES) and Product Acceptance Software System (PASS), optimizes the manufacturing process through organic analysis and quality control. In particular, the Taejon Mill has improved product traceability by operating an integrated report system that allows users to confirm materials used in production, process information, and quality check result both ways by inquiring the IDs of finished products and materials.

Introduction of Robotic Process Automation (RPA) that Automates Simple Tasks to Streamline Business Operations Yuhan-Kimberly has introduced the Robotic Process Automation (RPA) technology that automatically performs repetitive tasks, such as data collection, input, and comparison, to streamline business operations across the company. In June 2021, "Taejon MES Finished Product Quantity Adjustment Automation" and "FPS Excel Form Review Automation (Quality)" systems were actually operated during the RPA 3rd Wave project. (1st Wave: Automation of data on consumer complaints about quality/2nd Wave: Automation of BOM creation in cost accounting)

<p>1. Taejon MES Finished Product Quantity Adjustment Automation: reducing workload due to the manual MES quantity adjustment (930 hours per year → 0 hours, 1,506 cases → 0 cases)</p>	<p>2. FPS Excel Form Review Automation (Quality): reducing workload due to the manual FPS review process and improving accuracy (400 hours per year → 0 hours, 20 cases → 0 cases)</p>
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[Figure 4-25] Application and Advantages of Simple Task Automation System



Highlight | momQ, winning the "Grand Prize" in the baby product shopping mall at the 2020 National Service Awards

MomQ was awarded the "Grand Prize" in the baby product-specialized shopping mall category at the 2020 National Service Awards. This is an achievement that has continued for 3 consecutive years. Since launched in 2015, the number of members has exceeded 1 million in 5 years and that of monthly visitors has reached 550,000.



Creating Value through Product Innovation in 2020

Yuhan-Kimberly's New Products Launched in 2020 Yuhan-Kimberly endeavored to develop more innovative and diverse products across all categories in 2020. We have focused on eco-certified products with more emphasis on organic features and also developed hygiene products such as face masks and wet wipes with much increased consumer interest due to the outbreak of COVID-19. We have emphasized convenience in the product development process of face masks, which has become a daily necessity, and worked to improve eco-friendliness of wet wipe products by using biodegradable fabrics.

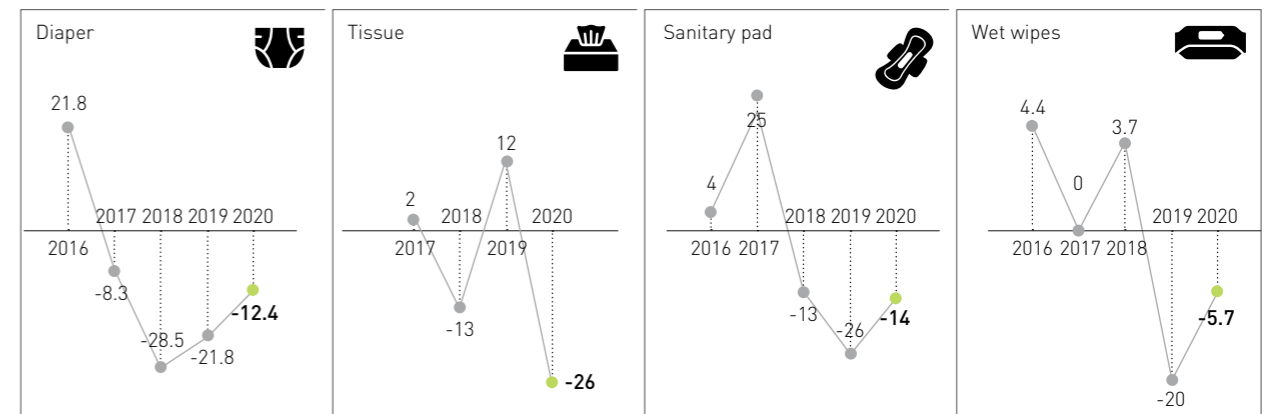
[Table 4-11] Major New Products in 2020

Category	Product	Description		
Baby/child products	Diapers	Huggies Nature Summer/Magic Panty Comfort Summer 50% improvement in thickness and oversaturation by applying Thin-Tech Core (compared to our existing products) Air hole is applied to the breathing waistband, 40% increase in breathability (compared to existing summer products) Huggies Nature Organic Cotton Cover 100% organic cotton cover, 100% European absorbent material applied		
	Baby detergent	Double Heart Lesslab Baby Laundry Detergent/Fabric Softener Premium laundry detergent and fabric softener made of EWG 1-2 graded skincare ingredients		
Feminine hygiene products	Sanitary pads/panties	Good Feel Organic Pure Cotton Cover Linen Blending A premium product with enhanced breathability by applying French linen to the organic cotton cover Good Feel Pure Soft Reasonable priced product faithful to the key functions and 'comfort' feature Good Feel i00 The first organic sanitary pad in Korea which acquires the global organic certificate, GOTS, for biodegradable product that can be composted La Nature Signature Korea's first biodegradable sanitary pad, certified for European Seedling White Organic Wearable Overnight Underwear-type product with patented elastic material applied to the organic cotton cover White Pantyliner Black White Secret Zone's double absorption system used First Menstrual Panty Gift Set Consisting of products for a comfortable first menstruation experience, menstrual panty, brochures, sanitary pads, etc.		
	Senior products	Depend	Depend Style Underwear Light Fit Ultra-slim product optimized for light incontinence Depend Style Pad Pad for light incontinence/ improved safety, comfort, and absorption Depend Relief Plus Underwear Long Hours The amount of absorption (using our own test method) reaches up to 100ml. lessen worries about leak even after a long-hour use. Depend Waterless Shampoo/Bodywash Universal products that can be of great help in nursing and care: shampoo that can be wiped off with a wet towel without rinsing out and body wash that can be used by spraying it on the desired area Depend Daily Wipes/Shower Instead Wipes	
		Household products	Toilet paper	Kleenex 3-ply Clean Care Mega Roll A product that uses less tissue core and packaging as it doubles the length of toilet paper
			Facial tissue	Kleenex Silk Soft A colorless, fragrance-free, hypoallergenic tissue that can be safely used even on sensitive skin with 100% non-fluorescent natural pulp and TSE method Kleenex Soft The Pure 100% natural pulp and non-fluorescent thicker and softer products
			Cleaning Product	Scott Easy and Quick Tape Cleaner Designed to tear off the tape neatly by applying the patented technology, 'Super Easy Cut' Scott More Thorough Dust Cleaner Freely adjustable angle of 360 degrees using 'electrostatic micro clean pad' Scott Sterilization Tissue Cleaning wipes for 99.9% sterilization Scott Cleaning Cloth, Cleaning Wipes, Scrubber Upgraded cleaning products based on expertise in absorption, adhesion, and skin protection
	Face masks	Face masks	Kleenex Daily Mask KF80/KF94 A three-dimensional design that considers facial curvature and breathing, anti-fogging, and a quad-structure system made of super-electrostatic filter	
			Kleenex Style Face Mask Blocking Droplets Bacterial filtration efficiency (BFE) of 99% or more, self-developed filter applied	
Kleenex Baby Three-Dimensional Face Mask Comfortable three-dimensional design without nose support, soft one-piece ear band applied				
Green Finger Kids Three-Dimensional Face Mask Baby and kids' face size considered, comfortable three-dimensional design without nose support, soft one-piece ear band applied				
Wet wipes	Wet wipes	Green Finger Honest Baby Wipes Biodegradable fabric used, all ingredients of EWG green grade minimize skin irritation for children		
		Green Finger Hand Sanitizing Wipes Quasi-drug wipes with 99.9% sterilization and disinfection effects		
		Green Finger Baby Product Sanitizing Wipes Wet wipes for products with 99.9% sterilization and disinfection effects		
		Huggies Nature Made Bamboo Minimize the environmental impact, more than 90% of fabric are biodegraded within 6 months.		
Skincare products (infant/baby)	Skincare (general)	Green Finger Panthedin 4 types of cream, lotion, top-to-toe wash, and soothing water gel lotion/highly moisturizing premium derma skin care products		
		Green Finger Fresh Mild Sun Cushion/Sun Stick A mild sunscreen with enhanced skin protection, moisturizing and soothing effects		
		Red To Rad Anti-dust Contains King's Herb, a patented raw material at home and abroad for its skin improvement effect		
		Red To Rad Sensitive Allergen-free, paraben-free, applied with formula and raw materials and technology optimized to block fine dust		
B2B	Protective gear	Clean Guard A20 Fresh-Up Protection Gown Patent fabric that can absorb sweat, absorbs up to 500g of sweat (for extra-large size) * in-house test method		
	Wet wipes	Scott Eco Paper Wet Wipe FSC sustainable forest certified pulp and all ingredients of EWG green grade used		

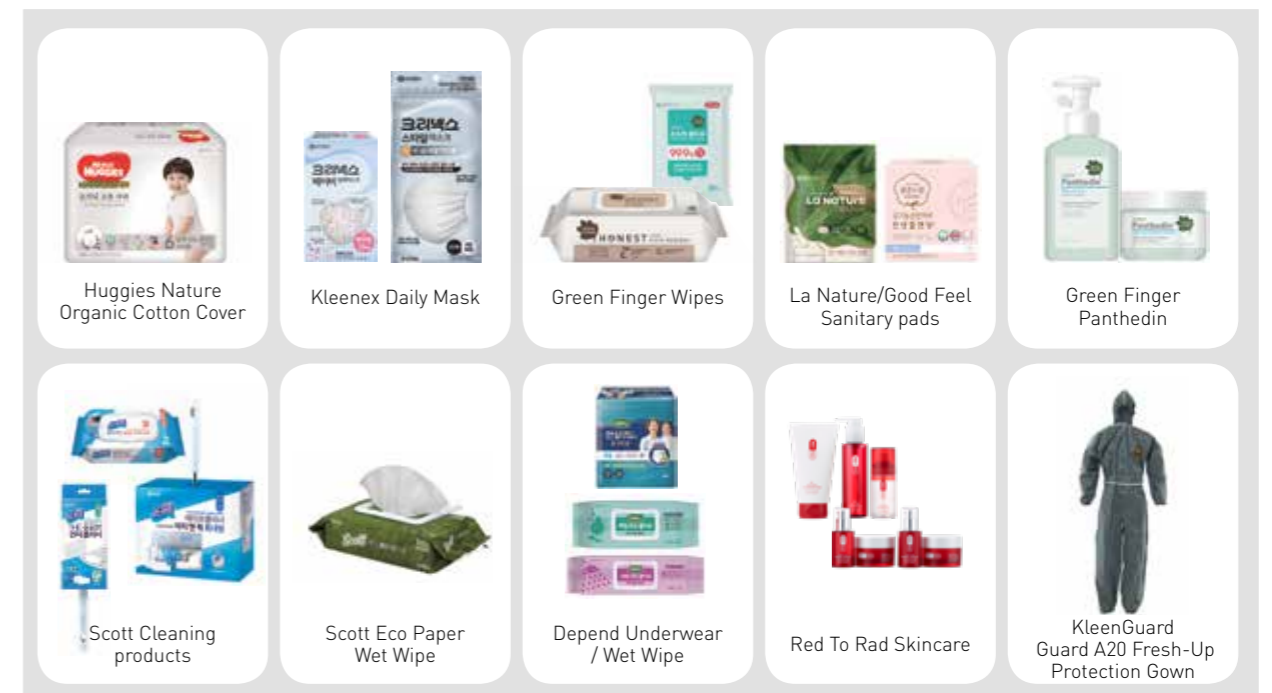
Product Innovation through 'Super Gap' Quality Control Yuhan-Kimberly has been carrying out activities to improve the quality of products in each business division and also provide differentiated products for consumers to achieve 'super gap' quality. Above all, product, R&E, CS, strategic manufacturing, and QA divisions actively collaborate with each other to achieve unmatched quality not only for Yuhan-Kimberly's own products but also for outsourced products.

We upgraded the product foreign substance detection system and conducted consultation for improvement on a regular basis with fabric suppliers to establish a win-win partnership. We made efforts to use more accurate test method to increase the accuracy of the tissue softness measurement. Such efforts made Yuhan-Kimberly achieve a 21% decrease in consumer complaints in 2020 compared to the previous year. Over the past three years, the number of consumer complaints has been declining every year by double digits, allowing us to get closer to 'super-gap quality'. Yuhan-Kimberly will continue its efforts and collaboration to satisfy consumers through high-quality products in 2021.

[Figure 4-26] Year-on-year Complaint Rates by Product (unit : %)



[Figure 4-27] Major New Products Images in 2020



Investment for Future Growth

Business Portfolio Management Performance Yuhan-Kimberly selects and manages ACTs Growth Business products every year based on market size growth, market share and demand potential. In 2020, we selected and managed a total of 5 categories including senior care, Double Heart and baby accessories, baby wipes, skin care and home cleaning products as ACTs Growth Business, where sales in 2020 increased by 16.7% compared to the previous year.

* As of 2020, the Vision Category has been renamed as the ACTs, Agile & Collaborative Teams category.

[Figure 4-28] 2020 ACTs Growth Business



Discovery of Future Growth Engines Yuhan-Kimberly is seeking future growth engines overseas for sustainable growth. In 2020, we maintained our export expansion with a variety of products. The export items include baby diapers, sanitary pads, wet wipes, and face masks. The export volume increased by 1.0%p from the previous year. Yuhan-Kimberly will continue to make efforts to secure growth engines and to establish itself as an export company producing global products.

[Table 4-12] Number of Countries for Export by Product (January ~ December 2020)

Product	Diapers	Pants	Baby wipes	Depend	Sanitary pads	General wet wipes	Family care	B2B	Hydroknit	UCTAD	Others
No. of countries	6	7	7	10	6	16	7	14	10	11	8
Export destinations (27 countries)	China, Australia, Hong Kong, Thailand, Japan, Taiwan, India, Malaysia, United States of America, Singapore, Mongolia, the Philippines, UK, France, Czech Republic, Russia, Indonesia, Chile, Peru, Saudi Arabia, Vietnam, Israel, New Zealand, Costa Rica, South Africa, Bolivia, Colombia										

[Table 4-13] Yuhan-Kimberly's Export for the Last 10 Years (unit:KRW 100 million)

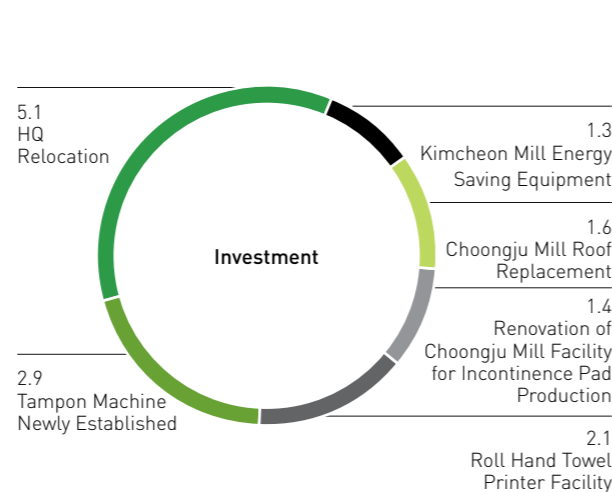
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Export	2,330	2,738	2,362	2,345	2,950	2,655	1,869	1,397	1,307	1,485

Continuous Facility Investment for Future Growth

Yuhan-Kimberly is continuously improving and replacing its facilities as a facility investment. (a total of KRW 39.4 billion invested in facilities as of 2020) The biggest investment in 2020 in this sector was the relocation of the HQs. We invested in building a green office with the concept of 'diversity and inclusion', realizing new digitalization that enhances space and work efficiency, and equipping our employees with future office work facilities. In addition, new facilities were introduced for product development and production, existing facilities were remodeled, and plant equipment and facilities in each region were also improved. Yuhan-Kimberly will continue to strengthen its future growth engine and competitiveness through steady investment in facilities.

[Figure 4-29] 2020 Major Facility Investment

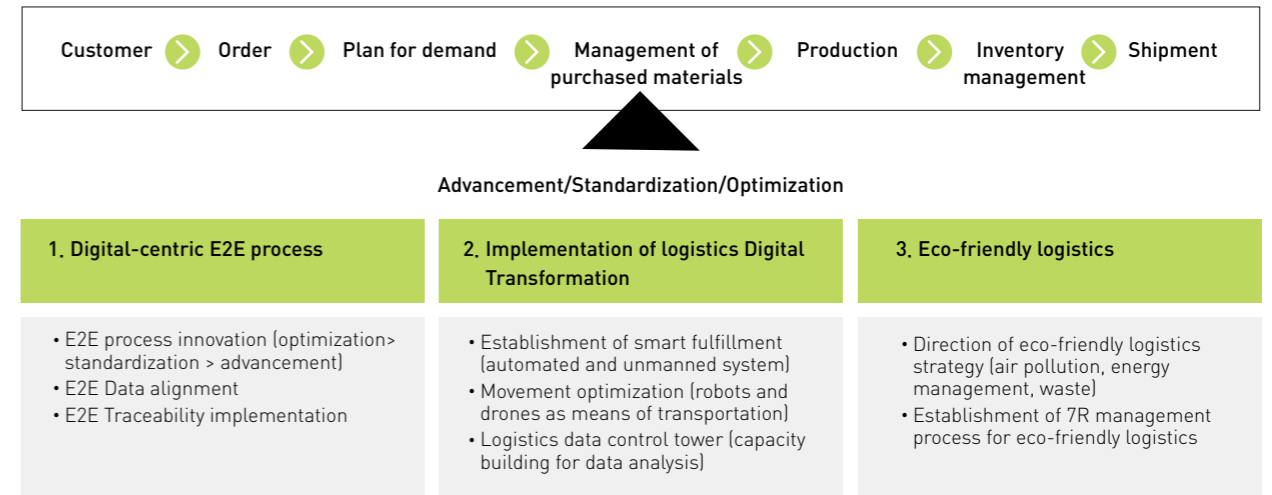
(unit: KRW billion)



Innovative Supply Chain Management

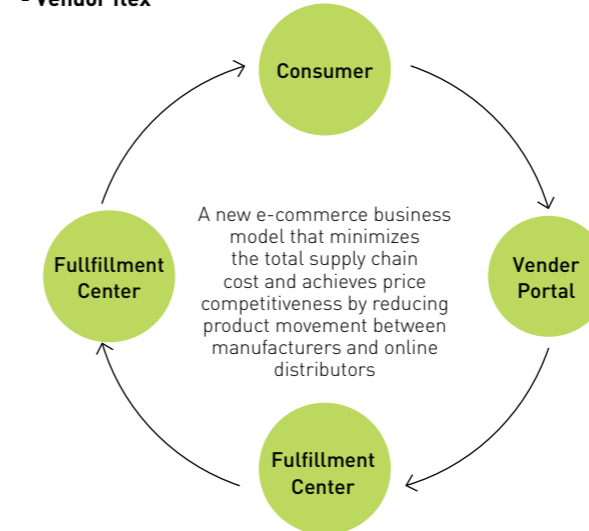
2030 Smart SCM(Supply Chain Management) Yuhan-Kimberly opened the e-Fulfillment Center in Bugok Logistics Complex in January 2020 to establish an automated logistics system in preparation for the expansion of the e-commerce market. The e-Fulfillment Center is a logistics center that automates the logistics process from warehousing, packaging, inspection, shipment, delivery to return based on the data of order for e-commerce products. Through the data-based cost analysis and inventory management, we contribute to minimizing the use of resources, saving energy, recycling waste, and reducing air pollution. We aim to realize eco-friendly e-logistics by building a digital centric E2E (End to End) process through the entire logistics process and implementing logistics digital transformation by 2030.

[Figure 4-30] 2030 Smart SCM Strategy



Operation of Vendor Flex eBay is the company that has established the largest number of e-commerce business models with Yuhan-Kimberly. Based on the cooperation with Yuhan-Kimberly's e-commerce sales division and logistics operation division, ebay started directly managing Vendor Flex at the Kimcheon Mill from April 2021. eBay's Vender Flex works as follows: eBay operates its warehouse management system at Yuhan-Kimberly's Kimcheon Mill and receives, packs, and delivers eBay orders in real time. It has the effect of reducing logistics costs by minimizing product movement and improving customer delivery services by shortening the total time from customer order to delivery. At the same time, we expect to expand sales by creating opportunities to operate more diverse categories at the eBay center.

[Figure 4-31] Yuhan-Kimberly e-commerce business model - Vendor flex



[Photo 4-5] eBay & Yuhan-Kimberly's Collaboration for Smile Delivery

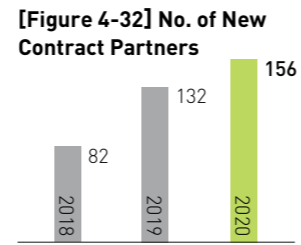


Social Performance

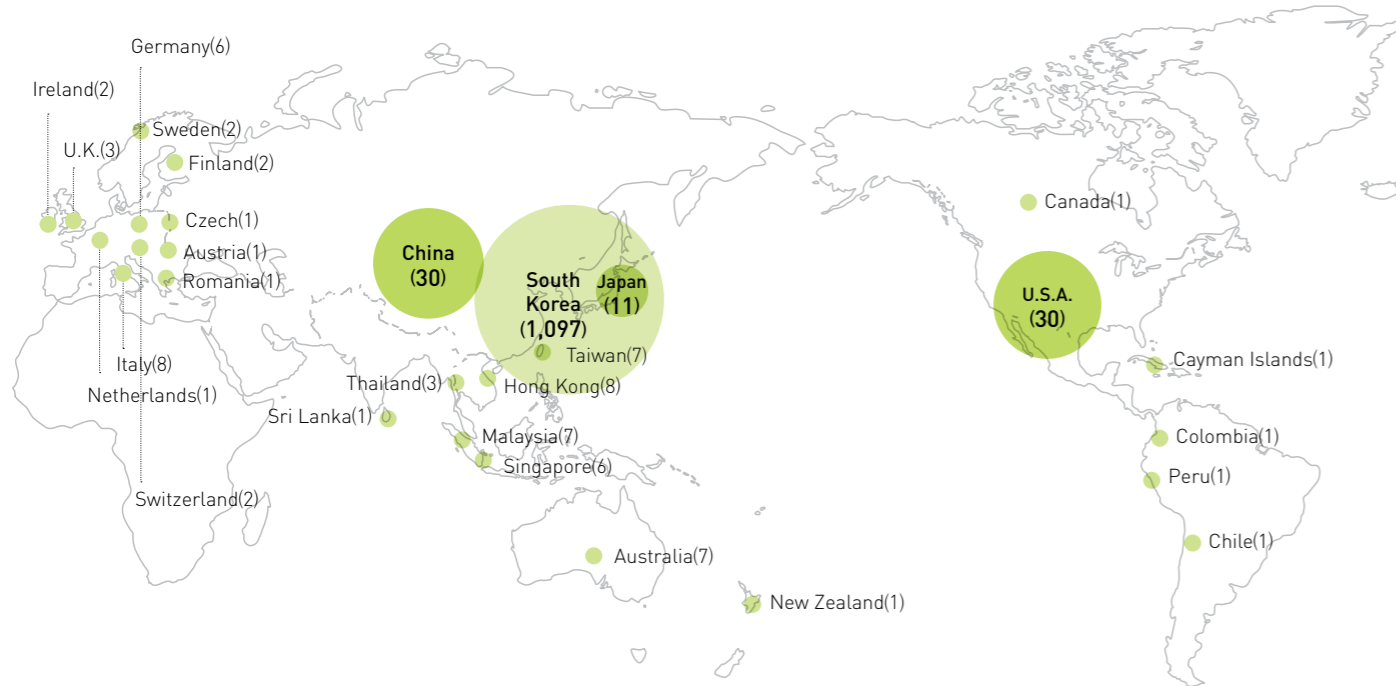
Shared Growth with Partners



Yuhan-Kimberly's Partners by Region As of 2021, we have 1,241 partners in the supply chain and the number of new contractors in 2020 was 156. Our partners are mainly engaged in the supply of raw materials and finished products, direct transactions with distributors, advertising business, IT, and finance. Domestic companies account for 88.4% and their transaction for 76.7%.



[Figure 4-33] Yuhan-Kimberly's Partners by Region



Country(No. of partners)

Netherlands(1)	New Zealand(1)	Taiwan(7)	Germany(6)	Romania(1)
Malaysia(7)	U.S.A.(30)	Sri Lanka(1)	Sweden(2)	Switzerland(2)
Singapore(6)	Ireland(2)	U.K.(3)	Cayman Islands(1)	Austria(1)
Italy(8)	Japan(11)	China(30)	Czech(1)	Chile(1)
Canada(1)	Colombia(1)	Thailand(3)	Finland(2)	South Korea(1,097)
Australia(7)	Hong Kong(8)	Peru(1)		

Sustainability Management Support for Partner Companies Yuhan-Kimberly operates programs to achieve shared growth with its partners through the Win-Win Management Division. The partner competency assessment is carried out to review their social and environment performances annually.

In 2020, a total of 66 partner companies underwent assessment and average score was 89.5 points. Yuhan-Kimberly concluded a fair trade and shared growth agreement with 66 partner companies in 2020, and has supported them in various aspects, including finance, technology and quality improvement, sales and competitiveness enhancement, and education and training. We have implemented partner support policies for job creation such as operating online recruitment center for partners only and adding extra points to those with outstanding recruiting performance in the comprehensive assessment.

[Photo 4-6] Best Company in Shared Growth Index for Five Consecutive Years



Share Growth Efforts and Performance Yuhan-Kimberly has been selected as the best company in the Shared Growth Index for five consecutive years since 2015. (organized by the Shared Growth Committee, the results of 2020 will be announced in September 2021) For the sustainable growth of the company, Yuhan-Kimberly carries out a capacity assessment of its partners, such as OEMs and toll processing, to strengthen their competitiveness, and encourages them to fulfill social responsibilities. Among 72 items in 4 categories, those related to social responsibility management account for 44% and the average score was also the highest, around 90 points. We present concrete strategies, such as strategic manufacturing, and create social value together with our partners.

[Table 4-14] 2020 Yuhan-Kimberly's Shared Growth Performance

Programs	2020 Performance
Financial support	KRW 17 billion in mutual cooperation fund (with IBK)
Technology and quality improvement	Technical support of 43 cases, technology protection of 6 cases
Improvement in the terms of payment for non-contract partners	Improvement in the terms of payment (cash payment rate, payment period, etc..) for non-contract partners through the payment monitoring system "WinC" 1) Cash payment monitoring on 8 1-tier non-contract partners 2) Cash payment through cash monitoring system: KRW 3,759,707,798 3) Average payment date 29.5 days
Sales and competitiveness enhancement	Supporting participation in domestic product exhibitions (1 partner company, contributing to domestic market entry), and supporting a partner company's export (1 partner company, contributing to sales increase of KRW 750 million)

Consumer First Thinking



Product Safety Management System for Consumer Safety Yuhan-Kimberly puts safety and ethics first. We apply a safety management system throughout the entire production process, from raw materials to product launch, while actively disclosing product safety policies. In addition to complying with domestic laws, we conduct preliminary safety reviews and Kimberly-Clark's preliminary safety assessment (by Global Product Safety Expert). We have also organized a department dedicated to product compliance and product safety assurance (product regulations/product safety) and departments related to R&E, quality, safety, manufacturing, and customer satisfaction are closely working together. Moreover, we voluntarily limit the use of materials of concern and disclose such materials and assessment results by an external advisory panel on our website.

[Figure 4-34] Integrated Process for Product Safety Assurance



[Table 4-15] Yuhan-Kimberly's Product Safety Management System

Product Development	<ul style="list-style-type: none"> Restriction on the use of materials of safety concern Operation of integrated process for pre-inspection of new products Use of raw materials proven to be safe
Product Production	<ul style="list-style-type: none"> Product manufacturing and quality control Acquisition of ISO 9001 Acquisition of cosmetics GMP
Consumer Use	<ul style="list-style-type: none"> Safety management after product launch Collection of consumer complaints Prevention System
Safety Monitoring	<ul style="list-style-type: none"> Monitoring of product safety in distribution Report of adverse events and safety update

Use of Safe Raw Materials and Preliminary Safety Review Yuhan-Kimberly operates an integrated pre-inspection process for safety, legal compliance, and potential social issues of new products as a precautionary measure. In January 2017, a set of safety requirements for raw materials (a total of 17 items including nonwoven fabrics, polymer absorbents, adhesives and packaging materials used in manufacturing products) has been introduced to not only comply with the safety standards specified in domestic laws and regulations but also manage the safety of raw materials according to stricter internal standards. In 2020, we completed pre-inspection for a total of 2,029 cases (722 cases for license registration, 87 cases for safety review of products and raw materials, and 1,220 cases for package reviews).

[Table 4-16] Product Safety and Regulations

Category	unit	2015	2016	2017	2018	2019	2020
Review of product safety and related regulations	Case	175	234	216	623	919	2,029
Management of materials of concern	Type	59	74	74	74	74	74

Safety First – Safety is Our Top Priority – Response to Consumer Safety Issues Through the Hygiene Products Council The safety of hygiene products, such as sanitary pads and diapers, has become the talk of the town since consumers now want more reliable products. In consideration of this, Yuhan-Kimberly is taking a preemptive response to consumer safety issues by leading a hygiene products council with government agencies.

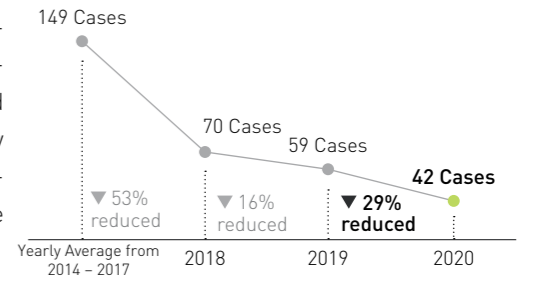
[Figure 4-35] Activities of Hygiene Products Council (2017~2021)

	2017	2018	2019	2020	2021
Consumer safety issues raised	- Spread of social issues related to sanitary pad hygiene	- Establish voluntary safety protocols	- Form a wet wipe department	- Improve the quality and safety of hygiene products	- Strengthen win-win cooperation with government agencies and Hygiene Products Council
Efforts to strengthen consumer safety	- Set the KPI on the reduction of foreign substances	- Provide SMEs with seminars on competency building	- Reduce foreign substances in diapers by 16%	- Practice in advance for consumer safety	- Create synergy through collaboration
Promote consumer safety	- Create consumer information contents	- Create consumer information contents	- Provide SMEs with seminars on competency building	- Create synergy through collaboration	- Strengthen the competence of SMEs
Promote consumer safety					
Hygiene Products Council					

Communication for Customer Satisfaction – Customer Service

Yuhan-Kimberly operates the Integrated Customer Support Center as a consumer communication channel. The center is currently operated by 32 employees in 5 sectors as of 2021 and striving to create a positive experience for consumers and improve their satisfaction. It has an early warning system to detect consumer complaints and thus prevent the spread of negative issues. It also monitors and responds to consumers' safety and hygiene-related complaints in advance. Thanks to these efforts, Yuhan-Kimberly won the first prize in the hygiene product category in the 2021 Consumer Complaints Evaluation.

[Figure 4-36] Yuhan-Kimberly's Efforts to Reduce Foreign Substances in Diapers (By Year)
(based on the cases reported to the Korea Consumer Agency)



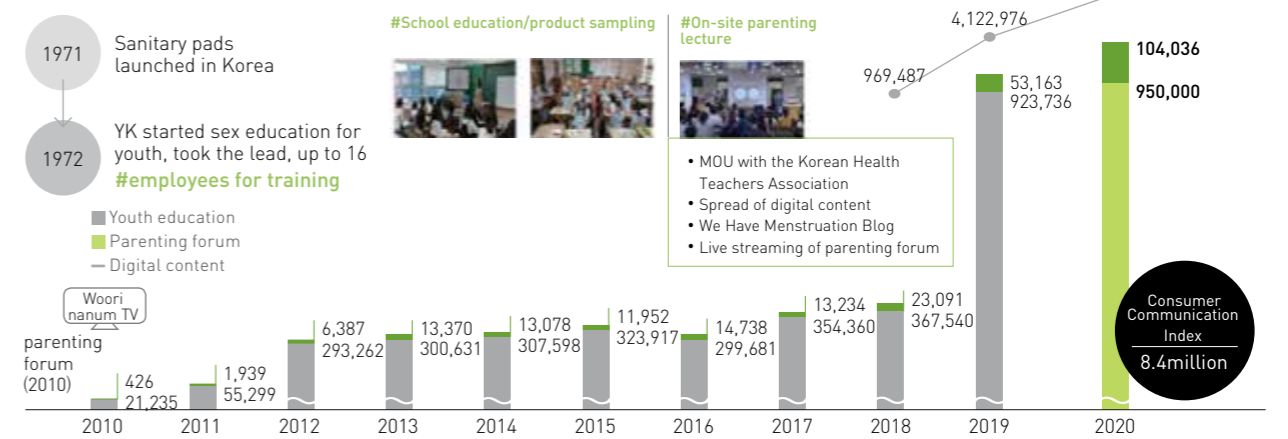
Consumer Education to Provide Information Necessary for Products and Consumer Life

Yuhan-Kimberly provides consumer education so that consumers can have an easy access to product information and make the right purchase decisions. Therefore aim to enhance consumer knowledge, rights and interests, and safety and create a sustainable consumption environment. We have recently uploaded a video on how to use face masks to prevent COVID-19 infection on YouTube. In addition, consumer education is specifically divided into youth education and parenting education. In the youth education sector, we conduct menarche education for both teenagers and parents, and provide a wide scope of sex education and related content to youth consumers through an interactive education blog. For consumers who are parents, we share accurate information on parenting and products through Child Rearing Forum on our website, momQ. In 2020, we produced and released content on COVID-19 prevention in collaboration with the Korea Consumer Agency and the Korean Health Teachers Association. In 2021, we have started to offer more educational content to not only teenagers but also parents in their 40s or 50s and also extend the scope of menstruation education to overall health and hygiene management.

[Figure 4-37] Changes in Consumer Education (1972~2020)

- 1st Phase (1970 ~ 2009) | Consumer education from start to plateau**
 - Yuhan-Kimberly began providing sex education for teenagers when there was no such an education in the Korean society.
 - Increased demand for education due to social change, 10 hour mandatory education, and on-site sex education
 - Expansion of education on how to use feminine hygiene products
- 2nd Phase (2010 ~ 2017) | Consumer education in online format**
 - On-line based education started
 - Standards for sex education
 - Operating Woorinnum TV channel and providing online lectures
- 3rd Phase (2018~Present) | Digitalization of consumer education**
 - Platform innovation and utilization of multi-channel media (owned media, NAVER blog, momQ, social platform, etc.)
 - Focusing on the core value of consumer education, 'consumers' right to know', while improving customer experience

[Figure 4-38] Beneficiaries of Consumer Education (unit: person)



Highlight | CEO Participated in Voice of Customer Session

Yuhan-Kimberly has arranged a meeting for the CEO to directly listen to the voice of customers through the customer center amid the COVID-19 situation. Chin, JaeSeung, the CEO of Yuhan-Kimberly, suggested that monthly meetings with the customer center should be held on a regular basis, where the voice of customers can be delivered vividly.





SPECIAL SECTION

How Do We Protect Personal Information?



Why is this topic important? The spread of COVID-19 has resulted in a non-face-to-face society. Accordingly, internet service traffic has surged and cyberattacks such as hacking and ransomware have also increased. The recent cyberattacks on business are mainly led by global hacking groups for the purpose of financial gains by using the anonymity of Bitcoin. In addition, growing crimes that abuse personal information, represented by nth room cases and stalking, have raised the alarm about personal information protection across society. Against this backdrop, business will also need to protect personal information of consumers from cyberattack and comply with the related laws and regulations. Meeting social expectations for personal information protection is a corporate social responsibility and also essential for sustainable management.

Information Protection and Personal Information Security Management System At Yuhan-Kimberly, the Information Security Management System or ISMS has since 2016 strengthened and improved the system through internal and external evaluation every year. In February 2018, we acquired the 'ISMS Certification for Information Security Management System from the Korea Internet and Security Agency' and has renewed the certification through annual re-evaluation. In 2020, Yuhan-Kimberly established the 'Information Protection and Personal Information Security Management System', which integrates our existing information protection management system with personal information protection management system as the number of customer personal information we have exceeds 1 million. In April 2020, we obtained the ISMS-P Certification for the information protection and personal information protection management system of the Korea Internet and Security Agency.

[Table 4-17] Employee Education on Information Protection in 2020

Title	Content	Hours	Attendance
2020 Yuhan-Kimberly Mandatory Information Protection Education	<ul style="list-style-type: none"> Understanding of and response to cyber attack Understanding of personal information protection and safe management Mobile and SNS security guide 	1.5 hours	100% (818/818 persons)
2020 Cyber Security Awareness Training	<ul style="list-style-type: none"> Personal information related practices (identification of the impact on decision-making) Instruction on how to use portable storage devices and destroy sensitive data Classification method of information according to its importance and sensitivity 	1hour	98% (691/705 persons)

Support for Safe Work-From-Home Environment As employees started working from home due to the COVID-19 pandemic, many companies are facing challenges with the IT infrastructure for the new work system and information protection issues. **Yuhan-Kimberly was fortunate to implement secure and seamless work-from-home settings by providing encrypted communications, enhanced authentication system, and malware prevention system when accessing the intranet from home through Zscaler and OKTA solutions built in 2019.** We also announced the six enterprise-wide guidelines for information protection when working from home, raising the employee awareness of information protection; 1) update PC security program with the latest version, 2) update antivirus programs, 3) be cautious with home router security settings and use of private Wi-Fi, 4) be cautious when using personal emails, 5) refrain from using unneces-

sary websites, and 6) be cautious not to download ransomware files.

Employee Training on Information Security and In-House E-mail Phishing In March and September 2020, we offered online education on information protection, such as understanding of information security, responding to hacking attacks, and managing personal information, across the company. The main topic of the education was how to respond to ransomware which was the most common type of cyberattacks last year. Ransomware distributors are even trying to negotiate higher prices for ransom based on thorough analysis of the companies and businesses to attack. And email is the most common attack vector through which ransomware can infiltrate. Yuhan-Kimberly has beefed up the internal e-mail security and continuously provided employees with security education and training. In August, we introduced an email quarantine system so that harmful emails, phishing, and spams can be filtered and quarantined before reaching the user's email inbox.

Introduction of Next-Generation Firewall at 3 Mills and HQs As the OT (Operation Technology) for production and the IT (Information Technology), the core technology of the 4th industrial revolution, are combined, the manufacturing industry is facing a wind of change called the 'Smart Factory'. However, smart factories are exposed to many security threats unlike conventional ones. Therefore, Yuhan-Kimberly has **newly introduced the next-generation firewalls in its three mills in Kimcheon, Taejon and Choongju and the headquarters in Seoul** to monitor and respond to security threats in both IT and OT areas. The next-generation firewall provides a higher level of security by using enhanced monitoring and vulnerability detection capabilities to secure the visibility of cyber threats and take an automatic response accordingly.

Transition to Cloud Security As digital technology advances, the way IT infrastructure operates is also changing. It is in the same line that many companies have recently shifted from traditional on-premises to cloud-based IT environments. However, these changes also affect changes in the security environment. Like other leading companies, Yuhan-Kimberly has accordingly introduced cloud-based security systems such as virtual machines, containers, and account management **in addition to traditional security systems such as firewall, IPS, and WAF while converting the IT operating environment to a cloud-based one.** The cloud security system is an automatic security response system operated by artificial intelligence rather than human beings, and it is of great help to the company's response to security risks. Yuhan-Kimberly also regularly conducts cloud vulnerability detection, disaster recovery training, and security breach training in cooperation with cloud service providers.

Personal Information Protection :
Lee, JeiHeun/Digital Excellence Division/ 080-022-7007
Consumer Service Dept. for Personal Information :
Yuhan Kimberly Customer Support Center /080-022-7007

Yuhan-Kimberly obtained the Information Protection and Personal Information Protection Management System (ISMS-P) certification through the review of the Korea Information and Communication Technology Association (TTA) and final deliberation by the Korea Internet & Security Agency (KISA). Thanks to the certification, Yuhan-Kimberly was externally recognized for system security, stability, and systematic integrated management of information protection and personal information protection.



[Scope of Certification] Yuhan-Kimberly Online Service Operation
[Term of Validity] April 22, 2021 - April 21, 2024

Efforts for Yuhan-Kimberly Employees



Safety and Health First Policy Together with Labor and Management Yuhan-Kimberly sets the safety-first policy and operates the Labor and Management Industrial Safety, Health and Environment Committee at three worksites on a **quarterly basis.** The Committee discusses and monitors safety and health issues at each worksite based on the related laws and regulations including the Occupational Safety and Health Act. In 2020, 1,155 risk factors were identified and 93% of them were improved (3 industrial accidents in 2020). Since the outbreak of COVID-19, we have made efforts to prevent the spread of the virus and ensure the safety of employees by sharing the status of infectious diseases at each mill and implemented quarantine measures.

To identify potential risk factors, labor and management have jointly operated an integrated weekly safety inspection process. We strive to create a safer workplace by revising safety and health management regulations when necessary. In April 2019, we renewed the Authorized Economic Operator (AEO) certification (December 31 2018 to December 30, 2023) granted by the Korea Customs Service for compliance with laws and safety management.

Yuhan-Kimberly also puts the highest priority on employee health. We provide special health check-ups for occupational groups at risk of exposure to hazardous substances in addition to general health check-ups. We have been operating the Employee Assistance Program (EAP) since 2002 to improve the mental health of employees and in 2005 the Family Counseling Program since 2005. In April 2020, an organizational diagnosis was conducted on the stress level of employees in an effort to improve the corporate culture by analyzing the exact causes of job stress.

[Table 4-18] Risks Identified by Labor and Management and Improvements

Category	2018			2019			2020		
	Detected (case)	Improved (case)	Improved (%)	Detected (case)	Improved (case)	Improved (%)	Detected (case)	Improved (case)	Improved (%)
Choongju Mill	402	389	96	211	198	94	720	680	94
Kimcheon Mill	310	305	98	172	168	98	267	265	99
Taejeon Mill	384	332	86	395	323	82	251	210	84
Distribution Center	139	139	100	130	130	100	43	39	92
Total	1,235	1,165	94	908	819	94	1,238	1,155	93

* Distribution Center: As of June 30, 2020 (Distribution centers were outsourced in the latter half)

[Table 4-19] 2020 Occupational Safety, Health and Environment Committee

Worksite	Committee composition	Production employees/ total employees	Key issues and improvements	Industrial accidents
Taejeon Mill	10 from both Labor and Management	263/374	<ul style="list-style-type: none"> Infectious disease prevention activities at Daejeon Mill Risk assessment by process, emergency response training in confined spaces Upgrade of the ozone monitoring system on wet wipes, recognition for excellent safety 	1 case
Kimcheon Mill	11 from both Labor and Management	272/393	<ul style="list-style-type: none"> Risk improvement for cargo vehicle congestion in front of security room during commuting hours, revision of safety and health management regulations, update of uncontrolled hazardous energy work and procedures 	2 case
Choongju Mill	8 from both Labor and Management	172/244	<ul style="list-style-type: none"> Sharing of safety-related matters, sharing of the current status of COVID-19 at Choongju Mill, joint safety inspection between labor and management - sharing of inspection results and establishment of improvement measures 	0 case

Highlight | Professional Counseling Program(EAP: Employee Assistance Program)

EAP is a professional counseling program that helps employees and their families overcome problems related with job stress, interpersonal relationships, family relationships, and child rearing. (Confidentiality is guaranteed in accordance with the provisions of Article 83 of the Basic Act on Labor Welfare, and the counseling content will be kept from the company). Counseling is provided eight times per person per year.

Welearning – Capacity Building Programs for Employees Yuhan-Kimberly has formed a company-wide flexible organization to support all employees with autonomous task assignment, self-development, and lifelong learning. Employees are recommended to take 20 credits per year through the credit transfer management system (Welearning) and the micro-learning website (Knowledge Café). In 2020, the average training hours per employee was 33.4 hours and the cost of education and training was KRW 353,000, posting a 17% decrease from the previous year. Yuhan-Kimberly is also conducting training on digitalization to promote smart work management and digital culture across the company. In 2020, training on digital capacity building, including data analysis tool, JMP certification, visualization tool Tableau, and Power BI Action Learning, was provided to all employees. The training courses were offered in an online format due to the outbreak of COVID-19 and employees across the nation except those at the headquarters were encouraged to participate and learn and also review what they learnt online at any time.

*Cause for decrease in training cost: increase in non-face-to-face training due to the COVID-19 pandemic

Human Rights Education to Create a Corporate Culture Where Human Rights are Respected Yuhan-Kimberly provides human rights education for its employees to promote a corporate culture of respect for human rights among employees. In 2020, the completion rate of legally mandatory education, such as prevention of sexual harassment and improvement of awareness on the disabled, was 100% (excluding those on leave of absence). With the enforcement of the Workplace Harassment Prohibition Act in 2020, we strengthened the workplace harassment-related regulations, and shared the definition and examples of bullying with employees to promote a culture of mutual respect and consideration. In July 2019, we reflected the provision related to the prohibition of workplace harassment which was newly established in the Labor Standards Act in the rules of employment.

Smart Work in the Untact Era – Efforts to Strengthen Network and Sense of Belonging After the outbreak of COVID-19, Yuhan-Kimberly launched the crisis management team in January 2020 and implemented work-from-home arrangements for childcare for the first time on February 17, 2020. From February 26 of the same year, all employees, except for those at essential for worksites and business operations, started working from home in accordance with the safety-first policy. However, the prolonged COVID-19 pandemic and continued work-from-home arrangement, has required us to come up with another company-level response for the mental health of employees. Yuhan-Kimberly accordingly introduced a number of programs to strengthen the emotional stability, network, and sense of belonging among employees in the 'untact' era 2021. Fun relays, where employees meet their co-workers away from home through a program for communication rather than work and not only employees alone but also their families participate, contributed to promoting a sense of belonging and positive experiences in a contact-free environment. Various programs were also planned and implemented at all Yuhan-Kimberly's worksites to increase a sense of belonging and continue to create a corporate culture where people enjoy working even in this unprecedented environment.

[Table 4-20] Major Programs to Improve a Sense of Belonging among Employees in the First Half of 2021 (January to May)

NO	Program Title	Decriptions and Achievements
1	[Yuhan-Kimberly's Fun Relay 1] LAN Network Meeting for Employees by Chinese Zodiac Sign	- LAN network office tour and various intergenerational games to strengthen communication and a sense of belonging among employees amid the prolonged work-from-home - positive communication between various generations: 89% - satisfaction with LAN network office tour: 89% - satisfaction with Fun program: 96%
2	LAN Network Concert* to Promote Communication Among Employees in the Untact Era	- LAN concert held online live through Zoom for about an hour
3	[Yuhan-Kimberly's Fun Relay 2] Office Sharing Pleasure to Commemorate the 51st Anniversary	- In commemoration of the anniversary of the company's foundation, HQs shared snacks and Kimcheon, Taejon and Choongju Mills ran a mini buffet at their restaurants and small events such as finding lucky numbers and instant lottery.
4	[Yuhan-Kimberly's Fun Relay 3] 1st Anniversary of HQs Relocation & 'Office Action Week' to commemorate Earth Day on April 22	- In commemoration of the 1st anniversary of the relocation of HQs, action week for promoting the new vision "We act for life, health, and planet" was operated. - satisfaction with the program: 89%
5	SOSO Event to commemorate Earth Day on April 22	- In commemoration of Earth Day on April 22, an event was held to think about our actions for the global environment and actions that can be put into practice at the research center and strengthen the will to practice
6	[Yuhan-Kimberly's Fun Relay 4] "Yuhan-Kimberly New Parents' Program to commemorate May, Family Month	- Meeting with prospective parents (expanding the target of meetings for pregnant women and family-friendly education from female employees to male employees) - Healing LAN network trip for expecting parents or those whose babies were born after January 2020 in the COVID-19 era - A sense of belonging increased to 92%

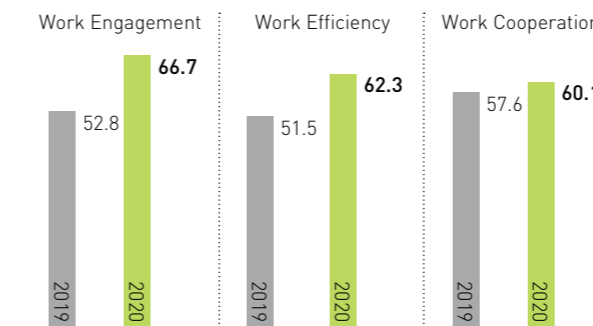
Diverse Flex Working Hours : Work-Life Balance Since the 1990s, Yuhan-Kimberly introduced and established a flexible work hour system to establish a work-life balance among its employees. With the 40-hour work week in implementation, we introduced various flexible work hour system such as staggered office hours, selective working hours, deemed working hours, and discretionary working hours. Currently, employees are working from home to curb the spread of coronavirus and create a safer workplace.

[Table 4-21] Yuhan-Kimberly's Flexible Working System

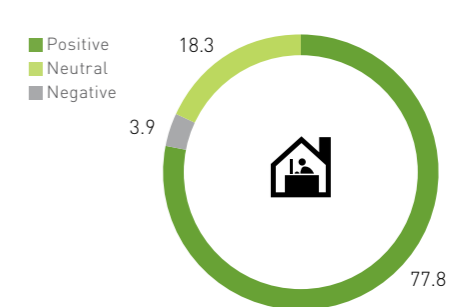
Type	Target	Description
Working from Home	All employees	Working from home in response to COVID-19 (now operating the combination of office working for 3 days or full week)
Staggered Office Hours	All office managers (sales force on outside duty excluded)	Working for 8 hours per day, 40 hours per week, commuting time adjustable flexibly
Selective Working Hours	Employees eligible according to their job characteristics	Flexible operation of working hours per day or week on the premise that working hours are at least 3 hours per day within the total working hours on a monthly basis (8 hours per working day, 40 hours per week on average)
Deemed Working Hours	Sales force or other workers on business trip who receive sales incentives	8 hours of working per day and 40 hours per week are deemed valid regardless of commuting time on the condition of five-day work
Discretionary Working Hours	Work leaders or above	Discretionary management of working hours per day on the condition of five-day work

Introduction of Working-From-Home System and Changes Afterwards Since the outbreak of COVID-19, Yuhan-Kimberly has been operating on a work-from-home system for the safety of its employees and conducted an awareness survey on the new work hour system. The survey was designed to find out how the new work hour system impacts overall corporate culture and productivity and utilizes the results to make improvements towards a healthier culture. As a result, the new work hour system turned out to have a positive effect on the corporate culture (77.8%), and also contribute to fostering a positive feeling towards and trust in the company. It appears to be largely due to the company's safety-first policy and proactive communication with employees. In addition, there was a response that 'non-face-to-face communication is inconvenient', but the overall work productivity and efficiency has increased. Also, it was found that the quality of collaboration among departments has been well maintained. As for the influence of work-from-home arrangement on daily life, respondents answered an increase in communication between family members (81.7%), less working hours (67.3%) and higher quality of life (65.7%). It implies that tele-working had a positive influence on employee satisfaction both mentally and physically. Therefore, Yuhan-Kimberly will continue to search for the ways to further improve work quality and performance while prioritizing the health and safety of employees.

[Figure 4-39] Increase in Work Engagement, Efficiency, and Cooperation due to Work-From-Home (unit:%)



[Figure 4-40] Influence of Work-From-Home on Yuhan-Kimberly's Corporate Culture (unit:%)



Highlight | Ranking No. 1 at the HR Asia's "Best Companies to Work For in Asia Awards 2020"

Yuhan-Kimberly was selected as one of the HR Asia Best Companies to Work For in Asia Awards 2020 organized by HR Asia. Among 128 participating companies in Korea, 10 were selected as the first place in each industry and Yuhan-Kimberly took the first place in the household goods category. We received high ratings in all of three key indicators of HR Asia, "Core, Self and Group", exceeding the average of Korean companies.





Social and Environmental Contribution for Local Communities

Forests and Environmental Protection

Keep Korea Green Campaign Since 1984, Yuhan-Kimberly has been planting and nurturing trees through the Keep Korea Green Campaign. To commemorate the 30th anniversary of the campaign, we presented a model, promoting the co-existence between forests and people as part of our commitment to the protection of forests and environments. As of 2020, Yuhan-Kimberly has planted and cared for 54,309,310 trees and across an area of 18,103 hectares. The tree planting and forestation programs in Taejon and Kimcheon were implemented in 2015 and is expected to off-set 54,498 tCO₂ carbon emissions by the end of the program in 2025.

[Figure 4-41] Progress in Keep Korea Green Campaign



[Table 4-22] Social Value Creation through Forests/Environmental Campaign

Category	unit	2015	2016	2017	2018	2019	2020	Accumulated	
Forest /Environment	Forests and environmental protection campaign [digital communication]	person	10,185	13,165	28,947	71,471	164,139	15,378,166	15,669,212(2015~)
	Acreage under forestation management	ha	109	224	213	256	188	139	18,063(1984~)
	Number of planting and forestation (including plants and tall trees)	tree	326,880	671,757	640,300	769,361	564,630	536,315	54,309,310(1984~)
	Volunteer work	person	—	2,509	2,183	4,361	2,459	0	11,880(2015~)
	Planting trees with newlyweds	person	600	600	650	650	639	11,902	33,985(1985~)
	Forest and environment education for youth (Green Camp)	person	120	110	98	98	176	209	4,870(1998~)
	Senior Forest School	person	—	79	78	80	40	632	927(2016~)

What is the Keep Korea Green Campaign designed for?

[Photo 4-7] History of story 'Keep Korea Green'



Yuhan-Kimberly has continued its environmental campaign for the past 37 years by addressing various environmental agenda, such as forests and trees, water, biodiversity, and climate change in order to resolve social problems through forests. In 2020, we reflected on the meaning of the campaign and set the direction for delivering consistent messages of the campaign. Yuhan-Kimberly will continue its activities to reach a consensus among various generations and new major consumers. In addition, a project to visit the forests that have been planted and cultivated together with the government, NGO groups and citizens since 1984, was initiated to obtain the data on the current status and achievements. Based on this, we will come up with the measures to make a direct contribution to our society and the environment in 2021.

Co-existing Forests to Tackle Climate Change Yuhan-Kimberly launched the coexisting forest project with local communities in 2015 to develop a forest model for carbon offsetting by securing areas for long-term reforestation. In coexisting forests, citizens participate in tree planting to raise the awareness of forest environment conservation in response to climate change. The estimated amount of carbon offset by Yuhan-Kimberly's coexisting forests in Kimcheon, Taejon, and Yongin is as follows.

[Table 4-23] The Estimated Amount of Carbon Offset Through Co-existing Forests

Region	Cooperation Period	Area (ha)	Carbon Offset Project Period	Estimated Amount of Carbon Offset (tCO ₂)
Kimcheon	2015.06.24 ~ 2024.06.23	222.57	2015.08.12 ~ 2025.08.11	27,638
Taejon	2016.02.12 ~ 2026.2.11	119	2015.07.27 ~ 2025.07.26	28,860
Yongin	2021~2025	19.3	Registration in preparation	

Signed MOU to Create the First Carbon Neutral Forest As part of the coexisting forest project, Yuhan-Kimberly signed the 'No. 1 Citizen Participatory Carbon Neutral Forest Agreement' with the Korea Forest Service and the Forest of Life in April 2021. In accordance with the agreement, Yongin Seokpo Forest was designated as the first carbon-neutral forest in Korea and fir trees and larch trees will be planted and cultivated across an area of 19.3ha over the next 5 years, up to 2025. In addition, 10,000 newly-weds and employees held a tree planting event in the carbon-neutral forest. Yuhan-Kimberly will continue its efforts to tackle climate crisis while protecting the first carbon-neutral forest, Seokpo Forest.

Keep Korea Green Campaign- 'Keep Mongolia Green: KMG' In April 2021, Yuhan-Kimberly signed a cooperation agreement for the Keep Korea Green – Keep Mongolia Green campaign. The campaign involves a research project on forestation to prevent desertification and also ecological education. Yuhan-Kimberly, the Mongolian government, and the Northeast Asian Forest Forum, a Korean NGO, participated in the agreement. In addition, trademark registration for the 'Keep Mongolia Green: KMG' campaign was completed in Korea following that in Mongolia, which will be used in consumer campaign activities for Yuhan-Kimberly's products exported to Mongolia.

[Figure 4-42] 'Keep Mongolia Green' Campaign Trademark



[Photo 4-8] Agreement on the Creation of the 1st Carbon-Neutral Forest with Citizen Participation (April 2021)



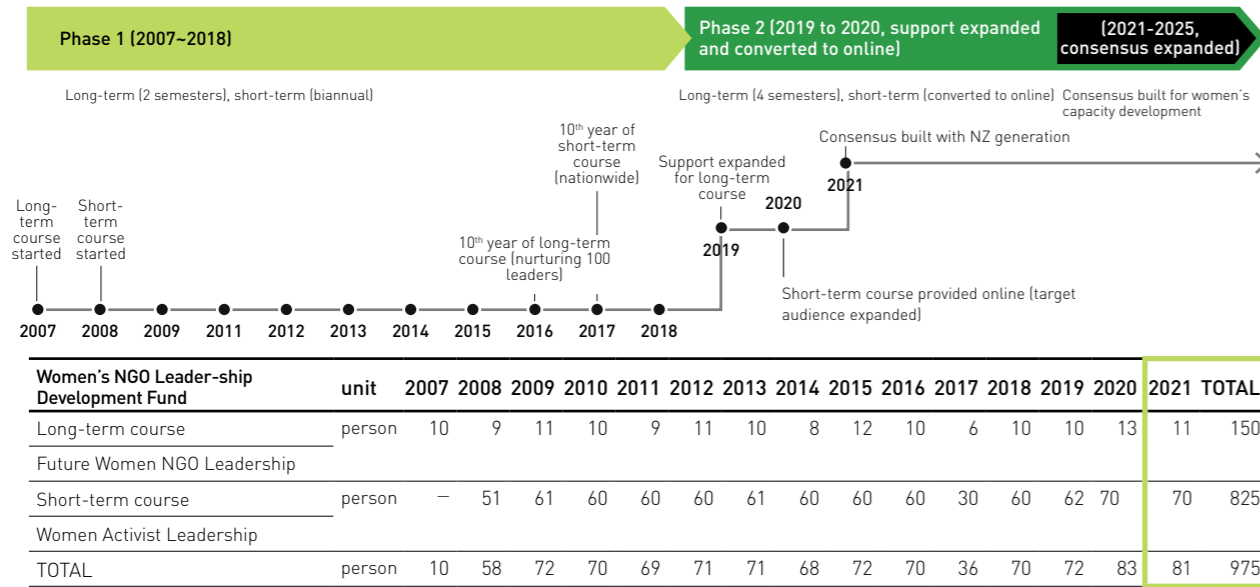
[QR Code] Drone Footage of Yuhan-Kimberly Forest in Mongolia



Women

Efforts to Improve Women’s Rights and Leadership Since its founding, Yuhan-Kimberly has provided a variety of goods and services to promote human rights, change awareness and innovate daily life for women. Through various CSR activities such as education, donations and campaigns, we have supported the promotion of women’s rights and improvement of leadership capabilities and gender perspectives. The Women’s NGO Leadership Development Fund, that was established in 2007, is a tripartite between corporations, civic groups, and universities. Companies support the fund, the Korean Women’s Foundation selects scholarship recipients, and the university provides educational courses. A total of 975 activists have been supported as of June 2021.

[Figure 4-43] Women’s NGO Leadership Development Fund (2007-June 2021)



Newly Wed’s Communication School The ‘Newly-Weds Communication School’ was established to promote healthy family relationships and improve gender equality in family. Since the spread of COVID-19, it has been operating in a contact-free manner. The school program consists of a theoretical component, covering subjects such as family economics and couple communication, as well as a practical component that includes finding happiness for a married couple. In 2020, an online challenge was newly introduced and operated as a pilot project and a total of 250,000 people participated in reaching a consensus on the communication for a happy couple in the post-COVID-19 era. Yuhan-Kimberly will expand this school into a daily life-related practical model, such as challenges for the global environment, to encourage the participation of MZ generation.

* Newly-Wed’s Communication School Blog: <https://blog.naver.com/lepa2009>

[Table 4-24] Newly Wed’s Communication School Participants

Newly Wed’s Com-munication School	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Cum.
Participants (unit: person)	110	178	132	202	204	200	166	180	288	304	544	890	3,398

Menstruation Education and Awareness Improvement for the Youth In 2020, Yuhan-Kimberly provided consumer education for 833,650 students, including elementary, middle, and high school students, those from multicultural families, and adolescent girls with disabilities. In 2018, an online information and education platform called ‘We Have Menstruation!’ was launched to accompany the blog ‘We Are on Period’, that was launched in 2017, to provide adolescents with an education on how to use sanitary pads, understanding the human body, discuss gender sensitivity and sexual self-determination. In 2020, to promote equal menstrual rights, we further developed educational materials and menstrual panties so that all adolescent girls, regardless of disability, can be educated on menstruation and change their sanitary pads on their own. In February 2021, we signed a business agreement with the Korean Health Teachers Association to first distribute educational materials to

students in special schools with intellectual disabilities, and plan to expand the number of beneficiary schools to 100 each year for the next 10 years. In the COVID-19 environment where the importance of personal hygiene has significantly increased, we will continue to build the health capacity of adolescents through various efforts.

Senior

CSV Creation for Fostering Senior Business Ecosystem Ironically, the COVID-19 pandemic has brought the emergence of a new consumer group. The so-called ‘new senior’ group representing the baby boom generation has rapidly grown into a new digital consumer group. Now, seniors are not defined as those who need support and protection, but those who actively engage in social and economic activities. In fact, Yuhan-Kimberly introduced a social responsibility model and started the Creating Shared Value(CSV) activities in 2012. We have supported the growth of senior business by creating senior items and jobs through small business support projects and senior care manager training projects as part of the CSV activities. Since 2019, we have been helping community-type social ventures based on our e-commerce business. The platform will serve as a means to expand the senior participation in economic activities, leading to YouTube content development beyond job creation.

[Table 4-25] Major Senior CSV Businesses

Support Small Businesses (2012~2018)	Nurture Senior Care Managers (2016~2019)	Support Senior Social Ventures (2019~Present)
<ul style="list-style-type: none"> Support the growth of senior-related small businesses Discover and support a total of 38 small businesses that create senior items and jobs Create a total of 408 jobs KRW 2.26 billion in total 	<ul style="list-style-type: none"> Nurture senior care managers to provide ‘Noh-noh (Senior) Care’ Service Discover and nurture a total of 238 seniors who can engage in counseling and cognitive enhancement activities Provide services to 210,380 persons in total KRW 1.29 billion in total 	<ul style="list-style-type: none"> Senior Lifestyle Trend Platform Support the growth of community-type social ventures based on jobs, research, and e-commerce businesses Create 185 jobs/conduct 8 researches/develop content on YouTube KRW 900 million in total

[Table 4-26] 2019-2020 Major Senior Business and Achievements

Category	Job Creation	Research	E-Commerce	Alliance
Business	<ul style="list-style-type: none"> Seoul New Deal Job Creation (53 persons) Senior Call Center Business (4 persons) Senior Reviewer Nurturing Business Social Venture Senior Internship Business Senior courier business in preparation 	<ul style="list-style-type: none"> Senior trend survey (biweekly) Recruit senior panel Build online survey system Distribute press release on senior trend Participate in Yuhan-Kimberly research 	<ul style="list-style-type: none"> Build online platform YouTube video shooting, channel building Prepare product review videos and blogs Participate in YouTuber training program 	<ul style="list-style-type: none"> Social Venture Alliance Launch Advisory Committee Cooperate with the Senior Human Resources Development Center Cooperate with media and local governments
Achievement	<ul style="list-style-type: none"> Three job creation projects implemented 185 jobs created (62% achieved) Approx.KRW 30 million in sales achieved 	<ul style="list-style-type: none"> 8 senior trend surveys completed 1,987 panelists recruited 2 cases including consumer survey 	<ul style="list-style-type: none"> Online platform launched 1 YouTube content completed 10 YouTubers trained 	<ul style="list-style-type: none"> Cooperation projects with 9 social ventures implemented Advisory Committee held once Senior-related organization network established
others	<ul style="list-style-type: none"> Various projects implemented for senior job creation, research, and e-commerce business and infrastructure expansion to enter the senior industry completed ‘KRW 10 million’ in senior business fund secured through its own sales 			

Employee Donation to Help Seniors The employees of Yuhan-Kimberly have regularly donated 1% of their monthly wages that is matched by the company, to help seniors in need since 2015. In 2020, a total of 2,242 employees raised KRW 99,103,779 for donation in two fundraisers, held in March and December, to help seniors through Happy Bean.

Donation and Volunteering

As a corporate citizen, Yuhan-Kimberly is actively engaged in addressing social issues. In addition to the variety of activities introduced beforehand, we help the local communities and fulfill our social responsibility through donation and volunteer work.

[Table 4-27] Yuhan-Kimberly's CSR Performance in Numbers

Category	unit	2015	2016	2017	2018	2019	2020	Accumulated	
Female	Newly-weds_ Newly Wed's Communication School	person	166	180	288	304	544	890	3,398(2009~)
	Women in low-income families _Donation of sanitary pads	person	-	699,786	13,888	10,393	4,925	7,159	736,151(2016~)
	Women NGO_ Leadership Education	person	72	70	36	70	72	83	894
	Low-income senior_1% donation from monthly salary	person	1277	877	1,042	1,040	1,019	2,242	7,497(2015~)
Donation and volunteer work	Gender equality_ Employee donation relay	person	793	861	1,253	1,211	1,138	1,153	8,745(2005~)
	Underprivileged children_ Diaper donation to the Hope Bank	Bag	7,831	8,075	5,679	5,289	15,324	4,174	59,381(2012~)
Consumer	Consumer education _the Baby Forum	person	11,952	14,738	13,234	23,091	53,163	104,036	255,445(2011~)
	Consumer education _Education on menstruation for the youth	person	323,917	299,681	354,360	367,540	923,736	950,000	18,299,263(1972~)

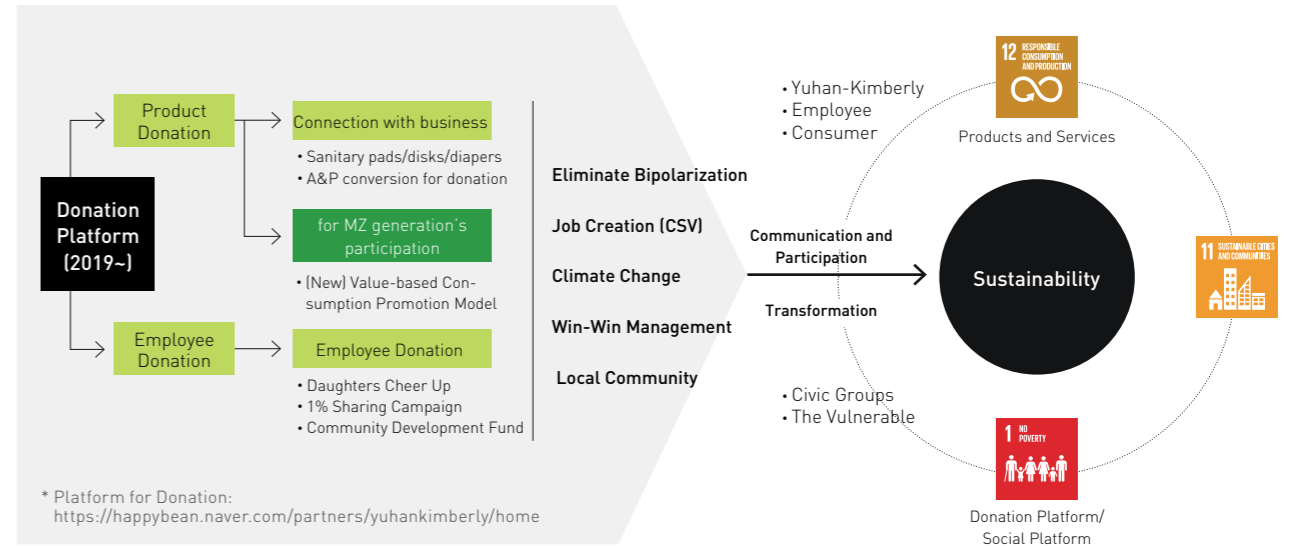
[Table 4-28] Product Donations to Stakeholders by Business

Donation Type	Classification	Overview	Performance (2020)	Accumulation		
Company-led	Donation of Baby Diapers and Bottles	Donation of Diapers after Size Exchange through Hope Bank	We repackaged some of the unopened diapers that were exchanged due to the wrong size through volunteer work and donate them to single mothers and organizations	4,174 bags were donated through five local community civic groups. Achieving the effects of value creation from 82 tons of waste and GHGs reduction of 0.4tCO ₂ e	59,381 bags accumulated as of the end of 2020 (approx. 280,000 pads)	
		Donation of Diapers to Premature Babies (2017-2020)	Diapers for premature babies weighing under 2.2kg have been donated from 2017. For reference, diapers for premature babies are divided into small size (-2.2kg) and medium size (2-3.5kg).	751,500 pads (worth KRW 90 million) were provided free of charge in 2020.	Accumulated 2,722,350pads/ 18,149 babies_ as of December, 2020	
		Launch of Double Heart Clef Lip/Palate Baby Bottle Donation Campaign in 2020	1 out of 1,000 newborns in Korea has a congenital facial deformity. We started donating baby bottles to the babies who have difficulty in sucking and eating with heavy breath due to clef lip, gum, or clef palate.	Starting from June 2020, baby bottles will be provided to 12 general hospitals equipped with neonatal intensive care units through momQ mall by the end of this year. (two per baby for free of charge)	New (Trial Operation)	
		Sanitary Pad Donation	Sanitary Pad Donation Campaign for Youth Rights Protection (2016-2020)	We have donated 1 million sanitary pads annually since 2016 through 'Daughters, Cheer up!' Campaign for female adolescents in need.	1.08 million pads (1,086,864) were donated in 2020. * A consumer fundraiser was held, and more menstrual panties were donated. (8,010 consumers donated KRW 25,002,100 in total)	Accumulated 6,169,472 pads As of the end of 2020
		Face Mask Donation	Fine Dust Worry Out Campaign (2015-2020)	Along with the education on the use of face masks to block fine dust, we conducted a campaign to share with the vulnerable. In 2020, we focused on securing the right of health for the underprivileged through the prevention of COVID-19 infection.	We distributed 202,100 face masks to low-income families and elementary school students as an emergency response to COVID-19 in 2020. We also produced a consumer education video on how to use face masks in daily life. Instead of holding the 50th anniversary event, we donated 1 million face masks to Daegu.	Accumulated 925,802 masks donated _as of 2020
Donation from Matching Grant	Donation for Seniors	Campaign to donate 1% of employee's monthly salary to help disadvantaged seniors 2015-2020	Every November, employees pledge 1% of their salary for seniors in need. The company matches these donations. From 2019, consumers have been invited to participate in the campaign through a donation platform.	In 2020, it was held only twice due to COVID-19, and 2,242 employees contributed a total of KRW 99,103,779. * We donated Depend products to senior nursing facilities by matching KRW 45,000,000. * Consumers also participated in the donation. (15,477consumers, KRW 44,660,900)	Accumulated 7,497 employees participated _As of the end of 2020	
Employee	Donation to Promote Women's Rights	Participation and donation at 'Hope to Daughters' Donation Relay 2005-2020	Employees have been voluntarily participating in the 100-person donation relay hosted by the Korea Women's Foundation since 2005. The number of employees participating in the donation campaign for strengthening women's rights has been steadily increasing thanks to the activities of leaders at each worksite.	As of 2020, 1,152 employees participated, and a total of KRW 37,286,624 was raised for women suffering from COVID-19.	Accumulated 7,592 employees participated _As of 2020	
	Fund Donation	Donation of proceeds from bazaar by HQ Female Employees' Group 'Yurian;' (2019-2020)	The proceeds from employee bazaars have been donated to the vulnerable but for women's economic independence since 2019.	KRW 11,320,000 was donated to help women to acquire a certificate for their economic independence in 2020.		
Employee + Consumer + Donation Platform Co-work	Funding	Consumer Participation in Donation* 2020	A donation platform was established on Naver Happy Bean in 2019 to draw consumer attention and encourage participation, and various donation models were presented. In 2020, employee participation programs were also introduced on the platform.	KRW 87,666,300 (over three sessions) was raised in 2020. 28,440 consumers participated in donation.	Accumulated 47,098 consumers donated (2019-2020)	

Spread of Donation Culture through Socialization of Donation Platform

Yuhan-Kimberly has been strengthening the social platform to integrate all of its existing product donation activities, create consensus among consumers and encourage their participation, and establish a culture of donation. The social platform is expected to function as a network where consumers and civic groups can participate together beyond simple product donations and employee donations. In addition, we expect to create a donation-friendly social environment by spreading Yuhan-Kimberly's donation culture widely through the platform, and also encouraging consumers to pay more attention to neighbors in need. In 2020, the employee participation programs on the platform were expanded and in 2021, we introduced a new good brand model as a pilot project to promote value-based consumption. We communicated with 490,000 consumers in 2020 through the donation platform.

[Figure 4-44] Strategy to Strengthen Social Platform for Donation to Spread a Culture of Donation (Year of 2021)



Culture of Employee Volunteering

Yuhan-Kimberly continues to provide employees with an opportunity to donate and volunteer in order to realize sustainable management and fulfill social responsibility. Our employee participatory donation program, '1% Monthly Salary Donation' has been implemented since 2015, and it is a matching fund employees can pledge 1% of their salary in selected months, and the company will match the donation. In 2020, the first two pledge drives were held in March and November due to COVID-19. Ninety per cent of our employees participated in the program and the amount raised and matched, was donated to the designated recipients for emergency support in the Daegu area. In addition, there are other fund-raising activities held throughout the year, including a 100-person donation relay (such as 'Hope to Our Daughters'), a year-end bazaar for in-house clubs and profit donations.

[Table 4-29] Participation in 1% Monthly Wage Donation

Category	2015	2016	2017	2018	2019	2020	Accumulation
Employee Participated (unit: person)	1,277	877	1,042	1,040	1,019	2,242	7,497
Amount of Employee Donation	50,584,327	35,997,699	43,489,023	43,729,418	44,561,270	99,103,779	317,465,516
Amount of Matching Grant	50,584,327	35,997,699	49,000,000	45,000,000	45,000,000	45,000,000	270,582,026
Consumer Donor (unit: person)					10,841	15,477	26,318
Consumer Donation Amount					30,515,900	44,600,900	75,116,800
Recipient	Employee	Korea Medical Assistance Foundation	Korea Medical Assistance Foundation	Korea Medical Assistance Foundation	Naver Happy Bean	Naver Happy Bean	Naver Happy Bean (Korean Red Cross)
	Company	Ezwe! Family Welfare Foundation	Gwangjang Social Welfare Center	Korea Medical Assistance Foundation	Korea Medical Assistance Foundation	Gwangjang Social Welfare Center	Korea Medical Assistance Foundation
Beneficiaries and Activities	Donate Depend underwear and medical expenses to seniors and the disabled in need at welfare facilities for the disabled and nursing hospitals						663,164,342

Donation for the Spread of Gender-Equality Culture Yuhan-Kimberly takes the lead in donation to protect women's rights and to spread a culture of gender equality. In 2020, we have donated 1.08 million sanitary pads to female adolescents in need. In 2018, we collaborated with e-commerce channel 11 Street in a consumer donation engagement, where the equal quantity of sanitary pads purchased over a period of time, will be donated to underprivileged communities. In 2019, we launched a donation platform on Naver Happy Bean and to encourage consumer empathy and participation. We donated sanitary pads and wearable sanitary pads and made booklets on the first menstruation with the raised funds. The donated supplies were distributed through community child centers and school social welfare workers across the nation. Every April, since 2005, we organise a donation campaign to improve women's rights. In 2017, the campaign evolved into a donation relay where 4 donors lead the relay, engaging more than 70% of the employees to actively participate in the campaign. In 2020, the donation was granted to Korea Foundation for Women for those suffering from COVID-19.

[Table 4-30] Donation of Sanitary Pads (2016~2020)

Category	2016	2017	2018	2019	2020	Accumulation
Donation (unit: million pads)	1.53 (1,532,304)	1.00 (1,008,352)	1.46 (1,455,120)	1.08 (1,086,832)	1.08 (1,086,864)	6.17 (6,169,472)
Beneficiaries (unit: person)	699,786	13,888	10,393	4,925	7,159	736,152

[Photo 4-9] 'Daughters Cheer up' Campaign



Social Contribution Activities by Region At Yuhan-Kimberly's mills, labor and management work together to actively engage in community contribution activities using community development funds and promote win-win growth. The Kimcheon Mill operated a meal kitchen, repaired houses, and conducted briquette sharing events, while the Taejon Mill participated in blood donation and briquette sharing for the vulnerable in Daedeok-gu. The Choongju Mill participated in flood recovery and delivered COVID-19 emergency kits. Yuhan-Kimberly's diaper donation activity, 'Hope Bank', is being actively carried out at each mill. This year, we designated a number of organizations and places for donation by region and delivered diapers to low-income families and infants at childcare facilities in each region.

[Table 4-31] Volunteer Activities of Hope Bank by Region

	Taejon Mill	Choongju Mill	Kimcheon Mill
Diaper Donation to the Hope Bank	1,300 Bags in total	1,388 Bags in total	1,419 Bags in total
Partner Organizations	Save the Children, Daedeok-gu Office	-	Community Chest of Korea, Korea Transportation Safety Authority
Recipients	Facilities for unwed mothers, support facilities for infants, multicultural family support facilities, low-income families	Korea Juvenile Protection Association, Gunpo-si, Gyeonggi-do	Infants at nursery facilities in Kimcheon, children from families with disability caused by traffic accidents nationwide

[Table 4-32] Diaper Donation (2012~2020)

Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	Accumulation
Donated bags of diapers after size exchange (Bag)	1,119	4,964	7,376	7,381	8,075	5,679	5,289	15,324	4,174	55,207
No. of pads donated through sharing with premature babies campaign	-	-	-	-	-	545,100	723,300	676,950	751,500	2,696,850
No. of beneficiaries	-	-	-	-	-	3,804	4,822	4,513	5,010	18,149

* The number of donated pads has been corrected for the year of 2017.

Highlight | Community Contribution Activities by Labor and Management to Fight COVID-19

- Kimcheon Mill**
 - Supported nurses at Gyeongsangbuk-do Kimcheon Medical Center: delivery of masks, sanitary pads, and toilet paper (March 2021)
 - Donated hand sanitizers to Kimcheon City Hall (December 2020)
- Taejon Mill**
 - Provided Good Neighbors Collaborative Food Kit: to multicultural families who suffer from COVID-19 (May 2021)
 - Provided side dishes to senior citizens of national merit together with the Veterans Affairs Office (every month)
 - Delivered hygiene products to the vulnerable together with Daedeok-gu Office (every month)
- Choongju Mill**
 - Replaced Labor-Management Council meetings with local flood recovery activities (August 2020)

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APPENDIX

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ESG Data(At a glance)

Economic Performance

[Table 5-1] Financial Performance

Category	unit	2018	2019	2020	Year-on-year increase and decrease (%p)
Sales	KRW 100 million	13,272	13,332	14,978	12.3
Net income	KRW 100 million	1,102	1,371	1,404	2.4
Total assets	KRW 100 million	10,360	10,338	10,755	4.0
Exports	KRW 100 million	1,397	1,307	1,485	13.6

[Table 5-2] Domestic Consumption and Export

Category	unit	2018	2019	2020	Year-on-year increase and decrease (%p)
Domestic consumption	%	89.5	90.2	90.1	-0.1
Export	%	10.5	9.8	9.9	0.1

[Table 5-3] Sales by Business

Category	unit	2018	2019	2020	Remarks
Baby diapers	%	-25.5	-9.7	7.6	
Wet wipes, towels, adult diapers, skincare, etc.	%	12	-1	31	
Facial tissue and toilet paper	%	5.2	2.6	11.7	
Feminine sanitary pads	%	4.6	7.7	-2.1	
B2B business	%	9.9	7.1	12.1	

[Table 5-4] Economic Value Distributed

Object of distribution	Category	unit	2018	2019	2020	Year-on-year increase and decrease (%p)
Shareholders	Dividends		1,180	1,580	1,420	-10
Employees	Wages, employee benefits costs		2,442	2,189	2,897	32
Partners	Goods and service purchase costs		8,478	8,545	9,568	12
Local communities	Government Corporate tax, other taxes and utility charges	KRW 100 million	542	684	709	4
	Local community/customer CSR costs		60	58	59	2
Others	Other costs (rent, depreciation cost, etc.)		746	630	534	-15
Internal reserves	Internal reserves		-78	-208	-16	-92
Total revenue (sales + interest income)			13,370	13,478	15,171	13

[Table 5-5] R&D Activities and Investments

Category	unit	2018	2019	2020	Remarks
R&D personnel	person	54	55	56	
Facility investment	KRW 100 million	391.0	469.1	394.0	
Facility investment compared to sales	%	2.9	3.5	2.6	
Sales of new products	KRW 100 million	2,365	1,891	2,615	
Contribution of new products to sales	%	17.8	14.2	17.5	

Social Performance

[Table 5-6] Social Performance

Category	unit	2018	2019	2020		
Employee Employment	Total number of employees	person	1,577	1,566	1,526	
	Employment type	Permanent		1,558	1,540	1,508
		Contract		19	26	18
	Type of occupation	Production		799	762	737
		Office		778	804	789
	Gender	Female		283	289	288
		Male		1,294	1,277	1,238
	Employment rate of the disabled	%	2.19	2.47	2.00	
	Rate of job creation	%	-5.63	-0.70	- 2.55	
	Average continuous service period	year	20.2	20.6	21.4	
	Average working hours per month	hour	157	162	166	
	Average number of days absent	day	1	2	-	
	Loss days	day	334	732	152	
	New employment and retirement	New employees	Total	person	34	53
Rate of new female employees			%	79.4	66.0	72.0
Rate of new male employees			%	20.6	34.0	28.0
Retirement rate		%	7.29	0.83	6.39	
Turnover rate	%	7.29	0.83	6.39		
Training	Training hours per employee	hour	45.8	43.6	33.4	
	Training cost per employee	KRW 10 thousand	39.0	42.6	35.3	
Female workforce	Female workforce ratio	%	17.9	18.5	18.9	
	Females above senior management levels	%	15.4	9.8	12.2	
	Females among total office employees	%	37.1	37.1	38.6	
Maternity and childbirth	Maternity leave users	person	14	15	9	
	Return-to-work rate after maternity leave	%	100	100	100	
	Baby care leave users (female)	person	21	23	12	
	Baby care leave usage rate (female)	%	58	76	100	
	Baby care leave users (male)	person	2	1	1	
	Return-to-work rate after baby care leave	%	86	100	92	
Labor	Retention rate after return from baby care leave	%	82	85	96	
	Number of employees joining the labor union	person	821	798	768	
Work safety	Rate of employees joining the labor union	%	100	99.8	99.7	
	Number of industrial accidents	case	1	2	3	
Rate of industrial accidents	%	0.06	0.06	0.19		

[Table 5-7] Use of Flexible Work Arrangements

Category	Year of introduction	unit	2018	2019	2020
Leave	Paid learning leave	2017	person 3 persons/ 33 days	4 persons/ 40 days	1 person/ 7 days
Flexible working hours	Working from home	2012	person 22	25	16
	Selective working hours	2018	person 5	22	20
	Deemed working hours	2018	person 133	133	132
	Discretionary working hours	2018	person 115	118	121

Yuhan-Kimberly has introduced a leave for refreshment since 2016 to encourage employees to spend their leave. Accordingly, 'Day of Refreshment' of 18 days per year is notified one year in advance, and all employees including the CEO are allowed to take a leave at the same time. In 2020, 56% of employees took a leave for refreshment.

[Table 5-8] Customer Communication at the Integrated Customer Support Center

Category	unit	2018	2019	2020	
Customer consultation	On services	case	154,778	181,530	182,180
	On products	case	14,535	12,252	34,643
	Total	case	169,313	193,782	216,823
Customer satisfaction activities	Activities to resolve customer complaints	person	4,612	3,179	2,756
	Customer satisfaction	point	88.7	88.2	89.0

Environmental Performance

[Table 5-9] Environmental Performance

category	type	unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
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	132.9	131.6	
	Percentage to net sales	%	1.0	1.0	1.0	1.2	1.2	1.2	1.1	1.1	0.9	1.0	0.9	
GHG emissions	GHG emissions allowances (target)				209,598	164,386	175,606	238,130	243,016	236,637	204,434	204,434	204,434	
	Total GHG emissions	tCO ₂ e	178,787	170,750	168,351	166,177	172,097	201,723	204,943	202,986	202,102	202,435	201,903	
	Direct (Scope 1)		54,334	49,124	45,284	45,920	13,042	17,161	20,638	21,257	22,829	23,750	23,221	
	Indirect (Scope 2)		124,456	121,630	123,069	120,260	159,058	184,564	184,308	181,730	179,274	178,689	178,684	
GHG emissions intensity	Total CO ₂ emissions	tCO ₂ e/year	179	171	169	166	172	201	204	203	202	202	201	
	Intensity of CO ₂ emissions	tCO ₂ e/product ton	0.748	0.792	0.736	0.745	0.735	0.779	0.812	0.865	0.916	0.903	0.847	
Energy	Energy usage	TJ	3,441	3,312	3,430	3,379	3,445	3,945	4,009	3,977	3,967	4,074	4,113	
Water	Water usage	m ³ /product ton	14.4	15.0	12.3	12.5	11.7	15.3	13.9	15.2	15.4	14.6	14.3	
Waste	Waste generation	Ton/product ton	0.22	0.23	0.21	0.21	0.18	0.20	0.18	0.16	0.14	0.15	0.13	
Recycling	Ratio of recycled paper usage	%	39.0	39.5	33.5	33.5	29.9	33.4	29.8	20.2	18.4	18.6	17.4	
	Domestic recycled paper	%	91.8	86.5	86.1	92.5	89.7	78.3	71.8	59.8	54.3	56.9	60.7	
	Ratio of recycled water usage	%	43.4	42.1	39.5	39.8	40.0	37.1	39.7	35.0	33.5	33.7	29.8	
Water quality	Discharge of treated water	m ³ /product ton	11.6	12.9	10.6	10.7	10.2	13.5	12.4	13.2	13.3	13.2	12.7	
	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	0.043	0.041
		Biochemical oxygen demand	kg/product ton	0.015	0.012	0.012	0.008	0.008	0.013	0.015	0.020	0.035	0.043	0.031
		Chemical oxygen demand	kg/product ton	0.155	0.161	0.153	0.149	0.143	0.222	0.243	0.207	0.261	0.294	0.230
Air quality	NOX(kg/product ton)	kg/product	0.07	0	0	0	0	0	0	0	0	0	0	
	SOX(kg/product ton)	kg/product	0.0001	0	0	0	0	0	0	0	0	0	0	
	Dust (kg/product ton)	kg/product	0.006	0.011	0.012	0.013	0.009	0.028	0.024	0.023	0.028	0.017	0.015	
Cost for diaper waste disposal		KRW 100 million	40	44	82	82	85	90	88	76	68	68	68	
Cost for packaging recycling		KRW 100 million	6	6	7	6	7	9	9	9	10	12	15	

[Table 5-10] Hours of Environmental Training

Category		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kimcheon	person	210			546	418	463	549	256	308	321	363
	hour	920.5			767.0	599.5	964.5	926	402	379.5	355.5	392
Taejon	person	399	279	295	348	395	239	422	428	420	398	470
	hour	354	309	298	348	395	255	449	428	453	434	492
Choongju	person				750	633	780	641	479	89	123	57
	hour				633	880	34	50	135	212		90
Total	person	609	279	295	1,644	1,446	1,482	1,612	1,163	817	842	890
	hour	1,275	309	298	1,115	1,628	2,100	1,409	880	968	1,002	974

TCFD(Task Force on Climate-Related Financial Disclosures)

We publish a sustainability report reflecting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and disclose the status of GHG emissions reduction and annual performance every year.

TCFD recommendations	Yuhan-Kimberly's response	Remark
Corporate governance		
a) Describe the Board's supervision of risks and opportunities related to climate change	Response to risks and opportunities related to climate change under the supervision of Social Responsibility & Environmental Management Division	The E Subcommittee under the ESG Committee discusses key issues related to climate change, and the ESG Committee makes decisions.
b) Describe the role of management in assessing and managing risks and opportunities related to climate change		
Strategy		
a) Describe the risks and opportunities related to climate change that have been identified by the organization over the short, medium and long term	Establishment of mid- and long-term plans in accordance with the declaration of Environmental Management 3.0	Risks and opportunities in managing carbon emissions according to the government's "Net Zero" declaration and the company's carbon neutral policy
b) Describe the impact of climate change-related risks and opportunities on the organization's business, strategy, and financial plan	Review of financial risks related to carbon emissions from manufacturing and products	Discussion of risks when introducing emissions allowance and carbon tax
c) Describe the flexibility of business strategies, considering climate change-related scenarios including the 2-degree scenario	Risk management according to the government's NDC and net zero declaration	In the process of establishing a vision, specific goals and action plans for carbon neutrality.
Risk Management		
a) Describe the organization's process for identifying and assessing risks related to climate change	Operation of ESG Committee	The E Subcommittee under the ESG Committee
b) Describe the organization's process for managing risks related to climate change	Social Responsibility & Environmental Management Division	The Environmental Management Workgroup's leader serves as the secretary of the E Subcommittee and collaborates with manufacturing and production
c) Describe how processes to identify, assess, and manage climate change-related risks are integrated into the overall risk management of the organization	Reflection of risk assessment by the risk management team at the headquarters into the index	Discussion of implementation programs according to business prioritization based on annual risk assessment
Index and reduction target		
a) Disclose indicators used by the organization to assess risks and opportunities related to climate change in accordance with its management strategies and risk management processes	Disclosure of KPI related to GHG emissions	Including total emissions and energy intensity
b) Disclose the GHG emissions and related risks in Scope 1, 2, and Scope 3 (if applicable)	Disclosure of Scope 1,2,3	More precise assessment and discussion on the commuting, business trips, and contribution to emissions reduction of company and partner employees are scheduled for effective emissions management in Scope 3
c) Describe the targets that the organization uses to manage climate change-related risks and opportunities and the corresponding performance	Reduction of GHG emissions in excess of the 2020 internal targets	Achievement of targets of domestic emission trading scheme and Kimberly-Clark

GRI Index (Global Reporting Initiative Index)

Topic	Description	UN SDGs	UNGC Women's Empowerment Principles	Reporting Page	
GRI 100: General Disclosures					
GRI 102: Organizational Profile	102-1	Name of the organization		7	
	102-2	Activities, brands, products, and services	5	7	
	102-3	Location of headquarters		7	
	102-4	Location of operations		7	
	102-5	Ownership and legal form		7	
	102-6	Markets served (geographic locations where products and services are offered, sectors served, types of customers and beneficiaries)		7	
	102-7	Scale of the organization		7	
	102-8	Information on employees and other workers	8	7	100-101
	102-9	Supply chain			7
	102-10	Significant changes to the organization and its supply chain			7
	102-11	Precautionary Principle or approach			21
	102-12	External initiatives		6	70-74
	102-13	Membership of associations			22-23
GRI 102: Strategy	102-14	Statement from senior decision-maker		11-12	
	102-15	Key impacts, risks, and opportunities		13-16	
GRI 102: Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	16	22-23	
	102-17	Mechanisms for advice and concerns about ethics	16	22-23	
GRI 102: Governance	102-18	Governance structure		18-19	
	102-19	Delegating authority		18-19	
	102-20	Executive-level responsibility for economic, environmental, and social topics		18-19	
	102-21	Consulting stakeholders on economic, environmental, and social topics		18-19	
	102-22	Composition of the highest governance body and its committees	15,16		36-38
	102-23	Chair of the highest governance body	16		23-25
	102-24	Nominating and selecting the highest governance body			18-19
	102-25	Conflicts of interest			34-35
	102-26	Role of highest governance body in setting purpose, values, and strategy			13, 18-19
	102-27	Collective knowledge of highest governance body			18-19
	102-28	Evaluating the highest governance body's performance			18-19
	102-29	Identifying and managing economic, environmental, and social impacts			8-9
	102-30	Effectiveness of risk management processes			21
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	102-35	Remuneration policies			18
	102-38	Annual total compensation ratio			18
GRI 102: Stakeholder Engagement	102-40	List of stakeholder groups		24-26	
	102-41	Collective bargaining agreements	8	66-67	
	102-42	Identifying and selecting stakeholders		24-26	
	102-43	Approach to stakeholder engagement		8-9, 24	
	102-44	Key topics and concerns raised		8-9, 24	

Topic	Description	UN SDGs	UNGC Women's Empowerment Principles	Reporting Page
GRI 102: Stakeholder Engagement	102-45	Entities included in the consolidated financial statements		7
	102-46	Defining report content and topic Boundaries		About this Report
	102-47	List of material topics		About this Report
	102-48	Restatements of information		About this Report
	102-49	Changes in reporting		About this Report
	102-50	Reporting period		About this Report
	102-51	Date of most recent report		About this Report
	102-52	Reporting cycle		About this Report
	102-53	Contact point for questions regarding the report		About this Report
	102-54	Claims of reporting in accordance with the GRI Standards		About this Report
	102-55	GRI content index		71-73
	102-56	External assurance		77-78
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary		8-9
	103-2	The management approach and its components	1,5,8,16	8-9
	103-3	Evaluation of the management approach		8-9
GRI 200: Economic				
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	1,2,5,7,8,9	6-7
	201-2	Financial implications and other risks and opportunities due to climate change	8,13	70
	201-3	Defined benefit plan obligations and other retirement plans		53-55
GRI 203: Indirect Economic	203-1	Infrastructure investments and services supported	2,5,7,9,11	56-63
	203-2	Significant indirect economic impacts	1,2,3,8,10,17	56-63
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers		48
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	16	22-23
	205-2	Communication and training about anti-corruption policies and procedures	16	22-23
	205-3	Confirmed incidents of corruption and actions taken	16	22-23
GRI 300: Environment				
GRI 301: Materials	301-1	Materials used by weight or volume	8,12	28-36
	301-2	Recycled input materials used	8,12	28-36
	301-3	Reclaimed products and their packaging materials	8,12	28-36
GRI 302: Energy	302-1	Energy consumption within the organization	7,8,12,13	28-36, 68-69
	302-4	Reduction of energy consumption	7,8,12,13	28-36, 68-69
	302-5	Reductions in energy requirements of products and services	7,8,12,13	28-36, 68-69
	303-1	Interactions with water as a shared resource	6, 8, 12	28-36, 68-69
	303-3	Water withdrawal	6, 8, 12	28-36, 68-69
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	3, 12, 13, 14, 15	28-36, 68-69
	305-2	Energy indirect (Scope 2) GHG emissions	3, 12, 13, 14, 15	28-36, 68-69
	305-4	GHG emissions intensity	13, 14, 15	28-36, 68-69
	305-5	Reduction of GHG emissions	13, 14, 15	28-36, 68-69
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3, 12, 13, 14, 15	28-36, 68-69
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	12, 13, 14, 15, 16	68-69
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria		68-69

Topic	Description	UN SDGs	UNGC Women's Empowerment Principles	Reporting Page
GRI 400: Social				
GRI 401: Employment	401-1	New employee hires and employee turnover	5, 8	66-67
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8	3, 6, 65
	401-3	Parental leave	5, 8	2, 66-67
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes		53-55
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	8	3, 53
	403-2	Hazard identification, risk assessment, and incident investigation	3, 8	66-68
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4, 5, 8	4, 66-68
	404-2	Programs for upgrading employee skills and transition assistance programs	8	4, 66-68
	404-3	Percentage of employees receiving regular performance and career development reviews		66-68
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5, 8	1, 66-68
	405-2	Ratio of basic salary and remuneration of women to men	5, 8, 10	2, 66-68
GRI 406: Non Discrimination	406-1	Incidents of discrimination and corrective actions taken	5, 8, 16	1, 22-23
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	3, 53, 66-68
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	8, 16	N/A
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	8	6, N/A
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments		6, 31-32,83
	412-2	Employee training on human rights policies or procedures		6, 31-32,83
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs		6, 85-98
	413-2	Operations with significant actual and potential negative impacts on local communities		6, 85-98
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	5, 8, 16	48-49
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	16	53
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	12, 16	48-49
	417-2	Incidents of non-compliance concerning product and service information and labeling	12, 16	N/A
	417-3	Incidents of non-compliance concerning marketing communications	12, 16	N/A
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16	52

Compliance with the UN Global Compact's 10 Principles

Compliance with the UNGC Principles

Category	Principles	2020 Our effort	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Employee training on the Code of Conduct CEO's declaration at the BEST ESG Forum	22-23
	Principle 2: make sure that they are not complicit in human rights abuses.	Employee training on personal information protection Employee training on human rights protection Introduction of fair trade compliance program	23, 52, 54
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Union membership rate: 99.7% Labor-Management Council and Grievance Committee held on a quarterly basis	24, 66
	Principle 4: the elimination of all forms of forced and compulsory labour;	Compliance with rules of employment and collective agreements Labor-management consultation	
	Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	No employees aged under 18 Ratio of female executives: 19.7% Return to work after childbirth: 100%	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Implementation of Environmental Management 3.0 Campaigns for forest and environmental protection	28-40
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Operation of environmental organization under the direct control of the CEO (Environmental Management Promotion Division)	
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Development and production of eco-friendly products	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Employee training on the Code of Conduct Training programs on anti-corruption, ethics, and fair trade compliance	22-23

UN Guiding Principles Reporting Framework

Category	Report Principles	Details	Reporting page
Governance in favor of respect for human rights	A1. Human rights policy	Disclosure of a will to respect human rights	22-23
	A2. Internalization of respect for human rights	Efforts for internalizing the respect for human rights	55
Defining focus areas for reporting	B1. List of salient human rights issues	Salient human rights issues related to business activities	-
	B2. Identification of salient human rights issues	Methods of selecting salient human rights issues	-
	B3. Key areas to be managed for salient human rights issues	Methods of selecting region to be managed and areas of human rights issues	-
	B3. Key areas to be managed for salient human rights issues	Potential human rights issues besides salient human rights issues	-
Management of salient human rights issues	C1. Detailed policy for salient human rights issues	Detailed policies for salient human rights issues	22-23, 74
	C2. Engagement of stakeholders	Participation of stakeholders by salient human rights issue	24, 59, 63-64
	C3. Impact assessment	Consistent identification of salient human rights issues	63-64
	C4. Response to human rights issues	Decision-making process of salient human rights issues and reflecting those on activities	-
	C5. Performance assessment	Effectiveness of activities to resolve salient human rights issues	61-64
	C6. Follow-up support	Subsequent support for victims of human rights issues	22-23

Independent Assurance Statement

To readers of Yuhan-Kimberly 2021 Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by Yuhan-Kimberly to conduct an independent assurance of its 2021 Sustainability Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Yuhan-Kimberly. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Yuhan-Kimberly and issue an assurance statement.

Scope and Standards

Yuhan-Kimberly described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process. We also confirmed that the report was prepared in accordance with the TCFD recommendations.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
 - Management approach of Topic Specific Standards
 - GRI 301: Materials
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 402: Labor/Management Relations
 - GRI 403: Occupational Health and Safety

- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity
- GRI 409: Forced or Compulsory Labor
- GRI 412: Human Rights Assessment
- GRI 413: Local Communities
- GRI 416: Customer Health and Safety
- GRI 417: Marketing and Labeling
- GRI 418: Customer Privacy
- TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of Yuhan-Kimberly's partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by Yuhan-Kimberly to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document 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 make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity Yuhan-Kimberly has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality Yuhan-Kimberly has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness Yuhan-Kimberly prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Yuhan-Kimberly's actions.

Impact Yuhan-Kimberly identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021•2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Yuhan-Kimberly and did not provide any services to Yuhan-Kimberly that could compromise the independence of our work.

July 2021 Seoul, Korea

황인규

Verification Statement on 2020 Greenhouse Gas Emission Report

Verification Target

Korean Foundation for Quality (hereinafter "KFQ") has conducted the verification of "2020 Report on Quantity of emitted Greenhouse gas and Energy Consumption (hereinafter 'Inventory Report') for Yuhan-Kimberly CO.,Ltd. (hereinafter 'the Company')

Verification Scope

KFQ's verification was focused on all the facilities which emitted the greenhouse gas during the year of 2020 under the Company's operational control and organizational boundary.

Verification Criteria

The Verification is based on 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification No. 2018-70 of Ministry of Environment)'

Verification Procedure

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme', and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it confirmed through the internal review whether the process before the verification conducted effectively.

Verification Limitation

The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

Verification Opinions

Regarding to the data of the Greenhouse Gas Emission and Energy Consumption from the report through the verification, KFQ provides our verification opinions as below;

- 1) The Inventory Report has been stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'
- 2) The result of Material discrepancy satisfied the criteria for an organization that emits more than 500,000 tCO₂-e shall not exceed 5% from total emission as per "Rules for verification of operating the greenhouse gas emission trading scheme"
- 3) Thus, KFQ conclude that the Greenhouse Gas Emissions and Energy Consumption of the Company in 2020 is correctly calculated and stated in accordance with 'Rules for verification of operating the greenhouse gas emission trading scheme'.

Report Year(unit : ton CO ₂ eq)	Emission of Scope1	Emission of Scope2	Total Annual Emission
2020	23,221	178,684	201,903

June 22th, 2021



CEO Ji-Young Song
Korean Foundation for Quality (KFQ)

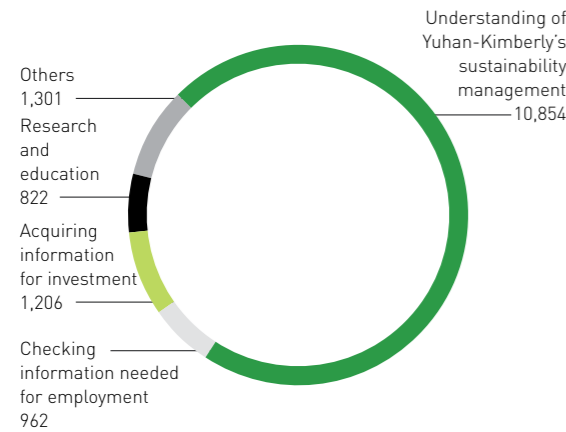
Major Awards and Recognition

Overall Sustainability	2021.05	Awarded in the 2021 Consumer Complaints Evaluation – ranking first in the hygiene product category (Consumer Research)
	2021.02	Winning the Korea's Most Admired Company Award in 2021, selected for 18 consecutive years (Korea Management Association Consulting, KMAC)
	2020.12	Receiving the Best Company Award in the 2020 Management Grand Awards, selected for 5 consecutive years (Korea Management Association Consulting, KMAC)
	2020.10	Awarded the Best Company Prize in the 2019 Shared Growth Index (Shared Growth Committee)
	2020.10	Winning the Best CEO Award in the 2020 Korea Sustainability Index (Korean Standards Association)
	2020.10	Elevated to the Hall of Fame in the 2020 Korea Sustainability Index for winning the award for 10 consecutive years (Korean Standards Association)
	2020.02	Receiving the Sustainability Report Award in the 2020 Korea Sustainability Index (Korean Standards Association)
Certification	2021.04	Obtaining the certification of personal information protection management system
Economy	2020.02	[Design] Kleenex Tissue & Wet Tissue for Runny Nose, winning 'iF 2020 Package Design Award' (iF International Forum Design)
	2020.01	[Brand] Depend, raking 1 st in the senior product category in 2020 Korea Brand Hall of Fame (Institute for Industrial Policy Studies)
	2020.09	[Digital] Sep. 2020 momQ, winning the National Service Awards(NSA) for 3 consecutive years
	2020.12	[Brand] Red to Rad, winning the Star Brand Award by Maeil Business Newspaper
Society/ Environment	2020.02	Blog on women's menstrual period, 'We Have Menstruation', winning gold prizes in four categories at 2020 AVA Digital Awards (Association of Marketing and Communication Professionals)
	2020.02	Hope Bank, winning the Minister of Justice Award for its diaper donation program
	2020.10	Selected as HR Asia Best Companies to Work For in Korea 2020
	2019.12	Best company in 2020 Win-Win Growth Index (Win-Win Growth Committee)
Advertisement	2020.01	[Keep Korea Green] Winning silver prize in the TV commercial category in the 17 th Seoul Creative Festival for 'Dawn of Tree' and 'Night of Tree' (Seoul Creative Festival Executive Committee)
	2020.01	[Keep Korea Green] Receiving main prize for 'Sleep Tight Contest' at &Award (&Award Committee)
	2020.02	[Sanitary Pad] Winning the prize for White Fresh Day Campaign in the digital advertisement & campaign category at &Award (&Award Committee)

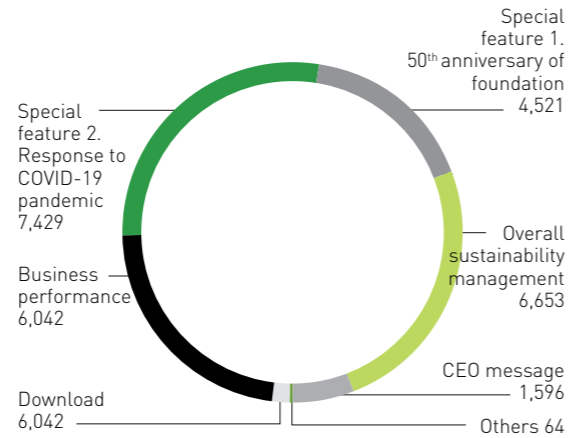
Usage of Sustainability Report and Monitoring of Reader Opinions

The Sustainability Report is one of our communication channels that provide overall information and help understanding about sustainability management. Each year, we listen to and reflect the opinions of our readers through feedback after publication. In 2020, a total of 15,145 stakeholders participated in the monitoring of the 2020 Sustainability Report.

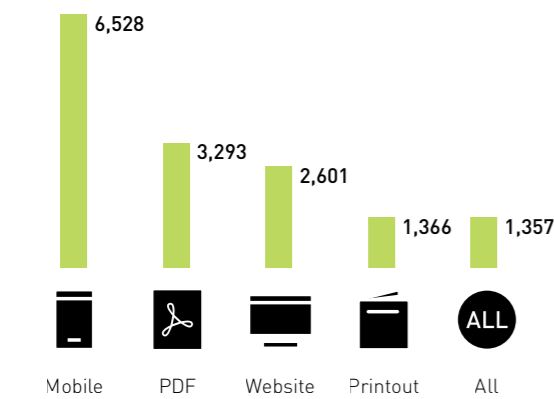
[Figure 5-1] Motive for Reading the Report(unit: person)



The Most Informative Part of the Report
(unit: person, multiple responses)



[Figure 5-3] Preferred Channels of the Report
(unit : person)





[Table 5-11] Overall Satisfaction with the Report
(unit : %)

Category	2018	2019	2020
Information reliability	73.6	76.4	84.0
Relevance of materiality issues	71.3	76.1	84.2
Satisfaction with web report	72	75.6	82.0
Satisfaction with report	73.7	75.3	83.0
Easy to understand diagrams	72.4	75.2	77.7
Clarity of expression	70.2	74.6	80.4
Appropriate font size	72.9	73.8	71.1
Easy to find necessary information	-	-	71.4
Participants (person)	4,952	4,467	15,145

[Figure 5-4] Opinions on the 2020 Sustainability Report (a total of 793 persons)

Information (detailed and accurate information, transparent disclosure)	Design (requirements for fonts, readability, and graphs)	Report format (improvement for mobile accessibility, addition of new elements such as video clips)	Publication cycle (request for continuous update)	Others (adjustment of the level of difficulty, number of pages, system, etc.)
83 persons	179 persons	137 persons	4 persons	390 persons





Stakeholder Survey

Thank you for reading our sustainability report.
In order to make this report better, we would like to listen to your opinions.
Please participate in the survey through the QR code provided.

Web report www.csr.yuhan-kimberly.co.kr

"At the stage of massive development and launch of eco-friendly products, a consumer asked us the question, 'I understand their environmental benefits, but what would be good for my child?' From that question, I realized that a product can be recognized for its value only when its fundamental value is combined with social and environmental values."

"In the coming years, we will concentrate on innovation to make our life rich and convenient, particularly for the betterment of the earth and the environment. Until now, we have focused on quality, such as performance or competitive price, in the product development, but now the most important thing is how they affect the global environment. We will definitely check this before deciding the launch of a new product."

From a media interview with the CEO Chin, JeaSeung on April 13, 2021

