



People: Our Strength and Source of Hope

사람이 희망이다

2023 Yuhan-Kimberly's Sustainability Report
The 18th Sustainability Report



ABOUT THIS REPORT

Reporting principles: Reporting in accordance with the Global Reporting Initiative (GRI) Standards 2021

Reflecting the UN Sustainable Development Goals (UN SDGs), Sustainability Accounting Standards Board (SASB) standards, and other indicators

Reporting boundary: All domestic operations and major supply chains

Reporting period: January 1, 2022, to December 31, 2022 (including performance in the first half of 2023)

Reporting basis: Fiscal year, presenting data for at least three consecutive years.

Reporting assurance: Third-party assurance

Reporting cycle: Annual reporting (first publication in 2006)

Reporting features: Reporting in accordance with GRI Standards 2021, materiality-focused reporting

Disclosure principles: Web report (csr.yuhan-kimberly.co.kr) is available at all times

Additional Information: Yuhan-Kimberly Corporate Affairs

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How the 2023 Sustainability Report Differs from Previous Editions

1. Introduction of Double Materiality

For each issue, we utilized two metrics for selecting material issues: Financial Impact (inward) and Impact Materiality (outward). The double materiality assessment's results were categorized into Tier 1, Tier 2, and Tier 3, with a detailed account of the process through which ten issues were designated as material.

2. Reorganization of the Report

We transitioned the report's structure from a stakeholder-focused narrative to a topic-oriented narrative. This approach frames Yuhan-Kimberly's efforts, goals, and accomplishments in sustainability management within each topic, facilitating a better understanding of the report for our readers.

3. Showcasing Our Actions Towards a Sustainable Society

The 2023 Report underscores the process, accomplishments, and implications of the Yuhan-Kimberly Forest's creation in Mongolia, commemorating its 20th anniversary this year. The report also elucidates the Green Action Alliance project, designed to spearhead the shift towards a sustainable industrial ecosystem through collaborations with diverse stakeholders.

Participants in the Creation of the 2023 Sustainability Report

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Sustainability Report Secretariat Yangsook Jeon, Chulyong Bae, Nayeong Lim, Ire Cho, Seungphil Lee, Sooyun Lee

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A Message from the CEO



Greetings to our esteemed stakeholders.

In 2022, we saw an acceleration in uncertainty within both the domestic economy and the global environment. Simultaneously, the damage from the climate crisis escalated, increasing the urgency for sustainability. In response to this, Yuhan-Kimberly has been intensifying our efforts to listen to our customers, innovate our products and services, and broaden a sustainable industrial ecosystem to boost the potential for our company's future and the planet.

Achieving Sustainable Growth Through Planet-Focused Innovation and Actions

Economic, Social, and Environmental Performance in 2022

In regard to financial performance, overall sales and net profit in 2022 witnessed a 2.9% and 9.9% growth year-on-year, reaching KRW 1,509.2 billion and KRW 144.5 billion, respectively. Such growth was achieved despite a contracting diaper market due to low birth rates and a significant fall in demand for hygiene products such as masks, hand sanitizers, and hand wash - products that had temporarily surged due to COVID-19. On top of that, even with a decrease in exports, domestic sales increased by 5.2% via market share expansion and robust sales in core businesses. Scott, a recent entrant in the cleaning and home care products market, solidified its position through swift execution, while Green Finger Skincare continues to grow as a market-leading brand in key sales channels. Furthermore, we are accelerating our consumer-centric transformation in the direct-to-marketplace (D2MP), including an organizational shift to next-day delivery to bolster our business competitiveness.

On the social and environmental aspects, we have devised and implemented a comprehensive strategy along with a precise roadmap to fulfill the 2030 Sustainability Goals. We have instituted a new procedure to review sustainability goals from the initial stage of product development and set up medium- to long-term plans for sustainable product development across key product lines. We are expediting our transition efforts with the aim of ensuring that sustainable products account for 95% of our sales by 2030. As a part of the endeavor, we expanded the use of packaging materials containing recycled content across all principal product lines in 2022. Furthermore, we have initiated the Green Action Alliance project to contribute to transforming the entire spectrum of raw material development, primary material production, logistics, distribution, and resource circulation into a sustainable industrial ecosystem, collaborating with numerous companies and organizations. Annually, we bolster our ESG risks through ESG self-assessment, enhance customer value via 'Voice of the Customer meetings,' and broaden our 'Good Action' initiatives to provide multifaceted care for the vulnerable.

Due to our endeavors and the unwavering support of our stakeholders, we have been acknowledged as one of Korea's Most Admired Companies for two decades in a row and secured the top rank in the Household and Personal Products category of the 2022 Korean Sustainability Index Based on ISO26000 for 12 consecutive years. In addition to earning the title of a UN Global Compact Leadership Excellence And Development (LEAD) company for two successive years, we have also received significant external appraisals, such as being chosen as the best company for image value at the Management Grand Awards in Korea for two consecutive years, winning the grand prize at the Seoul Environment Awards, and being recognized as an outstanding organization for ethical management practices by the Anti-Corruption and Civil Rights Commission of Korea. We would like to express our gratitude to all of our stakeholders for their trust in Yuhan-Kimberly.

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Sustainability Challenges for 2023

Under the slogan "Gear Up for Bigger Challenges 2023!" we strive to realize our vision by taking actions that transcend traditional areas and paradigms. Our actions include the following:

We will boost our market competitiveness by expanding investments in ESG-focused areas.

We are actively working to invigorate the household and personal products market with products and services that enhance environmental and social performance. To grow via the provision of innovative products, we have invested KRW 128.6 billion over the past three years, focusing on creating new markets by launching products that resonate with our stakeholders' interests. Our newly commissioned tampon production facility incorporated Braille on product packaging, improving product information accessibility for the visually impaired. The investment in #10 Tissue Machine bolstered our competitiveness in tissue manufacturing, while the adoption of the Aqua Fresh process increased product competitiveness and enabled us to supply products that utilize fewer chemicals. The investment in the new nonwovens production facility will help secure the capacity to produce up to 12,000 tons of ultra-thin nonwovens per year, with a thickness one-hundredth that of a human hair. Simultaneously, this investment aims to reduce plastic usage and greenhouse gas emissions by 20%, enabling us to produce products with a smaller environmental footprint.

We will strive to facilitate a sustainable transformation of the industrial ecosystem.

As a leading company in household and personal products, we are making an ongoing attempt to lead the transition towards a sustainable industrial ecosystem. Our sustainability ambition of attaining over 95% of sales from sustainable products by 2030 hinges on this crucial transformation of the industrial ecosystem. We are actively engaging with stakeholders to propel the Green Action Alliance, which was initiated to construct a sustainable industrial ecosystem. This year, we commenced the Hand Towel Recycling Campaign as part of the Green Action Alliance to minimize carbon emissions by curtailing raw material usage and increasing recyclability. Internally, we plan to augment the Life Cycle Assessment (LCA) of our products and institute a greenhouse gas Scope 3 inventory to facilitate management actions that regard environmental considerations in the choice of raw materials, product design, and logistics.

We will embed a corporate culture conducive to sustainable development.

As a catalyst for change and a key player in the transition toward a sustainable society, we aim to internalize a corporate culture guiding us in making informed decisions and taking effective actions deeply rooted in sustainability and stakeholder perspectives. Particularly, we plan to broaden the Employee eXperience (EX) throughout the employee lifecycle to stimulate the growth of the company and its employees through enriching success experiences, thereby consolidating a robust competitive edge as a sustainable enterprise.

In June 2023, we marked the 20th anniversary of the Yuhan-Kimberly's forest restoration project in Tujiin Nars, Mongolia. Stakeholders from the Mongolian government, local administrations, NGOs, researchers, residents, and businesses congregated at the site where a field ravaged by wildfire was rehabilitated into a flourishing forest of 10 million trees to witness the fruits of 20 years of collaboration, dedication, and sustainability, and to deliberate over future challenges. It was a moment of realization that the practice of collaborating with stakeholders with the goal of enhancing the global environment and the public good is at the heart of our forest environment public interest campaign, "Keep Korea Green." As we move forward, we will continue to focus on our vision of "We Act Life-Health-Planet," mindful of the opportunities for innovation in areas where global environmental sustainability and company competitiveness intersect. We appreciate your continued interest and support.

Thank you.

July 2023
CEO and President of Yuhan-Kimberly
Jeaseung Chin



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About Yuhan-Kimberly

Yuhan-Kimberly Company Profile Overview

Company Name	Yuhan Kimberly, Ltd.
Date of Incorporation	March 30th, 1970
CEO and President	Jeaseung Chin
Number of Employees	1,470 (As of December 2022)
Revenue	KRW 1,509.2 billion
Business Area	Manufacture and sale of paper, nonwovens, cosmetics, household and personal products, detergents, medical products, and other drugs and quasi-drugs (sanitary pads, tampons, masks, topical disinfectants, deodorants, toothpaste, bath products, mouthwash, wet wipes), etc.
Target Market	Individuals, industries, laboratories, public buildings, restaurants, hospitals, schools, etc.
History	Refer to Yuhan-Kimberly website (https://www.yuhan-kimberly.co.kr)
Business Sites	Headquarters (Seoul), production sites (Gimcheon, Daejeon, Chungju), Innovation Center (Seoul), Smart Work Centers (Gunpo, Busan, Daegu, Daejeon, Gwangju), Logistics Center (Gunpo), Hub Center (Deokpyeong)
Brands	'Huggies,' 'Green Finger,' 'Green Finger Bebe Grow,' 'Goodfeel,' 'White,' 'La Nature,' 'Scott,' 'Kleenex,' 'POPEE,' 'Depend,' 'Poise,' 'Kleenguard,' 'Wypall,' 'Kimtech,' 'Healders', etc.
Products	<ul style="list-style-type: none"> General consumer products: baby diapers, baby bath products, infant feeding products, feminine sanitary pads, facial tissues, and toilet paper, paper towels, paper napkins, wipes, adult diapers, skincare products, masks, etc. Industrial products: wipers, protective clothing, accessories, etc. Toiletries: hand towels, large capacity toilet paper, air fresheners, hand soap, etc. Medical products: medical gowns, accessories, surgical towels, etc. Nonwoven fabrics
Major Export Countries	Australia, China, USA, Hong Kong, Philippines, Thailand, Malaysia, Singapore, etc.

Established in 1970, Yuhan-Kimberly was born from a joint venture between Yuhan Corporation, a company deeply committed to improving public health and social development grounded in a corporate culture of trust and honesty, and Kimberly-Clark, a global leader in health and hygiene products. The company has pioneered the development of a health and hygiene culture in society by turning diapers, sanitary pads, and facial tissues into everyday necessities.

As a leading household and personal products enterprise, Yuhan-Kimberly spearheads the market across all its major sectors, including Family Care, Baby & Child / Senior Care, Feminine Care, and B2B Sales Businesses. It bolsters its business competitiveness through continuous investments in innovative facilities. Under the banner of ethical and environmental management, Yuhan-Kimberly has instigated continuous management innovations such as knowledge management, smart work management, and ESG management. Over the last 39 years, the company has also been driving the forest environmental public interest campaign "Keep Korea Green." The company has also endeavored to implement socially responsible management practices, for instance, by donating 1 million sanitary pads every year, supplying 'first-period panties' to children with developmental disabilities, and giving ultra-small diapers and masks for preemies.

Shareholder Companies' Websites

Yuhan Corporation	https://www.yuhan.co.kr/
Kimberly-Clark	https://www.kimberly-clark.com/

About Our Business Units

Baby & Child Care

As a total baby care solution provider, Yuhan-Kimberly has built a reputation for its superior quality, safe products, and tailored services. Its direct sales platform 'momQ' is a crucial aid in parenting, with continuous efforts to elevate the customer experience. From sustainable products conscious of the global environment to social contribution campaigns, Yuhan-Kimberly's commitment to the healthy happiness of cherished children endures.

Feminine Care

A frontrunner in Korea's sanitary pad market, Yuhan-Kimberly has secured global competitiveness through product innovations like overnight and eco-friendly/organic sanitary pads. Through our women's wellness management app, 'Daldabang,' we strive to advocate for women's menstrual health. We provide an array of feminine hygiene products recognized for their excellent fit and absorbency alongside our environmental initiatives.

Family Care

With most beloved brands such as Kleenex, Scott, and POPEE, Yuhan-Kimberly enriches everyday moments with hygiene, health, and convenience-oriented products.

Senior Care

We analyze the lifestyles of seniors, including those with incontinence, and offer specialized care products they need. Additionally, we operate a dedicated platform, 'Today Plus,' featuring life information and community engagement, supporting seniors in leading healthy and joyful lives.

Skincare

Leveraging the accumulated expertise and technical proficiency as a specialized skincare brand, we offer products that cater to consumers of all age groups, providing them with a sense of security and satisfaction throughout the entire product experience, from ingredients to usage.

Industrial Hygiene

We cater to public and industrial sites with sanitary products like toilet paper, hand towels, hand soap, and air fresheners, and a range of industrial items such as protective clothing, wipers, gloves, and masks. Through ongoing innovation and expansion, we are committed to ensuring hygiene and safety for both the public and everyday consumers.

Healthcare

With our expertise in hospital medical supplies, we offer total solutions that ensure superior performance, optimal functionality, and safety. We contribute to the effectiveness of infection prevention, enhance the competitiveness of hospitals, and promote consumer health.

About Our Business Sites

● Headquarters ● Innovation Center ● Mills · Smart Work Centers ● Smart Work Centers

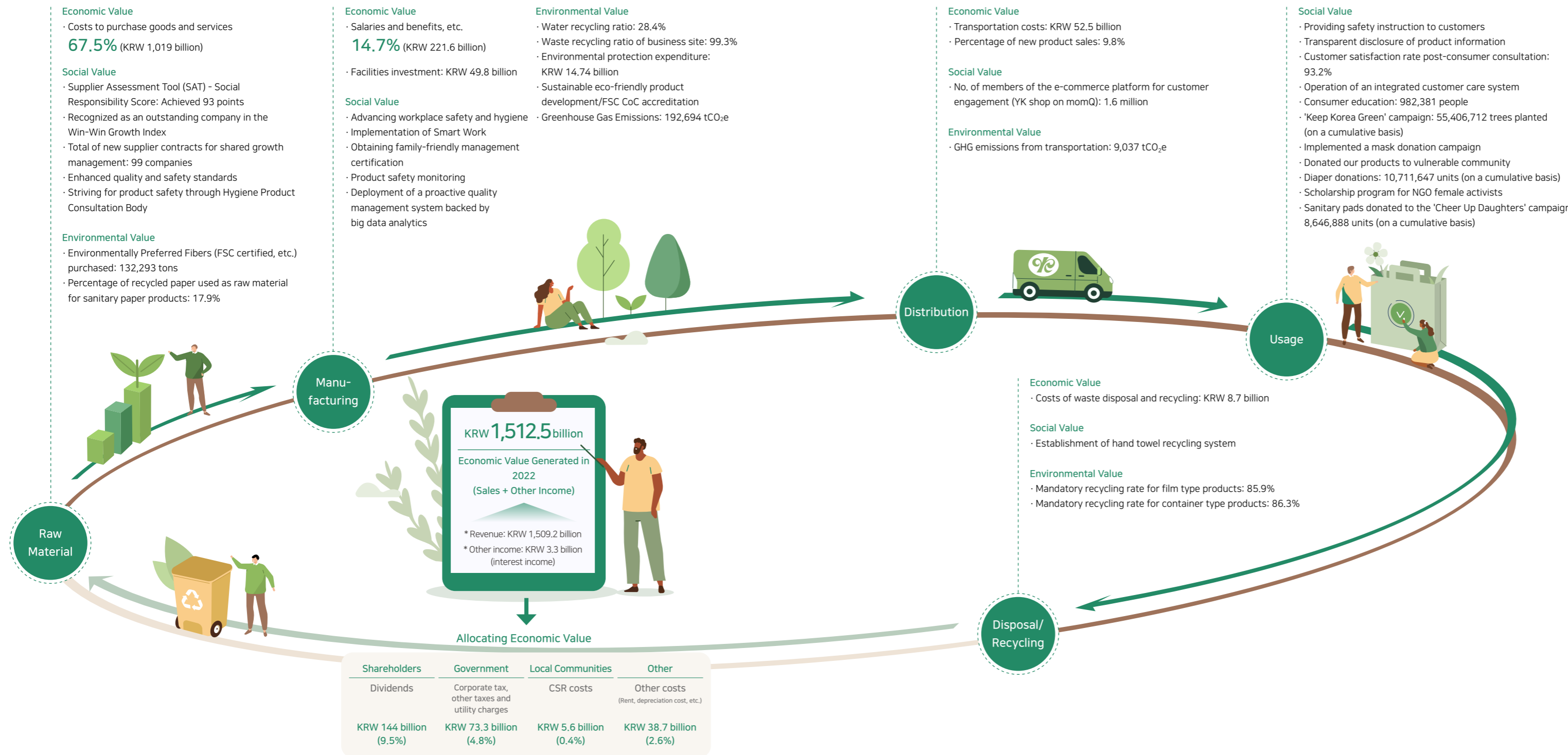
- Headquarters (Jamsil): Houses departments such as marketing, sales, finance, sustainability, EX*, procurement, logistics, export, and more.
- Innovation Center: Entrusted with R&E dedicated to innovative product development and new business expansion.
- Taejon Mill: Specializes in baby products and tampons, manufacturing and supplying advanced nonwoven materials in addition to finished goods.
- KimCheon Mill: Responsible for producing and supplying sanitary papers like toilet paper and hand towels, as well as nonwoven fabrics for household and personal products and B2B purposes.
- ChoongJu Mill: Produces and provides feminine and incontinence products.
- Smart Work Center: Offers a conducive environment for employees, facilitating work in locations close to their residences through ITS infrastructure.

* EX: Renamed in 2022, formerly HR

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How Do We Redistribute Our Value?

The Illustration of Yuhan-Kimberly's Sustainability Value Chain



Sustainable Management Value Chain

Since its inception, Yuhan-Kimberly has been committed to sustainable management, operating within a comprehensive value chain that encompasses a diverse array of stakeholders such as shareholders, employees, customers, governmental entities, and local communities. We transparently communicate and redistribute the results of our endeavors. Furthermore, we meticulously elucidate the value and impact created across economic, social, and environmental dimensions to stakeholders throughout our business operations, as presented in our Sustainability Report.

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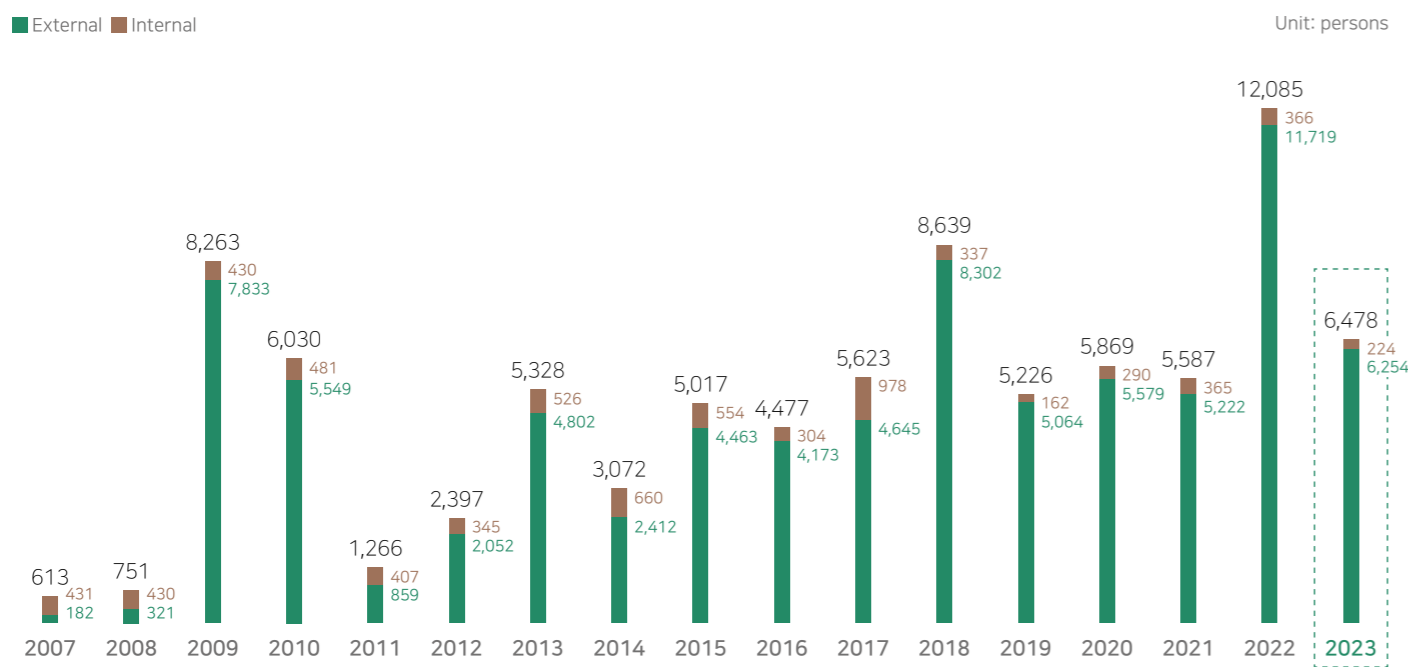
Stakeholder Communication Channels

Maintaining a continuous dialogue with stakeholders through various online and offline channels. Yuhan-Kimberly strives to meet their expectations and foster relationships grounded in trust. Our channels include Engagement Surveys, stakeholder surveys, and customer feedback surveys, through which we actively solicit and value their perspectives on managerial practices, operations, products, and related concerns.

Stakeholder Communication Channels

Customer	Employee	Shareholder	Local Community	Partner
<ul style="list-style-type: none"> · Yuhan-Kimberly's website/social media · Brand-specific websites/social media · Integrated customer support center (text, chat, phone, email) · Direct sales platforms ('momQ,' brand stores, 'Today Plus,' 'Daldabang') · Consumer education/information blogs ('We are on Period' and 'We have menstruation') · Consumer education (parenting forum, adolescent education) · Consumer feedback surveys · Social Listening System · Advertisement campaigns, stakeholder surveys 	<ul style="list-style-type: none"> · Intranet, suggestion system, Sinmungo (digital whistleblower) · Monthly Open Executive Meeting, management status briefings · Regular employee engagement survey (My Voice) · Labor-Management Councils/ meetings/labor-management workshops · Safety & Hygiene Management Committee · ESG Committee and ESG Subcommittee · Women's network (K-WIN) · Growth Talks, Business Talks (executives), Action Talks (next core business team), Future Talks(Young Generation) · CEO 1:1 Open Talks · Consumer-Oriented Management Committee 	<ul style="list-style-type: none"> · Annual general meeting · The Board of Directors · Business report · Town hall meeting · Websites/E-letter 	<ul style="list-style-type: none"> · Engaging with NGOs · Voluntary services in local communities · Sustainability report · Websites and social media of Yuhan-Kimberly · Stakeholders Committee · Government policy engagement · E-letter · Regular consultation body at Korea Consumer Agency (Hygiene Products, Cosmetics) 	<ul style="list-style-type: none"> · Shared growth website · Portal for suppliers · Information sharing system for shared growth · Agreement on fair trade and mutual growth · Mutual growth representative's briefing · Report, suggestion, and mentoring for partners · Shared growth academy · Meetings with excellent suppliers · CEO & Customer Service Meeting

No. of Stakeholders Surveyed (2007-2023)



* Please note that the stakeholder survey conducted in the year 2023 incorporated a significantly higher number of questions compared to previous survey iterations, attributable to the implementation of a double materiality assessment. As a result, the participation rate in the final survey has decreased compared to the previous year.

The 19th Stakeholders Committee

During the 19th Stakeholders Committee meeting on September 14, 2022, we delved into the topic of Yuhan-Kimberly's supply chain ESG management, an initiative we have been driving with a focus on mutual growth. Various viewpoints were shared by stakeholders regarding global environmental shifts, our capacity to adjust to these changes, and potential future crises to be wary of.

"ESG considerations within the supply chain should be managed based on the sustainability of individual consumer product purchases."

In a time when the extent of Russian gas utilization in the milk available in London could potentially stir controversy, it's imperative to establish transparency in order to address the consumer concern, "Am I inadvertently contributing to the Russian invasion through my consumption?" If the surge in costs for suppliers due to ESG demands proves uncontrollable, the establishment of a cross-corporate alliance becomes exceedingly important. This alliance would alleviate the burden of passing on these heightened costs to suppliers, allowing them to continue delivering high-quality products.

Jonghyun Won

Full-Time Member, National Pension Fund Management Committee

"Determine the most critical and high-risk issues first, instead of managing the entire supply chain."

Supply chain management has broadened in recent years to encompass downstream areas such as sales channels, distribution networks, and logistics. By proactively identifying the riskiest and most material issues, you can efficiently manage them through selection and concentration. If ESG assessment resembles a test, it could be burdensome for suppliers. Hence, it's optimal to minimize the cost accounting aspect and the strain on the company. We hope to establish a system that takes into account the best ways to request what the company needs and how to receive and review it.

Taeho Park

Partner, Risk Advisory, Deloitte Anjin

"ESG initiatives are justified, as they enhance the working conditions of our suppliers in the long term."

Demands for ESG management have become increasingly prevalent, extending to small and medium-sized enterprises. However, there are no existing precedents where the Korea Fair Trade Commission has sanctioned a company for supervising its suppliers under the banner of ESG, citing management interference, making the outcome unpredictable. Therefore, it's essential to understand that this could potentially be perceived as management interference, necessitating an individual review of each supplier and contemplating ways to minimize the risk of perceived ESG interference in the supply chain.

Juyeon Kim

Attorney (partner), Shin & Kim

"We need to move beyond human rights management discourse and scrutinize legislation and policies for private entities."

International and Korean domestic legislation and policies about human rights management for private entities include the UN Guiding Principles on Business & Human Rights (UNGPR) and the proposed Basic Act on Corporate Human Rights Policy in Korea. The scope of the supply chain ought to be perceived as a "corporate sphere of influence." Human rights infringements should be segregated into direct violations, indirect violations resulting from the supply chain, and violations the corporation may be complicit in. Likewise, human rights management should be split into due diligence and remedy processes. Should human rights violations transpire despite proactive measures, it's crucial to have a remedial procedure encompassing non-judicial grievance resolution.

Chulhyeok Park

Member, ESG Management Center, Korean Standards Association

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Materiality Assessment

Overview of Double Materiality Assessment

Double materiality encompasses the view that sustainability issues should be evaluated from both internal and external standpoints, that is, in terms of their impact on society and the environment, as well as their influence on a company's worth, incorporating growth, performance, and risk. In a significant development in our materiality assessment for 2023, we have tailored the materiality assessment framework to encapsulate the process of pinpointing material issues necessitated by worldwide ESG initiatives such as the Global Reporting Initiative (GRI) and the double materiality assessment perspective of the Corporate Sustainability Reporting Directive (CSRD). The following describes our approach to double materiality assessment.

Process of Double Materiality Assessment

Step 1
Organizational
Comprehension and Issue
Pool Selection

We have discerned the impacts of the company's business operations across economic, environmental, and social aspects, and juxtaposed the identified impacts with sustainability management standards and assessments. We scrutinized the company's policies, as well as benchmarking models within the industry, performed an analysis of media articles related to Yuhan-Kimberly, and assessed Yuhan-Kimberly's internal strategies through interviews. Consequently, we identified and chose a total of 27 issue pools about topics relevant to Yuhan-Kimberly this year.

Step 2
Setting Direction
for Issue Selection

We employed a double materiality assessment approach, contemplating both ① the issues that Yuhan-Kimberly should prioritize for enhancing financial performance from the financial impact perspective (inward) and ② the issues that Yuhan-Kimberly should prioritize for management from the social and environmental impact perspective (impact materiality, outward).

Step 3
Stakeholder Survey
Assessment

The survey was structured to reflect the double materiality assessment perspectives, with specific questions oriented toward each view. For each issue, we crafted items to measure the human/environmental impact (interest, likelihood of occurrence, scope of impact) and financial impact (revenue, cost, risk), segregating survey targets by stakeholder type. Especially to supplement the results of the survey that were primarily centered on external stakeholders, a distinct survey assessment was performed for executives with a comprehensive understanding of the company's business, and the results were incorporated into the financial impact evaluation.

Stakeholder groups	Participants
Customers	5,675
Employees	195
Governments and local communities	124
Investors and institutions	113
Partners	95
Professionals	61
Internal executives	29
Others	186
Total	6,478

Step 4
Prioritizing Issues

Previously, we performed materiality assessments purely on the basis of stakeholder survey results, ranking issues without accounting for the weight of each participant stakeholder. In this year's report, we equalized the weight of each stakeholder's survey results, thereby allowing for the representation of a wider range of stakeholder opinions beyond just customers. Apart from the executive's survey results, we assigned a weight to the demands of MSCI and SASB, both of which are sustainability assessments/standards from an investor viewpoint. We also allocated weights to each factor based on media analysis outcomes and GRI requirements.

Step 5
Selection and Reporting
of Material Issues

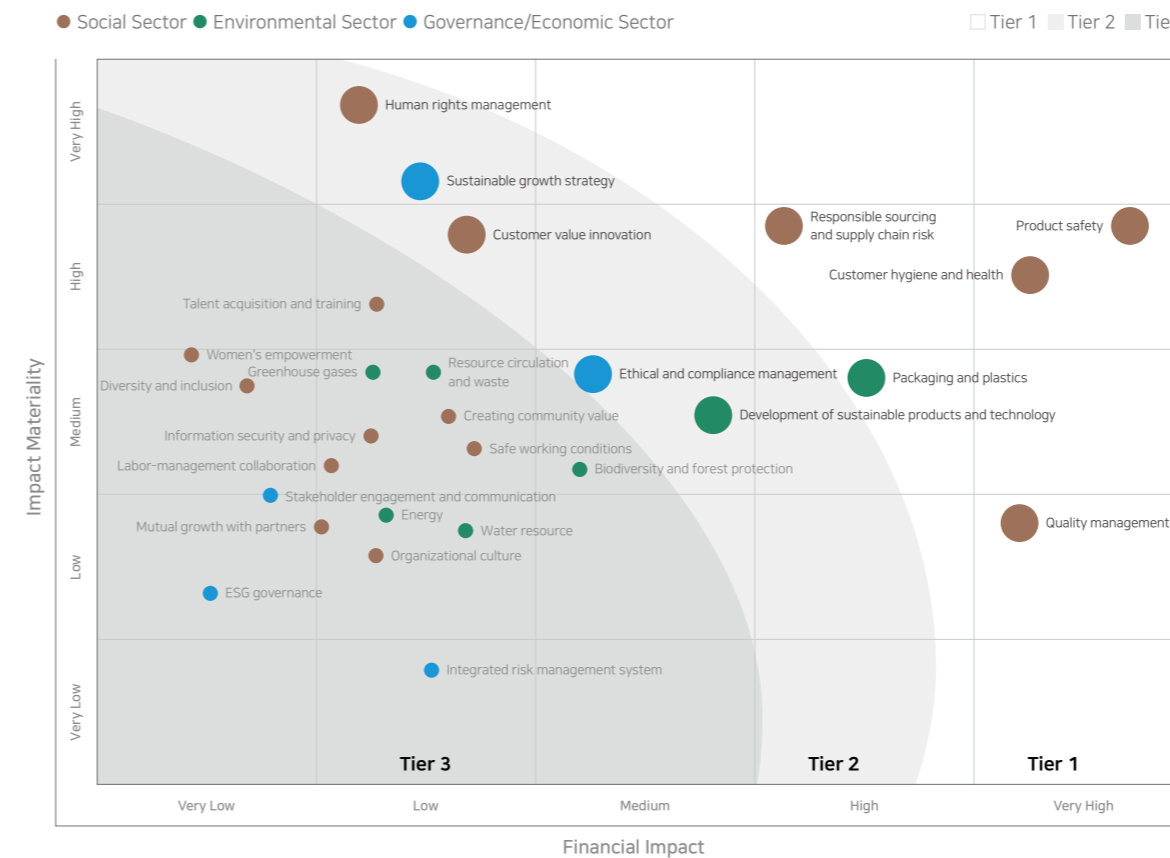
We chose ten issues for the materiality assessment based on the aggregate of (1) financial impacts (inward) and (2) impact materiality (outward) factors. The finalized material issues were determined through a process of executive reporting and Board of Directors review. Strategies, initiatives, actions, and performance associated with these issues are transparently shared with stakeholders via the Sustainability Report.

Results of Double Materiality Assessment

Assessment results matrix

The outcomes of the materiality assessment were classified into Tier 1, Tier 2, and Tier 3, stemming from the results of both financial and impact materiality evaluations, culminating in the selection of 10 material issues (Tier 1 and 2). We classified core issues (Tier 1) for which we detailed our strategies, activities, and performance per issue, reported issues (Tier 2) for which we adhered to the minimum reporting guidelines, and designated Tier 3 as other issues. By area, we selected two material issues from the environmental sector, six from the social sector, and two from the governance/economic sector. Throughout this report, we outline Yuhan-Kimberly's action plans, initiatives, and accomplishments for the 10 material issues selected in this year's double materiality assessment.

2022 Materiality Assessment Matrix



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10 material issues of 2022

●●●● Very High ●●● High ●● Medium ● Low

Ranking	Sector	Material Issue	Financial Impact*			Impact Materiality	GRI Index	Reporting Page	Previous Year's Ranking
			Revenue	Cost	Risk				
1	Social	Product safety	●●●●	●●●●	●●●●	●●●	416	44, 94, 102-104, 107-108	1
2	Social	Customer hygiene and health	●●●●	●●●●	●●●●	●●●	413, 416	16, 104, 118	2
3	Social	Responsible sourcing and supply chain risk management	●●●	●●●	●●●	●●●	308, 414	60, 63, 99-101	16
4	Environmental	Packaging and plastics	●●●●	●●●●	●●●●	●●	301	58-59	7
5	Social	Quality management	●●●●	●●●●	●●●●	●	416	29, 34, 102, 104	5
6	Social	Human rights management	●●●	●●●	●●●	●●●●	408, 409	32-33, 97-101	10
7	Environmental	Development of sustainable products and technology	●●●●	●●●●	●●●●	●●●	201, 203	24-25, 44-49, 59	7
8	Governance/ Economic	Ethical and compliance management	●●●	●●●	●●●	●●●	2-7, 205, 206	30-31, 33, 40-41	3
9	Governance/ Economic	Sustainable growth strategy	●●●●	●●●●	●●●	●●●●	201-1, 203	24-25, 78-79, 83-85, 123	13
10	Social	Customer value innovation	●●●●	●●●●	●●●	●●●	417	79, 108	15

* The evaluation of stakeholder surveys was conducted to assess impact in terms of revenue, cost, and risk. Subsequently, executive survey evaluations are conducted, and the final financial impact is assessed, taking into consideration investor demands (MSCI, SASB)

Differences observed from the results of last year's materiality assessment

Issue Pool Reviewed to Align with the Most Recent External Requirements

- In 2023, we have included new issues that have emerged in global disclosures or assessments (e.g., added issues such as 'Biodiversity and Forest Conservation' and 'Energy Management Efficiency').
- To enhance understanding of each issue's impact, existing issues were further categorized or consolidated (for instance, "sustainable products and services (including plastic-free)" was split into "development of sustainable products and technology" and "packaging and plastics"; "mutual growth (supply chain management)" into "mutual growth with partners" and "responsible sourcing and supply chain risk management").

Selection of Material Issues from a Diverse Stakeholder Perspective

- Unlike previous years that emphasized issues pertinent from both stakeholder interest and business materiality (intersection), this year, via double materiality assessment, issues were also designated as material if they held significance in terms of materiality impact (outward) or financial impacts (inward), with financial impacts considered.
- In representing the survey evaluation outcomes, we accorded equal importance to each stakeholder's assessment results to prevent skewing the results toward the views of certain stakeholders.

Results of Double Materiality Assessment

The implementation of the dual materiality assessment led to the selection of "responsible sourcing and supply chain risk," "packaging and plastics," "sustainable growth strategy," and "customer value innovation" as novel material issues this year. Issues linked to our products, including "product safety," "customer hygiene and health," and "quality management," continued to be prioritized this year, as in past years.

Other issues in 2022

Sector	Issue
Environmental	Resource circulation and waste
Environmental	Biodiversity and forest resource
Social	Talent acquisition and training
Environmental	Greenhouse gas
Social	Creating community value
Social	Safe working conditions
Social	Information security and privacy
Environmental	Water resource
Social	Diversity and inclusion
Social	Women's empowerment
Environmental	Energy
Social	Labor-management collaboration
Social	Mutual growth with partners
Social	Organizational culture
Governance/Economic	Stakeholder engagement and communication
Governance/Economic	Integrated risk management system
Governance/Economic	ESG governance

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Yuhan-Kimberly's Management Approach to Our Ten Material Issues

Yuhan-Kimberly systematically undertakes management strategies and responsive actions for the ten material issues derived from the materiality assessment, aligning with the business importance analysis.

Category	Sector	Material Issue	Materiality of Business	Responsive Strategy	Major Activities and Achievement	Page	UN SDGs
Tier 1	Social	Product safety	In the realm of household and personal products that closely intersect with our daily lives, the necessity for product safety and quality control is paramount. Responsibilities regarding product safety are heightened for companies due to factors such as chemical regulations and significant civil disasters that can directly affect customer safety. By proactively recognizing the changing regulatory environment and maintaining high process and product testing standards, a competitive edge can be secured. This not only builds trust with consumers and increases market share, but also contributes to cost reduction by mitigating regulatory burdens.	We place the utmost importance on consumer safety, creating and supplying products that consumers can trust and use confidently. We utilize safe components that comply with the science-based approach to product safety and disclose transparent information regarding these ingredients. Product safety is systematically managed through a comprehensive product safety assurance process, a self-imposed policy restricting the use of substances of safety concern, and the principle of transparent ingredient disclosure.	<ul style="list-style-type: none"> Increased the list of substances of safety concern to 190, and performed 1,829 safety and regulatory compliance reviews Gathered consumer complaint data and established a preventative system to inhibit the occurrence of defects Created inspection and prevention mechanisms for significant civil disasters and oversaw the safety of raw materials and products in the supply chain. 	44, 94, 102-104, 107-108	Goal 3 
	Social	Customer hygiene and health	Established in 1970, Yuhan-Kimberly's fundamental mission is "leading the development of hygiene culture and contributing to the improvement of health and well-being by supplying beneficial products and services that consumers prefer." As interest in hygiene, health, and well-being continues to grow, the company persistently innovates to ensure its products can contribute to the health and well-being of its customers.	Evolving from hygiene products to household and personal products via the expansion of its business portfolio, Yuhan-Kimberly declared a fresh vision of "We Act Life-Health-Planet" in 2021. Pursuing this vision, the company is augmenting its product and brand portfolio, and amplifying the provision of health information to deliver better living, health, safety, hygiene, and planet and environment-related values.	<ul style="list-style-type: none"> Actively participated in the Hygiene Products Council with the Ministry of Food and Drug Safety and the Korea Consumer Agency to promptly and thoroughly respond to social safety issues. Broadened hygiene product portfolio, including cleaning products and Kleenex touchless solutions, launched the Healders hospital product brand, and enhanced health features for personal care brands. Managing a blog, "We are on Period," to provide information on women's menstrual health. 	16, 104, 118	Goal 3 
	Social	Responsible sourcing and supply chain risk	Legislations like the EU Supply Chain Due Diligence Act are increasingly mandating buyers to exercise social responsibility within their supply chains. With the disruption of global supply chains due to factors such as wars, climate crises, and pandemics, the significance of supply chain ESG risk management has grown. Responsible procurement strategies and supplier ESG risk management are instrumental in enhancing business competitiveness.	Aiming to curtail damage to the natural environment and support responsible forest management, we have instituted a procurement policy for Environmentally Preferred Fibers. We purchase Environmentally Preferred Fibers, such as old paper with the Forest Stewardship Council (FSC) to produce our products. Additionally, we regularly perform diagnostics on quality, safety, and ESG capabilities, and manage risks based on our supply chain management policy. This aids us in mitigating supply chain risks and maintaining shared growth cooperation.	<ul style="list-style-type: none"> Achieved 100% utilization of Environmentally Preferred Fibers Administered the SAT (Supplier Assessment Tool) to evaluate partner capabilities Executed fair trade and mutual growth agreements (support for financial, technical, and quality improvements, sales and competitiveness enhancement, training programs, etc.) 	60, 63, 99-101	Goal 8 
	Environmental	Packaging and plastics	The downstream phases of the house and personal products sector create waste predominantly from product packaging, particularly plastic packaging. Discarded plastic containers are challenging to recycle due to residue and their composite structure, and external stakeholders such as consumers and NGOs are urging companies to be accountable for their plastic waste. Regulations on plastic packaging are also intensifying, with companies generating plastic waste expected to take responsibility for their products' usage and disposal.	To amplify the environmental performance of our products, we're spearheading a 50% plastic reduction initiative. We're advancing the 3R strategy of reducing usage, enhancing recyclability, and replacing to alternative materials. Notably, for packaging materials, we're heightening the ease of recycling and shifting to recycled plastics to actualize a plastic-free strategy that aligns with national policies and product line traits.	<ul style="list-style-type: none"> Realized a 15% reduction in plastic use (Target for 2030: 50% reduction, using 2019 as the baseline) Established standards and formulated guidelines for developing sustainable products Progressing projects to boost packaging recyclability Converted 17% of packaging to recycled plastic (Target for 2030: 50% reduction) 	58-59	Goal 12 
	Social	Quality management	Quality management is the initial step toward consumer satisfaction and the bedrock of trust. Attaining the highest quality and product innovation is imperative for securing market competitiveness and sustainable growth, and continuous commitments to quality management are essential to meet intensifying competition and stringent consumer demands.	Yuhan-Kimberly has instituted and operates a quality policy to design, produce, and deliver products that offer the quality, performance, and value that consumers anticipate. This quality policy encompasses both internal and external suppliers and is based on supply contracts and quality agreements.	<ul style="list-style-type: none"> Consolidation of the quality/PSRA/strategic manufacturing organization and transition to reporting directly to the CEO Bolstered manufacturing and quality management systems Achieved ISO 9001, ISO 13485, and GMP for cosmetics and operated the management system Specifically heightened quality control of externally manufactured products 	29, 34, 102, 104	Goal 8 
Tier 2	Social	Human rights management	As the interest of stakeholders in and regulation of human rights management intensifies, a company's responsibility for human rights management extends beyond its employees to all stakeholders, such as suppliers, consumers, and local communities. To uphold human rights responsibilities across these stakeholders, the significance of human rights management systems and risk monitoring continues to escalate.	Yuhan-Kimberly surveys human rights risks throughout the business ecosystem and endeavors to enhance the human rights of its stakeholders. This is based on the Eight Principles of Human Rights Management, which assert that the human rights of all stakeholders in the value chain across the company's operations, including employees, suppliers, customers, and communities, must be respected and safeguarded.	<ul style="list-style-type: none"> Instituted the Eight Principles of Human Rights Management and enhanced internal processes Participated in the UNGC and Human Rights Accelerator Deployed human rights and social norms compliance programs and diagnostics Incorporated human rights into the diagnostic assessment of suppliers Initiated the right to halt counseling to protect the human rights of counselors 	32-33, 97-101	Goal 5, 10  
	Environmental	Development of sustainable products and technology	There is escalating interest in sustainable products that exhibit enhanced environmental and social performance. To meet stakeholder demands for sustainability considerations at each phase of a product, from the procurement of raw materials to the end-of-life stage, companies must pursue internal innovation throughout their business operations. This process of internal innovation will culminate in a positive impact on business performance as well as reinforcing business competitiveness.	We have defined a 2030 Sustainability Goal and a target of 95% sales from sustainable products. The sustainable product strategy is a central element of our approach and is applied across the entire value chain, from product development to procurement, brand, product portfolio, sales, and usage. We plan to establish an internal system for setting and evaluating sustainable product standards, formulating and reviewing mid- and long-term product development plans, and creating environmental assessment criteria for new product development. We also plan to widen innovation activities such as developing eco-friendly materials and products with environmental and social performance through partnerships with other companies and external organizations.	<ul style="list-style-type: none"> Set standards for sustainable products and evaluated the achievement rate at 45% Formulated guidelines for developing sustainable products and packaging Established criteria for environmental assessment when developing new products Making efforts to increase the range of Greener Products Signed the Green Action Alliance agreement Carrying out life cycle assessments (17 products in 2022) 	24-25, 44-49, 59	Goal 12 
	Governance/Economic	Ethical and compliance management	As the prominence of ESG spreads and online communication channels such as social media, the risk impact of corporate unethical behavior is widening, making ethical management an essential element for companies to gain societal trust and achieve sustainable growth. Companies should work towards preemptively preventing compliance and unethical risks and enhancing their responsiveness by establishing an ethical management system and compliance framework.	Ethical and transparent management is a top priority principle that we hold as uncompromisable. We strive to implement ethical management at the company-wide level by reporting directly to senior executives, such as holding quarterly meetings of the Ethical Management Committee. This is also scrutinized as a significant agenda at the Board of Directors level, being a regular report to the BOD.	<ul style="list-style-type: none"> Conducting in-house ethics and human rights education Operating a fair trade compliance program Providing an unethical behavior reporting channel Operating the Ethical Management Committee and ESG Governance Subcommittee Regular reporting to the BOD 	30-31, 33, 40-41	Goal 8 
	Governance/Economic	Sustainable growth strategy	The focus of external stakeholders is shifting towards sustainable growth rather than short-term performance. This makes it crucial to pursue long-term future growth strategies such as continuous investment to ensure future market competitiveness, development of new products that satisfy customer needs, and expansion of business domains in response to changing demographics.	Yuhan-Kimberly is developing a sustainable growth strategy based on five strategic directions: "Growing core businesses," "Investing in next core businesses," "Innovating the value chain," "Strengthening a winning culture," and "Contributing to society and environment." This strategy involves expanding sustainable products in its core businesses, broadening its business portfolio, and entering and growing platform services.	<ul style="list-style-type: none"> Expansion of Green Action Alliance for sustainable industrial ecosystem transformation Merging of the baby diaper and senior businesses to respond to changing demographics Establishment of Next Core strategy and launch of Green Finger Bebe Grow baby care products Investment in a green impact fund to foster open innovation and startups Growth of platform business - Today Plus, Daldbang, and so forth. 	24-25, 78-79, 83-85, 123	Goal 8 
	Social	Customer value innovation	Customer value is the merit of a product or service provided by a company to meet consumers' needs and expectations. As competition escalates, the elements of customer value are becoming increasingly diverse and intricate. Hence, innovation aimed at maximizing customer value to enhance consumer satisfaction, maintain long-term consumer relationships, and improve consumer loyalty is crucial for enhancing competitiveness.	At Yuhan-Kimberly, we believe that innovation in customer value commences with lending an ear to the consumer's voice. We are in the midst of diagnosing and innovating across the factors that mold customer value, including the quality, performance, design, price, and convenience of a product or service, service quality, brand image, customer service, and the implementation of new services.	<ul style="list-style-type: none"> Regular hosting of 'Voice of the Customer Meeting' steered by the CEO Conducting marketing research and evaluating brand, product, and service diagnosis Innovating user experience and emotional care for senior consumers Broadened the ality of momQ, a consumer engagement platform Design Innovation Project 	79, 108	Goal 8 

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Green Action Alliance

Green Action Alliance

The Green Action Alliance is an initiative aimed at constructing an innovative supply chain ecosystem with industry stakeholders. It strives to promote attaining our sustainability objectives through developing and transforming sustainable raw materials. The project further seeks to consolidate future competitiveness by spearheading the sustainability revolution in our broader society. The endeavor is underpinned by the conviction that collaboration with industry across the entire product lifecycle is absolutely crucial to generate more than 95% of our sales from sustainable products.

Expected effects

- Paving the way for sustainable material development and product transformation to tackle climate change
- Attaining the 2030 Sustainability Initiative objectives and enhancing the environmental performance of Yuhan-Kimberly's Good Brand products
- Extending sustainability across the household and personal products sector by introducing market-leading innovative products
- Reinforcing stakeholder communication by publicly disclosing ESG management practices

To develop materials for sustainable products and swiftly implement them, Yuhan-Kimberly has advocated for establishing an industrial ecosystem by consecutively signing business agreements with sustainable material development firms (Lotte Chemical, LG Chem, CJ CheilJedang). We anticipate these expanded collaborations will contribute to the growth of sustainable products that integrate environmental performance and innovation based on eco-friendly raw materials. Beginning with raw material suppliers in the first year, we are broadening our focus to include suppliers and distributors.

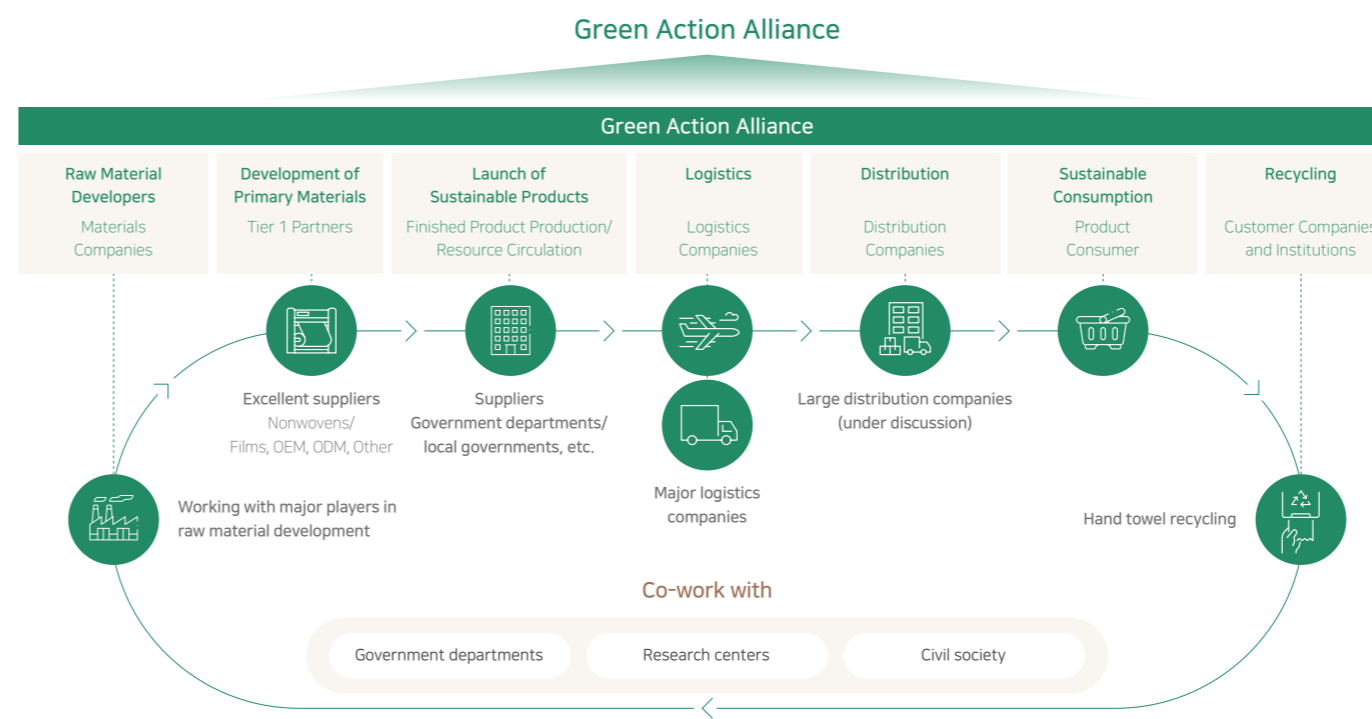
Green Action Alliance Value Chain Step-by-Step Goals

	Pre-Manufacturing (Upstream)		Manufacturing (Yuhan-Kimberly)		
	Raw Material Suppliers	Suppliers	In-House Projects		
			Verification	Life Cycle Assessment	Establishment of GHG Inventory
Necessity	Developing alternative raw materials	Strengthening the basis for direct cooperation to realize sustainability goals	New materials, ensuring safety/quality	Evaluating environmental performance by product and identifying opportunities	Proactive response to reduce Scope 3 emissions
Partners	Chemical companies	Top companies among suppliers by purchase volume	Academia/Research centers	Suppliers	Top companies among suppliers by purchase volume, including transportation/delivery partners
Goals	Building partnerships for the development of sustainable raw materials	Building partnerships for sustainability · Increasing the applicability of sustainable materials · Establishing GHG inventory · Strengthening ESG capabilities of partners	Checking the safety and quality of alternative and recycled materials	Enhancing the sustainability of products · Measuring sustainable products · Setting the direction of sustainable product development · Evaluating the feasibility of obtaining Environmental Product Declaration (EPD) certification	Identifying reduction opportunities through GHG measurement in the value chain (Scope 3)

Green Action Alliance - hand towel recycling campaign

Yuhan-Kimberly is conducting a hand towel recycling campaign to create a resource circulation process. The campaign's goal is to recycle hand towels used post-handwashing into renewable raw materials akin to regular paper. This contrasts with items like toilet paper, facial paper, and wet wipes, categorized as general waste and disposed of through incineration or landfill after usage. The hand towels amassed via the campaign are reintegrated into the hand towel manufacturing process at KimCheon Mill and harnessed as raw materials for products. Through this initiative, waste previously subject to incineration or landfill is converted into renewable raw materials and reincorporated into products. This not only curtails the use of natural pulp raw materials and lowers carbon emissions, but also contributes to the development of a supply chain that promotes resource circulation. As part of a pilot project, we gathered and recycled used hand towels from Lotte World Tower tenants in collaboration with Lotte Property & Development and subsequently increased the number of participating firms through MOUs. This campaign constitutes one of the activities of the Green Action Alliance, a supply chain innovation ecosystem-building project that Yuhan-Kimberly is spearheading to transition towards a sustainable ecosystem, with a central focus on recyclability to expedite resource circulation. Looking ahead, Yuhan-Kimberly plans to research items that can be recycled from the waste of its products and leverage this knowledge to devise a resource circulation process.

System Diagram of Green Action Alliance



Use/Dispose Phase (Downstream)			Creating a Sustainable Society/Environment
Logistics	Distribution	Recycling	
Establishing a collaborative system for GHG reduction	Enhancing consumer awareness to facilitate the transition toward sustainable products	Intensifying our internal resource circulation initiatives	Transforming societal consciousness to transition into an industrial ecosystem
Transportation/delivery partners	Customer companies	Customer companies (B2B, B2C) and institutions	NGOs, government, media, consumers
Establishing a collaborative system for Scope 3 environmental logistics	Accelerating the transition to sustainable consumption	Establishing a resource circulation system · Hand towel recycling campaign 'BI:CYCLE' · Upcycling waste from manufacturing plants	Aiding the shift toward a sustainable industrial ecosystem and sparking societal interest in sustained efforts

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2023 Yuhan-Kimberly's Sustainability Report People: Our strength and source of hope

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Governance

Governance Features

Established on March 30th, 1970, Yuhan-Kimberly is a joint venture between Yuhan Corporation, a pharmaceutical enterprise founded in 1926, and Kimberly-Clark, founded in 1872. The CEO, endowed with authority from the Board of Directors, manages operations through a professional management system. Sustainability issues related to environmental, economic, and social matters are examined through subcommittees such as the Stakeholders Committee and the ESG Committee. The shareholders are Yuhan Corporation (30%) and Kimberly-Clark (70%), with 40 million shares outstanding and a total capitalization of KRW 200 billion. Yuhan-Kimberly discloses all aspects of corporate governance transparently to boost corporate credibility.

Board of Directors and Auditor (As of July 2023)

Board of Directors	Job Title	Work Type	Name	Gender
	Director	Full-time	Jeaseung Chin	Male
		Part-time	Tristram Otto Wilkinson	Male
		Part-time	Wookje Cho	Male
		Full-time	Bongcheol Shin	Male
		Part-time	Kimsuka Narsimhan	Female
		Full-time	Sowon Kim	Male
		Part-time	Kitty Li	Female

Auditor	Job Title	Work Type	Name	Gender
	Auditor	Full-time	Jongho Lee	Male

Composition and Compensation of the Board of Directors

The Board of Directors of Yuhan-Kimberly, the highest decision-making body, comprises seven directors. These directors were elected at the 2022 annual general meeting. The ing of the Board of Directors is regulated by the stipulations of the Commercial Act of the Republic of Korea, and in the Chairman's absence, duties are carried out in the order determined by the Board of Directors. Directors' and auditors' remuneration combines a base annual salary with performance-based pay, all within the annual remuneration limits (KRW 5 billion for directors and KRW 500 million for auditors) approved at the annual general meeting and the Board of Directors in March 2022. Meanwhile, executives receive an annual salary and incentives based on evaluations of financial and non-financial performance, including sustainability management. For inside directors, we assess and remunerate them by aligning sustainability objectives with executive performance indicators.

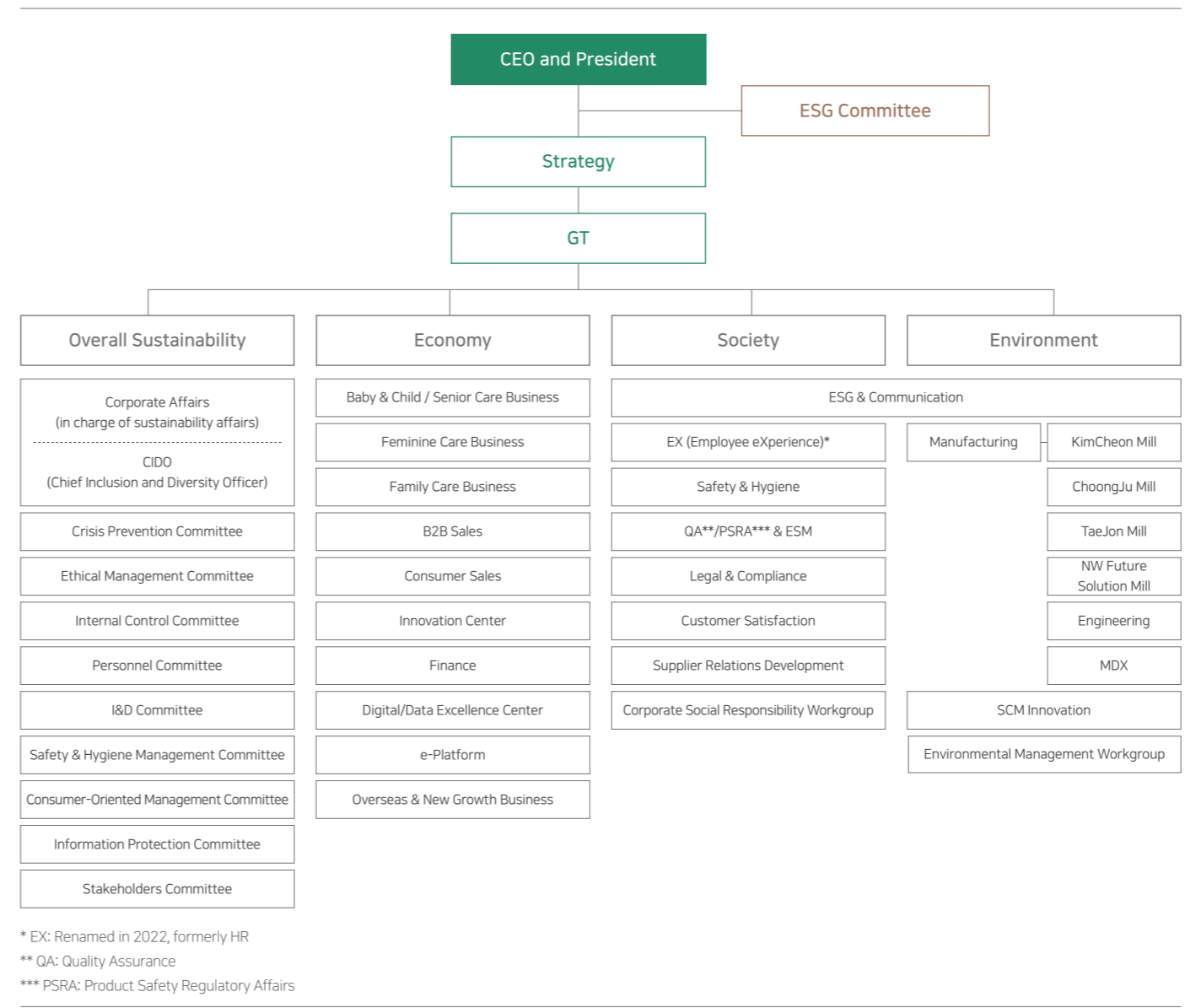
Board Activities and Sustainability Agenda Discussions

In 2022, Yuhan-Kimberly convened two annual general meetings and four board of directors' meetings, during which 19 agenda items were approved, with a participation rate of 100%. The annual general meeting endorsed the business report, financial statements, retained earnings statement, and directors' and auditors' remuneration limits. Meanwhile, the Board of Directors reviewed and sanctioned the internal accounting control system, directors' and auditors' remuneration, business plan, and new investment in the TaeJon Mill. Additionally, the Board of Directors approved the 2022 Yuhan-Kimberly Safety and Hygiene Plan in line with the Occupational Safety and Health Act. Moreover, the ESG Committee, comprised of inside directors, deliberated on the company's sustainability management agenda, made decisions, and reported to the Board of Directors three times in 2022.

Sustainable Organization

In March 2023, Yuhan-Kimberly executed an organizational restructuring to provide a solid structural foundation for corporate growth and goal attainment, as well as to bolster flexibility and adaptability in response to environmental shifts. To achieve growth and change grounded on the ongoing execution of the GT project, aimed at promoting sustainable growth, we retained and reshaped the existing organizational layout of functions, divisions, and workgroups into a configuration of nine functions, one research institute, four mills, 28 divisions, and one center. Through this reorganization, the B2B Sales, which was formerly managed under five divisions, has been consolidated into a dual-divisions system consisting of the 'B2B Sales & Biz Innovation' and the 'Healthcare Marketing.' This restructure is anticipated to catalyze synergies and a quicker response to the integration of sales s. Additionally, to expedite digital transformation and achieve smart manufacturing, the 'Smart Engineering' within the Manufacturing has been bifurcated into 'Engineering' and 'MDX.' Moreover, the nonwoven fabric factory, which, following facility investment, has been capable of producing state-of-the-art nonwoven fabrics, was renamed as 'NW Future Solution Mill.' Yuhan-Kimberly will persist in accomplishing sustainable growth through efficient organizational management that adapts swiftly to rapid changes in the business environment.

2023 Sustainable Management Organizational Chart (As of March 1st, 2023)



* EX: Renamed in 2022, formerly HR
 ** QA: Quality Assurance
 *** PSRA: Product Safety Regulatory Affairs

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ESG Management System

Our Sustainability Governance Framework

Since its inception, Yuhan-Kimberly has been dedicated to sustainable management. As a reflection of this commitment, we established the ESG Committee in July 2021, creating a strategic ESG response system to bolster company-wide implementation. Comprised of inside directors and auditors, the ESG Committee formulates strategies and policies concerning non-financial elements that influence corporate value and sustainability and conducts regular meetings biannually. In 2022, the ESG Committee reviewed and endorsed the results of the ESG self-assessment and risk management plan, the approval of the 2030 GHG reduction goal, an increase in CAPEX for environmental improvement, the content of the Human Rights Management Statement, the progress of ESG initiatives, and reports to the Board of Directors. Moreover, the committee runs subcommittees and working committees for each E/S/G topic based on their expertise to incorporate decision-making and execution that considers societal and environmental aspects into management, thereby practicing sustainable management.

ESG Organizational Structure of Yuhan-Kimberly



Institutionalizing ESG Board of Directors Reporting

The Board of Directors at Yuhan-Kimberly, our highest decision-making body, comprises seven directors, three of whom are inside directors and form part of the ESG Committee. After identifying the need for strengthened ESG governance through the ESG self-assessment in 2021, we have been tabling ESG matters for review at BOD meetings since January 2022. The 2022 ESG reporting agenda encapsulates key topics in each domain, including performance, status, evaluation, risks, and plans.

Board of Directors' ESG Reporting Agenda in 2022

1st (January)	2nd (March)	3rd (November)
<ul style="list-style-type: none"> Social - Performance and planning of safety and hygiene 	<ul style="list-style-type: none"> Governance - Ethics and compliance - Internal control - Diversity goals and status (women in the workforce) 	<ul style="list-style-type: none"> Environmental/Social - Reporting ESG Self-Assessment Results - Performance and plans of environmental initiatives - Performance and plans of social initiatives

ESG Promotion Strategy

Guided by the United Nations Sustainable Development Goals (SDGs) and global ESG evaluation indicators, Yuhan-Kimberly self-evaluates its status and identifies eight core areas for focused initiatives. Significant initiatives will be deliberated upon and executed via the Environmental, Social, and Governance Subcommittee.

Eight Major ESG Areas to Promote

Purpose	8 Major Areas to promote	Initiatives*		
<p style="text-align: center;">People and the Environment</p> <p style="text-align: center;">↑</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">GOOD FOR PEOPLE</p> <p style="text-align: center;">GOOD FOR PLANET</p>	Governance/ethical management	ESG Committee	Participating in international initiatives	
	Labor/human rights	Declaration of human rights management	DEI**	
	Health and Safety	Strengthen safety and hygiene management	Strengthen product safety	
	Supply chain management	Principles of sustainable procurement	Strengthen ESG practices of partners	
	Social responsibility management (forest and people)	Keep Korea Green	Good Brand (Social Impact)	
	Information security/customers	Privacy	Customer satisfaction	
	Environmental management (climate change response)	The practice of environmental management 3.0	Establishment of a carbon-neutral management system	Creating GHG inventory
	Continuous innovation (products and services)	Launch of sustainable products	Life Cycle Assessment (LCA)	

* Major initiatives will be discussed and implemented through the Environmental, Social, and Governance Subcommittee.

** DEI: Diversity, Equity and Inclusion

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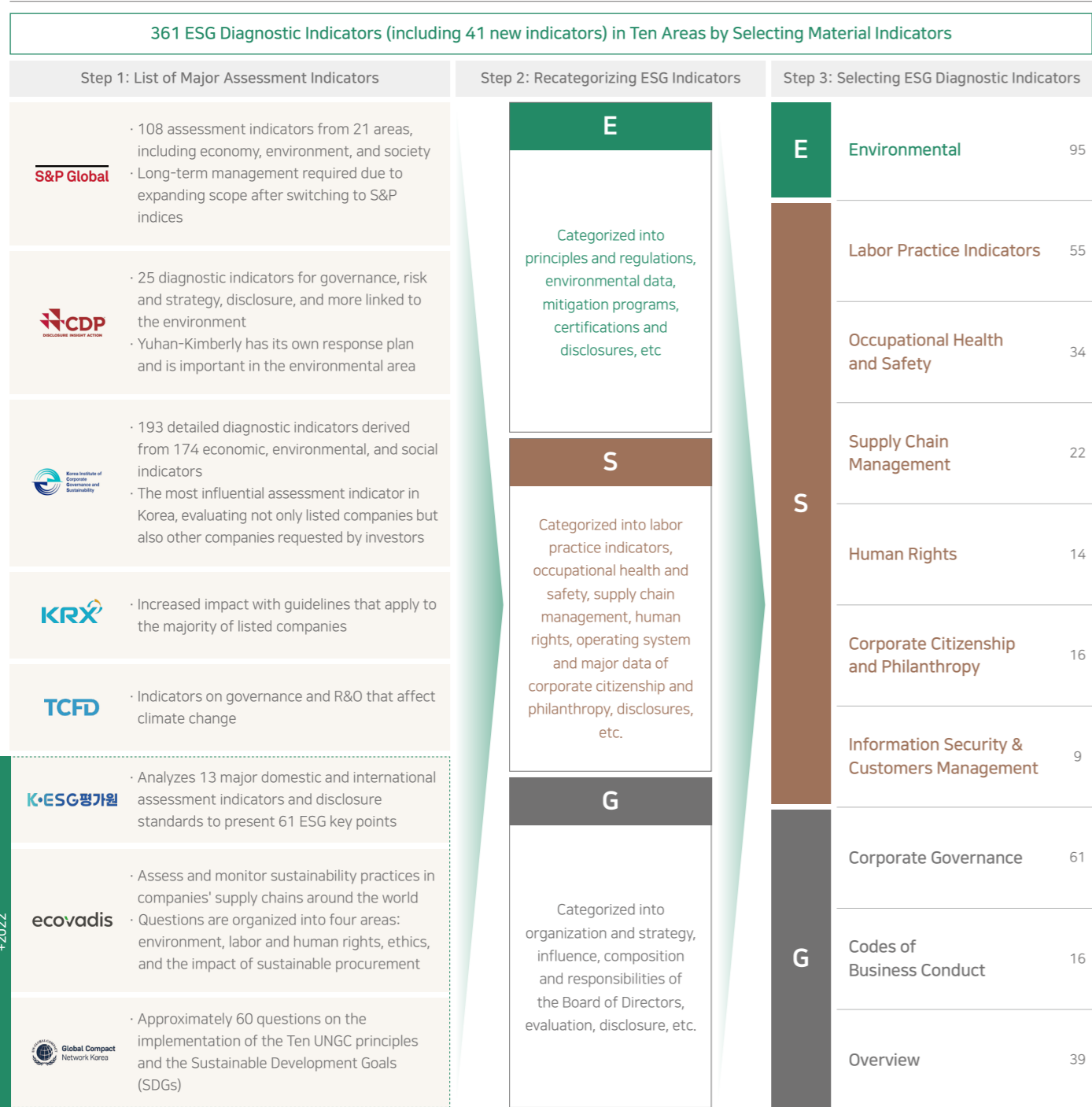
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ESG Risk Diagnosis and Management

Yuhan-Kimberly actively manages potential risks and bolsters ESG implementation via an ESG self-assessment approach, striving to contribute to the global environment and local communities while enhancing corporate sustainability. We examined key global and Korean assessment indicators, recategorized them into metrics pertinent to Yuhan-Kimberly, selected 361 ESG diagnostic indicators (including 41 new indicators), conducted evaluations, and confirmed an improvement in the indicator satisfaction rate by 2.5% for environmental, 16.3% for social, and 11.6% for governance aspects compared to 2021. Detailed improvements were deliberated through the ESG Extended Committee, incorporating all stakeholders engaged in overarching ESG governance.

2022 ESG Diagnostic Indicators



ESG Initiative Accomplishments

Yuhan-Kimberly chooses action tasks based on the findings of the ESG diagnosis and has been executing them specifically through the Working Committee and TFT since 2022. In 2022, we completed about 47% of the tasks, and through annual self-diagnosis, we review and enhance the tasks to proactively address shifting ESG risks. The outcomes of ESG implementation in 2022 were shared internally following the principle of employee disclosure and are shared in the Sustainability Report to strengthen stakeholder communication via transparent disclosure.

1 2022 ESG Diagnostic Results Opportunity Factors

ESG	Opportunity Factors
Environmental	<ul style="list-style-type: none"> Environmental Management 3.0 governance needs to be strengthened Establish mid- and long-term goals to respond to climate change
Social	<ul style="list-style-type: none"> Strengthen the human rights management system Strengthen health and safety organization Establish an integrated E/S/G system in the supply chain
Governance	<ul style="list-style-type: none"> The specialty of unlisted companies needs to be improved

66 Initiatives in Ten Areas

2 ESG Action Tasks * (): Number of ESG Action Tasks

Category	2022	2023 Goals	2025 Goals
Overview (6)	83% (5)*		100% (6)
Environmental (13)	38% (5)	69% (9)	100% (13)
Labor Practice Indicators (12)	33% (4)	50% (6)	100% (12)
Human Rights (4)	75% (3)		100% (4)
Corporate Citizenship and Philanthropy (2)			100% (2)
Occupational Health and Safety (6)	67% (4)	100% (6)	
Supply Chain Management (3)		100% (3)	
Codes of Business Conduct (4)	50% (2)	100% (4)	
Corporate Governance (11)	27% (3)		100% (11)
Information Security (5)	100% (5)		
Total Initiatives (66)	47% (31)	67% (44)	100% (66)

4 ESG implementation results are shared internally as an employee disclosure principle and disclosed in the Sustainability Report



ESG Committee results are shared with employees (intranet)

3 Major ESG Initiative Accomplishments in 2022

ESG Committee	<ul style="list-style-type: none"> Approval to hold regular ESG Committee meetings and review ESG agenda items Report on ESG issues to the Board of Directors (environment/anti-corruption/gender/social)
Strengthened System for Human Rights Management	<ul style="list-style-type: none"> Disclosure of human rights statement in accordance with the international labor convention and establishment of human rights protection business guidelines Participation in UNGC corporates and human rights initiatives
Efforts to Strengthen Sustainable Supply Chains	<ul style="list-style-type: none"> Establishment of principles of sustainable procurement Promote the Green Action Alliance
Respond to Climate Change	<ul style="list-style-type: none"> Setting greenhouse gas reduction targets Checking the achievement of sustainability goals (Sustainable product sales/carbon/plastic/pulp/water reduction efforts) Trading surplus emissions from GHG reduction efforts and reviewing investment directions for carbon reduction
Establishment of ESG Practice System	<ul style="list-style-type: none"> Implementation of ESG initiatives Diagnose progress through regular diagnosis Implement ESG internalization education

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Integrated Risk Management System

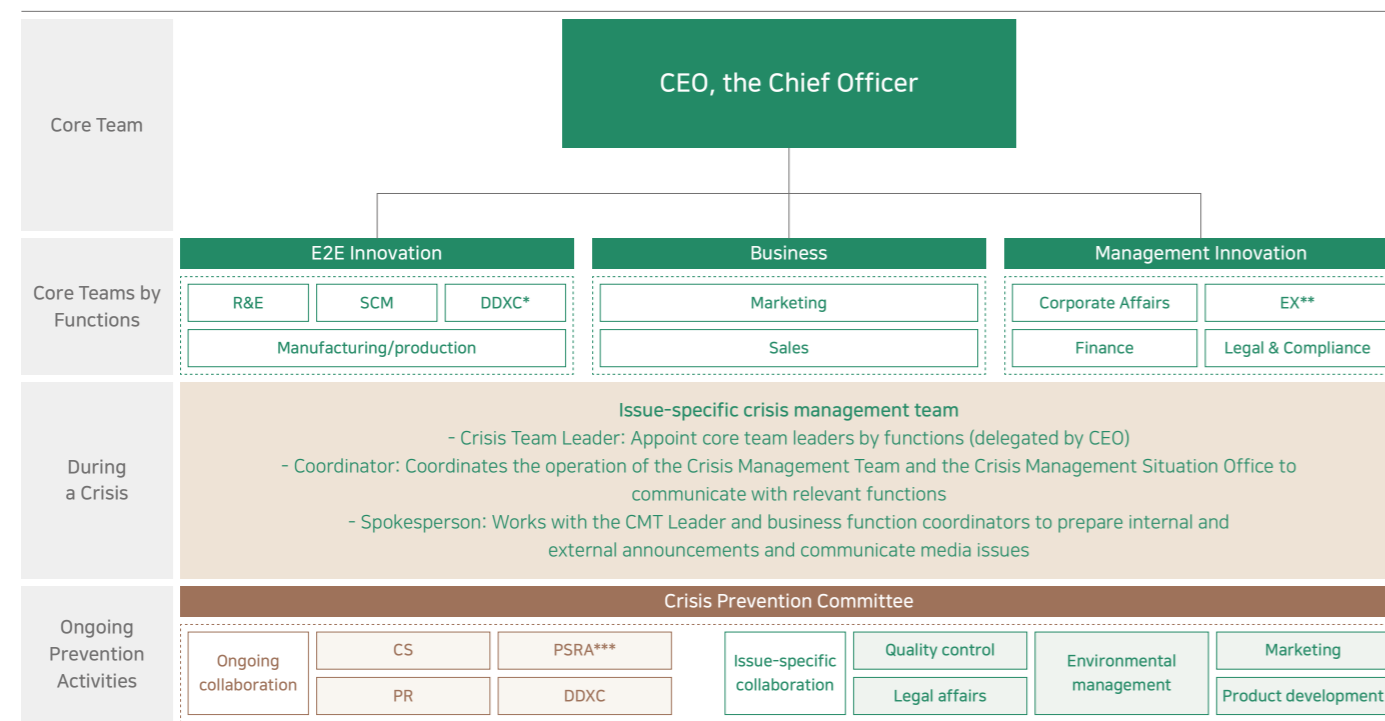
Crisis Management Team

Yuhan-Kimberly appoints a crisis management officer to continuously perform crisis prevention activities, and manages a Crisis Management Team (CMT) by issue when a crisis emerges. Our CMT includes the Chief Crisis Management Officer, core teams by functions, coordinators, and spokespersons, with the chief officer of the CMT role fulfilled by the CEO. The chief officer determines strategic actions during a crisis and guides members of the CMT and external specialists based on these strategies, to guarantee a swift response. Core teams by functions are tasked with maintaining the crisis management system and crisis management procedures related to their sector, and they play a direct role in addressing issues. Coordinators oversee operations and communication with business-related sectors, while spokespersons prepare internal and external announcements and handle media communications.

Crisis Prevention Committee

Yuhan-Kimberly has operated a full-time collaborative entity, the Crisis Prevention Committee, since 2012. This committee minimizes business risks and bolsters consumer trust through proactive responses to societal expectations and potential product-related issues. Specialists in customer satisfaction, product safety/legal regulations, and media/public relations participate, and depending on the matter at hand, functions like legal, environmental management, and quality are engaged. The key programs of the Crisis Prevention Committee encompass anticipating and preemptively responding to societal expectations and potential issues, orchestrating and executing annual crisis management training, ongoing management of business issues/crises and consultation, operating a crisis management manual, diagnosing potential risks, implementing an early warning process, and cultivating strategic partnerships with pivotal stakeholders. Recently, the Crisis Prevention Committee has been concentrating on minimizing potential risks and enhancing leadership's crisis prevention capabilities, considering the active promotion of new businesses, the necessity to reinforce responsible management, and the need to strengthen capabilities due to leadership transitions.

Governance of Crisis Management Team



* DDXC: Digital Data Excellence Center ** EX: Employee eXperience *** PSRA: Product Safety Regulatory Affairs

Crisis Management Manual

Yuhan-Kimberly employs a proprietary crisis management manual to facilitate systematic and preemptive responses to crises. The manual incorporates elements such as the authority of the crisis management officer, the structure and role of the crisis management team, the allocation of responsibilities, and the communication policy, and undergoes annual revisions following approval by the Chief Crisis Management Officer. This year, beyond evaluating potential issues at the company-wide and business site levels, we initiated a project to pinpoint and evaluate potential issues in the supply chain, IT, and EX sectors and to devise business sustainability plans grounded in these assessments. The outcomes of this project will be incorporated into the newly updated Crisis Management Manual, which will be preserved and managed accordingly.

Crisis Management System

Governance	<p>Yuhan-Kimberly designates a crisis management officer to conduct crisis prevention activities at all times, and manages a crisis management team for each issue when a crisis occurs.</p> <p>The Yuhan-Kimberly Crisis Management Team is composed of the Chief Crisis Management Officer, core teams by functions, coordinators, and spokespersons, and is headed by the CEO.</p>			
	<p>Crisis prevention Leading the Crisis Prevention Committee Specialists in customer satisfaction, product safety/legal regulations, and media/public relations participate, and depending on the matter at hand, functions like legal, environmental management, and quality are engaged</p>		<p>Crisis Management Managing a Crisis Management Team by issue</p>	
Area	<p>Development of Strategy/Policy</p>	<p>Monitoring and Reflecting on Issues/Social Expectations</p>	<p>Company-Wide Capacity Enhancement</p>	<p>Crisis Management/Reputation Recovery</p>
Activity	<ul style="list-style-type: none"> Operate crisis management policy/manual Operate external communications policy Organize and structure the crisis management team Reputation management and recovery strategies Standardize crisis management procedures 	<ul style="list-style-type: none"> Operate the Crisis Prevention Committee Social media early warning system Issue monitoring and analysis Public perception research Operate an issue database 	<ul style="list-style-type: none"> Crisis management training Diagnosis of potential risks (internal/external) Identify and deliver focus area Operate a TFT to manage negative issues Crisis prevention activities 	<ul style="list-style-type: none"> Develop a company statement and response strategy Respond to stakeholders such as the media and organizations Build social networks Provide functional strategy guides Report on the end of crisis management (measures to prevent recurrence)

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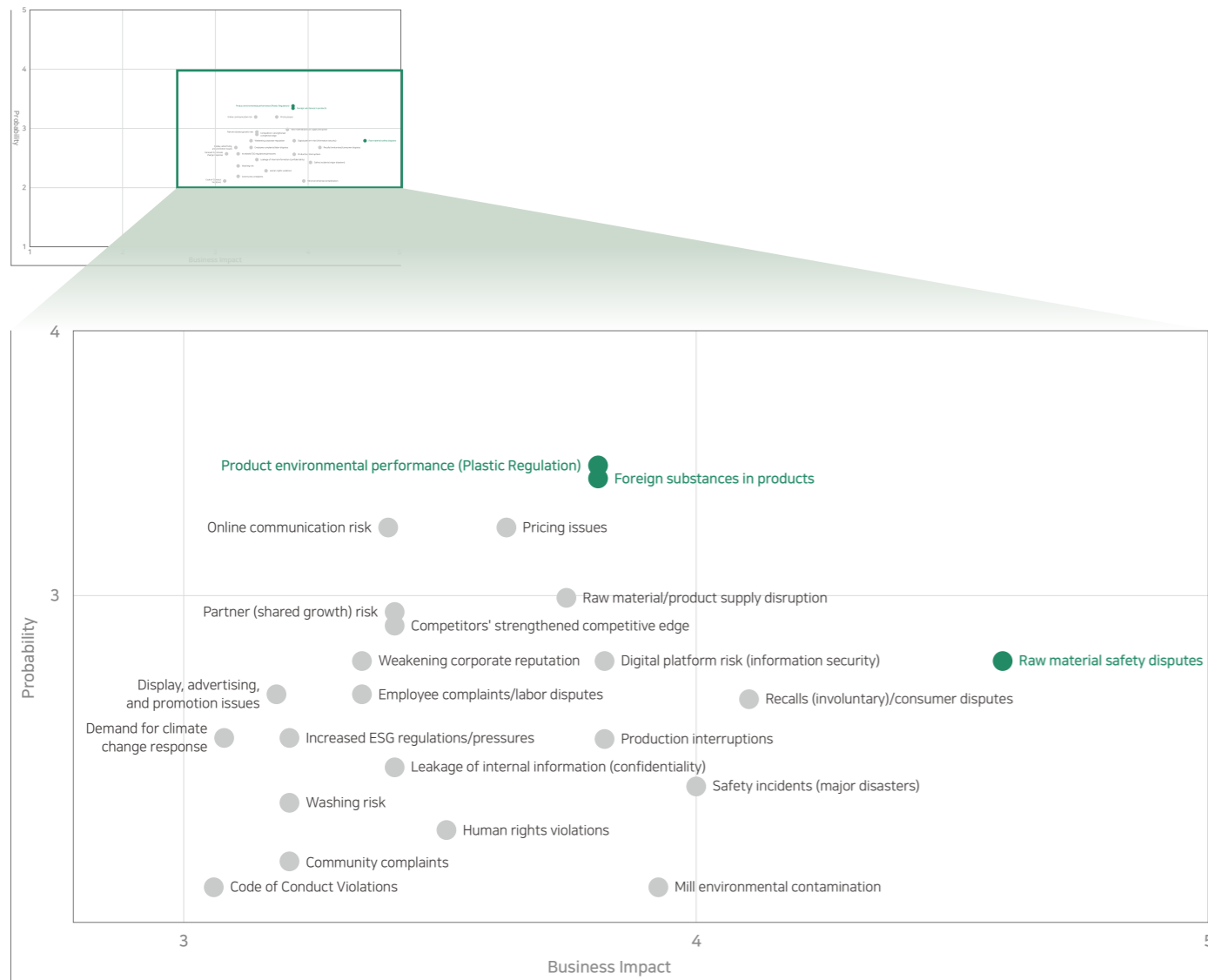
Potential Risks Assessment

Annually, the Crisis Prevention Committee requests team leaders to categorize prospective crises across products, processes, people, and stakeholders to gauge their potential impact and likelihood of occurrence. In 2023, we identified 23 types of crises for assessment. The results are incorporated into both the Crisis Management Manual and Crisis Management Training, subsequently shared with all staff members.

In our current potential risk assessment, informed by societal shifts and trends, we introduced categories such as washing risk, corporate reputation decline, and intensifying competitors' comparative edges. We also enriched the categories by incorporating demands related to climate change response and controversies surrounding human rights violations. For the top-three potential risks, our checklist manages considerations and responsibilities across three phases: preparation, response, and recovery. In 2023, the checklist was refreshed to address raw material safety disputes, product environmental performance, and concerns over foreign substances in products, all identified as top concerns.

Furthermore, we are laying the groundwork to assess potential risks not just at the company level but also specific to individual functions. Commencing in the first quarter of 2023, each function began hosting kick-off meetings to delineate potential risks inherent to that function, evaluate them, and strategize responses for high-priority items based on the assessment outcomes.

2023 Risk Map



Strengthening Crisis Management Capabilities

Yuhan-Kimberly consistently conducts crisis prevention drills, ensuring all staff members possess crisis management skills, and delivers annual crisis management training for its leadership. Our goal through these endeavors is to curtail business risks by preemptively addressing potential crises and facilitating swift responses when crises arise.

In 2022, we organized training sessions to share insights on both internal and external issue trends, bolstering the crisis prevention skills of our leaders. In 2023, we chose three main subjects, including greenwashing, and undertook simulation response drills for anticipated crises. This allowed us to pinpoint immediate response and prevention strategies, craft central messages, and execute media training based on the derived insights. Since 2021, we have initiated crisis management orientations for new leadership and recently onboarded employees, introduced comprehensive insight sessions online for all personnel, and explored strategies for tailoring training specific to each business unit.



2023 Crisis management training

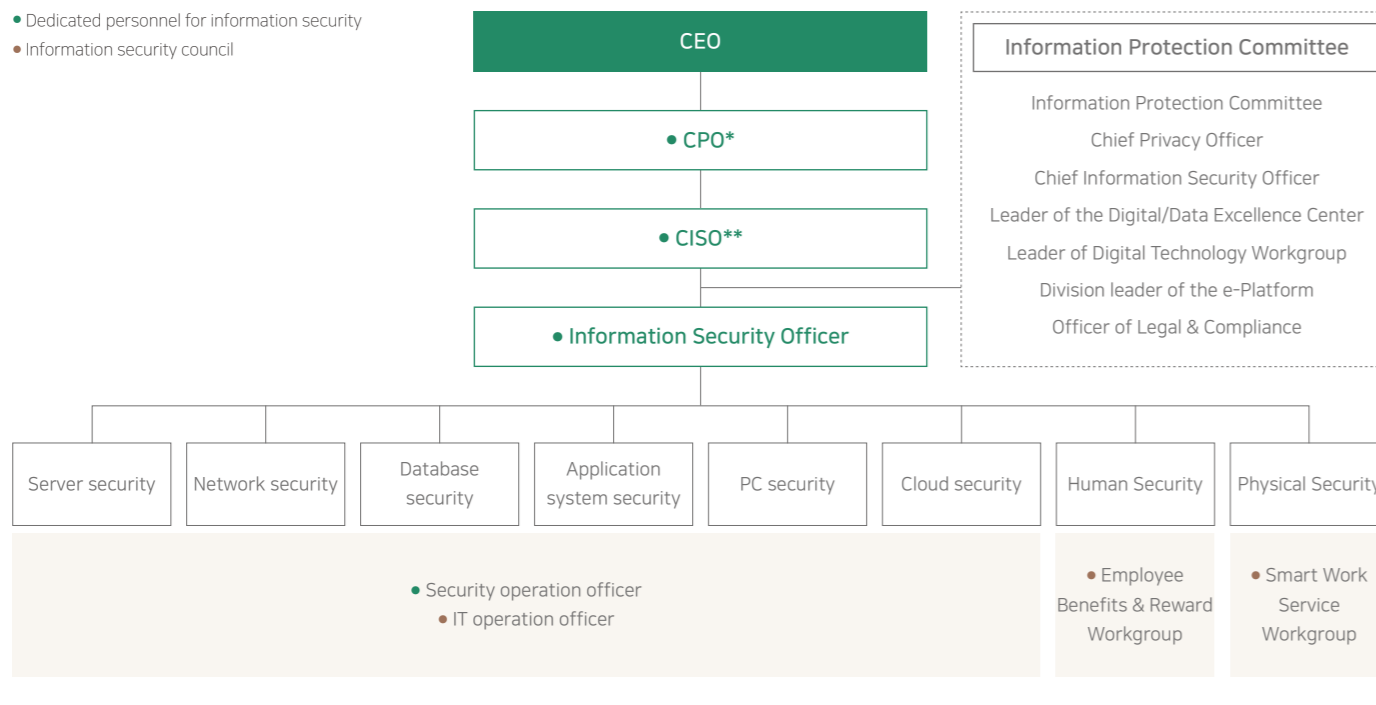
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Information Security

Operating an information security organization and responding to issues

Understanding that information security and adherence to privacy regulations are pivotal for sustainable management, Yuhan-Kimberly has founded a dedicated information security organization. This organization includes the Chief Privacy Officer, Chief Information Security Officer, Information Security Officer, and Security Operations Officer. This information security organization oversees the firm's data protection and personal information security systems, collaborating closely with relevant councils for prompt responses to emergent issues. Moreover, an Information Protection Committee, consisting of leaders from key departments involved in information security, convenes to deliberate on and decide matters concerning allocating resources for information security and related challenges.

A Dedicated Information Security Organization



* CPO: Chief Privacy Officer ** CISO: Chief Information Security Officer

Activities and efforts to protect information security and privacy

Yuhan-Kimberly responds to information security and personal information protection through three solutions. First, we establish and operate information security policies and processes. Second, we establish security infrastructure and systems and strengthen information security through technical measures such as network and system security, data encryption, and access control. Third, we periodically educate employees on information security and privacy. As part of these information security activities, we have obtained domestic and international certifications for information security, including the domestic ISMS-P certification* and the international ISO 27001 certification**. To maintain our certifications, we conduct regular security checks and periodically conduct response tests against cyber-attacks.

* ISMS-P certification: A domestic certification focusing on information security and privacy management for companies. It thoroughly analyzes information system services and tasks related to personal information, evaluating a comprehensive management system. This encompasses all elements from services, information systems, and personnel to physical sites, tracking the entire life cycle (collection/retention/use/provision/disposal) of personal data, from collection to disposal.

** ISO 27001 certification: An international benchmark for information security management systems (ISMS). It assesses a company's comprehensive system across diverse facets such as information security policies, organizational structures, personnel management, physical security, as well as network, system security, and privacy.

Management System Certification for Information Security and Privacy



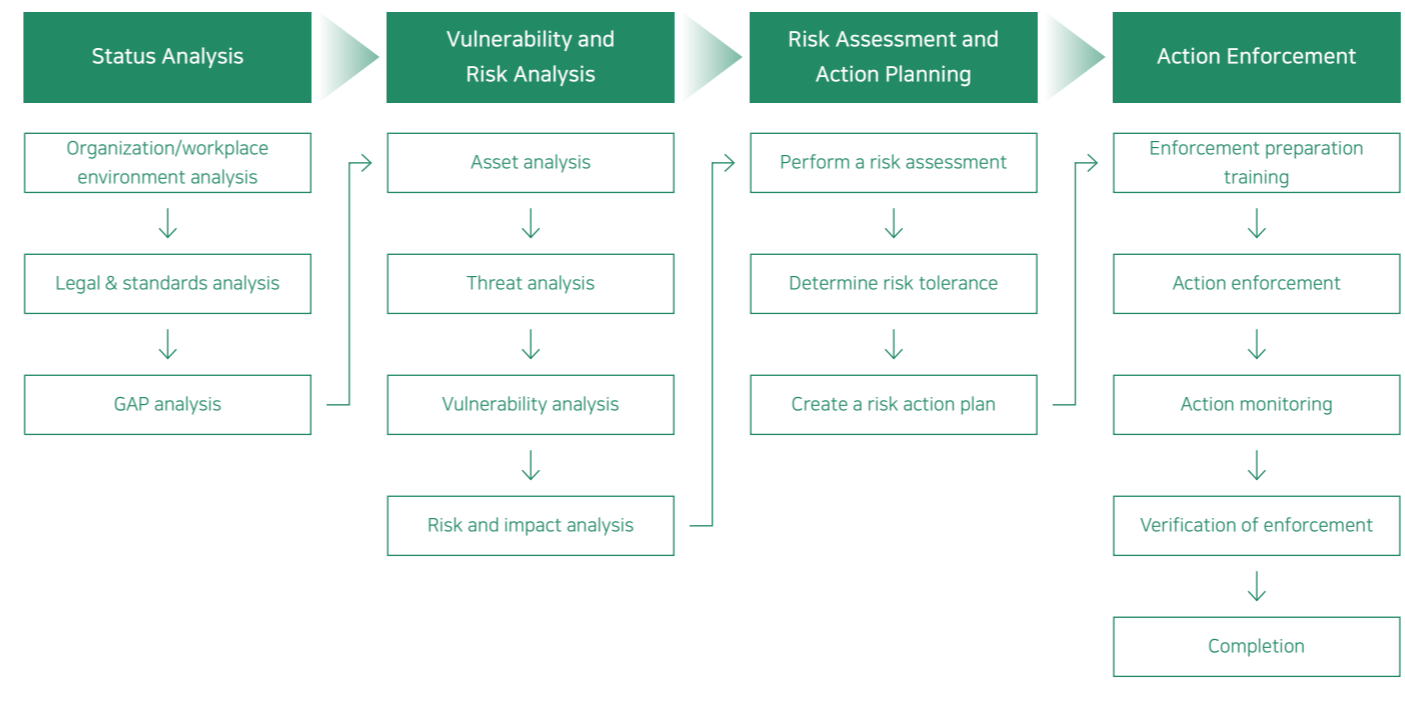
Scope of Certification:
Operation of Yuhan-Kimberly Online Services
Validity Period:
April 22, 2021 – April 21, 2024
Certification Number:
ISMS-P-KISA-2021-016

ISO/IEC 27001:2013 Information Security International Certification



Scope of Certification:
momQ and SSO, provision of logistics management service and IT operation
Validity Period:
August 19, 2021 – August 18, 2024
Certification Number:
IS 754206

Information Security Process



Implementing internal information security training and campaigns

Employee training on information security is crucial for safeguarding the organization's information assets and our customers' privacy. To foster a collective understanding of security's significance throughout the organization and to ensure adherence to security protocols, we host annual information security training sessions for all staff and conduct quarterly security campaigns. Through these initiatives, employees are educated on detecting and deterring cyberattacks and phishing threats in their professional and personal spheres.

Training	Training Content	Training Period	Participant
2022 Cybersecurity Awareness Training	<ul style="list-style-type: none"> How to avoid phishing emails and sites Security tips for working from home Information security policies, standards, and procedures awareness training 	1 hour	686
Information Security Campaign	<ul style="list-style-type: none"> Conduct with a different quarterly theme W.A.I.T campaign to prevent phishing email Prevent personal information breaches Ten tips to stay cybersecure 	Once per quarter (4 in total)	For all employees

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Ethical & Transparent Management

Operating a Dedicated Ethical Management Organization

From its early days, Yuhan-Kimberly recognized the significance of ethical management, establishing the Legal & Compliance, a dedicated unit for promoting ethical practices, reporting directly to the CEO. Staffed with expert lawyers, this division collaboratively addresses pertinent legal matters with the Internal Control Workgroup, Internal Control Committee, and Compliance Practice Committee. Moreover, the Ethical Management Committee convenes quarterly, and the audit team, composed of individuals boasting over 15 years of financial and operational expertise, presents departmental audit findings directly to chief executives, ensuring ethical management is consistently applied across the entire organization.

Code of Conduct for Ethical Management and Efforts to Promote Ethical Culture

As a member of the Yoonkyung ESG Forum (previously known as Yoonkyung SM Forum), we are committed to endorsing and embodying ethical management principles. 2003, Since our CEO has personally engaged in the Declaration of Ethical Management, reaffirming our dedication to ethical practices and honoring our pledges. This commitment ensures that employees can voice their concerns and report issues without fear, safeguarding them from any repercussions. Beyond our Code of Conduct, we openly share our Anti-Corruption Policy, Fair Trade Policy, and Fair Trade Compliance Program on our intranet, nurturing a transparent and upright corporate environment.

Three Tenets of the Non-Retaliation Policy

- 1 We will objectively evaluate the concerns presented candidly and take the necessary corrective measures.
- 2 We are committed to shielding employees who voice concerns from any form of retaliation.
- 3 In the event of reported retaliatory behavior, we will undertake a comprehensive investigation and, if necessary, implement corrective measures that can extend to termination.

Six Pillars of an Ethical Culture

- 1 Encouraging Open Dialogue
- 2 Ensuring No Retaliation
- 3 Preventing Conflicts of Interest
- 4 Safeguarding Company Confidentiality
- 5 Upholding Mutual Respect
- 6 Prioritizing Safety as a Fundamental Value

Commitment to Society for Sustainable Management Practices

CEO's Pledge at the Yoonkyung ESG Forum and an award from the chairperson of the Anti-Corruption and Civil Rights Commission

On April 20, 2023, the 20th Yoonkyung ESG Forum CEO Pledge Ceremony took place, sponsored by the Yoonkyung ESG Forum and facilitated by The Institute for Industrial Policy Studies. For the 20th year, Yuhan-Kimberly participated in this ceremony, committing to embodying ethical leadership and upholding its corporate social responsibility. With the theme "Entrepreneurs as Chief Ethics Officers," Yuhan-Kimberly stood out as a representative company during the 'Ethical Management Company' certification event, specially curated for the forum's 20th anniversary. Moreover, during the '3rd Competition for Excellent Organizations Practicing Ethical Management' awards, Yuhan-Kimberly was honored as an enterprise that champions societal transparency and fairness through its ethical management. The pinnacle of recognition was the grand prize from the Anti-Corruption and Civil Rights Commission Chairperson.

Internal Training on Ethics and Human Rights

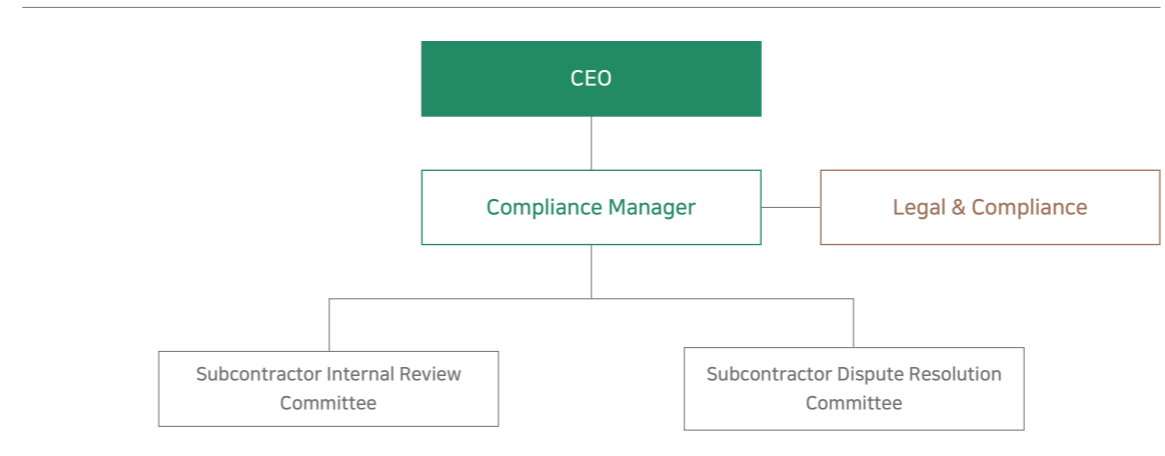
In 2022, Yuhan-Kimberly delivered a comprehensive five-hour ethics and human rights training program to all staff members. This encompassed sessions on workplace harassment prevention from an inclusion and diversity (I&D) standpoint, disability awareness, sexual harassment prevention, data privacy, and adherence to our Code of Conduct. Moreover, we sustained our training on the Code of Conduct and policies related to conflict of interest in our anti-corruption guidelines and provided specialized fair trade compliance training to those in sales and procurement roles. Thanks to these consistent training efforts, there were no infringements of the Fair Trade Act recorded for us in 2022.

Fair Trade Compliance Program

Initiated in January 2012, the Compliance Program (CP) was developed to mitigate breaches of fair trade regulations. Yuhan-Kimberly implements the CP to bolster internal adherence to laws and champion a fair trade culture, aligning with our foundational value of equitable mutual growth. We have assigned a specialized department and a compliance manager to ensure more accountable operations.

Typically, compliance managers are chosen from senior leaders well-versed in the Fair Trade Relations Act and the firm's policies, yet not directly overseeing areas like production/sales, purchasing/procurement, marketing/advertising, or customer support. Entrusted with the authority and duty to supervise compliance alignment and the CP's execution, the compliance manager is responsible for formulating and updating the Compliance Manual. Their role also spans planning, establishing, overseeing, auditing, penalizing, enhancing, and managing the Compliance Program.

Fair Trade Compliance Program Organizational Chart



Channels for Reporting Code of Conduct Breaches

Yuhan-Kimberly offers a digital whistleblower system and a 24-hour helpline (070-4732-5803) to receive and address concerns. Notably, the helpline leverages third-party external channels, ensuring unbiased and voluntary reporting. Given our extensive international activities, we operate under U.S. federal law, specifically the Foreign Corrupt Practices Act. Thanks to these measures, we registered no disciplinary actions for breaches of our Code of Conduct in 2022.

People: Our strength and source of hope

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2022 Sustainability Performance and Goals

Achievement: ● Goal exceeded ● Goal met ○ Effort required

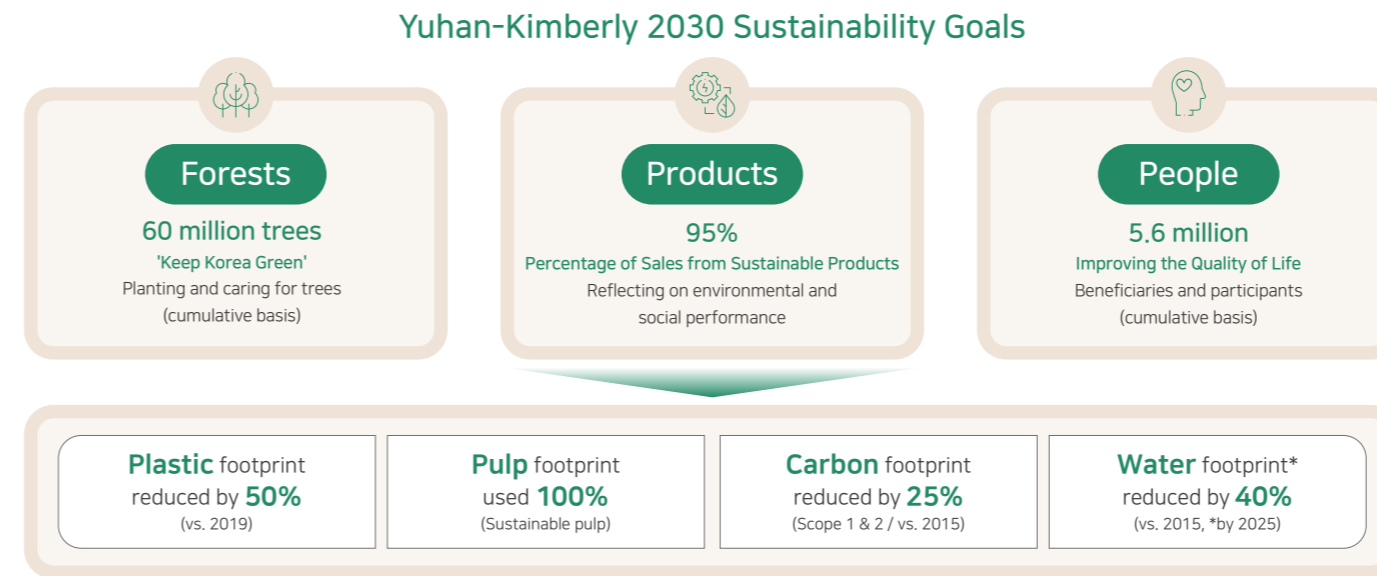
Category	2022 Goals	2022 Performance	Achievement	2023 Goals
Economy	Grow revenue and profit by executing financial goals	<ul style="list-style-type: none"> Total revenue in 2022 ▲ 2.9% (Domestic revenue 5.2% ▲ / Export 15.7% ▼) Revenue from baby care, toilet paper, facial paper, senior, sanitary pads, and B2B Sales ▲ 	○	<ul style="list-style-type: none"> Grow revenue and profit by executing financial goals Improve year-on-year market share in major businesses
	Improve year-on-year market share in major businesses	<ul style="list-style-type: none"> Diaper for babies ▲, feminine sanitary pad ▼, toilet paper ▼ 	●	<ul style="list-style-type: none"> Strengthen consumer/customer-centered management and in-market execution
	Grow revenue of new businesses	<ul style="list-style-type: none"> ACT business categories, including wipes, towels, adult diapers, and skincare ▲ 3.8% year-on-year 	○	
	Strengthen consumer/customer-centered management and in-market execution	<ul style="list-style-type: none"> momQ achieved a total of 1.6 million members Launched menstrual information app 'Daldabang' 17% average annual growth rate since opening in 2015 17.8% reduction in consumer complaints (11.2% reduction in internal production and 26.3% in external production) Continued the policy of expanding substances of safety concern (190 substances of concern managed, 1,829 safety and legal reviews) 	●	
Society	Strengthen brand and reputation through the empowerment of corporate culture and employee	<ul style="list-style-type: none"> Ranked in the overall Top 6 of Korea's Most Admired Companies for 20 consecutive years Developing female leaders (13% → 15%) 	●	<ul style="list-style-type: none"> Strengthen brand and reputation for advancement of corporate culture and employee capabilities
	Recover the engagement level of employees	<ul style="list-style-type: none"> Increased sense of employee belonging (+1), increased employee empowerment (+2) Decrease in customer-centered management practices (-4) and performance-oriented leadership (-2) 	●	<ul style="list-style-type: none"> Improvement of employees and the company through strengthened engagement level of employees
	Contribute to improving the quality of life of 900K people	<ul style="list-style-type: none"> Launched the 'Keep Korea Green' campaign Conducted the 'Cheer Up Daughters' sanitary pad donation campaign Donated diapers, incontinence panties, hand sanitizer, skincare, etc., to vulnerable groups 	●	<ul style="list-style-type: none"> Contribute to improving the quality of life of 1.5M people
Environment	Reduce plastics	<ul style="list-style-type: none"> Reduce plastics by 2,184 tons (exceeding the 2022 goal) 	●	<ul style="list-style-type: none"> Cut plastic use by 3,000 tons
	Reduce Scope 1&2 carbon emissions	<ul style="list-style-type: none"> Reduced Scope 1&2 emissions by 11,316 tCO₂e in 2022 (based on Kimberly-Clark standards) 	●	<ul style="list-style-type: none"> Achieve carbon emissions target of 219,015 tCO₂e
	Build a mid- to long-term program to achieve the 2030 Sustainability Goals	<ul style="list-style-type: none"> Launched the Green Action Alliance Conducted a pilot hand towel recycling program Used sustainable forest-certified pulp (e.g., FSC-certified pulp) Conduct life cycle assessment (LCA) of 17 SKUs in 2022 	●	<ul style="list-style-type: none"> Manage to use less than 30,000 tons of boreal forest pulp

2030 Sustainability Initiatives and Goals

Establishing 2030 Sustainability Goals

Since its founding in 1970, Yuhan-Kimberly has taken various actions as a corporate citizen to create a sustainable society. As part of these efforts, we have established and are implementing the 2030 Sustainability Initiative, an action plan for the global environment. We will do our utmost to achieve the 2030 Sustainability Initiative by working collaboratively with all stakeholders, including employees.

Sustainable Management Goals and Performance



Area	Sustainable Management Performance in 2022	2030 Goals	2022 Major Achievements
Forest	55.41 million trees (cumulative) 92%	60 million trees	<ul style="list-style-type: none"> Registration of the Forest Carbon Offset Scheme for social contribution (Yongin Seokpo Forest) Continued restoration of domestic forests and creation of Mongolian Desert Restoration Forests
People	31.6 million (cumulative) 56%	56 million people	<ul style="list-style-type: none"> Introduced a new model for donation campaigns to help vulnerable groups Conducted educational programs to improve social awareness Ran consumer engagement programs
Product	45%	95%	<ul style="list-style-type: none"> Collaborated with sustainable material developers Accelerated the goal of achieving 30% of packaging made from recycled plastics
Plastic Footprint	15% Reduced plastic usage	50%	<ul style="list-style-type: none"> Strengthened review for the environmental performance of product design Expanded the use of recycled plastics (packaging)
	17% Percentage of recycled plastic in packaging		
Pulp Footprint	100%	100%	<ul style="list-style-type: none"> Used certified pulp from planned forests Applied sustainable materials such as old paper
Carbon Footprint*	15%	25%	
Water Footprint**	20%	40%	<ul style="list-style-type: none"> Implemented water reduction programs

* Carbon footprint: Based on Kimberly-Clark standards ** Water footprint: Based on Kimberly-Clark standards, KimCheon Mill *** PIR(Post-Industrial Recycled), PCR(Post-Consumer Recycled)

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Products Action for Sustainable Products

Standards and guidelines for sustainable products

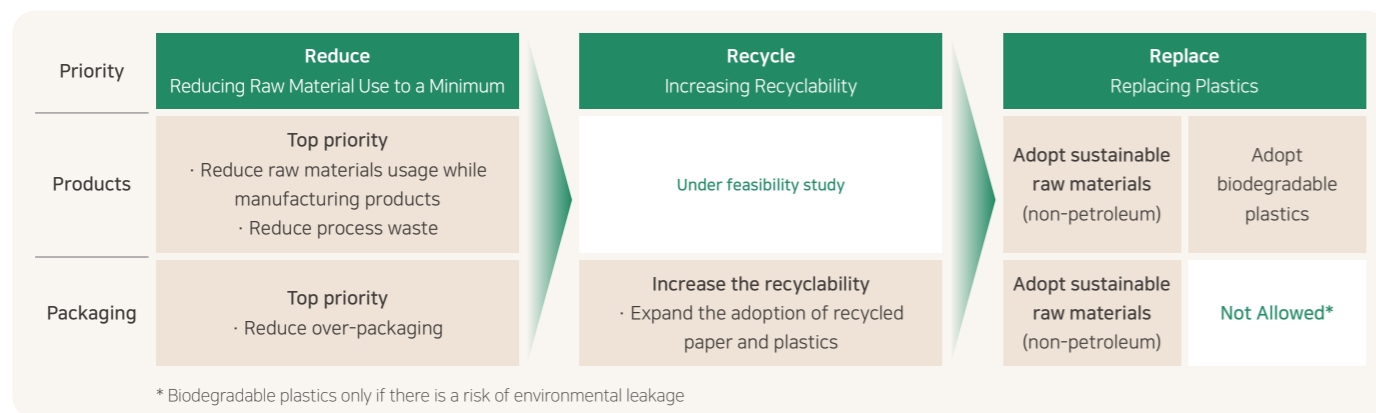
Yuhan-Kimberly aims to achieve 95% of our sales from sustainable products by 2030. We classify sustainable products as those that exhibit improved environmental and social performance. We establish our own standards and recognize products that meet these standards as sustainable. Internally, we have set specific quantitative criteria for each area of contribution, which we will regularly update to align with evolving stakeholder expectations. Modifications to the quantitative criteria for each area are reviewed by the Environment Subcommittee and finalized through the ESG Committee.

Criteria and Contribution Areas of Sustainable Products*

Category	Contribution Area	Assessment Criteria
Environmental Performance	Reduction in plastics	Percentage of raw material reduction Percentage of packaging material reduction
	Reduction in carbon	Carbon footprint
	Strengthening the environmental performance	Governmental eco-labeled and low-carbon certifications/reusable products
Social Performance	Products to improve quality of life, universal right to health, and more	

* Referred to as sustainable products when quantitative goals are met as of 2019

Development Guidelines for Sustainable Products and Packaging



Assessment of environmental performance in new product development

Yuhan-Kimberly operates a process of internally evaluating the sustainability of a product from the product development stage before its release, and we have completed the standardization work and it is in place. The self-assessment categories are divided into plastics, greenhouse gases, pulp, and water. The major environmental impacts resulting from product development are reflected in the decision-making metrics for product release. Life cycle assessment results for key products and the LCI (Life Cycle Inventory) database for sustainable materials serve as assessment tools during the development of new products. Aiming to enhance the accuracy and precision of new product development evaluations, Yuhan-Kimberly plans to continuously conduct life cycle assessments for major products in 2023 and prepare an internal LCA evaluation tool based on the LCI database.

Enhancing the environmental performance of pulp-based products

Yuhan-Kimberly is dedicated to elevating the environmental performance of its products and reducing the use of chemicals. Through the 'Aqua Fresh' project, we have transitioned to using water as an adhesive in our three-ply toilet paper, replacing laminating adhesives. This choice was supported by a life cycle assessment that underscored the advantages of this transition – improvement in environmental performance. By substituting 24 tons of laminating adhesives used in 20 SKUs (Stock Keeping Units) of Kleenex toilet paper with water, we achieved a notable carbon emission reduction of 909 kgCO₂e. Moving into 2023, we aim to further enhance our toilet paper's environmental performance by cutting down on over 1,000 tons of laminating adhesives across all 60 SKUs.

2023 Greener Products

Reduce

Reduce Raw Material Use to a Minimum

In our pursuit of sustainable products, our primary focus is minimizing raw materials and packaging use.

Goodfeel Organic Pure Cotton Large Package
Reduced packaging use by more than 40 percent

Green Finger Bebe Grow
Reduced plastic use by removing compressed plastic from product packaging and replacing it with paper packaging

Kleenex Bubble Bubble Hand Wash Eco Green Herb
Reduced GHG emissions and the use of new plastics by adopting Bio-PET

Recycle

Increase Recyclability

We are actively increasing the use of recycled materials for packaging, aiming for all our products to achieve a rating of 'excellent' or higher in terms of recyclability.

Adopted Packaging that Contains at Least 30% Recycled Plastics

Kleenex Eco-Green Wet Wipes
Used recycled plastic for wet wipes caps

Recyclable Materials/ Structures
Enhance packaging production design for recyclability

Replace

Replace Plastics

We are committed to substituting traditional materials with eco-friendly, plastic-free alternatives to reduce environmental impact.

Huggies Nature Made Organic
Adopted alternative and biomaterial mass-balanced Super Absorbent Polymer from naturally derived materials such as sugarcane and organic cotton

Kleenex Paper Wet Wipes
100% natural pulp fabric (using FSC-certified pulp)

La Nature Signature
Change existing plastic materials, such as absorbent and waterproof layers, to natural or alternative plastics.

* Biodegradable plastics only if there is a risk of environmental leakage

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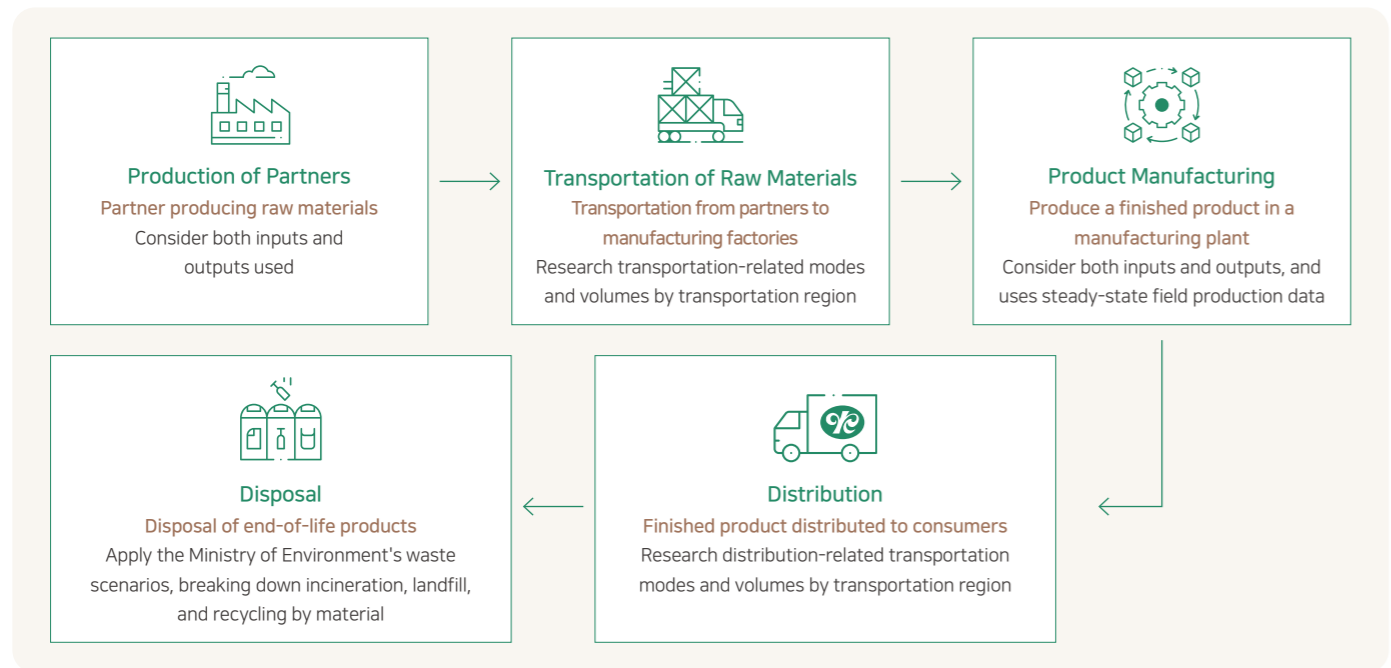
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Efforts to improve the environmental performance of our products: Life Cycle Assessment

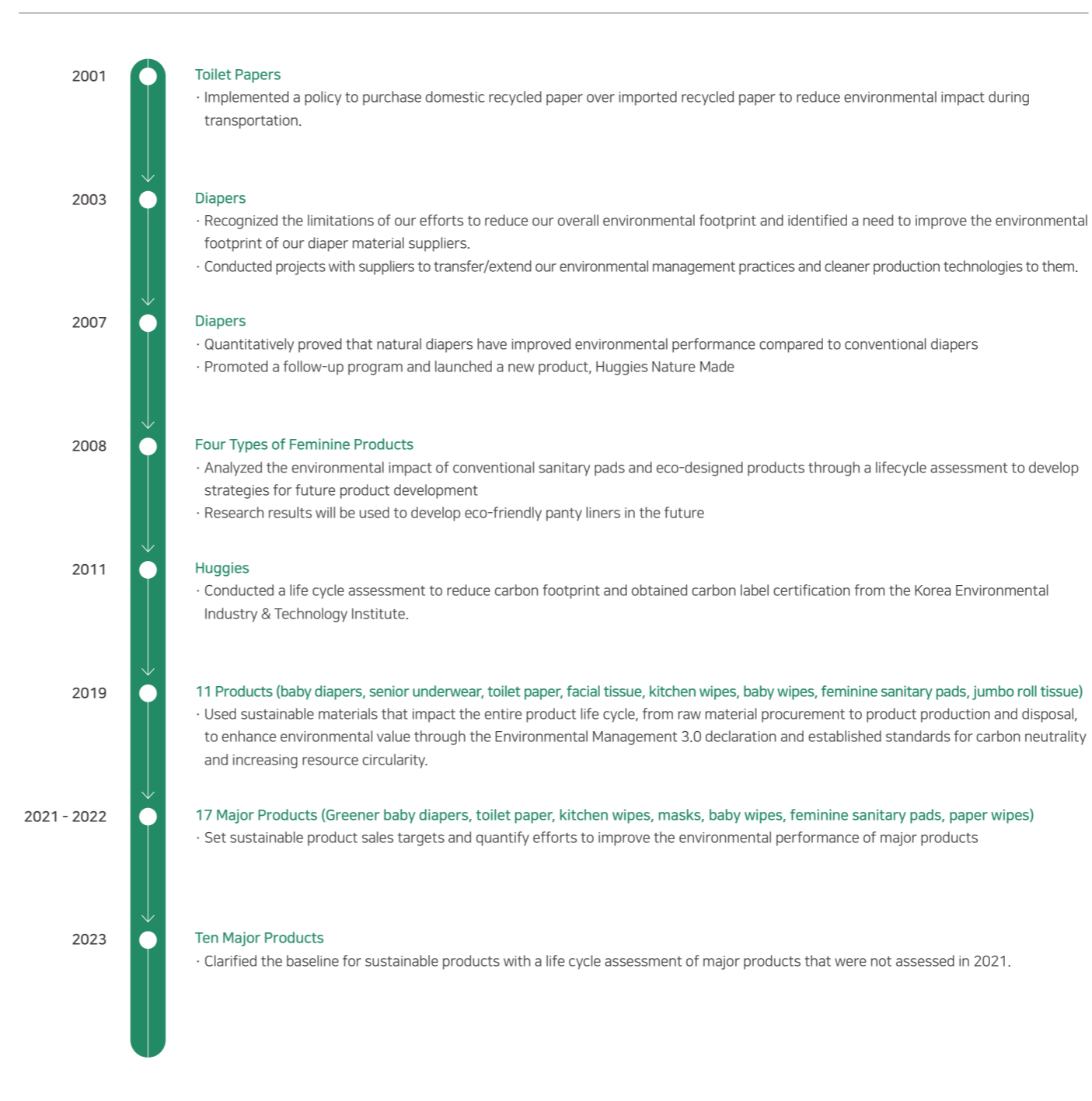
Life Cycle Assessment (LCA) evaluates the environmental implications of a product from raw material acquisition to its use and eventual disposal. Yuhan-Kimberly initiated LCA practices in 2001, starting with roll toilet tissue, and has since expanded to 35 products, including 17 primary ones in 2022. Collaborating with pertinent functions, we have enhanced the environmental performance across product development, transportation, manufacturing, and disposal stages. Leveraging these findings, we secured the first round of Environmental Product Declaration certification for three masks in 2023 and are targeting low-carbon certification for Scott eco-paper wet wipes and Kleenex paper wet wipes. Moreover, in 2023, we'll undertake LCAs for ten products to establish a sustainability baseline. Concurrently, we're devising an in-house LCA tool to precisely evaluate the environmental ramifications of shifts in raw materials during product formulation, fortifying our eco-competitiveness methodically and unbiasedly.

Objectives of Life Cycle Assessment
① Obtain quantitative data on environmental performance across the product's life cycle, encompassing ten environmental impact facets like greenhouse gases, water, and resource utilization.
② Manage environmental variations pre- and post-alterations in raw materials during the product's development phase.
③ Oversee KPIs aimed at fulfilling the 2030 Sustainability Goals, Environmental Management 3.0, and the objective of a 95% sales ratio from sustainable products.
④ Provide a foundation for environmental claims in product marketing.
⑤ Lay the groundwork for securing domestic low-carbon certifications and advancing related certifications (currently underway for one type of Scott wipes, two types of Kleenex wipes, and one type of masks).

Process of Life Cycle Assessment



Annual Life Cycle Assessment



Promotion of Low-Carbon Certification (Ministry of Environment)

Utilization of LCA Assessment Results
① Promote low-carbon certification (Ministry of Environment)
② Monitor sustainable products and utilize the basis for calculation
③ Establish GHG emissions Scope 3 GHG inventory and respond to strengthening disclosure

	ISO Standards	ISO 14025:2006
	Common names	Environmental Product Declaration
	Major Applications	B2C, B2B
	LCA Resources	Utilization
	Target Products	Four types of products from Scott, including paper wet wipes
	Expected outcomes	Being able to make eco-friendly product claims

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Eco-Label Certification

The Eco-Label Certification is administered by the Ministry of Environment under Article 17 (Certification of Eco-Label) of the Environmental Technology and Industry Support Act. It certifies products with superior environmental performance compared to others with the same function. To earn this certification, a product must demonstrate an enhanced environmental impact by considering resource and energy consumption, pollutants, and greenhouse gas emissions throughout its lifecycle. As of May 2023, 40 of Yuhan-Kimberly's B2B products have earned this certification, including nine types of toilet paper, 23 hand towels, and eight air fresheners. These certifications recognize improvements in resource circulation (37 products) and reducing harmful substances (three types of air fresheners). Notable products include center-pull toilet paper, which allows for single-sheet usage, reducing consumption by 30-40% compared to standard products, and a roll towel container that dispenses the exact amount needed, cutting down towel usage by over 30%. Yuhan-Kimberly remains committed to enhancing environmental performance and broadening its range of Eco-Label Certified products.

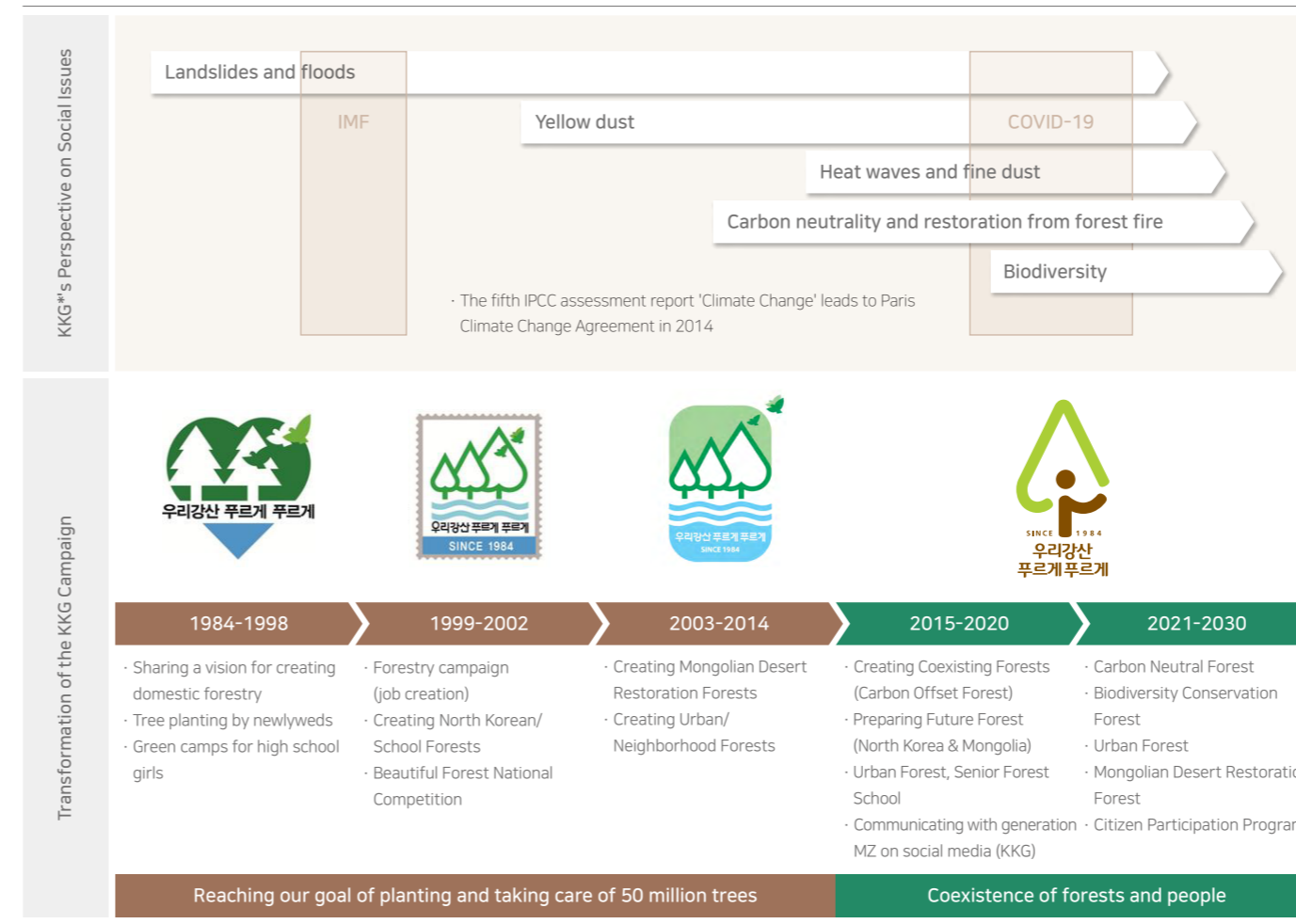
Eco-Label Certification Products

Product Group	Product Name	
EL321. Toilet Paper and Hand Towel	Kleenex Dry Cell Premium R100	Kleenex Air Cell Jumbo Roll Tissue Standard 270
	Kleenex Dry Cell Smart R180 (Online)	Kleenex Air Cell Jumbo Roll Standard 180 (12 R)
	Kleenex Dry Cell Smart R180 (Serveone)	Kleenex Air Cell Jumbo Roll Standard 140 (12 R)
	Kleenex Dry Cell Smart R180	Kleenex Air Cell Roll Toilet Paper 50 m
	Kleenex Dry Cell Standard F250S	Kleenex Air Cell Roll Toilet Paper 40 m
	Kleenex Dry Cell F250S (Serveone)	Kleenex Dry Cell Supreme Hand Towel R140 m
	Kleenex Dry Cell Smart F250 (LT)	Kleenex Dry Cell Supreme Hand Towel R230 m
	Kleenex Dry Cell Smart F250	POPEE Embossed Jumbo Roll Toilet Paper 500 m
	Kleenex Dry Cell Premium R183	POPEE Jumbo Roll Toilet Paper 600 m
	Kleenex Dry Cell Standard R160	POPEE Jumbo Roll Toilet Paper 600 m (16 Rolls)
	Kleenex Dry Cell Standard R160 (12 Rolls)	POPEE Jumbo Roll Toilet Paper 600 m (COSTCO)
	Kleenex Dry Cell Standard R280	POPEE Embossed Toilet Paper 35 m (2-Ply)
	Kleenex Dry Cell Smart R300	Save Roll Toilet Paper 50 m (2-Ply)
	Kleenex Dry Cell Standard F250	POPEE Embossed Toilet Paper 50 m (2-Ply)
	Kleenex Center-Pull Tissue Standard 1000 Sheets	Save Jumbo Roll 250 m (2-Ply)
Kleenex Air Cell Jumbo Roll Tissue Standard 300	Save Jumbo Roll 300 m (2-Ply)	
EL322. Air Fresheners	Kleenex Cell Air Freshener Citrus Fragrance	Kleenex Pure Air Freshener Mild Coffee Fragrance
	Kleenex Cell Air Freshener Lavender Fragrance	Kleenex Pure Air Freshener Fresh Floral Fragrance
	Kleenex Pure Air Freshener Green Leaves Forest Fragrance	Kleenex Pure Air Freshener Green Herbal Fragrance
	Kleenex Pure Air Freshener Fresh and Sweet Apple Fragrance	Kleenex Cell Air Freshener (Fruit Fragrance)

Forests Tree Planting and Forest Conservation:
Long-Term Commitment to the Global Environment

Since 1984, Yuhan-Kimberly has been actively involved in the 'Keep Korea Green' campaign, focusing on tree planting and nurturing. As of 2022, we have successfully planted and nurtured a remarkable 55,406,712 trees, covering an extensive area of 18,469 hectares. Our ongoing commitment aims to plant over 500,000 trees annually, with a target of 60 million trees by 2030. Furthermore, our efforts extend beyond tree planting to address contemporary environmental challenges, including biodiversity conservation and carbon neutrality. Through collaborative programs and empathetic engagement with stakeholders, we are dedicated to enhancing the value of forests. A significant milestone in this endeavor was our partnership on May 4, 2022, with the Forest Service of the Northern Region of Korea and Peace Forest Work. This collaboration marked the launch of the joint 'Yeoncheon Peace Forest' project, which contributes to biodiversity conservation. Additionally, we are embarking on a comprehensive project to assess the social and environmental impact of our four-decade-long forest-centric campaigns. This initiative culminates in the creation of the 'Keep Korea Green' history book, documenting our reforestation efforts over the past 39 years. Scheduled for release in 2024, coinciding with the campaign's 40th anniversary, the book will spotlight the societal contributions of 'Keep Korea Green' and outline our vision for the future.

Transformation of the Keep Korea Green Campaign



* KKG: Keep Korea Green

People Taking Actions to Improve the Quality of Life for the Vulnerable

Yuhan-Kimberly is committed to enhancing the quality of life for underserved populations. Our goal is to impact 56 million people by 2030 by supporting economically disadvantaged groups, educational initiatives, and more. By 2022, we have positively influenced the lives (beneficiaries and participants) of approximately 31.6 million people cumulatively, and we aim to reach an additional 3 million each year. We have been dedicated to promoting women's rights and leadership, sponsoring projects for the vulnerable, and promoting employee-driven donations and volunteerism. Since 1972, we have managed a consumer education initiative focused on adolescent menstrual awareness, and since 2007, we have backed leadership development for women NGOs.

In response to evolving societal needs, the company has introduced diverse donation methods, such as partnering with NAVER Happybean, and has amplified its Good Brand initiatives to champion value-based consumption. Through flagship brands like Huggies, Goodfeel, Kleenex, and Depend, we execute numerous initiatives for those less privileged. Additionally, we have maintained a strong tradition of employee-initiated charitable actions, including the "1% Monthly Salary Donation" for the elderly, the "Hope for Daughters" drive supporting women, community funds for our neighboring locales, proceeds from our internal club's annual bazaar, and joint volunteer efforts involving both employees and management.

Donations by Major Yuhan-Kimberly Brands

Brand	Huggies	Goodfeel	Kleenex	Depend
Activity	<ul style="list-style-type: none"> Diapers Donations for Premies (2017-) Hope Bank: size-changed diaper donations (2015-) Donation of Huggies Good Action Diapers (2019-) 	<ul style="list-style-type: none"> Donated 1M sanitary pads through the Cheer Up Daughters campaign (2016-) Developed the first menstrual panties for children with developmental disabilities (2020) 	<ul style="list-style-type: none"> Fine Dust Worry Out Mask Sharing Campaign (2015-) Donated 1M COVID-19 masks (2020) Hygiene etiquette campaign to prevent viral infections (2021) Donated 300K masks for youth preparing for independence and vulnerable populations (2022) 	<ul style="list-style-type: none"> Employee 1% Monthly Salary Donation to help seniors in need (2015-) + consumer donations (2019-)
Donation in 2022	Donated 1,134,633 pads in total	Supported 1,140,480 pads in total	Supported 300,000 masks in total	Supported 259,000 units in total

GT Project

Yuhan-Kimberly launched the GT (Growth & Transformation) project to prepare for another 50 years at the end of 2020, marking our 50th anniversary. For Yuhan-Kimberly's future growth, we established a vision of "We act for life/health/earth environment" and five strategic directions: ▲Growing core businesses, ▲Investing in next core businesses, ▲Innovating the value chain, ▲Strengthening the winning culture, and ▲Contributing to society and the environment. Based on the voluntary support of employees who want to participate in realizing this vision, we are implementing the GT project, promoting cross-company connectivity, not just as a one-off.

The GT project conducted its 1st to 3rd phases until January 2023, with a total of 308 employees participating in 89 initiatives. The 1st phase in 2020 focused on "identifying opportunities for growth and transformation," the 2nd phase in 2021 on "concretizing growth and transformation," and the 3rd phase in 2022 on "accelerating growth and transformation." The 4th phase of the GT project, which began in February 2023, plans to build upon the efforts of phases 1 to 3 under the theme "execution of growth and transformation," focusing on producing tangible outcomes. Through the continuous GT project, Yuhan-Kimberly is providing many employees from various fields the experience of growth through voluntary collaboration, creating a virtuous cycle culture where the company grows together.



Presentation from the Third GT Members

Progress of GT Project

Year	2020	2021	2022	2023
Phase	1st	2nd	3rd	4th
Action Plan	Establish a corporate vision and strategic direction	63 action plans	25 new + 35 existing action plans	26 new + 10 existing Action Plans
Major Projects	<ul style="list-style-type: none"> Establishing a vision and five strategic directions Establishing four core values 	<ul style="list-style-type: none"> Developing a premiumization strategy for Huggies Gaining market leadership in senior facilities Introducing and expanding B2B new business Capturing new e-commerce channel opportunities Improving customer delivery services Establishing a post-COVID-19 organizational culture and systems 	<ul style="list-style-type: none"> Operating the 10TM and growing tissue business Growing the skincare category Optimizing logistics and developing products to expand sales of e-commerce Realizing and maximizing additional exports Identifying stakeholder-based ESG risks 	<ul style="list-style-type: none"> Growing a new category in Feminine Care Business Activating our platform and creating synergies across channels Expanding B2B adjacent areas and strengthening healthcare competitiveness Developing business AI use cases Monitoring and revolutionizing the environmental tax calculation process



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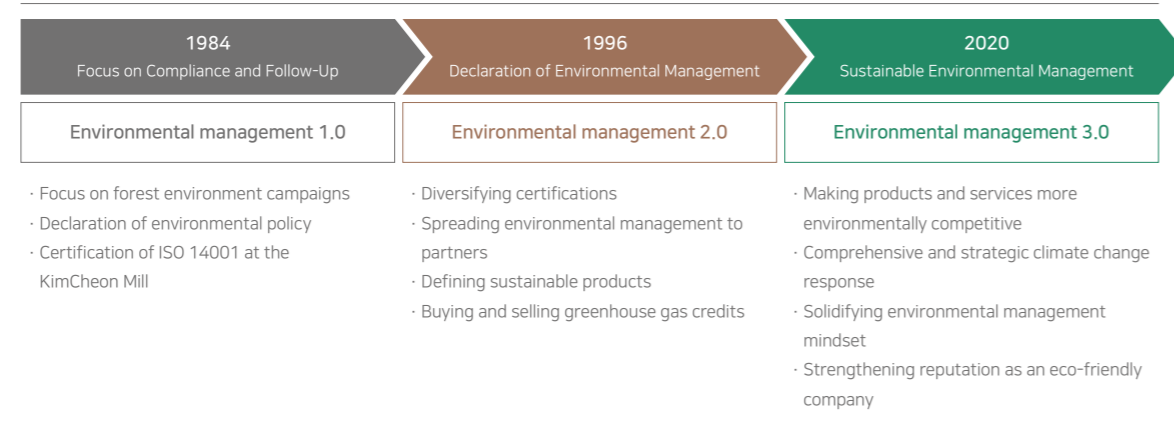
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Environmental Management 3.0 and Compliance

Environmental Management 3.0




Since its establishment, Yuhan-Kimberly has maintained stringent environmental standards, surpassing mere regulatory compliance through investments in facilities. In 1996, we heralded the age of Environmental Management 2.0 through the Declaration of Environmental Management. This expansion broadened the concept of environmental management to encompass knowledge management, quality control, ethical governance, and mutually beneficial growth management, while also extending its reach to include the supply chain. Marking our 50th anniversary in March 2020, we introduced Environmental Management 3.0 and set forth our environmental objectives for the decade leading up to 2030.

Evolution of environmental management



Environmental management 3.0

We at Yuhan-Kimberly pledge to join global efforts to protect the Earth's environment, declare our commitment to grow with society, and promise to take the lead in implementing this.

Commitment 1  95% Yuhan-Kimberly commits to ensuring that by 2030, sustainable products will account for over 95% of our total sales in our efforts to protect the Earth's environment.	Commitment 2  Yuhan-Kimberly will establish eco-friendly policies for carbon neutrality and pledge to reduce our greenhouse gas emissions by 25% by 2030 compared to 2015 levels.	Commitment 3  Our employees at Yuhan-Kimberly will actively participate in and uphold the Environmental Management 3.0 declaration to contribute to a better society and a brighter future for the next generations.
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Environmental Regulatory Compliance

Strengthening the pre-review process to prevent overstatement of environmental performance

Yuhan-Kimberly enforces display/advertising guidelines across all promotional platforms to guarantee adherence to relevant advertising standards and laws, ensuring ethical practices in display/advertising. This is done to mitigate potential greenwashing risks. For matters related to greenwashing, our Product Safety, Legal & Compliance, and the Environmental Management Workgroup collaboratively conduct reviews, adhering to the MOE's "Notice on Environmental Display/Advertising Management System." Every year, we organize sessions on greenwashing and overemphasis on environmental performance for our marketing and product development teams. Additionally, we consistently seek guidance from the Korea Environmental Industry & Technology Institute regarding our eco-focused advertising practices. Since late 2022, we have enhanced our oversight mechanism, mandating reviewers to record their assessment results and approvals for sustainability-centric advertisements, including greenwashing concerns, in our internal Excellence to Quality (EtQ) system.

Proactive Measures for Hype on Environmental Performance

Category	Existing Activity	Strengthened Point
Understanding Relevant Law and Regulation	Review by in-house Product Safety, Legal & Compliance, and Environmental Management Team	Advisory from Korea Environmental Industry & Technology Institute (potential issues and examples)
Training on Environmental Performance Hype	Integrated training for relevant personnel in each business unit	Customized training (product development, marketing)
Training Material	A general explanation of laws and regulations	Do's and don'ts (case-based)
Preliminary Review Results	Sharing e-mail and meeting results	Mandatory approvals and record-keeping through an in-house EtQ system

Violation of environmental laws and regulations

Yuhan-Kimberly undertakes quarterly assessments of its manufacturing facilities considering environmental regulations. We also execute change management reviews, reflecting any updates to primary laws and regulations, to preemptively address potential challenges. In 2022, we faced no administrative sanctions, including fines or penalties, pertaining to environmental management.

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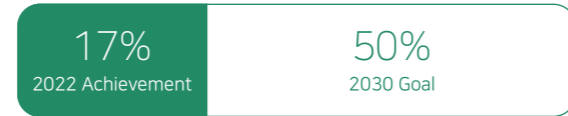
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Packaging and Plastics

Reduction of Plastic Use (vs. 2019)



Transition to recycled plastic in packaging (vs. 2019)



Revitalizing the Resource Circulation

Yuhan-Kimberly is committed to halving the use of petroleum-based plastics in product packaging by 2030. We aim to achieve this goal by incorporating recycled plastics and biomass-based materials into our packaging. This aligns with the government's directive to reduce unnecessary packaging and promote a circular economy. To accomplish this target, we will employ technologies that integrate recycled plastics, biomass, and plastic reduction into our packaging, thereby reducing the amount of newly produced plastic used each year. Furthermore, our effort to expand the utilization of sustainable packaging materials will be reinforced through collaborative innovation of eco-friendly technologies with partners in the Green Action Alliance, which includes Yuhan-Kimberly, Lotte Chemical, LG Chem, CheilJedang, and others.

Replacing Plastics

At the core of Yuhan-Kimberly's Environmental Management 3.0 lies our commitment to sustainable products, with the plastic-free strategy forming a pivotal aspect of each business unit's product innovation direction. Our paramount focus centers on shifting away from petroleum-based plastics, placing a strong emphasis on the adoption of non-petroleum materials such as biomass or recycled plastics in our packaging; a targeted 30% transition by 2025 and an ultimate goal of 50% by 2030. By the end of 2022, we had already successfully replaced 17% of our petroleum-based packaging with renewable plastics and are currently working toward achieving a 25% conversion rate by 2023.

Recycled plastics encompass two primary categories: Post-Industrial Recycled (PIR) plastics derived from manufacturing waste, and Post-Consumer Recycled (PCR) plastics reclaimed from discarded consumer products. Of these, our focus is particularly geared toward expanding the utilization of PCR materials, given their enhanced value in resource circulation. Our primary sourcing revolves around plastics discarded and subsequently recycled within Korea. As a notable example, in 2022, we incorporated recycled plastics for the caps of our entire wet wipes range, achieving 30% utilization by August and further increasing it to 50% from September onwards. Leveraging this momentum, we are set to continually expand the application of recycled plastics and vigorously drive packaging innovations, accelerating our journey toward the realization of genuinely sustainable products.

Packaging and Plastics Reduction Performance and 2030 Targets by Business Units

Business Unit	2022 Achievement	2030 Mid- to Long-Term Goals
Personal Care (Feminine / Baby & Child)	<ul style="list-style-type: none"> Expanded the use of naturally derived materials, including organic cotton and sugarcane-derived materials Used ISCC+ certified Super Absorbent Polymer Accelerated the transition to recycled plastics in packaging 	<ul style="list-style-type: none"> Focus on transitioning each business unit's representative product line to sustainable products (materials/packaging) <p>→ 2026</p>
Family Care	<ul style="list-style-type: none"> Continued to use sustainable pulp (used FSC and alternative pulp and recycled paper) Accelerated the transition to recycled plastics in packaging 	<ul style="list-style-type: none"> Promote sustainable development and finalization of other categories (masks, skincare, accessories, etc.) outside of the flagship product line from 2025 onwards <p>→ 2030</p>
B2B	<ul style="list-style-type: none"> Expanded our eco-labeled products (40 SKUs) Reduced use of boreal forest pulp (exceeding our 2022 goal by 8%) Accelerated the transition to recycled plastics in packaging 	

Packaging Strategy · Goals and Action Program

In 2023, a materiality assessment of Yuhan-Kimberly revealed that packaging and plastics are material issues. We have segmented our plastic-free strategy for packaging, which is core to the product development of its business units and is conducting its own assessments and improvements.

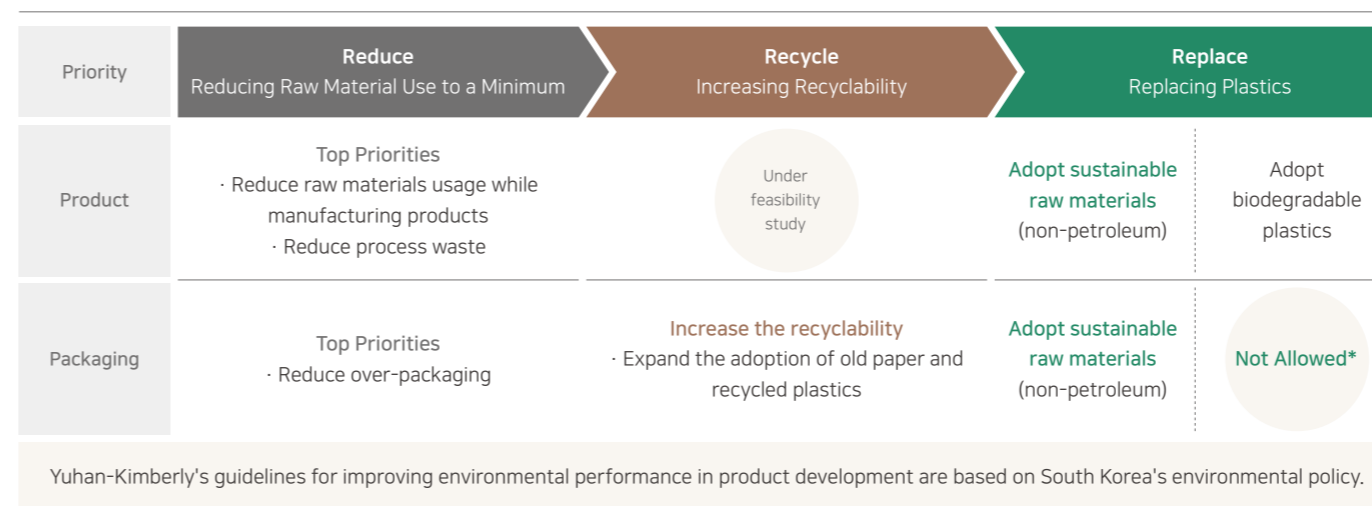
Strategy and Status of Replacing Plastic in Packaging

Major Considerations	Current Status and Self-Assessment Results
Strategy to Reduce Environmental Impact of Packaging	In accordance with the Yuhan-Kimberly Sustainable Product Development Guidelines, we apply the principles of reducing excessive packaging, increasing recyclability, and applying non-petroleum-based sustainable materials.
Disclosure of Efforts to Transition Packaging	We disclosed our goal to use 30% recycled plastic in packaging by 2025 and 50% by 2030, achieving 17% in 2022.
Packaging Recycling Program	We have completed testing for adopting 30% recycled plastic in film-type packaging materials across all business units and plan to achieve the 30% target in 2025 early. In addition, we are promoting the adoption of 80% PCR in wet wipes caps and have also tested the ease of recycling by removing unnecessary stickers and making caps and films into a single material.
Packaging Design and Labeling	We are disclosing environmental information, including separate discharge indication system.
Effects and Monitoring of Packaging Improvement	We monitor the application of recycled plastics in packaging monthly (including the new reduction in petroleum-based plastics use).

Guidelines for Sustainable Product Development

According to the 2020 Declaration on Environmental Management 3.0, Yuhan-Kimberly has outlined a clear definition for sustainable products, set forth development guidelines, and established meticulous standards for overseeing these sustainable products, categorizing them under environmental and social performance dimensions. The products and their packaging are mandated to prioritize reducing raw material usage, enhancing recyclability, and replacing plastics. As for packaging, the application of biodegradable plastics is restricted to specific areas where environmental leakage is a concern.

Sustainable Product Development Guidelines



* Biodegradable plastics only if there is a risk of environmental leakage

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Resource Circulation and Waste

Continuous Improvement and Environmental Management Goals for Manufacturing Operations

Yuhan-Kimberly believes in transparency when it comes to minimizing our environmental footprint. We openly share performance metrics that highlight our efforts. Our 2030 targets encompass key areas: reducing greenhouse gas emissions, optimizing water consumption through reuse, fostering sustainability in pulp and paper sourcing, increasing resource circulation, and minimizing waste generation. Alongside these targets, we present both medium and long-term strategies aimed at achieving them, demonstrating our commitment to producing products that alleviate the environmental burden on our planet.

Efforts to Manufacture Eco-Friendly Products

 <p>Greenhouse Gas Emissions Reduction 20,500 tCO₂e</p> <p>Against 2022 allocation, Reduction between baseline emissions when submitting credits</p>	 <p>Water Conservation and Reuse 1,463,215 m³</p> <p>Water recycled in 2022</p>	 <p>Sustainable Pulp and Recycled Paper 100%</p> <p>Based on the certification of Kimberly-Clark's eco-friendly pulp procurement policy</p>	 <p>Enhanced Resource Circulation and Waste Reduction 2,184 ton</p> <p>Waste from TaeJon Non-Woven Mill's trim and ChoongJu Mills' certified circulation resource combined</p>
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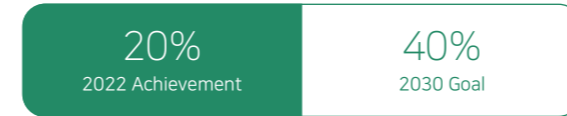
Major Certifications and Agreements by Manufacturing Site

Category	Certification Period	Certification Institution	Business Unit
Green Company	Nov. 2022 – Nov. 2025	Ministry of Environment	ChoongJu Mill
ISO 14001	Nov. 2021 – Oct. 2024	SGS Korea	TaeJon Mill
	Dec. 2022 – Dec. 2025	(Société Générale de Surveillance, SGS)	KimCheon Mill
	Oct. 2021 – Oct. 2024		ChoongJu Mill
Circulation Resource Certification	Jan. 2022 – Jan. 2027	Wonju Regional Environmental Office	ChoongJu Mill
Convention on the Elimination of Invasive Alien Species	May 2014 – present	Wonju Regional Environmental Office	ChoongJu Mill

Sustainable Manufacturing Operations

Management of water resource

Reduction of Water Use (vs. 2015) (KimCheon Mill)



The production processes for pulp-based toilet paper and hand towels require high-quality water for raw material processing. According to a report by the World Resources Institute (WRI), the water stress index in the regions where Yuhan-Kimberly's manufacturing facilities are located—Gimcheon, Daejeon, and Chungju—falls within the 'low to medium' range. Despite this, we are proactively preparing for the risks associated with climate crisis-induced natural disasters. In 2022, KimCheon Mill, which accounts for more than 95% of our water consumption, underwent a self-assessment using the Water Security Guidance methodology developed by the Carbon Disclosure Project (CDP). Following the World Resources Institute Aqueduct framework, we conducted an analysis encompassing physical risks related to water quantity and quality, as well as regulatory and reputational risks, uncovering ten potential risk factors.

In 2023, based on these identified risks, we plan to establish and implement response strategies. Additionally, our KimCheon, TaeJon, and ChoongJu Mills have evaluated their water usage and composition in line with ISO 46001 (Water Efficiency Management System) guidelines. Both the TaeJon and ChoongJu Mills have set targets to reduce water consumption by 2% compared to the previous year. As part of the Water Net Zero project, the KimCheon Mill has successfully reduced daily water consumption by 1,080 m³ through process improvements. Moreover, we actively promote the reuse of treated water for efficient utilization of water resources. Going forward, Yuhan-Kimberly is committed to improving water reuse rates while ensuring the production of high-quality products.

Water Net Zero Activities at KimCheon Mill

Improvements	Savings (m ³ /d)
Saving water used in dust collector	280
Saving water through process modification	150
Reduced fresh water usage by adjusting vacuum pump pressure settings	100
Reduced fresh water usage by increasing the use of recycled water through process modifications and piping replacements	200
Optimized water usage by changing fresh water lines	350

Prevention of water pollution

Non-point pollutant treatment facilities serve to remove or reduce water contaminants that originate from unspecified areas within a business site. In 2022, TaeJon Mill allocated KRW 300 million to establish such facilities at four sites to curtail water pollution from stormwater. This investment led to an 80% reduction in suspended solids based on discharge standards. Yuhan-Kimberly remains committed to curbing environmental contamination through ongoing investment.

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Waste Management

Resource circulation through waste recycling

Yuhan-Kimberly is committed to reducing waste, exemplified by reincorporating recyclable materials from the production process back into the cycle. At the N/W Future Solution Mill in Daejeon, the facility reintroduced waste trim, by-products from non-woven fabric production, back into the process. This initiative alone led to the reduction of approximately 1,236 tons of waste in 2022, resulting in substantial savings of KRW 620 million in raw material costs. The KimCheon Mill, in the same year, repurposed 86% of its sludge—rather than resorting to incineration or landfill—boosting waste resource circularity. The recycled sludge served as materials for calming agents and pumice soil, optimizing resource value while cutting down expenses. For waste not recyclable internally, the facility collaborates with recycling partners to repurpose them as material or energy sources. In 2022, Yuhan-Kimberly produced 0.15 tons of waste per ton of product. This commitment to waste reduction is further highlighted by the increase in our overall waste recycling rate from 98.5% in 2021 to an impressive 99.2% in 2022. Of particular note, KimCheon Mill achieved an outstanding waste recycling rate of 99.9%, showcasing our continuous efforts to advance resource circulation and sustainability.

Enhancing the circulation of waste resources

Annually, the diaper manufacturing at TaeJon Mill produces over 1,000 tons of film-like waste comprising PP and PE. This waste is transformed into recycled plastic as raw materials through the fusion process by recycling firms, eventually finding use in items like plastic containers and construction panels. While businesses are typically responsible for lawfully and consistently disposing of their waste through authorized waste treatment providers, Yuhan-Kimberly has gone beyond this. Through the Green Action Alliance, the company is exploring methods to invigorate and diversify waste recycling at its production facilities. As an initiative, between late 2022 and mid-2023, Yuhan-Kimberly undertook a project to recycle plastic films from its Daejeon plant (TaeJon Mill). This involved collaboration with a waste treatment company to repurpose these films as components for household appliances, in association with a domestic appliance manufacturer. This tripartite partnership between Yuhan-Kimberly, the waste treatment entity, and the appliance company amplified the circularity of waste materials. Furthermore, the comprehensive LCI database from this recycling endeavor will enrich Yuhan-Kimberly's product life cycle assessments.

Spotlight

Preparing for Integrated Environmental Control System Approval

The Integrated Environmental Control System is an environmental management system implemented by the 'Act on The Integrated Control of Pollutant-Discharging Facilities.' Instead of the previous method of managing pollutant discharge routes separately, such as air, water quality, soil, and waste, it has changed to an integrated control approach at the business site level. Yuhan-Kimberly, which belongs to the paper industry, including producing sanitary paper products, intends to establish an Integrated Environmental Control System by 2023. In 2022, we first conducted a 'discharge impact analysis' by summing up the 'Background Concentration (BC)' and the 'Process Contribution (PC)' to derive the 'Predicted Environment Concentration (PEC).' This is to comprehensively consider the impact of pollutants generated at manufacturing sites on the environment and health and to apply the technically/economically feasible best management practices. In 2023, we will set up an Integrated Environmental Management System to continuously reduce the amount of pollutants and efficiently manage emission and prevention facilities.

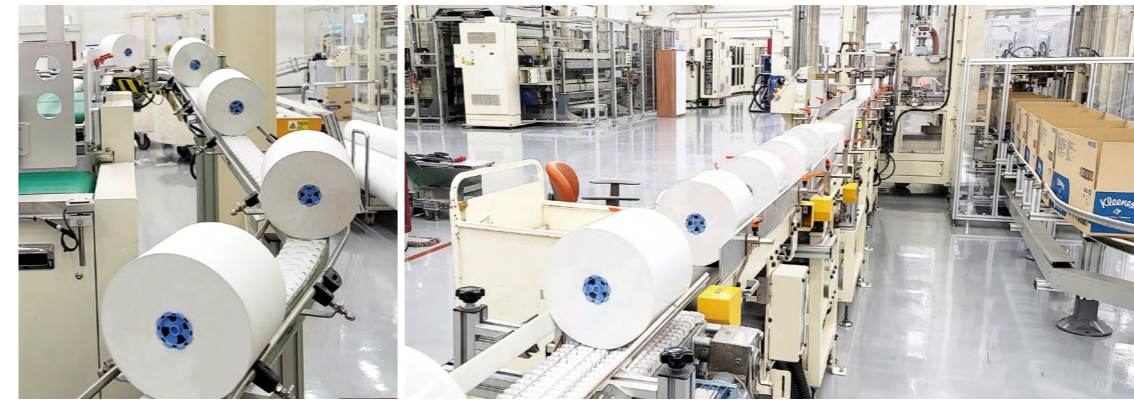
Purchase and Use of Sustainable Pulp

Pulp purchase policy

Yuhan-Kimberly follows a sustainable pulp purchase policy, actively seeking to procure sustainable pulp certified by organizations like the Forest Stewardship Council (FSC) in order to minimize damage to natural environments. This initiative, synchronized with Kimberly-Clark's global purchase team, has led to a consistent rise in the volume of FSC-approved pulp purchased in the last six years, culminating in 132,293 tons in 2022. In tandem, the KimCheon Mill, holding the FSC CoC certification from Kimberly-Clark, has incorporated this certification label on exported hand towels and specific toilet paper products.

Use of pulp

In 2022, Yuhan-Kimberly utilized recycled paper for about 17.9% of the pulp in its toilet paper production, marking a 1.0 percentage point increase from 2021. Meeting the mandated Extended Producer Responsibility recycling standards (85.9% for films and 86.3% for containers), Yuhan-Kimberly remains dedicated to resource efficiency and producing sustainable goods. This is achieved by broadening the use of eco-friendly materials and upping the percentage of recycled content in packaging. The TaeJon Mill operates under the FSC CoC certification for all domestic diapers and pants. Concurrently, the ChoongJu Mill has been evaluated for a PEFC (Programme for the Endorsement of Forest Certification) CoC certification for its 'Goodfeel La Nature' line. Once the final certification is approved in July 2023, 26 products will sport the certification label.



Production Process of Hand Towel

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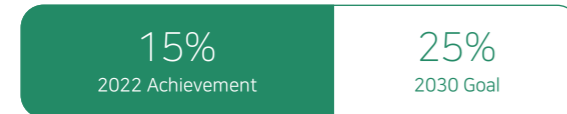
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Responses to Climate Change and Biodiversity

Reduction of GHG Emissions (vs. 2015) (Based on internal calculations by Kimberly-Clark)



Establishing Climate Change Response Systems and Processes

In 2022, Yuhan-Kimberly committed to a 25% reduction in GHG emissions by 2030, relative to 2015, through the Climate Change Action Project. This goal was formulated after undergoing review by the ESG Environment Subcommittee and ultimately gaining approval from the ESG Committee. The project evaluated the inherent emission reduction potential of each facility and the viability of adopting renewable energy sources like RE100 and solar power and examined the SBTi (Science Based Target initiative) process. Comprehensive assessments of climate-related internal and external trends, scenario planning for RE100 integration, and financial ramifications were deliberated upon by the ESG Committee and subsequently presented to the Board of Directors.

Assessment of Climate Change Vulnerabilities and Risks

Climate risks encompass the evolving global climate framework, heightened regulations, unpredictability in raw material acquisition, and shifts in market dynamics. In the short-term, we anticipate risks such as fluctuations in carbon credit prices, increased expenditure for transitioning away from petroleum-based plastics due to tightening plastic and waste management regulations, investments to counter extreme weather phenomena, escalated recovery costs, and growing stakeholder expectations. On the flip side, opportunities include enhancing facility efficiency, curbing carbon emissions, decreasing recycling fees through renewable raw material utilization, and establishing new market worth by manufacturing sustainable products and acclimating to climate variations. In the mid-term, a rise in stakeholder trust, stemming from our pivot to sustainable goods in tune with the evolving eco-conscious consumer behaviors, is seen as an opportunity. Meanwhile, long-term threats include physical impacts like the depletion of water resources due to climate change. Notably, for these long-term risks, we take into account national commitment strategies under the Paris Agreement, the Representative Concentration Pathways (RCP) 8.5 scenario as detailed in the Intergovernmental Panel on Climate Change (IPCC) reports, water resource evaluation techniques as per the Carbon Disclosure Project (CDP), and the Industrial Climate Change Adaptation Tool (ICAT) designed by the Korea Energy Agency, to come up with responsive measures. The primary risks are incorporated into the Crisis Management Response Manual and the Business Continuity Plan (BCP) for individual operational sites, with active risk mitigation measures in place.

Response to Climate Risks

In a strategic move to address the climate crisis, Yuhan-Kimberly, during the ESG Committee meeting in July 2022, decided to initiate a virtuous cycle fund. This fund directs the revenue from the sale of surplus emission credits earned from GHG reduction efforts, towards sustainable areas to enhance energy and environmental outcomes. Furthermore, as part of its commitment to reduce GHG emissions, Yuhan-Kimberly prioritizes investments that bolster environmental performance during its annual facility investment planning, ensuring that a minimum of 30% of the fund is allocated for this purpose.

The TaeJon Mill, recognizing the potential for flooding over the next 30 years through the 'Flood Management and Mitigation Program,' has taken a proactive approach by installing flood barriers, safeguarding against extreme weather occurrences. Moreover, every facility has established a Task Force dedicated to preventing damage from storms and floods to mitigate both human and material losses from natural disasters.

In parallel, to foster innovation in sustainable materials and product adoption, Yuhan-Kimberly has partnered with sustainable material development firms. This is in addition to enhancing collaborations with premier domestic conglomerates through agreements focused on developing and providing sustainable and environmentally friendly materials.

Biodiversity Policy

With a focus on valuing biodiversity and sustainable utilization, Yuhan-Kimberly assesses the impact of biodiversity changes that may arise from utilizing resources such as forests, soil, and water. We also examine the impact of these biodiversity shifts on our business operations, encompassing facets such as raw material sourcing, reputation, and regulatory considerations, aiming for an effective response. In alignment with UN SDGs Goal 12 (Sustainable consumption and production) and Goal 15 (Protect sustainable use of terrestrial ecosystems), we have framed and enforced biodiversity strategies. An important element of our biodiversity policies is our dedication to reducing the use of pulp sourced from the northern boreal forest by 50% by 2025, compared to the levels in 2021. Concurrently, we're launching initiatives to integrate sustainable pulp options, like Environmentally Preferred Fiber (EPF) – which includes recycled paper, sustainable pulps such as FSC CoC, and alternative pulps like bamboo – into our product line.

Spotlight

Minimize the Use of Boreal Forest Resources

The boreal forest stands as a globally significant ecosystem, rivaling the world's tropical forests in environmental, social, cultural, and economic importance. Spanning regions including Canada and Alaska, the boreal forest biome encompasses an estimated 25% of the world's remaining undisturbed primary forests. Major concerns in the Canadian boreal forest's commercial management encompass Indigenous rights, biodiversity conservation—especially concerning impacts on caribou habitats—and climate change. Yuhan-Kimberly commits to conserving biodiversity by limiting the utilization of boreal forest resources.

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TCFD (Task Force on Climate - Related Financial Disclosures)

Type		Risk		Opportunity	Potential Financial Impact	
Transition Risk	Policy and Legal	Greenhouse Gas Emissions Trading System	Short-term	<ul style="list-style-type: none"> Rising carbon credit prices and tightening regulation on GHG emissions 	<ul style="list-style-type: none"> Increasing investment to reduce carbon footprint 	<ul style="list-style-type: none"> Carbon credits costs and increasing prices Minimizing the purchase of credits with GHG reduction activities
		Elevated product export risks and compliance costs due to increasing packaging and waste management regulations around the world	Short-term	<ul style="list-style-type: none"> Increased compliance costs due to domestic and international packaging and waste management regulations 	<ul style="list-style-type: none"> Reduced recycling contribution costs by lightening products and using recycled plastics 	<ul style="list-style-type: none"> Rising cost of environmental levy due to annual increase in contribution cost unit price and calculation index
	Technology	Adoption of high-efficiency technologies	Short-term	<ul style="list-style-type: none"> Increased R&D investment to secure new carbon reduction technologies Increased research burden for low-carbon products and technologies 	<ul style="list-style-type: none"> Increased investment in high-efficiency equipment, GHG reduction equipment, water recycling equipment, etc. Reducing GHG emissions and reducing energy costs at business units Creating business opportunities such as energy management systems Establishing low-carbon product production processes 	<ul style="list-style-type: none"> Reducing mid- and long-term production costs by creating efficient energy facilities Increased costs due to new investments, research, and equipment introduction Increase in R&D costs for low-carbon products and unit costs of raw materials
	Energy	Increased use of renewable energy	Mid-term	<ul style="list-style-type: none"> Increased production costs due to rising short-term electricity costs 	<ul style="list-style-type: none"> Reducing cost exposure to rising fossil fuel prices by expanding renewable energy generation 	<ul style="list-style-type: none"> Investment costs for renewable energy generation Offsetting fossil energy purchase costs
	Market	Changing consumer behavior	Mid-term	<ul style="list-style-type: none"> Increased costs of certifying high-efficiency/eco-friendly products 	<ul style="list-style-type: none"> Increased investment in R&D for highly efficient and environmentally friendly products Creating new market value through sustainable product production and climate change adaptation Rising consumer awareness Gaining authentic customer engagement and trust by expanding green activities 	<ul style="list-style-type: none"> Increased sales of low-carbon products
		Rising raw material costs and procurement	Mid-term	<ul style="list-style-type: none"> Rising raw material prices due to climate change-induced shortages 	<ul style="list-style-type: none"> Securing market competitiveness through early expansion of raw material sources 	<ul style="list-style-type: none"> Increase in raw material prices Lower unit costs due to competitive raw materials
Reputation			Mid-term	<ul style="list-style-type: none"> Changes in consumer preferences Increased concerns or negative views of stakeholders 	<ul style="list-style-type: none"> Increased credibility by fulfilling stakeholder expectations 	<ul style="list-style-type: none"> Lower product sales due to lower reliability Increased product sales due to increased reliability
Physical Risk	Acute	Typhoons, heavy rains, heat waves, etc.	Short-term	<ul style="list-style-type: none"> Increased investment in environmental/safety/disaster prevention facilities to prevent natural disasters Increased costs of recovery and lost business opportunities in the event of a disaster Increased costs of investment and recovery in response to extreme weather events Increased costs for operating business sites, such as cooling and heating facilities 	<ul style="list-style-type: none"> Increased sales of lightweight and summer-only products Potential for increased demand for hygiene products 	<ul style="list-style-type: none"> Increased costs of investment and recovery in response to extreme weather events Increased financial losses due to production interruptions, etc.
	Chronic	Changes in rainfall Changes in temperature Water shortages Sea level rise	Long-term	<ul style="list-style-type: none"> Deterioration of raw materials and product quality due to sudden temperature changes Production damage (transportation, supply chain disruption, health, safety, absenteeism, etc.) due to increased extreme weather events (typhoons, floods, etc.) Increased recovery costs due to facility damage Strengthened facility safety, employee health management, and product quality management by establishing climate change adaptation measures Reduced potential risks by establishing a proactive climate adaptation management strategy Water source supply shortages due to heat waves and droughts 	<ul style="list-style-type: none"> Strengthened facility safety, employee health management, and product quality management by establishing climate change adaptation measures 	

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Activities to Reduce GHG Emissions

In a joint effort between Corporate Affairs and Manufacturing, Yuhan-Kimberly distinctly manages its assigned emissions under the Greenhouse Gas Emissions Trading System along with its internal emissions objectives. Accordingly, we assess each operational site's climate change response achievements and enhancement plans during our quarterly environment and energy working-level meeting.

Energy Management and Efficiency

Central to Yuhan-Kimberly's business operations is a commitment to environmental and energy management. We introduced our energy management system at the ChoongJu Mill in 2012 and subsequently extended it to all our facilities by 2016, encompassing the Facility Energy Management System (FEMS).

During 2022, the ChoongJu Mill upgraded to high-efficiency air conditioners and chillers, resulting in a reduction of approximately 1,419 tCO₂e in emissions due to the transition in boiler fuel. Efforts have been made to pinpoint energy needs and minimize wasteful energy consumption. Furthermore, following the inauguration of a 100 kW solar facility in 2021 and the installation of 26 solar streetlights in 2022, we are actively considering expanding our renewable energy portfolio. In that year, the solar equipment at ChoongJu Mill produced 128 MWh, supplying the lighting and heating demands within the premises.

KimCheon Mill is focused on refining LNG consumption, having ushered in high-efficiency turbo compressors in 2022 to cut back on electricity and launching a project to reclaim waste heat from raw paper production, channeling it back as steam. This strategy is projected to curtail GHG emissions by approximately 1,048 tCO₂e annually.

The TaeJon Mill, in 2022, integrated the Optimum Power Control for Motor (OPC_M) into its diaper and non-woven manufacturing, leading to a 35% electricity reduction relative to the earlier system and cutting GHG emissions by 1,794 tCO₂e annually. The plan for 2023 is to extend this upgrade across all production lines to further decrease emissions.

Furthermore, to bolster the Facility Energy Management System, the manufacturing mills have embraced the Historian tool, which offers real-time data collection and storage for productivity oversight, propelling instantaneous, production-centric energy resource management. Owing to these persistent endeavors in energy optimization and GHG emissions mitigation, our emissions for 2022 stood at 192,694 tCO₂e, marking a decrement of 57 tCO₂e from 192,751 tCO₂e in 2021. Out of this, emissions from electricity consumption tallied up to 128,504 tCO₂e, representing around 67% of the aggregate emissions.

Energy Savings Efforts by Mills in 2022

Category	Effort	Expected Outcome
KimCheon Mill	· Recovering process waste heat and reusing it as steam	726 tCO ₂ e*
	· Reduce power by switching to high-efficiency turbo compressors	322 tCO ₂ e
ChoongJu Mill	· Adopting high-efficiency turbo compressors	539 tCO ₂ e
	· Adopting high-efficiency chillers	290 tCO ₂ e
	· Switching to boiler fuel	590 tCO ₂ e
TaeJon Mill	· Introducing motor power reducers	1,794 tCO ₂ e

* Gauge pressure 10 kg/cm², calculated Tier 2 national GHG emission factors

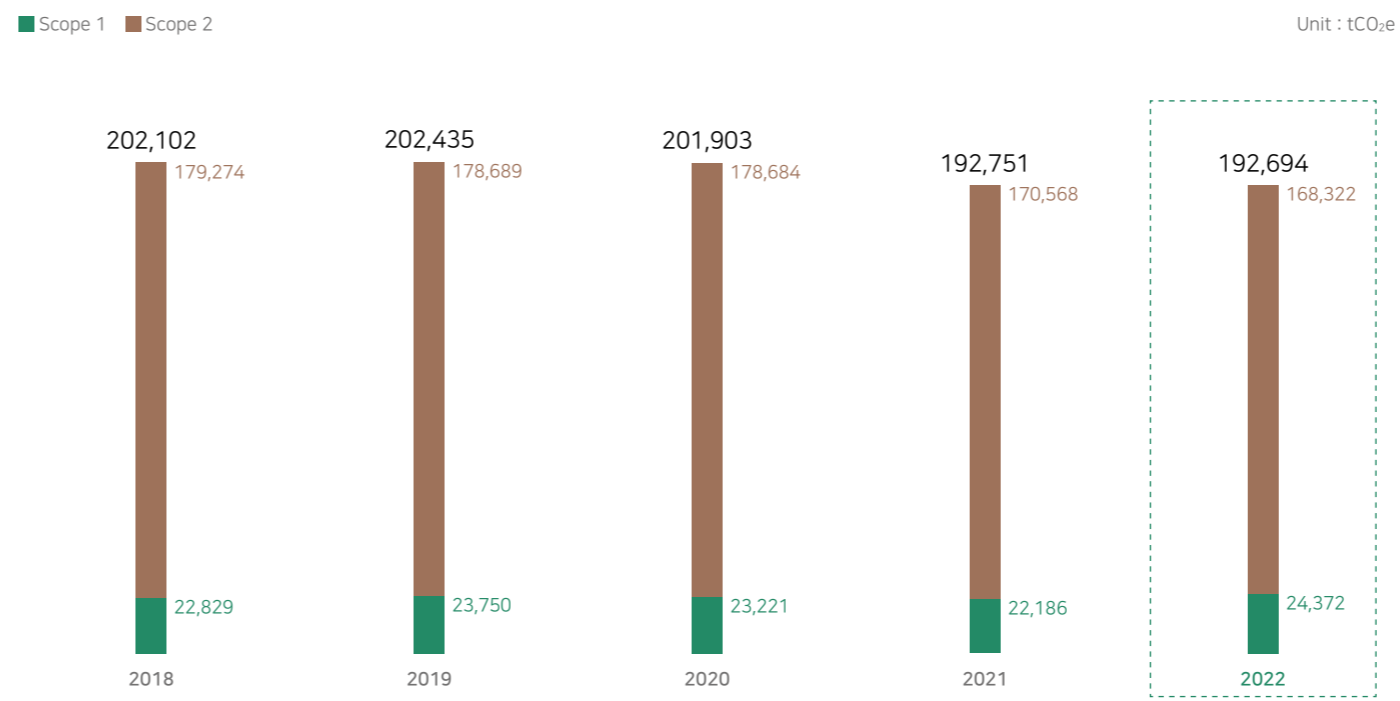
Logistics innovation initiative

Launched in 2008, well before the widespread acknowledgment of the climate crisis, Yuhan-Kimberly embarked on an innovative logistics program aimed at optimizing its logistics network and reducing greenhouse gas emissions. In 2022, as part of this logistics innovation initiative, we implemented a total of 19 projects. These included implementing zero single shipments for e-commerce gifts, reducing reverse transportation to decrease greenhouse gas emissions, expanding direct deliveries from our KimCheon, TaeJon, and ChoongJu Mills to conserve energy, and integrating advanced logistics from Coupang. Thanks to these measures, the initiative contributed to emissions reduction and yielded transportation cost savings of approximately KRW 18.6 billion for the year 2022.

Management of carbon emissions from supply chain

Yuhan-Kimberly is committed to reducing carbon emissions throughout every stage of our operations, including the transportation and distribution phases (Scope 3), outside the purview of the GHG Emissions Trading System reporting. Since 2009, we have consistently striven to lessen our carbon footprint during the transportation and distribution of products. Notably, in 2019, we initiated the 'Eco-Friendly Logistics Vision 2030,' targeting a systematic reduction of GHG emissions in the logistics domain through optimization and rationalization of our logistics infrastructure and network. Consequently, GHG emissions from product transportation and delivery in 2022 amounted to 9,037 tCO₂e, marking an 11.9% decline from 10,262 tCO₂e in 2021. Looking forward, our strategies include adopting electric cargo vehicles, enhancing pallet loading efficiency, and rolling out an electronic receipt system to curb GHG emissions further. Moreover, although our current Scope 3 emissions calculations focus on downstream transportation and logistics, we intend to expand the Scope 3 assessment to include key areas such as primary material purchase, transportation/logistics, and product disposal. We intend to disclose these comprehensive findings in 2023 to fortify our stance against the climate crisis.

Greenhouse Gas Emissions Trend



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Response to emissions trading system and relevant decision-making

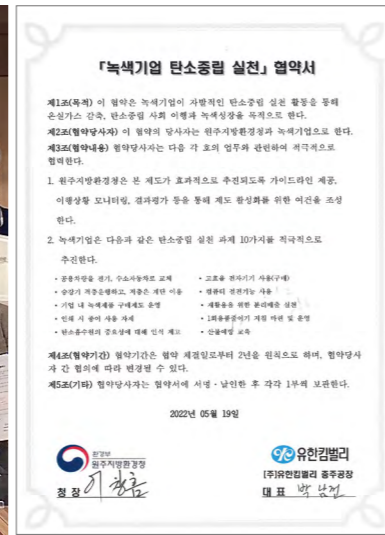
Since 2015, Yuhan-Kimberly has been an allocation target company under the Act on the Allocation and Trading of Greenhouse Gas Emission Rights. The amount of surplus we have and the status of our finalized emissions for the year are reviewed annually by the Environment Subcommittee and ESG Committee to obtain approval for carryover or sale. To address the uncertainties associated with the emissions trading system and future risks, Yuhan-Kimberly has opted to carry forward twice the amount of sales to August 2023 through the Korea Exchange (KRX). Simultaneously, the ESG Committee is evaluating the suitability of climate change response and environment-related investments within the facility investment allocation for Manufacturing.

Carbon Neutrality Implementation Agreement of the ChoongJu Mill as a Green Company

In May 2022, ChoongJu Mill entered into a 'Carbon Neutrality Implementation Agreement as a Green Company' with the Wonju Regional Environmental Office and is currently undertaking ten action tasks to achieve carbon neutrality in the Wonju region. In particular, at the agreement ceremony, ChoongJu Mill presented examples of its excellent carbon neutrality activities, including reducing the amount of printing paper used, energy saving campaigns, low-carbon diets, and transferring management measures for proper operation of air and water emission facilities.

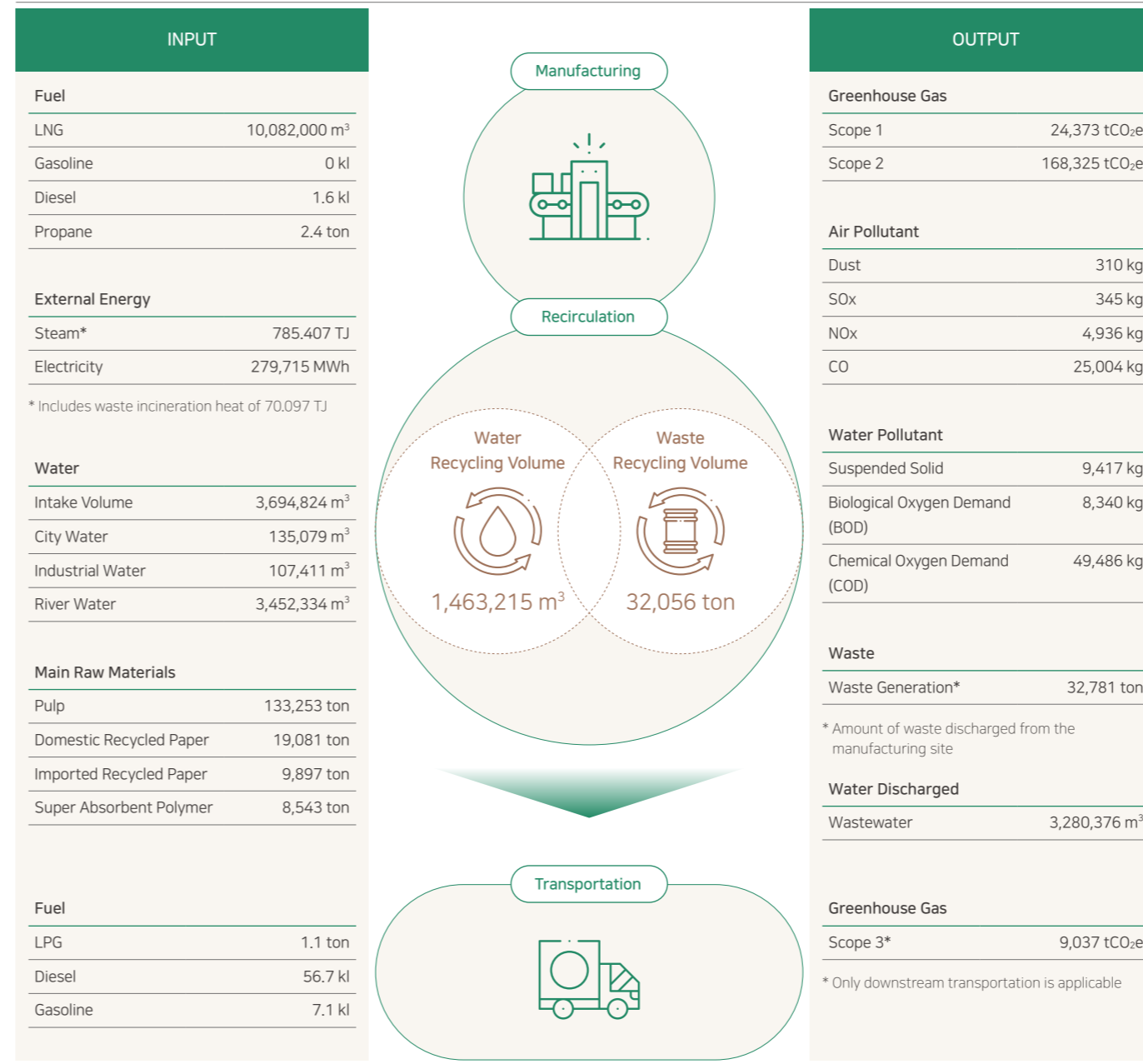


Carbon Neutrality MOU of ChoongJu Mill as a Green Company



Agreement for Carbon Neutrality Practice as a Green Company

Material Flow Diagram



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Environmental Management Practices with Customers and Employees



Sseudam Sseudam Campaign of Huggies Naturemade

TerraCycle Campaign with Customers

In April 2022, Yuhan-Kimberly initiated the 'Sseudam Sseudam Huggies' campaign in partnership with TerraCycle, aiming to foster the recycling of plastic packaging materials (LDPE, HDPE). The campaign was devised to stimulate the collection and recycling of plastic packaging, recognizing that plastic packaging materials, such as LDPE and HDPE, typically have lower recycling rates compared to other materials like PET bottles. Often repurposed as heat sources, their recycling value tends to diminish. Participating customers were requested to inspect recycling symbols imprinted on various packaging items, including diaper packaging, and to gather them inside a designated Sseudam box. All collected plastic packaging materials were used as new resources through TerraCycle. Through this campaign, Yuhan-Kimberly conveyed the meaning of a virtuous cycle of resources to its customers while suggesting the proper habit of checking the recycling marks on plastic packaging. We will continue striving to transform used resources into useful ones through our customers' daily practices.



Won the Grand Prize at the 2022 Seoul Environment Awards

Grand Prize at the Seoul Environment Awards

In June 2022, Yuhan-Kimberly won the grand prize at the 26th Seoul Environment Awards. Annually, the Seoul Metropolitan Government identifies awardees in five categories: green technology, energy transition, environmental management, resource circulation, and climate action. These categories aim to acknowledge individuals, organizations, and companies that have played a role in addressing the climate crisis and enhancing the pleasant environment of Seoul. Yuhan-Kimberly was highly recognized for reducing carbon emissions and plastic use in the entire production process and practicing environmental management to achieve carbon neutrality and was awarded the grand prize.

ESG Training



ESG Internalization Training

In 2022, Yuhan-Kimberly undertook the 'Strengthening the Vision Execution Mindset of All Employees through ESG Management Internalization' project as one of its company-wide GT tasks. This project was initiated to enhance the understanding of ESG and Environmental Management 3.0. Given that ESG management has emerged as a core competitive element for Yuhan-Kimberly, the project's objective was to enhance all employees' understanding of ESG management and foster a stronger vision execution mindset. The major theme was understanding the role each employee should perform in relation to ESG management. For this, the education curriculum was established, focusing on the overall ESG areas (4 areas), Environmental aspects (7 areas), and Social dimensions (2 areas). We had 11 educational sessions for members of critical major functions such as R&E, Marketing, and Manufacturing, with a total of 823 participants. After the sessions, a survey revealed a 6-10% rise in the understanding of ESG management and knowledge about Yuhan-Kimberly's 2030 sustainability objectives and their current implementation status among all employees. Additionally, Yuhan-Kimberly began proactive stakeholder communication about ESG management. We shared information on the reasons for starting ESG management, definitions and progress of sustainable products, the structure of Yuhan-Kimberly's ESG management, and success stories in ESG management. We plan to maintain regular communication with stakeholders about our ESG management outcomes in the future.

2022 Environmental Management Activities by Employees

Category	Activity
Promotion of an eco-friendly culture through minimizing paper printing	· Promoting an eco-friendly culture by minimizing paper printing by using individual laptops and company-shared folders · Simplifying the use of approval documents by utilizing electronic approval systems
Normalization of personal cup usage in the office	· Encouraging the use of reusable cups by providing personal mugs (reduced the daily paper cup usage from 600 to 50, approximately a 92% decrease)
Office electricity usage reduction campaign (April 2023)	· Office lights-out policy: changed from the previous 00:00 to 21:00 · Installing automatic sensors in conference rooms to turn off lights after 5 minutes of inactivity
Energy saving in business sites/offices	· Saving energy used for heating and cooling by managing optimal temperatures during summer and winter · Reducing electricity usage by replacing previous lights with LED lighting
Conducting environmental education	· Improving environmental awareness and building consensus through tailored environmental education for employees
Creating a green office environment	· Achieving a 2.53% greenery rate in the green office
Strengthening environmental awareness	· Providing a low-carbon diet once a month · Practicing love for the earth and promoting a plogging certification · Green office practice pledge campaign (April 2023)
Energy saving campaign	· Implementing an energy-saving campaign within the business site

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Investing in Sustainability

2022 Investment Execution

A total of KRW 66.2 billion was approved for new investments in 2022, encompassing a total of 63 items. Of this, approximately KRW 26 billion will be executed by 2023 and KRW 20 billion by 2024. Including items that were approved for investment before 2022, the total facility investment amount executed in 2022 is KRW 49.8 billion, and the investment amount for the major projects among them totals KRW 35.5 billion.

Major Projects Where Investment Was Executed in 2022

Project					
	New Tampon Production Facility	Installation of #10 Tissue Machine	Upgrade of Advanced Non-Woven Fabric Equipment	Improvement of Sanitary Pads (Ultra Slim)	Improvement of Diapers (Enhanced Absorption Speed)
Total Approved Investment Amount	KRW 10.4 billion	KRW 43 billion	KRW 44 billion	KRW 2.4 billion	KRW 1.4 billion
	← KRW 101.2 billion →				
Total Amount Executed in 2022	KRW 1.1 billion	KRW 22 billion	KRW 10 billion	KRW 1.2 billion	KRW 1.2 billion
	← KRW 49.8 billion (including others) →				

Start of Domestic Tampon Production

On April 27, 2023, Yuhan-Kimberly completed the installation of a new tampon production facility and began domestic production of tampons. The pure cotton tampons produced at the TaeJon Mill meet all of the design requirements consumers need and have been approved by the Ministry of Food and Drug Safety of Korea, a domestic standard, and the US FDA medical device standard. As the domestic tampon market is a high-potential market expected to grow by about 50% compared to 2017 by 2025, we expect domestic production to lead the market's growth.

Operation of #10 Tissue Machine at KimCheon Mill

The new facility, #10 Tissue Machine, at KimCheon Mill began operation on July 17, 2023. The existing facilities at KimCheon Mill were unable to fully meet the increasing demand in the tissue market, but it is expected that the operation of the #10 machine will address this issue. The new facility is expected not only to ensure the supply of fabric for premium products flexibly and adequately as needed but also to improve profitability through the internal supply of fabric. It is also expected to contribute to the reduction of greenhouse gases by replacing imports.

New Investment in Advanced Non-Woven Fabric Equipment

The advanced non-woven fabric facility newly invested in at the TaeJon Mill was approved in April 2022. Currently, the design of the main equipment and systems has been completed and is being manufactured. The new advanced non-woven fabric facility has a production capacity that can supply a total of 12,000 tons of non-woven fabric annually, with a goal to start operations in the third quarter of 2024. Once the facility is fully operational, it will provide not only 1-denier (1/100th the thickness of a human hair) super-fine non-woven fabric that can reduce plastic usage by more than 20% but also Bi-Co SB that meets consumers' needs for softness, a maximally soft special non-woven fabric and the highest quality sustainable non-woven fabric with capabilities in eco-friendly material development and commercialization. These cutting-edge materials are expected to be applied to products like baby diapers, sanitary pads, senior underwear, etc., driving product innovation across the entire business unit.

Continuous Investment for Expansion of New Businesses

Yuhan-Kimberly selects potential growth business sectors every year and supports them in various ways to solidly prepare for the company's future growth. In 2022, a separate organization emphasizing flexibility and collaboration was formed under the name 'ACT (Agile Collaborative Team).' This team closely managed five business sectors: PPAA (Proactively Protect Anytime Anywhere), baby accessories, wet wipes, skincare, and Scott cleaning supplies. Starting from 2023, with a new name, 'Next Core Team,' the team's responsibility has been narrowed to focus on three business sectors: baby accessories, skincare, and Scott cleaning supplies, in preparation for leading the company's future as the next core business.

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Manufacturing Innovation

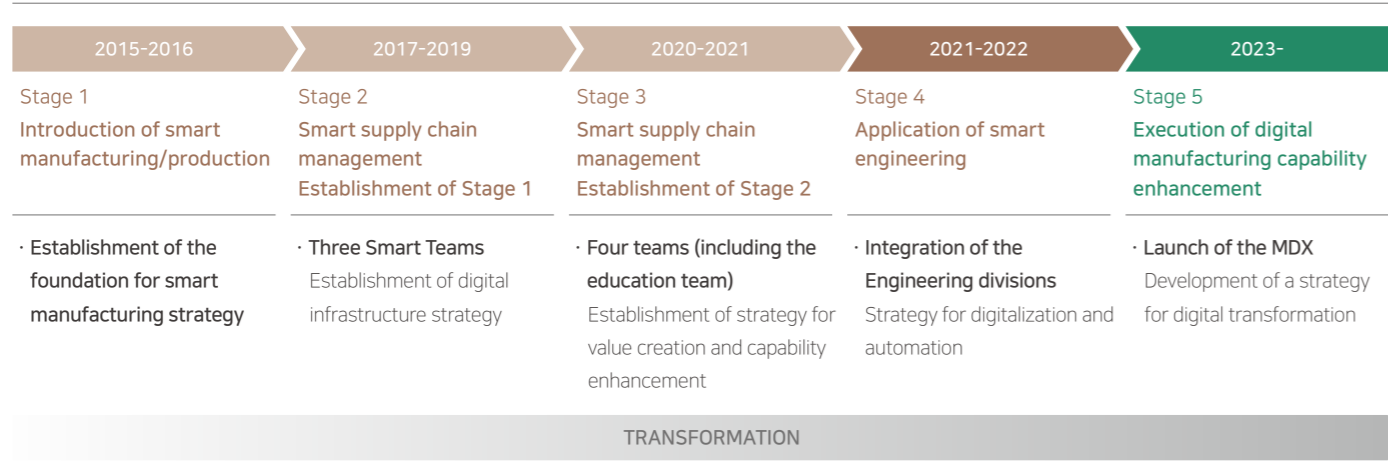
Establishment of a Smart Production System

Over the past 7 years, Yuhan-Kimberly has actively promoted Digital Transformation (DT) for establishing smart factories by introducing the Manufacturing Execution System (MES), securing cost/quality competitiveness through data-based problem-solving, and embedding a digital culture in the manufacturing field. As part of this initiative, the MES of the TaeJon Mill, which has evolved to enable integrated quality management and analysis, was expanded and applied to the KimCheon Mill. In the future, the company plans to further enhance the traceability and connectivity of manufacturing data by expanding the MES application across all manufacturing sectors. Moreover, in the long term, the company intends to establish a proactive quality management system by building a consistent quality assurance system that connects process management information, quality information of products and raw materials, and consumer feedback, using IT solutions.

Strengthening Digital Capabilities for Achieving Manufacturing Intelligence

Yuhan-Kimberly aims to focus on developing new DT strategies by restructuring the existing SSC (SMART Supply Chain) into the MDX (Manufacturing Digital Excellence) to advance the intelligence of the Manufacturing. By successfully building a digital infrastructure, enhancing the digital capabilities of manufacturing members, and developing smart solutions, we aim to continuously create value based on manufacturing intelligence and digitalization, strengthening its manufacturing competitiveness. Furthermore, we continue to integrate new technologies into the Manufacturing by continuously discovering DT tasks and strengthening its digital capabilities by deploying manufacturing data analysis experts. Since 2019, factory engineers have been establishing a culture of improvement through data-based problem-solving and continuously developing improvements using data analysis, producing results every year. In 2022, 14 tasks were undertaken, contributing to digital value creation and capability enhancement, and in 2023, 28 DT tasks identified through factory-specific DT workshops are in progress.

Development Stages for Manufacturing Intelligence



Logistics Innovation

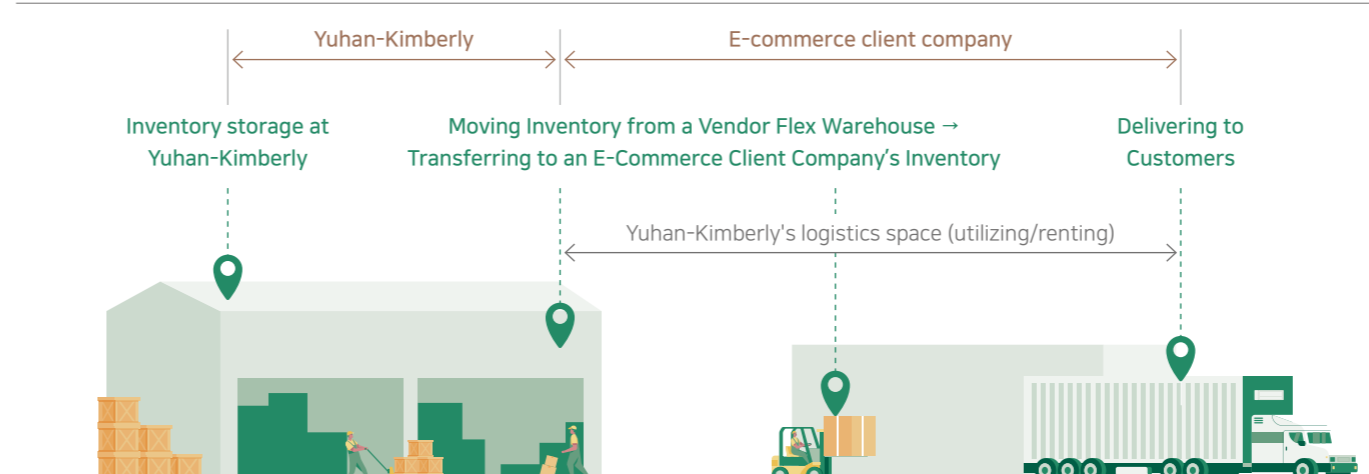
Co-packing Project at ChoongJu Mill

The Co-packing Project is an initiative where manual product packaging tasks, previously handled by subcontractors, are now carried out internally by Yuhan-Kimberly personnel to save toll processing costs. We produce various toll processing products such as online direct products, samples, planned products, and paper bands, achieving an annual cost-saving of over KRW 1 billion. E-commerce exclusive ePack products, representative products of online direct sales, not only assist environmental improvement by drastically reducing packaging material through combined packaging of similar products but also significantly contribute to sales growth by maximizing logistic efficiency for client companies. Additionally, by delivering products in standardized boxes to customers, delivery quality is also being improved. Currently, these are mainly utilized for sales through online client channels, and we plan to increase their use in the company's own online store to save on logistics costs.

Vendor Flex

Since 2016, Yuhan-Kimberly's Sales and Logistics, along with e-commerce client companies, have been collaboratively operating Vendor Flex at the KimCheon and TaeJon Mills. Vendor Flex is a novel business model where Yuhan-Kimberly directly operates a client company's warehouse management system within its factories, processing real-time orders for packaging and delivery. This model minimizes product movement between manufacturing and e-commerce clients, thereby reducing overall supply chain costs and securing price competitiveness. Through Vendor Flex, Yuhan-Kimberly is achieving service improvements such as reduced product movement distances leading to CO₂ reduction, savings on logistics costs, and shortened delivery times. The ability to operate various product categories also raises expectations for expanding new sales opportunities. From 2022, we have expanded the scale and SKU compared to the previous year, operating with 2,528.9 m² in KimCheon Mill and 1,818.2 m² in TaeJon Mill. In the future, once Vendor Flex is established in the ChoongJu Mill, products manufactured in ChoongJu will pass through the Co-packing center and be delivered directly to consumers via Vendor Flex. This will allow for immediate responses to consumer orders, maintaining next-day delivery service quality, and it is expected to significantly reduce the stockout rate of toll-processing products, potentially resulting in an increase in sales of at least 10%.

Vendor Flex



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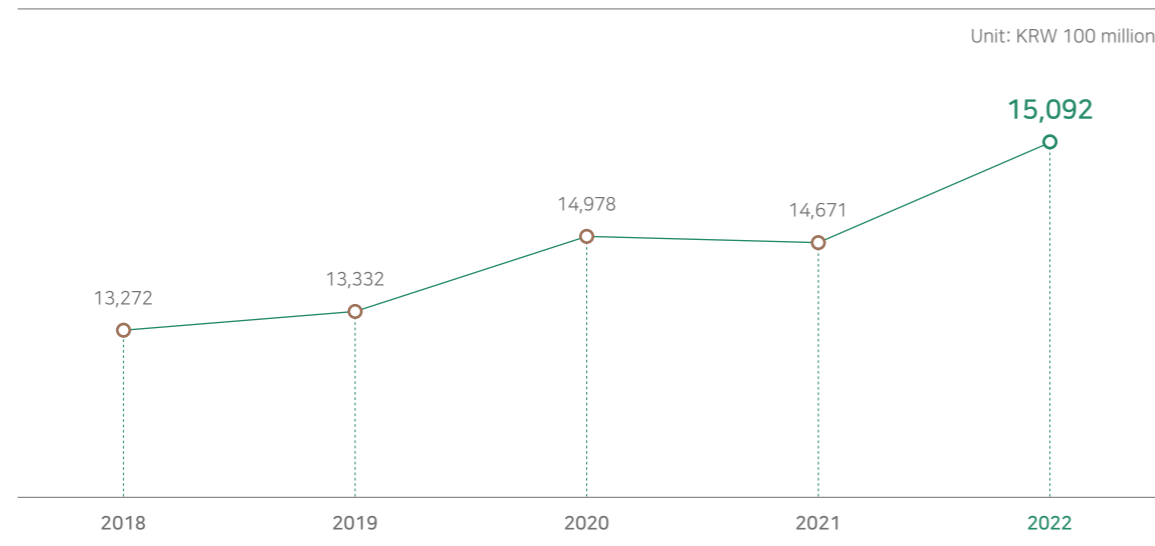
Business Model Innovation

Changes and Leadership in Market Environment

Market environment and performance

The first half of 2022 was marked by uncertainty in the economic landscape due to the ongoing effects of COVID-19. The collapse of global supply chains caused by COVID-19, a surge in raw material prices due to currency appreciation, and rising oil prices stemming from the Russia-Ukraine war contributed to cost pressures. Yuhan-Kimberly has been preparing for the post-COVID-19 era by committing to aggressive capital investment, including a decision to invest KRW 143 billion by 2023 to secure a foundation for new growth and innovative product supplies in household and personal products and B2B businesses. We also laid the groundwork for our senior care business to grow as a major future operation, building on our strength of consumer preference and initiating aggressive market strategies. The Scott, newly introduced to the cleaning and home care product market, successfully established itself by responding to changes in consumer spending patterns and demonstrating rapid execution. Green Finger Skincare also grew as a dominant brand in major sales channels. Consequently, in 2022, sales increased by 2.9% from the previous year to reach KRW 1509.2 billion, and net profit for the year grew by 9.9% to KRW 144.5 billion. In 2023, these are expected to lead market growth as major facilities such as the #10 Tissue Machine at KimCheon Mill and tampon production facility at TaeJon Mill start operations.

Sales Trend (2018-2022)



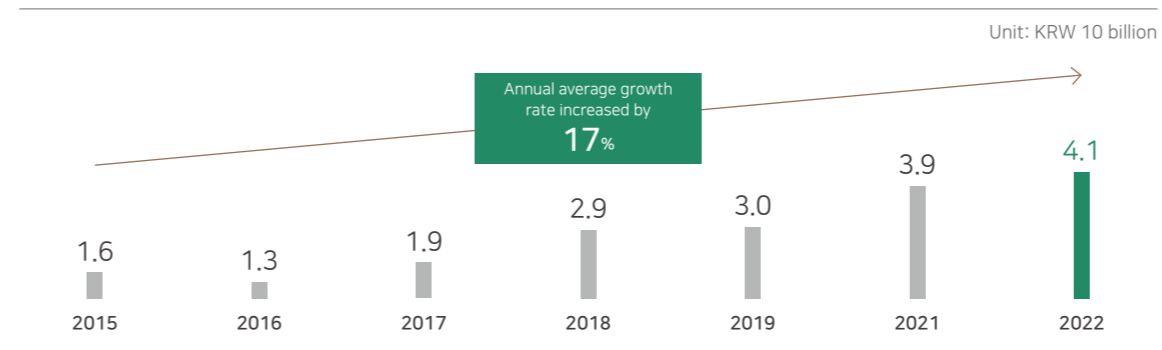
Enhancement of E-commerce Channel

Yuhan-Kimberly is enhancing the customer purchasing experience on major e-commerce marketplaces like Naver, Kakao, Gmarket, Auction, and 11th through the D2MP (Direct to Marketplace) business model. We have strengthened communication with consumers through live commerce and short clip content and have revamped our delivery service to dispatch orders by midnight for next-day arrival. In collaboration with Naver's Happybean, we have introduced campaigns such as the 'Greener Product Campaign' and 'Cheer Up Daughters' sanitary pad donation campaign to convey both the products and the values of Yuhan-Kimberly. As a result, sales from the D2MP business model in 2022 increased by 17% compared to 2021, particularly recording significant growth on Naver (+41%) and KakaoTalk Store (+54%).

Growth of the direct online store, 'momQ.'

Yuhan-Kimberly's direct store 'momQ,' opened in 2015, has been recording an annual growth rate of 17%. With the influx of customers into categories ranging from essential items for pre- and post-childbirth to kids' categories, it has grown to 1.6 million registered users. The representative promotion of 'momQ,' called 'momQ Live,' communicates in real-time with more and more customers weekly. Notably, the 'momQ Wiki' content/community service is increasingly becoming popular, evolving into a communication window where customers share real-life parenting information. Powered by this, we are enhancing content covering a wide range of needs, from childbirth policies to essential parenting information for novice parents, and is improving access routes to such content. Additionally, through campaigns such as 'Huggies Sseudam Sseudam,' 'Diapers donation for preemies,' and 'Hug Box,' we are increasing customer touchpoints and continuously developing new functions as a communication platform for the brands. Meanwhile, the information on infant/child parenting and customer interest/purchase data collected from 'momQ' is effectively used for CRM and on-site marketing, to provide with customers benefits tailored to life cycles.

Business Results through 'momQ' (2015-2022)



Menstrual Health Curation App 'Daldabang'

Growth of the women's wellness management app, 'Daldabang'

As of March 2023, the menstrual health curation app 'Daldabang,' launched by Yuhan-Kimberly's Feminine Care Business in 2021, has surpassed 1 million downloads (as of the end of March 2023). The 'Daldabang' app has been developed to calculate menstrual cycles easily and accurately and to save and track various symptoms during menstruation. Notably, in 2022, we conducted a significant renewal of the app, enhancing its UI/UX for user convenience, improving cycle tracking functions, and increasing the convenience of app management, thereby elevating its quality competitiveness. The quantity and quality of content for the users have been enhanced to expand the app experience. 'Daldabang Talk' provides curated information on sanitary pad experiences and women's health knowledge according to the life cycle, while 'First Period Road' offers content specialized for the first menstruation, assisting adolescents and their guardians in comfortably accepting their first menstrual experience. Going forward, we will continuously develop content to address the topic of universal menstruation rights and establish a culture where menstruation can be discussed naturally.

Preparation for continued growth in healthcare

The Healthcare business of Yuhan-Kimberly emphasizes collaboration with strategic partners for sustained growth. As part of such collaboration, in March 2023, we signed an exclusive supply agreement in Korea for the surgical glove brand 'ENCORE®' with ANSELL, a global leading glove company. Founded in 1893, ANSELL has a history of 130 years as a glove specialist company, holding the top position worldwide regarding the supply volume of its surgical gloves, and is recognized for its exceptional quality competitiveness. With the surgical glove supply agreement between ANSELL, Yuhan-Kimberly's Healthcare business aims to further enhance our quality competitiveness and solidify our leading position in the market. Furthermore, through close collaboration with ANSELL, we plan to introduce innovative products to Korea, elevating infection management and earning greater trust from more customers.

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Product and Technology Innovation

New Products from Yuhan-Kimberly in 2022

Category	Product Name	Month of Launching	Features	Image	
Baby Products	Diapers & Pants	Huggies Bosong Bosong	February	· 20% widened absorption pad leads to twice as fast absorption speed	
		Huggies Nature Made Organic	February	· 100% Scandinavian pulp refined using the completely chlorine-free TCF method · Softer waistband due to new technology · Improved fit and absorption with the application of ThinTech™ Core	
		Huggies Magic Comfort Summer	April	· Application of ThinTech™ Core · Breathable leg bands and rear leak prevention pockets introduced · Liner containing lyocell	
		Huggies Nature Summer	April	· Temperature-reducing effects via lyocell	
		Green Finger Cozy Cotton Fabric Softener	December	· Used plant-derived ingredients which is biodegradable in water, giving a softening effect on fibers · Microplastic non-detection test completed	
		Green Finger Sweet Blossom Laundry Detergent	December	· Contains three types of premium laundry enzymes · Microplastic non-detection test completed	
Senior Products	Diaper	Depend A-Plus Regular Tape	December	· Location indicating line to help wearing the product and urine indicating line to easily identify replacement times	
		Depend A-Plus Round Pads	December	· Wider & longer pad, no need to worry about leaking	
	Underwear	Depend Style Underwear Light Fit	July	· Fresh and soft feel provided by bamboo-derived lining · Lower waistline and lavender color provide an underwear-like feel · 50% thinner, offering a lightweight fit · Leak prevention with a compressed power absorption layer	
		Depend Style Underwear Premium	September	· Premium liner containing bamboo-derived lyocell provides comfort without stifling the skin · Double-strength super-absorption speed	
		Depend Secure Plus Underwear Premium	September	· Premium liner containing bamboo-derived lyocell provides comfort without stifling the skin · Used highly breathable and elastic materials with an elastic waistband · Introduction of triple absorption layers and side leak prevention layer	
	Mat	Depend Doubled Length Secure Mat	July	· Size is twice as long compared to our safety pad	
	Depend A-Plus Mat (Renewal)	December	· Fast urine absorption and a consistently soft feel		
Padliner	Depend Anyday (Liner Long/Liner Super Long/Pad Large)	June	· Liner Long - Provides skin comfort with a 100% organic cotton cover - Thin and lightweight slim type for a discreet fit · Liner Super Long - Provides skin comfort with a 100% organic cotton cover - Thin and lightweight slim type for a discreet fit - 1.5 times stronger absorption compared to Depend Anyday Liner Long · Anyday pad in large size - Provides skin comfort with a 100% organic cotton cover - 1.5 times stronger absorption compared to Depend Anyday Pad Medium Size - Side leak prevention layer		
					
					
Supplementary Supplies	Depend Daily Exfoliation Care Body Lotion	July	· Skin exfoliation improvement test completed		
	Depend Secure Hygiene Gloves 50 count	July	· Domestic nitrile material used		

Category	Product Name	Month of Launching	Features	Image		
Skincare	Green Finger	Green Finger Strong Moisture Intensive Wash	April	· High moisture care from superfood fruits (coconut, olive, avocado oil) · Four additive-free formula · Mild plant-derived cleansing ingredients		
		Green Finger Strong Moisture Intensive Shampoo	April	· Mild plant-derived cleansing ingredients		
		Green Finger Forest Relaxing Aroma Cream	April	· Body-specific cream offering moisture and nutrition · The formula with plant-derived moisturizing ingredients provides hydration for 24 hours * Formula: Provides vitality and moisture to the skin with camellia flower extract from Jeju's clean forest and pine nut seed extract found in Korea's green forest		
		Green Finger Forest Relaxing Aroma Wash	April	· The formula with plant-derived moisturizing ingredients provides hydration for 24 hours · With a mildly acidic pH base, it helps maintain the skin's natural pH balance		
		Green Finger Forest Relaxing Aroma Lotion	April	· The formula with plant-derived moisturizing ingredients provides hydration for 24 hours		
		Green Finger Moist Natural Moisturizer (Shampoo/Wash/Lotion)	May	· Plant-derived nutritional oils (jojoba seed, sunflower seed, argan kernel)		
Feminine Products	Sanitary Pad	White Gentle Cotton Wearable Overnight	May	· Acts gently on the skin with a 100% full cotton cover		
		Goodfeel Organic Cotton Direct Skin Contact Unbleached	March	· Comfort provided by the unbleached 100% organic cotton cover without chemical processes · 100% natural material absorption · Less smudging of menses with the absorption power of natural cotton, maintaining softness		
		Goodfeel Unbleached Organic Cotton Cover Wearable Overnight	May	· 100% unbleached organic cotton cover · Extended freshness due to the natural absorbency of the unbleached cover with less smudging of menses · Provide comfortable movement with thinner absorption layers and a snugly fitting hybrid band · Wide hip cover that wraps the entire hip and side cover to prevent leaks		
		Goodfeel Organic Cotton Cover Maxi Slim Airy	June	· Used 100% organic cotton cover and natural material absorbent		
		Goodfeel Good Cotton (Medium/Super Long)	July	· 100% natural cotton cover · 50% improvement in smudging of menses with new comfort absorption structure · Comfortable fit with the Air fit cushion · Long and thick pads prevent leaks		
		La Nature Wearable Overnight	May	· Plastic-free absorption layer · Replaced plastic components with plant-derived biomass material · Natural pulp absorption layer for worry-free absorption of even heavy menstrual flow · 360-degree double leak prevention design		
	Pantyliner	Goodfeel Organic Cotton Unbleached Liner	March	· 100% organic unbleached cotton cover without chemical processes		
	First Menstrual Panty	First Menstruation Panty (Black + White)	March	· Easy guide with illustrations for girls unfamiliar with using sanitary pads, indicating where to attach it · A domestically produced product using 100% organic cotton, acquiring the European textile product quality certification OEKO-TEX · Leak prevention through a wide waterproof cover that covers 180 degrees from front to back		
	Household Products	Toilet Paper	Kleenex Pure Soft Eco Package	March	· 100% natural pulp fabric · 7% thicker 3-ply toilet paper with double soft embossing · Three-free (no color, no scent, no fluorescence)	
			Kleenex 3-Ply Deco & Soft Soothing Plus	May	· 100% natural pulp fabric · Thick 3-ply product · Completed dermatology test by German Institute Dermatist	
Facial Tissue		Kleenex Moisturizing Essence Lotion Mini Tissue	January	· Soft premium 3-ply tissue with moisturizing ingredients		
	Kleenex Style Edition 60 sheets 10 packs + Dispenser	July	· Premium tissue set with elegant tissue case and soft lotion tissue			

2023 Yuhan-Kimberly's Sustainability Report People: Our strength and source of hope

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Category	Product Name	Month of Launching	Features	Image	
Masks	Mask	Kleenex KF94 Comfort Fit Mask	March	· Paper packaging	
		Kleenex KF94 Light Fit Anti-Fog	March	· Protection from particulate harmful substances such as yellow dust and fine dust · Nose foam that increases adhesion and prevents fogging · Softly fitting 2-stage folding mask, comfortable fit with an elastic band	
		Kleenex KFAD Light Fit Slim & Cool Mask (Small/Medium/Extra Large)	April	· 42% thinner thickness, 19% improved touch cooling index for a thin and cool fit · Used a comfortable and soft ear band · Used an ultra-electrostatic filter with a BFE (bacteria) filtration efficiency of 99.9% or more	
		Kleenex Secure Care Mask	August	· A three-layer system that includes an ultra-electrostatic filter	
Wet Wipes	Baby Wet Wipes	Huggies Nature Made Biodegradable Wet Wipes	May	· 99% biodegradable · Microplastic non-detection test completed	
	Wep Wipes	Kleenex Eco Green Soft Wet Wipes	July	· Biodegradability test completed (96% biodegradation in 45 days) · Microplastic non-detection test completed · Reduced new plastic usage with caps and bundles containing 30% recycled plastic	
		Kleenex My Bidet Clean Care Cocoa (Extra Large)	May	· Plastic-free fabric biodegradable wet wipes	
		Kleenex My Bidet Kids	May	· Plastic-free fabric biodegradable wet wipes · Clean cushion embossed fabric · Contains panthenol ingredient that helps strengthen the skin barrier	
		Kleenex My Bidet Balance Care/ Sensitive Care/Phytoncide Care	May	· Plastic-free fabric biodegradable wet wipes	
		Kleenex Paper Wet Wipes	June	· 100% natural FSC-certified pulp · Microplastic non-detection test completed · Biodegradability test completed (100% biodegradation in 45 days) · Cap sticker removed for ease of separate disposal and plastic reduction	
		Kleenex Efficient Wet Wipes	September	· Natural pulp contained Hydroknit	
B2B	Hygiene	Kleenex Luxury Foam Hand Wash	March	· pH neutral, safe for skin	
		Kleenex Jumbo Roll Toilet Paper Deco	January	· 100% natural pulp · 2-layer fabric · Kleenex logo deco embossing	
		Kleenex Air Cell Jumbo Roll Smart 500	June	· Three times faster water dissolving (compared to own brand POPEE jumbo roll 500) · Excellent absorbency · Excellent durability and wiping ability through reduced usage by adopting Air Cell fabric · 500m large capacity for long-term use · Improved fabric softness (compared to own brand POPEE jumbo roll 500)	
Industrial		Kleenex Air Cell Jumbo Roll Premium	April	· Colorless/scentless/non-fluorescent product	
		Kleenguard Shoe Cover	April	· SB fabric applied shoe cover	
		Kleenguard Coated Apron	June	· Provides a sanitary working environment	
Health		Kleenguard G70 Cut Resistant Gloves	December	· Provides excellent grip for safer work in actual fields	
		Healders Children's Mask Light Gray	April	· Used filters produced by Yuhan-Kimberly, suitable for ages 7 to 12	
		Healders Gray Dental Mask	May	· Ultra-static filter and hypoallergenic fabric used · Produced in Korea	

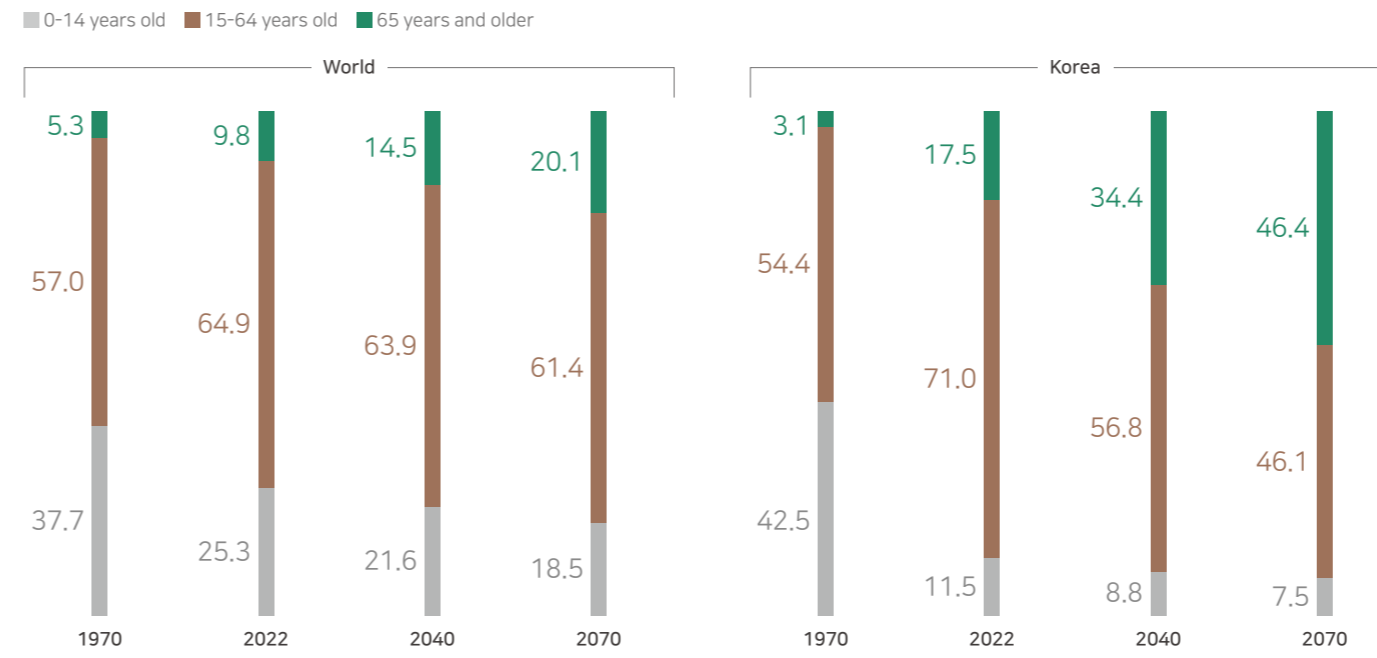
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In the Era of Low Birthrate and Aging Population The Future of Yuhan-Kimberly's Business

Yuhan-Kimberly's Preparation for the Forecasted Low Birthrate and Aging Population

In January 2022, Yuhan-Kimberly integrated the infant diaper and senior care businesses into one organization. This was done to proactively respond to market changes, create business growth opportunities, and strengthen e-commerce and marketing channel strategies. The integration is part of an effort to react appropriately to the threats anticipated from demographic changes characterized by low fertility and aging population and to find new opportunities. The primary consumer base's basic structure, product attributes, and product expectations are similar for baby diapers and adult diapers. On top of that, as the senior care business has been expanded to the e-commerce platform, there's an accelerated change in the primary sales channels, providing an advantage in increasing synergy through integration with the infant diaper business. In this way, Yuhan-Kimberly is striving to strengthen our position as a market-leading leader in the face of market changes like low birth rates and aging population by expanding in various areas and focusing on consumer-centered thinking and innovation. In this report, we have explored how Yuhan-Kimberly is preparing for the future through interviews with actual personnel in charge of the two businesses.

Population Structure of the World and Korea (Statistics Korea, 2022)



Senior Care Growth Rate of Yuhan-Kimberly (2017-2022)

Category	2017	2018	2019	2020	2021	2022
Growth Rate of Senior Business	3	14	19	17	18	22

Unit: %

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Interview: Senior Marketing (Team Leader Hanna Oh) / Diaper & Pants Marketing (Team Leader Jinho Ryu)

Q1.
What are the perspectives of each business unit of Yuhan-Kimberly on the change in population structure?

Senior Care Business

The population aged 65 and over is projected to increase by more than 5% annually in the coming years. The demographic shift towards aging population is both a current and future anticipated trend, and the senior care business will also evolve according to this market flow. Particularly for the main customer base of the senior hygiene product market, which ranges from ages 40 to 80, business deployment based on more detailed communication directions and strategies tailored to each customer group will be necessary, as there are significant changes in physical structure and overall lifestyle by age group.

Baby & Child Business

Currently, South Korea's birth rate is at one of the lowest levels globally, recording a total fertility rate of approximately 0.78. However, we believe that there is some potential for an increase due to factors such as the alleviation of COVID-19 and societal attention. Moreover, in a survey conducted on 'momQ,' Yuhan-Kimberly's direct online store, targeting customers currently raising children, respondents indicated that if supported by proper childbirth and childcare environments, they would plan to have an average of 2.13 children, suggesting a potential positive shift.

Q2.
What are the responsive strategies of Yuhan-Kimberly in the face of predicted population structure and market changes?

Senior Care Business

First, we will continue to transform our business and service to cater to the needs of senior customers. in both terms of distribution and service. We will enhance convenience in purchasing from both online and offline channels, and our own platform, 'Today Plus,' will also be improved for customers in their 40s to 60s who are familiar with online shopping. Based on the experience from our direct shopping mall 'momQ,' we will enhance the necessary features and services at each stage of service growth.

Second, we will take into consideration how our customers would feel. One of the things we have realized through our senior care business is that, along with providing convenience through product

development, it's essential to care for customers' feelings. In particular, we aim to communicate in a way that supports customers in their 40s and 50s who might be experiencing physical changes to continue their daily lives with confidence, since incontinence is a natural phenomenon that can occur regardless of age. For senior customers with mobility issues, we also plan to carefully consider not only their feelings but also those of caregivers or their children.

Third, in the long-term perspective, with the expected continuous increase in the senior population, we are considering expanding our product line that can synergize with existing products. We will continuously launch products for customers who need care, like waterless cleaning products, even if they are not seniors. Existing products will also be constantly innovated to improve the quality and convenience of customers' lives. Mainly, we will supply products optimized for each consumer by identifying the necessary aspects depending on the customer's situation, such as products for active or semi-active patients, and for patients with mobility issues.

Baby & Child Business

First, we will continue differentiation through premiumization and transitioning to sustainable products. We are confident that sustainability is one of Yuhan-Kimberly's strengths, and thus, we can proactively address it. Alongside continuous product innovation, we will take the lead in improving the societal environment and consumer awareness to encourage the purchase of sustainable products.

Second, we aspire to transform into a comprehensive baby and child product company that provides growth solutions to assist healthy growth of children. Through the 'Huggies' and 'Green Finger,' we have been loved by many consumers for a long time and have accumulated experience and expertise in the baby and child market. Based on these assets, we are striving to expand our business area to cover a broader range of childcare products. As part of this, in 2023, we launched a new brand called 'Green Finger Bebe Grow.'

Third, through Yuhan-Kimberly's direct mall 'momQ,' we aim to create next core businesses. 'momQ' has grown into an essential platform for caregivers. Through 'momQ,' we not only offer experiences related to Yuhan-Kimberly's brands but also plan to provide sophisticated services tailored to the needs of our customers using information like their purchasing patterns. In other words, we aim to expand the realm of 'momQ' to function as a CEP (Consumer Engagement Platform).

Q3.
What are the prospects and preparations for sustainable products in the face of a growing importance and interest in ESG?

Senior Care Business

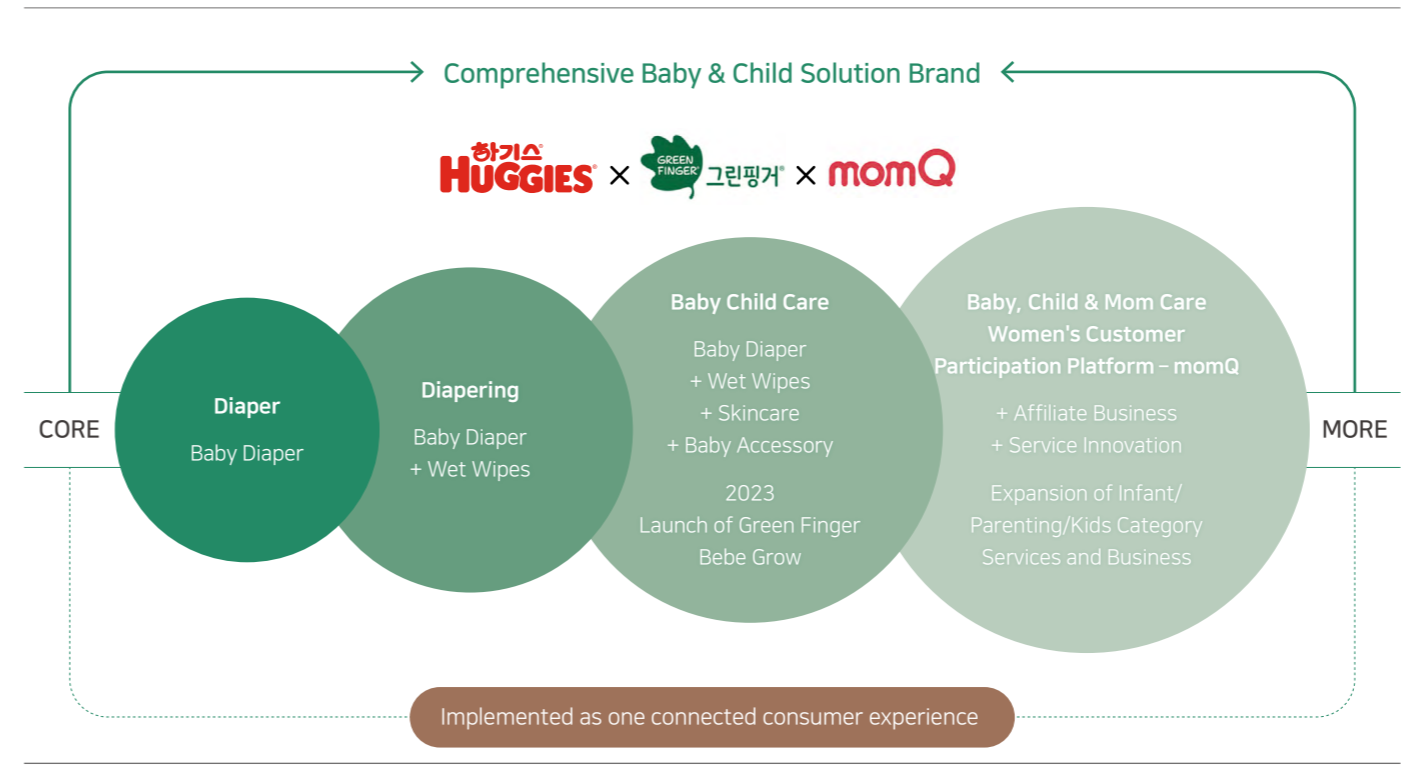
With the expansion of the senior care market, we believe there is ample room for innovation and development in sustainable products. From an environmental perspective, in the short term, we plan to transition to adopt 30% recycled plastic in our product packaging and will continue our company-wide efforts to increase this content. From a social perspective, we will not only care for our customers' feelings at a closer touchpoint but also continue the senior CSV businesses we have been running. We will also push forward with initiatives like 'Senior Impact Fellowship' in collaboration with the Work Together Foundation, exploring related business opportunities, job creation, and donation programs.

Baby & Child Business

Yuhan-Kimberly aims to achieve 95% of sales from sustainable products as one of its 2030 sustainability goals. Among the 3Rs (Reduce/Replace/Recycle), we mainly focus on reduction, i.e., reducing plastics and carbon emissions. A representative product is 'Huggies Nature Made Organic Cotton Cover.' To contribute to carbon emission reduction, the inner cover of the product is made of 100% organic cotton, and the leg bands and waistbands use sugarcane-derived biomass material. We also applied a Biobalanced SAP containing bio-ingredients to our diapers for the first time. We are leading the establishment of an industry ecosystem through the 'Green Action Alliance' for developing sustainable materials and are continuously managing our progress with a product innovation roadmap for achieving our 2030 sustainability goals.

Additionally, we will continue genuine efforts as a sustainable brand, including the free distribution of diapers for preemies, operating 'momQ Wiki,' and childcare forums to address the concerns and queries of new parents.

Baby & Child Business



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Employee eXperience and Growth

Yuhan-Kimberly believes that the company's growth is driven by meaningful experiences of individual employees (Employee eXperience). Based on this philosophy, we reflect a wide range of job experiences, opportunities, education, the formation of a healthy organizational culture, and collaboration between labor and management throughout the company.

Yuhan-Kimberly's Employee eXperience (EX)

Yuhan-Kimberly, based on the CEO's commitment to talent management, renamed the HR to the EX in July 2022. This reflects the management philosophy that the company and its members grow together through meaningful experiences throughout the employee's life cycle, from hiring to growth, training, promotion, and preparation for retirement. While "Human Resources" is a perspective that sees the members of an organization as one of many resources to achieve corporate goals, Yuhan-Kimberly believe that the organization grows only when its members grow, and that members' growth is possible through diverse and meaningful experiences within the organization. Meaningful experiences (eXperience) enable the fun and immersion of work (eXciting), leading to the creation of new outcomes (eXcellence) that drive the company's growth. Therefore, Yuhan-Kimberly aims to create a virtuous cycle structure where the company grows together with its members by supporting them in having meaningful and positive experiences as an agent of their own growth throughout life cycle.

In addition, based on the recognition that communicating for work greatly affects employee growth, Yuhan-Kimberly strives to establish a mutually positive communication culture. As a part of this effort, leaders are encouraged to minimize feedback focused on past and improvements and instead engage in feedforward, discussing potential future problems and seeking solutions together to achieve common goals and support members' growth, thus advancing the communication culture.

Yuhan-Kimberly EX

The Company and its Members Growing Together Through Meaningful Experiences Throughout the Employee's Life Cycle



Employee's Life Cycle

Starting before joining the company, the cycle encompasses hiring, onboarding, immersing in and performing tasks, development, and preparing for life after retirement



Meaningful Experience

A positive and challenging experience for growth and development



Growing Together

Achieving the vision through sustainable growth
"We Act for Life-Health-Planet."

Meaningful Experience throughout the Employee Life Cycle (EX, Employee eXperience)



Employee Capability Enhancement Program

Yuhan-Kimberly has actively supported the strengthening of employee capabilities since the 1990s, believing that employee growth is the company's growth. We operate various learning organizations at the company level and support self-development by offering an internal learning site called 'YKlearning' and a micro-learning content site called 'Knowledge Cafe' and partnering with companies that provide diverse micro-learning content. We continuously offer various internal training programs to enhance leadership, job-related training for upskilling and reskilling, training to strengthen capabilities relevant to digitalization (Tableau, Power BI, JMP, etc.), and learning through digital job experiences. Training hours per employee increased by 19% from the previous year to 47.4 hours (39.8 hours in 2021), and training expenses increased by 11.7% to KRW 413,012 from the last year.

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Strengthening Gender Diversity Capabilities

Yuhan-Kimberly participated in 'TGE (Target Gender Equality) Round II (2021-2022),' an initiative for corporate gender diversity capability strengthening by the UN Global Compact. We have set a goal for the proportion of senior female leadership by 2030 and received approval from the board of directors in March 2022. We have also pledged to continue strengthening organizational capabilities by ensuring diversity and transparently disclosing our achievements in the future.

Yuhan-Kimberly's Gender Diversity Goals

Category	2022 results (%)	2025 target (%)	2030 target (%)
The ratio of female management (executives)*	19	25	35
The ratio of female non-executive division leaders/work leaders**	14	20	30
The overall ratio of female managers***	15	20	30

* The ratio of female management (executives) among all management (executives)
 ** The ratio of female non-executive division leaders among all managers (work leaders)
 *** The ratio of female managers among all managers (work leaders and above)

Organizational Culture

Work-Life Balance with flexible work and vacation systems

Yuhan-Kimberly introduced flexible work systems in the 1990s under a management policy emphasizing work-life balance. We encourage an optimized work environment for each individual member. As a response to COVID-19, we have actively implemented various flexible work systems, including a remote work system, since 2020. Even after the end of COVID-19, we continue the flexible work systems to establish an autonomous work environment for our members.

Types of Flexible Work Systems

Work Type	Staggered Working Hours System	Remote Work System	Selective Work System	Recognized Work System	Autonomous Work System
Applicable Targets	All administrative employees (excluding field sales positions)	Employees of the Headquarters	Employees who need to be applied the system based on job characteristics	Sales employees who receive sales activity expenses or employees on business trips	Work leaders and above
Main Content	A system where, while adhering to 8 hours per day and 40 hours per week, employees can flexibly adjust their commuting hours	Transitioned to a 4-day office attendance system to strengthen collaboration and communication among employees with the end of COVID-19 pandemic (May 2023)	A system that flexibly operates working hours of a day or a week under the premise of working at least 3 hours a day within the total working hours of a month (8 hours a working day, an average of 40 hours a week)	A system that, under the premise of working 5 days a week, considers 8 hours per day and 40 hours per week as worked regardless of commuting times	A system that, under the premise of working 5 days a week, entrusts the working hours of a day to the individual's autonomous management
Year of Introduction	1994	2012	2018	2018	2018

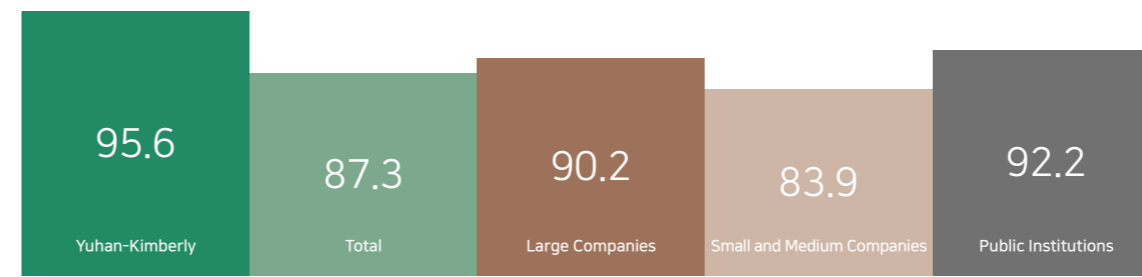
Vacation System

Category	Applicable Targets	Main Content	Year of Introduction
Introduction of the Recharging Vacation	Employees of the Headquarters	Expanded to 15 days annually, pre-announced in the previous year, implementing a simultaneous recharging vacation	2016-2017
	Employees of the Headquarters	Expanded to 15 days annually, notified in advance of the annual plan in the previous year, implementing a simultaneous recharging vacation	2018-2019
Expansion of the Recharging Vacation	Employees of the Headquarters	Expanded to 18 days annually, notified in advance of the annual plan in the previous year, implementing a simultaneous recharging vacation	2020

Re-certification of Family-Friendly Management and designation as the Best Family-Friendly Management

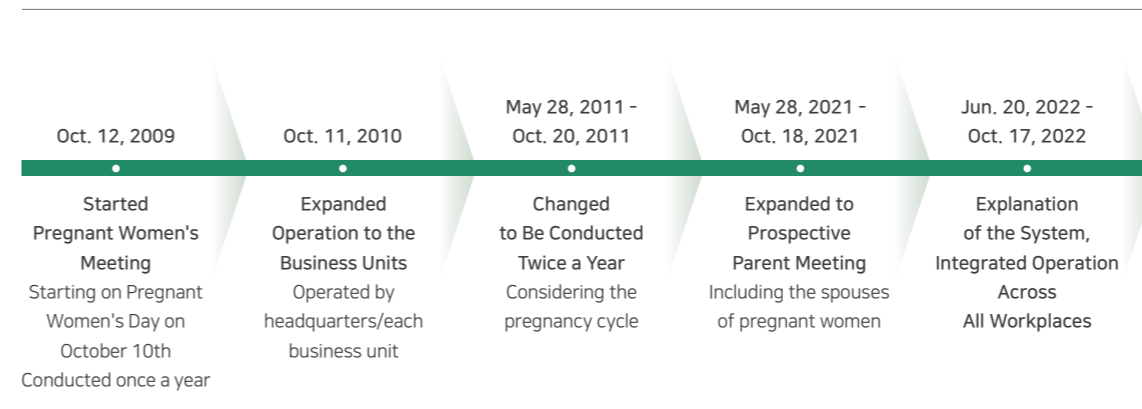
The Ministry of Gender Equality and Family of Korea annually selects and certifies excellent companies and public institutions through evaluations to create a family-friendly social environment where workers can harmoniously balance family life and work. Yuhan-Kimberly has been receiving certification as a family-friendly management since the system was first implemented in 2008 and was re-certified in December 2022 (valid from December 2022 to November 2025). In this evaluation, which targeted all re-certified companies, Yuhan-Kimberly achieved a total score of 95.6 points, exceeding the average score of large companies and public institutions. We were evaluated that we have a well-established culture where various family-friendly systems beyond legal obligations can be utilized. The "Prospective Parent Meeting," assessed as a best practice, is a system implemented since 2009 to encourage childbirth in an era of low birth rates. It invites pregnant employees, male employees with pregnant spouses, and their team leaders to introduce the company's policies on childbirth and childcare and encourages the utilization of the system. Due to these efforts, in 2022, on the 15th anniversary of introducing the Family-Friendly Management Certification system by the Ministry of Gender Equality and Family, Yuhan-Kimberly was designated as the 'Best Family-Friendly Management.'

Comparison of the Best Family-Friendly Managements' Scores



* Source: Feedback report on the Best Family-Friendly Management Certification led by the Ministry of Gender Equality and Family

Major Progress of the Prospective Parent Meeting (2009-2022)



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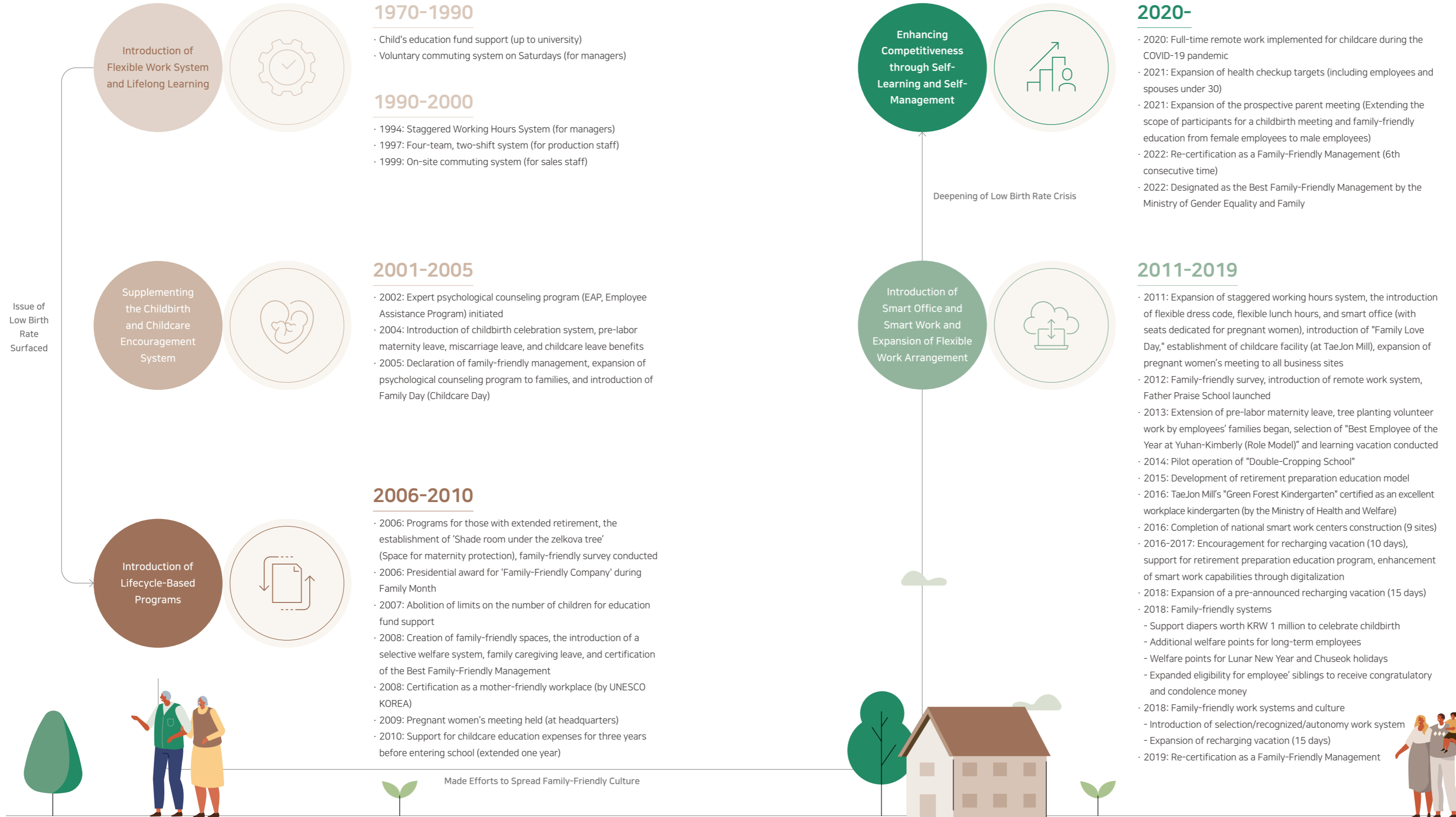
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Equal organizational culture where open communications are possible

Since 2013, Yuhan-Kimberly has had all employees participate in executive meetings. In 2023, we restructured the 'Monthly Townhall Meeting' into the 'Monthly Open Executive Meeting' and adjusted the duration and schedule to encourage participation from employees alternately at the headquarters and various business sites. These meetings, conducted both online and offline, are attended by over 300 employees on average, where the CEO and various Function Leaders of Businesses share the company's current situation, strategies, and status. We also have a 'Monthly Recognition' segment where exemplary employees are recognized for their achievements and a 'Dialogue with Employees' segment where executives respond directly to anonymously collected questions from employees. These fosters open communication and equal organizational culture. Notably, the CEO of Yuhan-Kimberly has recognized the importance of open communication for the company's growth and has practiced one-on-one communication with employees since taking office. As of June 2023, the CEO has communicated one-on-one with 707 employees, 52.4% of the total workforce.

Inclusion & Diversity Council

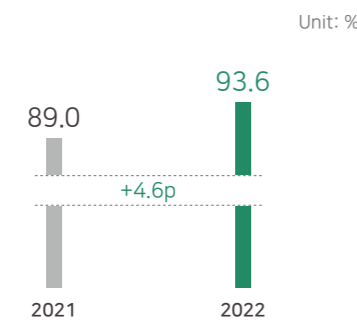
In October 2021, Yuhan-Kimberly declared that inclusion and diversity are core to corporate competitiveness and officially launched the 'Inclusion & Diversity Council.' The council comprises 26 members, including three elected positions chosen through company-wide open recruitment and three ex-officio members (Inclusion & Diversity Officer, Division Leader of EX, Division Leader of ESG & COMM). In March 2023, the council reorganized its original four subdivisions into three that focus on inclusion, diversity, and equity, respectively. We also chose a joint chairman through a blind selection process that disregards rank, gender, and age. The council has been enhancing organizational capability by introducing various systems and cultural activities, sharing external cases, and strengthening ties with social responsibility initiatives. On May 24, 2023, in line with culture and diversity week, we hosted the '2023 Cultural Diversity Festival' at the headquarters and various business locations. The festival featured a special lecture by Hyeil Kim, the Chief Accessibility Officer of Kakao Corp., in-house programs hosted by the three subdivisions, and a KDIN* workshop that facilitated interaction with diversity and inclusion officers from other companies.

* KDIN (Korea Diversity and Inclusiveness Network): A group of corporate representatives dedicated to promoting a value of diversity, equity, and inclusion

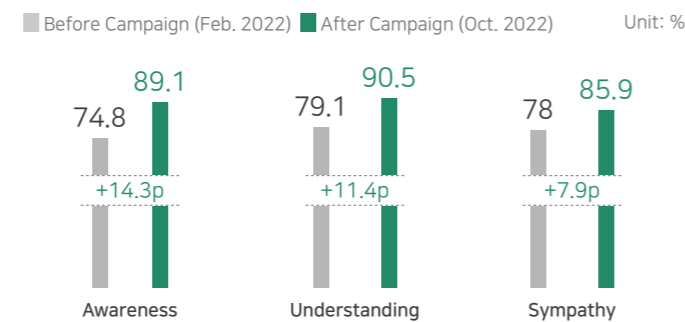
Enjoyable and engaging corporate culture

Yuhan-Kimberly aims to create a corporate culture where employees can enjoy and immerse themselves in their work while balancing work and life. With the prolonged pandemic after December 2019, strengthening the sense of belonging and bonding among employees became a significant challenge. One of the main objectives was also to internalize the newly established work style in 2021. We launched various employee engagement programs, such as virtual trips with employees, promotions for in-house affinity groups to recover daily life, and talent donation concerts. As a result, the positive rate for employee belonging and bonding increased from the previous year's 89.0% by 4.6 percentage point to 93.6%. We also ran campaigns linked to our four core values: responsibility+, collaboration, agility, and transformation. As a result, awareness of the new work style increased from 74.8% to 89.1%, understanding from 79.1% to 90.5%, and empathy from 78.0% to 85.9%.

Enhanced Positive Rate of Belong/Bonding through Employee Participation Programs



Results of the Internalization Campaign for the New Way of Working



Three Main Duties for the Safety and Hygiene of Yuhan-Kimberly

- Duty to Ensure My Safety and Hygiene**

I make the right choices throughout the entire process of my work to prevent accidents.
- Duty to Support Colleagues' Safety and Hygiene**

I support the safety and hygiene of colleagues, including those from partners, and assist them to prevent any wrong choices.
- Duty to Strengthen Everyone's Safety and Hygiene**

I give suggestions, listen, and lead in continuous improvement to enhance our safety and hygiene.

Safety & Hygiene Management

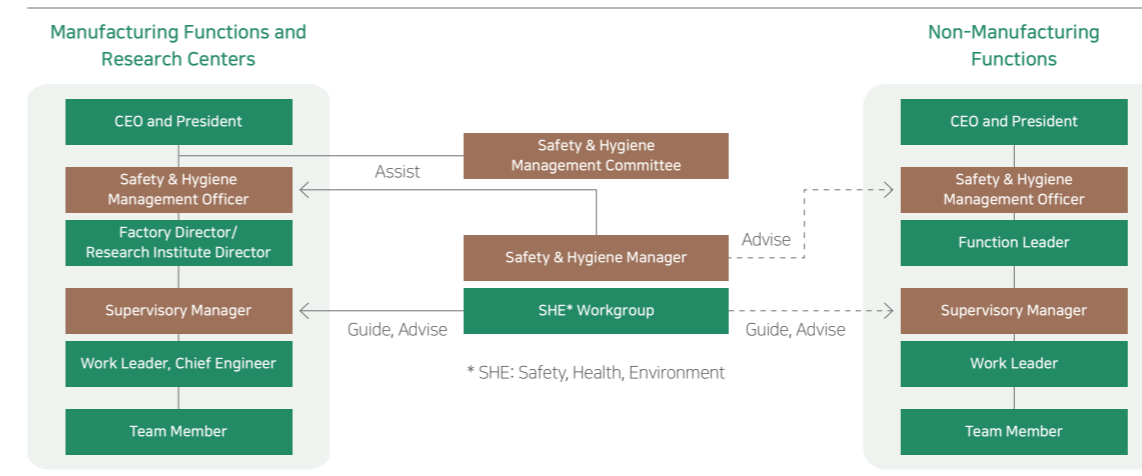
Commitment to building a safe working environment

Safety & hygiene management is the fundamental value of Yuhan-Kimberly's business activities. Before enacting the Serious Accidents Punishment Act in January 2021, Yuhan-Kimberly quickly sought measures to strengthen the safety culture in manufacturing and logistics. We established a Safety & Hygiene TFT (Task Force Team) to build company-wide collaborative solutions along with dedicated Safety & Hygiene organizations. Since January 2022, we have been striving to go beyond the standards set by the law to establish a better environment and system. We operate a safety and hygiene management system suitable for our work environment and technical conditions, hold the Safety & Hygiene Management Committee that meets quarterly to share critical safety issues, and regularly check and report compliance with the Serious Accidents Punishment Act. Particularly, we do not stop at complying with the nine measures stipulated in the Serious Accidents Punishment Act regarding the "construction and implementation of a safety and hygiene management system." Instead, we expand the scope to all employees, partners, internal and external customers, and stakeholders, executing a more thorough check and system establishment for health and safety management.

Advanced safety & hygiene management system

Yuhan-Kimberly has formed an organization compliant with the Occupational Safety and Hygiene Act, Serious Accidents Punishment Act, and our shareholder Kimberly-Clark's EHS standards. Roles and personnel have been designated accordingly. As of January 1, 2022, we revised plant and research institute safety policies following the launch of Safety & Hygiene. This update, along with our "Three Main Duties for the Safety and Hygiene of Yuhan-Kimberly," are disclosed on our website and aim to protect not just our employees but also stakeholders, including partner employees. In 2022, we introduced safety programs in both manufacturing and non-manufacturing facilities, including our headquarters, and enhanced safety management at external logistics centers, thereby expanding our safety system across the company.

Structure of Safety & Hygiene Organizations



Safety & Hygiene Management Policy

① Compliance with Regulations	All functions comply with international standards, regulations, and rules related to safety and hygiene.
② Implementation of Safety Rules	All employees prioritize safety and hygiene duties and practice them daily, and the employees of Yuhan-Kimberly's affiliated companies and visitors also adhere to the safety and hygiene management policy.
③ Continuous Improvement	We drive continuous improvement in safety and hygiene. The manufacturing function operates a safety and hygiene management system, and the non-manufacturing function operates a safety and hygiene program considering the function's characteristics.
④ Collaboration	We contribute to the continuous improvement of the safety and hygiene of the employees of affiliated companies.
⑤ Principle of Disclosure	Major results related to safety and hygiene are disclosed to stakeholders every year.

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Prevention of serious industrial accidents

Yuhan-Kimberly conducted regular inspections bi-annually on a company-wide scale to check the status of the occupational safety and hygiene management system. The purpose of this is to systematically inspect compliance with safety and hygiene measures to prevent major industrial accidents. In 2022, we completed the review of 8 main items, 28 detailed items, and 126 mandatory compliance matters. Additionally, we identified and shared best practices within workplaces and strengthened collaborative relationships between workplaces through mutual inspections.

Spotlight

World-class Safety & Hygiene Inspection System

To operate a world-class safety and hygiene system, the Safety ICA (Independent Cross Audit), conducted semi-annually with the Safety & Hygiene and safety and hygiene experts from each business site, is Yuhan-Kimberly's unique evaluation process. The following activities are carried out through repetitive, regular inspections, achieving continuous improvement.

- ① Strict and objective evaluation tool for the highest level of regulatory compliance
- ② Objectification of the safety and hygiene level for each business site through the development of the YK Safety Assessment Tool
- ③ Identification of best practices and improvement items for each business site

Prevention of serious civic accidents

Yuhan-Kimberly reviews the main plans and implementation results based on the law related to serious civic accidents regularly at the Safety & Hygiene Management Committee held every quarter. In 2022, we conducted autonomous inspections at least once every six months for 44 partners, including 3 of Yuhan-Kimberly's manufacturing plants and 9 companies with fewer than 50 employees, confirming compliance with safety and hygiene-related legal obligations and the implementation of mandatory education, and completed the necessary actions.

Continuous communication with leadership

At the Safety & Hygiene Management Committee, which is led by the CEO and held every quarter, one can observe the management's strong will and active support regarding employee safety. The main plans and implementation results discussed in the committee and the progress on additional actions proposed by the management, including the CEO, are regularly reviewed and reported.

Main Agenda & Progress of the 2022 Safety & Hygiene Management Committee

Category	Main Agenda	Progress
1st Quarter	Enhancement of preventive activities for safety & hygiene	Regular reporting on measures related to the establishment and implementation of a safety & hygiene management system
	Upgrade of response procedures for safety accidents	Upgrade of crisis management process and communication for serious industrial accidents
	Strengthening the safety and design of products related to serious civic accidents	Verification process before launching high-risk products
2nd Quarter	Conducting a diagnosis on the current level of the safety & hygiene system and compliance with regulations	Regular inspection of workplaces through Safety ICA (Independent Cross Audit)
	Identification of accident occurrence predictions through latent risk analysis	Identification and risk reduction activities through risk assessment of potential dangers
	Implementation of crisis management response and company-wide crisis management manual	Implementation of high-risk emergency trainings at each workplace and improvement of related procedures
3rd Quarter	Focus on preventive measures, not post-incident actions	Checking compliance items according to safety & hygiene related laws (serious industrial accidents & serious civic accidents)
	The need for awareness of the company's safety & social responsibility, not only internally but also externally	Management of ESG safety & hygiene indicators (safety & hygiene regulations, safety & hygiene data, industrial safety management, education, health support, etc.)
4th Quarter	Restarting proactive safety education activities	Conducting offline safety education and safety-related educational events at each workplace
	Execution of risk assessment for on-site prevention of safety accidents	2023 company-wide participation in safety workshops and risk assessment

Labor-Management Cooperation

Labor-management culture based on mutual trust

Yuhan-Kimberly's goal in labor-management strategy is the collective realization of customer, company, and employee value. Customer value signifies an increase in the utility for consumers, company value implies sustainable growth, and employee value represents the enhancement of employees' quality of life. We focus on building trust and communication between labor and management, sharing common values, and making these values a reality through dialogue, cooperation, and discussion. A notable example is during the financial difficulties caused by the IMF, we accepted a lifelong learning-based 4-team 2-shift system proposed by the union, providing our employees with flexible hours and learning opportunities, leading to a transition to knowledge-based workers. We have continued this mutual trust-based labor-management culture that prioritizes dialogue, cooperation, and discussion.

Major labor-management achievements in 2022

At Yuhan-Kimberly, our labor and management have consistently maintained a relationship based on mutual trust, coexistence, and harmony. In the 2022 collective wage bargaining, we agreed as a first step towards transitioning to a role/performance-centered compensation system to eliminate two out of three allowances that had no direct connection with job performance and to include them in the base salary, concluding the negotiation amicably. At our ChoongJu Mill, we also held the '2022 Labor-Management Joint Coexistence Declaration Ceremony,' committing to closer cooperation for mutual growth and harmony. In recognition of this exemplary labor-management relationship, we were awarded the '2022 Labor-Management Culture Grand Award by the Minister of Employment and Labor' by the Seoul Regional Employment and Labor Administration. This government award, organized by the Ministry of Employment and Labor and the Korea Labor and Employment Service, selects and announces companies that exemplify a culture of shared growth and mutual cooperation and social responsibility. Since 2008, Yuhan-Kimberly has been the only company to have received the Labor-Management Culture Grand Award three times in a row. Going forward, we will continue to showcase as the 'new role model of South Korean labor-management culture' through coexistence and harmony.

Joint labor-management contribution to the Shared Growth Practice Fund

In November 2022, as part of our joint labor-management social contribution activities, Yuhan-Kimberly contributed KRW 15 million to the Shared Growth Practice Fund for the local community. The labor union first established this fund, and, in agreement with this initiative, we further contributed to it. The collected funds are planned to be distributed as scholarships and encouragement gifts to 35 children of self-reliance workers in Gimcheon City, where our household hygiene product businesses such as Kleenex and Scott are located.

Invitation of Yuhan-Kimberly's labor union representative by the shareholder company

In November 2022, Kimberly-Clark, the shareholder company of Yuhan-Kimberly, invited the representative of Yuhan-Kimberly's labor union to the opening bell event at the New York Stock Exchange, celebrating its 150th anniversary. Both shareholder companies, Yuhan Corporation and Kimberly-Clark, highly value the exemplary labor-management relationship of Yuhan-Kimberly, which is a foundation for societal respect and sustainable growth. Based on this recognition, both companies have consistently maintained a mutually exemplary cooperative relationship.



2022 Labor-Management Culture Grand Award



Contribution to the Shared Growth Practice Fund for Local Communities

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Employee safety and hygiene protected by labor-management collaboration

At Yuhan-Kimberly, we operate a joint Labor-Management Industrial Safety and Hygiene Environment Committee every quarter at three business sites. Based on the Occupational Safety and Health Act and other relevant laws, this committee checks and monitors each workplace's safety and hygiene status. In 2022, we identified 783 risk factors, of which 92% were improved. Safety management topics are discussed at the Central Labor-Management Council, where top management and union representatives participate and operate a joint weekly safety inspection process to identify potential risks. Additionally, we implement safety emphasis programs at each business site. Moreover, we are diversifying the scope and target of activities to protect our employees' physical and mental health.

Status of the Occupational Safety, Hygiene and Environment Committee

Business Site	Number of Committee Members	Production Worker/ Total Worker	Main Agenda	Number of Industrial Accident
KimCheon Mill	11	276/364	Revision of safety and hygiene management regulations Securing safety between buildings through speed bumps and guard rails Improvement of healthcare facilities in the health management room	1
TaeJon Mill	10	257/363	Sharing of SHE KPIs and safety & hygiene activities Introduction to the status of the musculoskeletal system and to health programs Review and test results guidance for safety gear	0
ChoongJu Mill	10	168/236	Sharing implementation related to the Serious Accidents Punishment Act Sharing the purpose and standards of the Safety and Hygiene Act Changes to the ByPass regulation, reporting of work environment measurement results Forklift on-site speed and material loading	0

Results of Risk Identification and Improvement in Labor-Management Activities in 2022

Category	KimCheon Mill	TaeJon Mill	ChoongJu Mill	Logistics Center
Identified (Cases)	235	167	339	42
Improved (Cases)	227	144	307	39
Improvement (%)	97	86	91	93

Activities and Programs to Protect the Health of Employees

Name of Activity/Program	Dedicated Organization	Implementation Timing
Provision of special health check-ups (for workgroups exposed to hazardous materials)	Safety and Hygiene Organization of each business site	· Every 6 months (depending on the specific harmful chemical agent being handled) · Annual special health check-up: noise, dust, night work
Occupational stress test	Company-wide	· At least once a year (varies by business site according to the law)
Hazard assessment by workplace	Company-wide	· At least once a year (varies by business site according to the law)
Workplace environment measurement	Safety and Hygiene Organization of each business site	· Conducted every half-yearly (first and second half of the year)
Discovery and benchmarking of excellent safety and hygiene activities	Safety and Hygiene Organization of each business site	· Cross-benchmarking is performed during each business site evaluation every half-year (twice a year) · Awarding of employees with excellent safety practice (at least once a year)
Safety campaign	Safety and Hygiene Organization of each business site	· The first and second half of the year (schedule may vary by business site)

* Each business site's Safety and Hygiene Organization: Headquarters (Smart Work Service Workgroup), Innovation Center (R&E Service Workgroup), and Manufacturing Business Site (SHE Workgroup).

Human Rights Protection

Human rights policy

Yuhan-Kimberly believes that the human rights of all stakeholders within our value chain, including our employees, partners, customers, and local communities, must be respected and protected. Based on this belief, we have made every effort to respect and protect human rights by internationally adopted standards such as the UN Guiding Principles on Business & Human Rights, the ten principles of the UN Global Compact, and the UN Universal Declaration of Human Rights. In 2022, we declared our 'Eight Principles of Human Rights Management' and disclosed them to stakeholders through our internal intranet and official website.

Eight Principles of Human Rights Management

For the realization of these beliefs, we at Yuhan-Kimberly declare the following eight principles:

1. We support and respect the protection of human rights declared nationally and internationally.
2. We prioritize safety and hygiene as the primary tasks for respecting human rights when making policies.
3. We comply with labor laws and ensure the freedom of association and the right to collective bargaining.
4. We prohibit discrimination, harassment, forced labor, and child labor in all areas of employment and business activities.
5. We take responsibility for human rights issues in our supply chain and strive to prevent adverse impacts on human rights.
6. We respect local community cultures, collaborate on activities to improve the quality of life and protect human rights, and honor local residents' land and property rights.
7. We undertake continuous technological development and take corrective actions to protect consumer rights.
8. We support and respect the protection of human rights declared nationally and internationally. issues, including the climate crisis.

Dedicated Human Rights Organizational Chart



Dedicated human rights organization

Yuhan-Kimberly operates a Human Rights Management Task Force (TF) under the ESG Social Subcommittee to respond more effectively to external human rights policies, guidelines, and the changing demands of stakeholders. The Human Rights Management TF prepared a declaration of human rights management in 2022 and declared the eight principles. It has reviewed related procedures and regulations, reinforced guidelines on human rights protection tasks, and reported to the ESG Committee. The TF continuously checks and enhances the company's human rights procedures and regulations in collaboration with the EX. The EX and the Legal & Compliance are responsible for strengthening internal and external awareness of human rights and providing related education.

Channels and processes for human rights grievance

Every year, Yuhan-Kimberly conducts an employee survey targeting all employees to track and manage indicators such as inclusive capabilities, diversity, safety, code of conduct, and equal opportunities. We establish and implement improvement plans based on these results. Additionally, we are making efforts to prevent workplace harassment and sexual harassment in advance through various in-house human rights education programs and company-wide Speak UP workshops. Furthermore, we have set up communication channels like a hotline for anonymous reporting of behaviors or activities that violate the code of conduct and respect for human rights, and 'toEX' to address any issues that might arise and have processes in place for post-event actions, focusing on human rights protection.

Human rights education for a human-rights respecting culture

We encourage the entire organization to develop sensitivity toward human rights through continuous education. The completion rate for legally mandated training, including prevention of sexual harassment, improving awareness towards disabled individuals, prohibiting workplace harassment, and personal information protection, stands at 100% (excluding employees on leave). Utilizing both online and offline means appropriately during the two years of the COVID-19 pandemic, 2022, we achieved an average level of training hours and expenses compared to previous years.

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Strategy and approach for human rights and social compliance

Yuhan-Kimberly has set human rights policy and code of conduct in accordance with societal and ethical expectations, aiming to responsibly address our major issues. This is outlined in the Yuhan-Kimberly's Code of Conduct for partners and is extended to the employees and workplaces of our suppliers. We share suppliers with our shareholder company, Kimberly-Clark, for effective purchasing negotiations, thus abiding by the Kimberly-Clark Supplier Social Compliance Standards. These standards emphasize the importance of corporate citizenship for long-term business success, urging suppliers to develop and implement proper measures for compliance.

Identification and improvement efforts of human rights risks

The KC Supplier Social Compliance Standards aim to proactively manage human rights risks across the supply chain, encompassing Yuhan-Kimberly and its suppliers. In 2020, Kimberly-Clark's Supply Chain Human Rights team consulted with around 50 internal stakeholders to assess potential human rights risks within the supply chain. Prioritized risks include modern-day slavery (including child and forced labor), occupational safety and health, discrimination/harassment, wages/benefits, and environmental impacts (including climate change and post-use waste). Business sites and suppliers assessed as high-risk for human rights violations are prioritized for audits. Our manufacturing facilities (factories) undergo annual self-assessments based on Kimberly-Clark's Social Compliance Performance Standard and receive audits from Kimberly-Clark every three years to consistently elevate our human rights standards.

Human rights programs in supply chain

To promote adherence to standards regarding the social and environmental performance of manufacturing facilities and major suppliers, Kimberly-Clark operates the Supply Chain Human Rights Program (SCHR). Through this program, more than 150 facilities in high-risk regions and industries are assessed annually by external auditors to identify and drive improvements in regulatory violations. About ten of our suppliers are assessed yearly, with participation from our procurement and strategic manufacturing representatives. This program measures compliance in critical areas such as child labor, forced labor, discrimination, workplace safety and health, and business integrity. Non-compliant suppliers must collaborate to establish corrective action plans and, if necessary, can be removed from our supply chain. Remedies for raised concerns can include infrastructure, equipment, or educational investments by the supplier, developing new policies or procedures, or providing relief to affected workers. According to 2022 evaluations, no instances requiring corrective action were identified.

Implementation of the right to suspend counseling for the protection of customer service representatives' human rights

Since October 2018, as a means to protect the rights of emotional laborers, we declared the "Six Policies for Protecting the Rights of Emotional Laborers." These grant our workers the right to suspend services in cases of customer harassment, personality insults, abusive language, or threats while also ensuring rest periods and other health protective measures. Following COVID-19, we implemented remote working to enhance the health rights of our customer service representatives and have consistently executed a campaign to cultivate a safe workplace. Especially from 2023, to reinforce the effectiveness of the right to suspend consultations, we changed our procedure from stopping after three warnings to immediate suspension after one warning. As a result, our service quality improved, and customer satisfaction has been steadily rising.

Implementation of the Right to Suspend Counseling for the Protection of Customer Service Representatives' Human Rights and Customer Satisfaction

Category	2018	2019	2020	2021	2022
Number of Work Suspensions (cases)	3*	40	11	5	1
Customer Satisfaction (points)	88.1	88.3	89.1	90.4	93.2

* Data supplemented for 2018

Supply Chain Management

With the growing interest in supply chain management across the entire corporate value chain and the strengthening of related regulations, Yuhan-Kimberly is focusing more on supply chain management. We conduct regular evaluations according to our supply chain management policies to ensure that our partners fulfill their social responsibilities and grow as sustainable businesses. We have also established the agreement on fair trade and win-win growth, offering support in various ways.

Distribution of Partners

In 2022, the total number of partners within Yuhan-Kimberly's supply chain was 1,122, and the number of newly contracted partners in 2022 was 99. Most of them are involved in the supply of raw materials and finished products, logistics, and IT-related services. Among all the partners, 88% are domestic enterprises, accounting for about 70% of the total transaction amount.

Distribution of Partners by Country



Supply Chain Management Policy

Yuhan-Kimberly clearly recognizes that responsible supply chain management is paramount for growth as a sustainable company. Based on this understanding, we have been implementing our supply chain management policy to enhance the competitiveness of our suppliers and reduce ESG risks. We conduct fair evaluations based on quality, payment, technical capabilities, and development skills when selecting suppliers. For selected suppliers, we manage risks through regular assessment. Moreover, for our main partners, we consistently manage them to enhance their quality competitiveness and ESG capabilities.

Supply Chain Management Policy Process



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Supply chain code of conduct

As advocates of ethical management, Yuhan-Kimberly provides a genuine and rational guide to our suppliers, consumers, employees, and competitors. We have publicly declared and outlined our commitment to adhering to the supply chain code of conduct. Our code follows various international standards, including the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. The code addresses labor/human rights, anti-corruption, fair competition, legal compliance, information protection, intellectual property rights protection, quality/safety/health/environment, and supplier social norms compliance. These are available on our company website.

Eight Fundamental Principles of the Supply Chain Code of Conduct							
Labor/ Human Rights	Anti-Corruption	Fair Competition	Legal Compliance	Information Protection	Intellectual Property Rights Protection	Quality, Safety, Health, Environment	Supplier Social Norms Compliance

Sustainable procurement policy

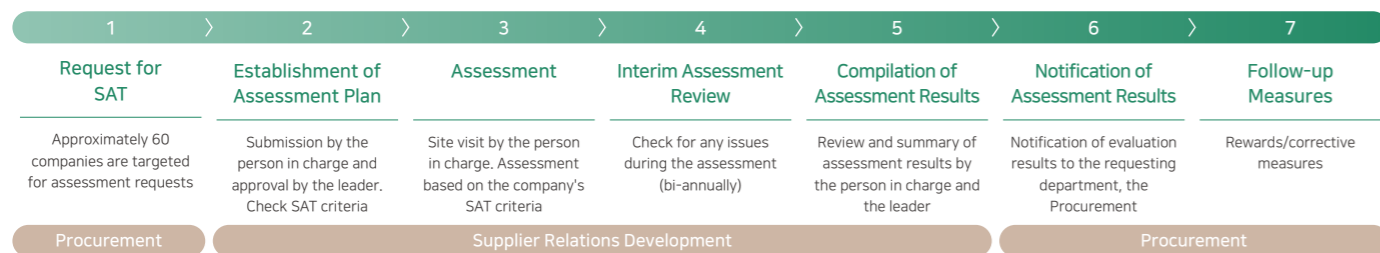
We practice open sourcing allowing potential vendors to freely propose their products for transactions. When selecting new suppliers, we conduct comprehensive evaluations in various areas to choose those that can provide the best total value. Existing suppliers undergo yearly evaluations to verify if they are continual business partners. Both new vendor assessments and regular evaluations of trading companies include ESG evaluation criteria.



Supplier Assessment Tool (SAT)

To support the sustainable management of our suppliers, we have organized the Supplier Relations Development and implemented the Supplier Assessment Tool (SAT), which reflects social/environmental performance. The goal is to reinforce the competitiveness of our suppliers and help them grow into sustainable businesses that adhere to social responsibilities through evaluations in areas like human rights, labor, anti-corruption, and community service activities. The assessment comprises 4 sectors (quality, social responsibility, workplace hygiene, and operational capability) with 72 detailed inspection items. The process flows from planning, target company selection, inputting preliminary data (written evaluation), onsite assessment, and result sharing to follow-up actions. In 2022, we assessed 57 suppliers, recording an average score of 89. In May 2023, we hosted a meeting, invited top-performing suppliers, and held an award ceremony.

Process of Supplier Assessment Tool (SAT)



Management of suppliers based on supply risks

We have categorized our suppliers based on the importance of supply risks. Depending on the classification, we plan to evaluate and manage the ESG risks of our partners through written evaluations, apart from capability assessments.

Classification of Suppliers Based on Supply Risk

Supply Risk	Criteria for Company Classification*	ESG Risk Evaluation Method	Exceptions in Evaluation
Top Tier	Companies of a certain size excluding foreign companies and major corporations among primary material suppliers and ECM companies	On-site inspection through SAT (Environment, Labor, Human Rights Evaluation)	Companies planning to end transactions can be excluded; companies with high ESG risk can be added
2nd Tier	All domestic primary material suppliers and ECM companies, excluding those mentioned above	Annual written evaluation through ESG survey	Companies planning to end transactions can be excluded
3rd Tier	Contract service companies	Annual written evaluation through ESG survey	Companies planning to end transactions can be excluded
Others	Other companies (including foreign companies)	Not applicable	

- * Definitions for Company Classification:
- Primary material company: Partners that supply materials used as ingredients for production or materials used alongside these ingredients
 - ECM (External Contract Manufacturing) company: Partners that produce/supply finished products for the original business owner's sales but not within the internal production of the original business owner
 - Contract service company: Partners that, as subcontractors, perform tasks delegated to them at the original business owner's workplace after receiving work contracted out by the original business owner.
 - Other companies: All suppliers, excluding primary material/ECM/contract service companies.

Activities for Mutual Growth with Partners

Yuhan-Kimberly is continuously working towards mutual growth with our suppliers. As part of our efforts, we have signed the Agreement on Fair Trade and Win-Win Growth with 63 suppliers, supporting them in financial aspects, technological and quality improvements, increasing sales and competitiveness, and offering educational programs. Furthermore, we have also undertaken initiatives such as employment creation. To enhance the competitiveness of these suppliers, we provide support in financial stabilization, payment term improvements, technology development, financial aid, sales expansion, active adjustment of supply rates, technical support, recruitment and training support, strengthening partnerships and communication, and operating a support program for second-tier partners and beyond. Throughout 2022, the amount we purchased from these partners accounted for 33.8% of the total purchase amount from all partners, which amounted to KRW 302.1 billion.

2022 Mutual Growth Achievements

Major Programs	Achievements
Financial support for partners	Mutual Growth Cooperation Fund of KRW 17 billion, operated in collaboration with IBK Bank
Support for technological and quality improvement	Technical support in 83 cases, protection of technology in 6 cases
Improved payment conditions for non-contracted companies	Efforts to improve payment conditions (such as cash payment rate, payment period, etc.) for non-contracted partners through the Nice WinC payment monitoring system - 12 primary non-contracted partners applied to cash payment monitoring - Cash payment of KRW 9.15 billion through the cash monitoring system - Average payment period of 33.2 days
Support for sales and competitiveness enhancement	- Support for participation in domestic exhibitions (1 company, contributing to an increase of KRW 38 million in domestic sales) - Support for participation in overseas exhibitions (1 company, contributing to an increase of KRW 853 million in overseas sales)

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Consumer-Centered Management

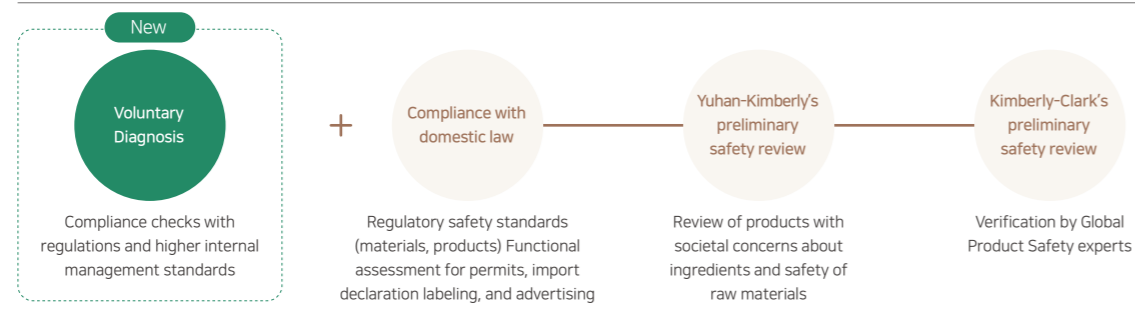
At Yuhan-Kimberly, our consumer-centered management approach commences with the product itself and the invaluable insights shared by those consumers who have firsthand experience with it. Based on our rigorous quality management system, we take utmost care at every stage, from product design and planning to usage, to ensure the safety of our customers and the quality of our products.

Product Safety

Product safety policies and safety assurance system

We prioritize consumer safety, aiming to develop and provide products that can be used with confidence. All of our products adhere to legal safety requirements and are designed to meet societal expectations for safe products. From the design stage to consumer usage, we ensure product safety, and through continuous research on product safety, we adhere strictly to high safety standards. In May 2022, to strengthen our business capabilities centered on consumers and enhance product quality/safety, we integrated the quality, product safety and regulatory assurance, and strategic manufacturing functions, operating them under the direct supervision of the CEO, ensuring a level of safety verification that surpasses global product standards.

Product Safety Assurance System



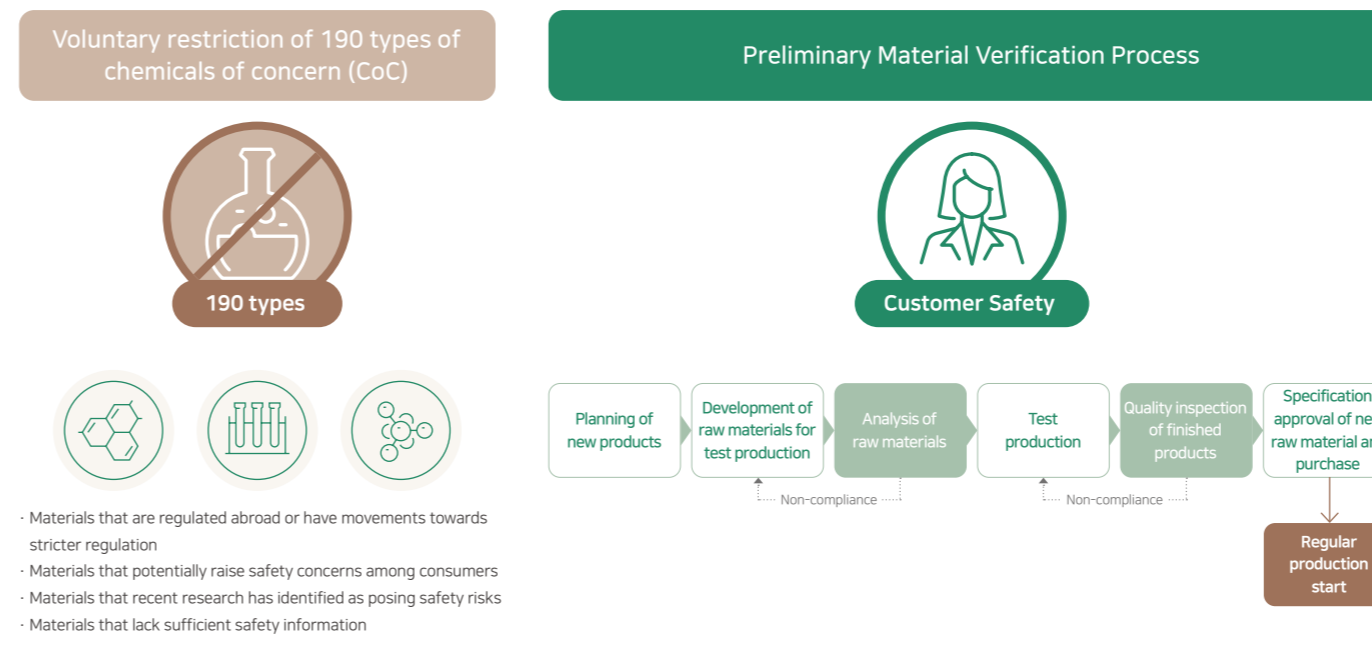
Integrated Execution Stage for Product Safety Assurance



Raw material usage policy and transparent disclosure

Yuhan-Kimberly has a principle of voluntarily restricting the use of chemicals of concern that have raised concerns regarding safety in society, and we disclose this information through our company website. These 'materials of safety concern' are consistently updated to reflect the latest developments in domestic and international regulations, consumer safety issues, and academic research. Reflecting this, the Yuhan-Kimberly safety concern material guideline establishes principles for using materials in our products. By adhering to this guideline, we ensure that our developed products maintain their safety. We periodically and consistently update this based on the latest safety information. Notably, from November 2022, we expanded the scope from 72 to 190 materials. Until 2021, we conducted a voluntary diagnosis, but from 2022, due to the implementation of the Serious Accidents Punishment Act, we check and take measures on these chemicals of concern at least once every six months, in compliance with legal requirements.

Raw Material Usage Policy



Product Safety and Preliminary Review & Management (2015-2022)

Category	Unit	2015	2016	2017	2018	2019	2020	2021	2022
Number of safety and regulatory reviews	Cases	175	234	216	623	919	2,029	1,947	1,829
Management of chemicals of concern	Types	59	74	74	74	74	74	74	190

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Transparency of products and raw materials

Yuhan-Kimberly labels the complete list of ingredients on the packaging for products required by law. The items subject to this requirement include quasi-drugs (such as sanitary pads, tampons, hand sanitizers, and masks), cosmetics (including wet wipes for body use), and hygiene products (like diapers, toilet paper, facial tissues, and napkins). Especially for quasi-drugs and cosmetics, we voluntarily disclose the complete ingredient list through our directly managed online store, 'momQ.'

Prevention of serious civic accidents

The Serious Accidents Punishment Act, implemented in January 2022, mandates the inspection and preventive measures against industrial accidents and significant civil disasters that could arise from product safety. Our QA/PSRA & ESM at Yuhan-Kimberly not only comply with the legal obligations related to seven product categories (quasi-drugs, medical devices, household chemical products, utensils for food use, cosmetics, sanitary products, and industrial safety products) but has also implemented voluntary inspections and improvement measures. In 2022, we conducted 114 product safety reviews.

Animal testing

Globally, within the household hygiene products category, including the FMCG (Fast-Moving Consumer Goods), Household, and Personal Care, there is increasing attention and caution towards product safety, sustainable materials, environmental impact of products, and animal testing. We, at Yuhan-Kimberly, in collaboration with our shareholder company, Kimberly-Clark, are expanding alternative methods to animal testing to proactively address these global trends. Except when testing is mandated by laws and regulations to ensure human safety, or when no alternatives are available, we adhere to the principle of not testing our products or ingredients on animals.

Customer Hygiene and Health Management

Responding to consumer safety issues through the Hygiene Product Consultation Body

We actively participate in the Hygiene Product Consultation Body alongside the government agency, Korea Consumer Agency, to address societal safety issues proactively and comprehensively. In 2022, we introduced eco-friendly elements throughout the entire lifecycle, from production, distribution, and usage to disposal, for widely used hygiene products such as toilet paper, wet wipes, and masks. Furthermore, we have been operating subdivisions for sanitary pads/diapers and masks to address and eliminate blind spots in safety management.

Activities of the Hygiene Product Consultation Body*

2017	2018	2019	2020	2021	2022
Raising Consumer Safety Issues	Strengthening Efforts for Consumer Safety Assurance	Acceleration of Consumer Life Safety	Acceleration of Consumer Life Safety	Proactive Practices for Consumer Safety	Operational Consolidation and Expansion across Industries
<ul style="list-style-type: none"> Spread of societal issues related to sanitary pad safety 	<ul style="list-style-type: none"> Establishment of voluntary safety protocols The setting of KPI for foreign substance reduction Creation of consumer information content 	<ul style="list-style-type: none"> Establishment of a wet wipe subdivision 16% reduction of foreign substances in diapers Providing seminars to strengthen the capabilities of small and medium-sized enterprises 	<ul style="list-style-type: none"> Strengthening the quality and safety of sanitary products Proactive practices for consumer safety Synergy creation through collaboration and strengthening capabilities of small and medium-sized enterprises 	<ul style="list-style-type: none"> Discovery of 5 joint improvement tasks: hand sanitizer pump, mask product improvements, cautionary usage phrases, etc. Production and dissemination of two consumer information contents Establishing a consensus on the importance of ESG activities 	<ul style="list-style-type: none"> Operation of sanitary pad, diaper, and mask subdivisions Establishment of Household and Personal Products Consultation Body 25% reduction in cases of insect intrusion in sanitary products Mask quality improvement (improvement in ultrasonic bonding areas, enhanced breathability)

* Achievements of the Korea Consumer Agency and the Hygiene Product Consultation Body

Quality Management

Quality management policy

Yuhan-Kimberly has established and operate a quality policy to design, produce, and provide products that offer the quality, performance, and value consumers expect. Accordingly, we design, manufacture, and provide products that meet or exceed consumers' expectations for quality, performance, and value, fulfilling all regulatory requirements. We procure materials, products, and services that meet quality requirements and have established a management system to continuously improve quality while complying with relevant laws and regulations. This quality policy encompasses our company and external suppliers and operates based on supply and quality contracts.

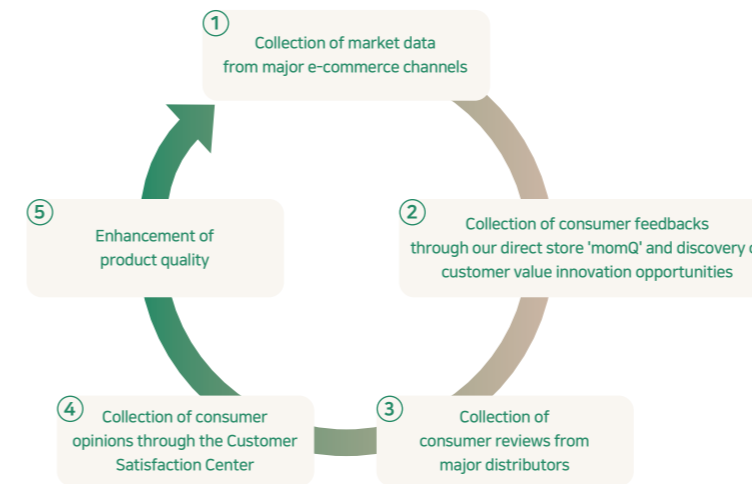
Achieving "super gap" quality through product innovation and quality assurance

At Yuhan-Kimberly, we aim to achieve "super gap" quality and continuously strive for product innovation while prioritizing consumer-centered quality assurance. For this, we have established a quality management system that involves the participation of all employees and prioritizes quality as its main principle. This system promotes collaboration across all functions. With the expansion of our product production, the proportion of outsourced products is steadily rising. Consequently, we are intensifying the quality management of externally manufactured products. As a result, in 2022, consumer complaints decreased by 17.8% compared to the previous year, leading to a notable decrease in dissatisfaction for both internally produced products (a decrease of 11.2%) and externally produced ones (a decrease of 26.3%). Additionally, we are also focusing on efforts such as continuous design change management, evaluation of primary material suppliers' quality management systems, and control over variations at the manufacturing sites to strengthen upstream quality.

Utilizing consumer-based data for diaper quality innovation

In response to the accelerating e-commerce market environment, we at Yuhan-Kimberly have established a five-stage 'Consumer-Centered Agile Product Cycle' utilizing consumer-based data for diaper quality innovation. Based on this, we collect and track consumer feedback in real-time and swiftly incorporate it into product innovation. We grasp major distribution channels' market/competition situation (like channel importance, market share, etc.) through real-time crawling techniques. We also collect initial consumer reactions by pre-launching products on our direct online store 'momQ' and quickly incorporate feedback into product development when necessary. Moreover, through the 'momQ Product Evaluation Team,' we offer opportunities for consumers to participate in product development, uncovering avenues for consumer value innovation. We also monitor language-specific consumer reviews of major distributors via the 'Diaper Review AI Analysis Solution' and track customer feedback collected in real-time at the Yuhan-Kimberly Customer Satisfaction Center. By repeatedly collecting and analyzing such consumer-based data, we lead the way in refining diaper quality.

Consumer-Centered Agile Product Innovation Cycle



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Customer Value Innovation

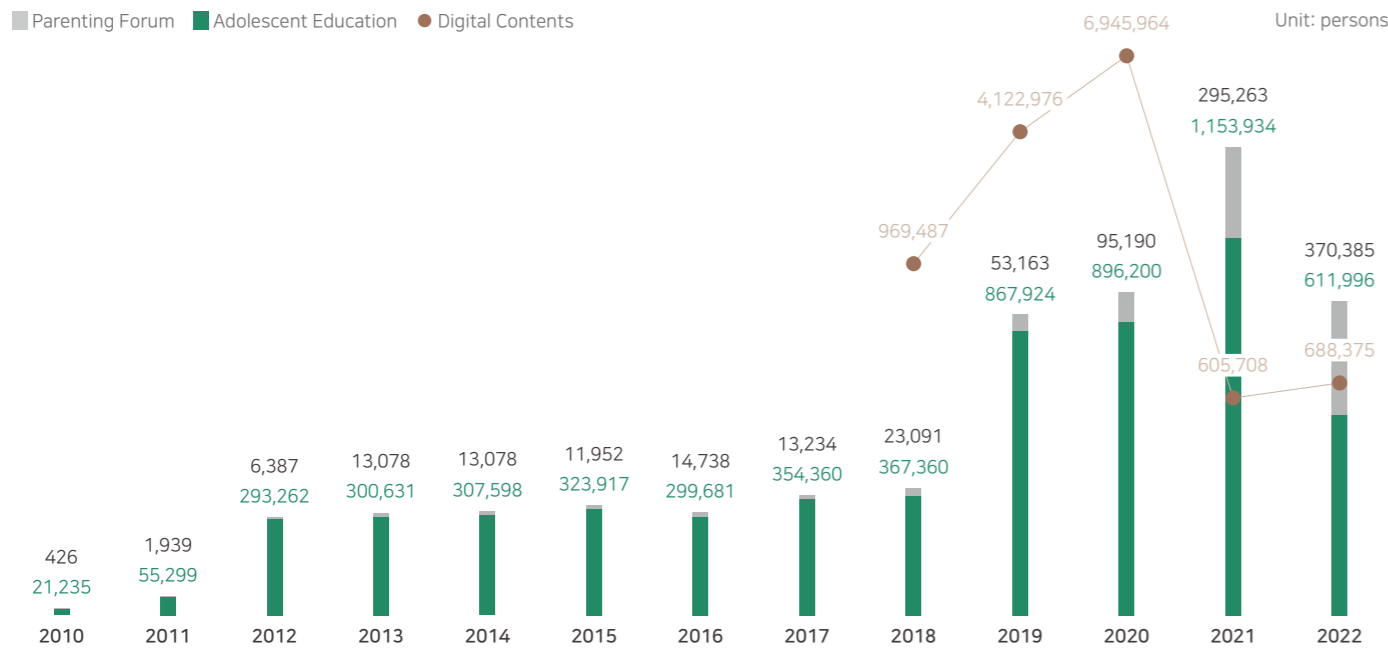
Operation of Consumer Education

As a leading and innovative household and personal products company in Korea, Yuhan-Kimberly is committed to innovating customer value. We provide information and education to ensure that all consumers, including teenagers and novice parents, can use our products correctly to create a convenient, safe life and a sustainable consumer living environment. Moving forward, we will always listen to our customers' voices and contribute to a better customer experience and improved quality of life through our products and services.

2022 Consumer Education

Education	Teenage Education (Menstruation, health and hygiene, gender equality)	Parenting Forum (parenting lectures/product information)
Educational Subject	<ul style="list-style-type: none"> National elementary/middle/high school health teachers MOU agreement with the Health Teachers Association 	<ul style="list-style-type: none"> External parenting experts Yuhan-Kimberly product experts (Marketers/R&E personnel)
Target Audience for Education	<ul style="list-style-type: none"> Students from national elementary/middle/high/special schools 	<ul style="list-style-type: none"> Prospective/first-time parents
Educational Method	<ul style="list-style-type: none"> Watching educational videos in school played by health teacher Offering opportunities to use samples to students Providing informative content through the platform 	<ul style="list-style-type: none"> Providing lectures via online channel Offering opportunities to use baby product samples Providing informative content through the platform
Education and Communication Platform	<ul style="list-style-type: none"> 'We have menstruation' Blog/Instagram/YouTube 	<ul style="list-style-type: none"> Direct online store 'momQ Wiki' parenting forum/Instagram/YouTube
Main Educational Content	<ul style="list-style-type: none"> First menstruation/menstruation education Production of educational content for elementary and middle/high schools Collaborative education with health teachers and obstetricians Health and hygiene education Conducting mask selection/use and hand-washing education in collaboration with Korea Consumer Agency Production of hygiene product digital educational videos Support project for equal menstruation rights First-period panties and guidebook support for special schools Development of braille sanitary pads (to be launched in May 2023) 	<ul style="list-style-type: none"> Parenting information lectures Inviting parenting experts and providing essential parenting lectures for beginner parents Demonstration and lecture directly by Yuhan-Kimberly marketers on various parenting products (diapers, baby bottles, masks, skincare, etc.) selection and usage Providing parenting information content Creating and providing major information in a news format post-forum
Number of Education Participants	611,996	370,385

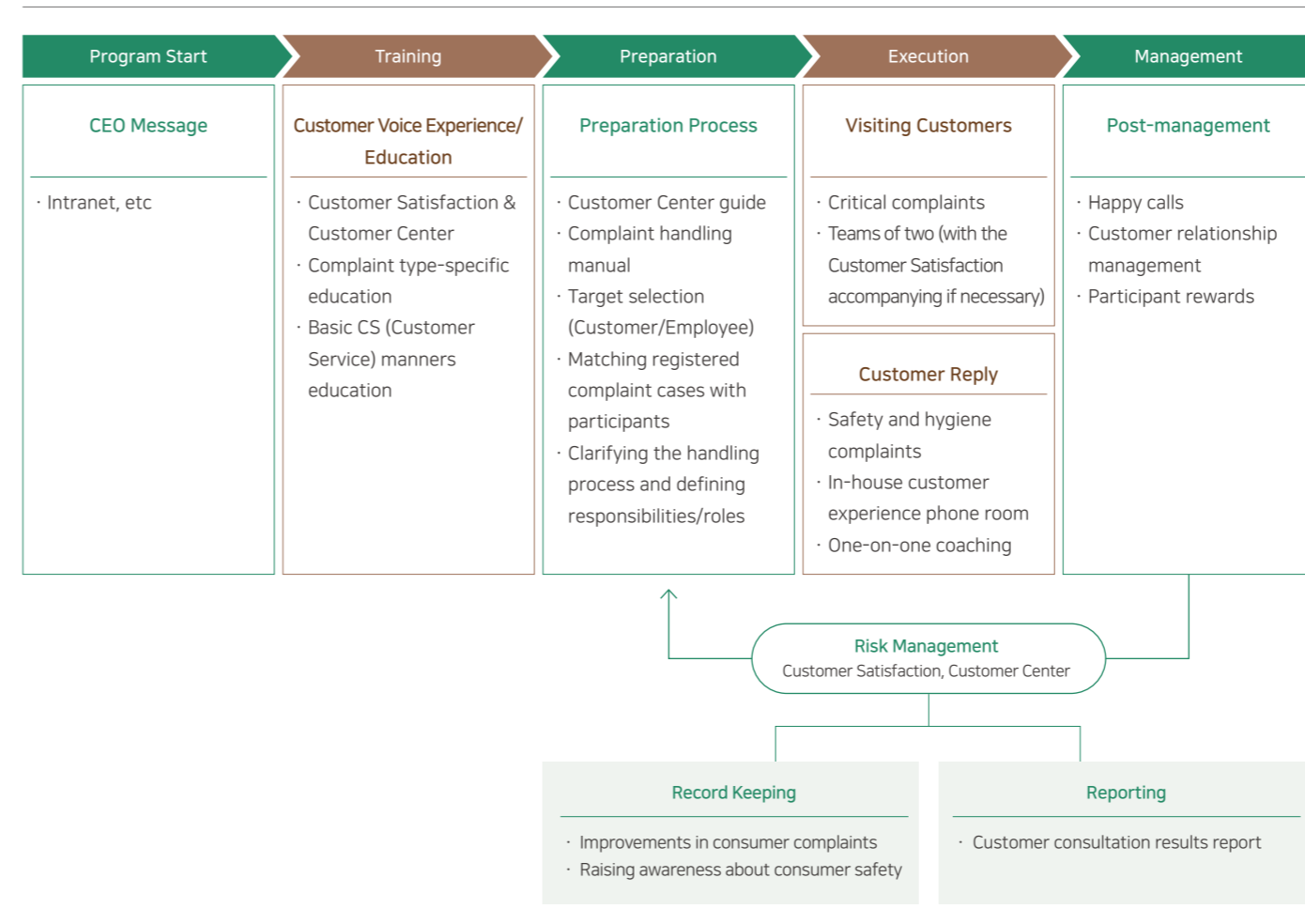
Number of Participants in Consumer Education (2010-2022)



Customer experience program for employees

At Yuhan-Kimberly, recognizing that the customer's voice serves as the foundation for innovation, we are committed to embedding consumer-centered management throughout our organization. In 2023, we are conducting a Customer Experience Program for Employees to raise awareness of consumer safety issues and to strengthen the company-wide response capability. This program targets leaders and major related business function employees, offering customer voice experience education and training. Alongside this, participants directly experience visiting dissatisfied customers and handling phone consultations. Through this program, we expect not only to heighten the awareness of consumer safety issues and accelerate activities to improve consumer complaints but also to mitigate potential risks associated with our products.

Customer Experience Program for Employees



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Voice of the Customer Meeting

Yuhan-Kimberly always prioritizes consumers and listening to the voice of customers in all our businesses and services. Since 2021, we have held the belief that 'If we listen to the voice of the customers and take it as an opportunity for transformation, we can ultimately deliver exceptional products and services.' 'Voice of the Customer Meeting' occurs bi-monthly, both online and offline, and our CEO, leaders of major business functions, factory directors, quality leaders, major stakeholders, and practitioners participate. In 2022, we derived and improved upon 43 agendas through six meetings.

Voice of the Customer Meeting: Major Issues and Actions Taken

Session	Major Issues	Action Taken
1st	<ul style="list-style-type: none"> E-commerce service Demand for improvement in sanitary pad packaging 	<ul style="list-style-type: none"> Agreed to set KPIs to reduce delayed and misdelivered packages Change packaging from zip-lock bags to cartons once primary materials are used up
2nd	<ul style="list-style-type: none"> Establishment of a safety system for wet wipes Voice of the customers on product complaints 	<ul style="list-style-type: none"> Decision to establish and operate an early warning system for wet wipes CS DAY for improvements in factory-specific product complaints: Conducted product complaint experience program
3rd	<ul style="list-style-type: none"> Praise for the unbleached sanitary pads 	<ul style="list-style-type: none"> Requested subsequent improvements in coordination with R&E
4th	<ul style="list-style-type: none"> Application of coupons for repurchase Voice of the customers on e-commerce events 	<ul style="list-style-type: none"> Expanded the range of coupon issuance for repurchases after confirming a temporary error Planned and conducted e-commerce events from the customer's perspective
5th	<ul style="list-style-type: none"> No withdrawal option for "momQ & Today Plus" members 	<ul style="list-style-type: none"> Completed improvements in the withdrawal process and system for momQ & Today Plus
6th	<ul style="list-style-type: none"> Defective sealing in small packaging D2MP direct store: Complaints about per-box return fee policy 	<ul style="list-style-type: none"> After a full inventory check, identified and took action on defective products and explored ways to reduce the defect rate Policy change to charge return fees per order, consistent with the company's online store

Privacy Protection Initiatives

Dedicated organization and process operation

At Yuhan-Kimberly, we have established a dedicated framework and operational processes aimed at safeguarding the personal information of our customers. The dedicated organization comprises the Chief Privacy Officer (CPO), Chief Information Security Officer (CISO), and information protection officers, and operates with a systematic information protection policy and process. To bolster our efforts, we have invested in cutting-edge security infrastructure and systems. Moreover, we regularly provide our employees with training sessions focused on privacy protection.

Information protection disclosure

We have appointed a Chief Privacy Officer (CPO) and Chief Information Security Officer (CISO) at Yuhan-Kimberly to oversee compliance with privacy laws and regulations. We have also developed strategies and systems to respond to security threats. In accordance with the Personal Information Protection Act, we have established and publicly disclosed a personal information processing policy to protect customer information and facilitate the smooth handling of customer grievances. Our sustainability report discloses the number of legal/regulatory violations related to information protection, fines, and penalties annually.

Review of social media account management and security enhancement

At Yuhan-Kimberly, we are steadfast in our commitment to thwarting any potential incidents involving information breaches or customer vulnerability through our social media platforms. We have conducted a complete inspection of the social media accounts operated by our company and are safeguarding account access through strong password settings and the introduction of two-factor authentication. Furthermore, we have conducted specialized training sessions for our designated account managers, with a distinct focus on enhancing their comprehension of security measures pertaining to the management of social media platforms.

Creating Community Value

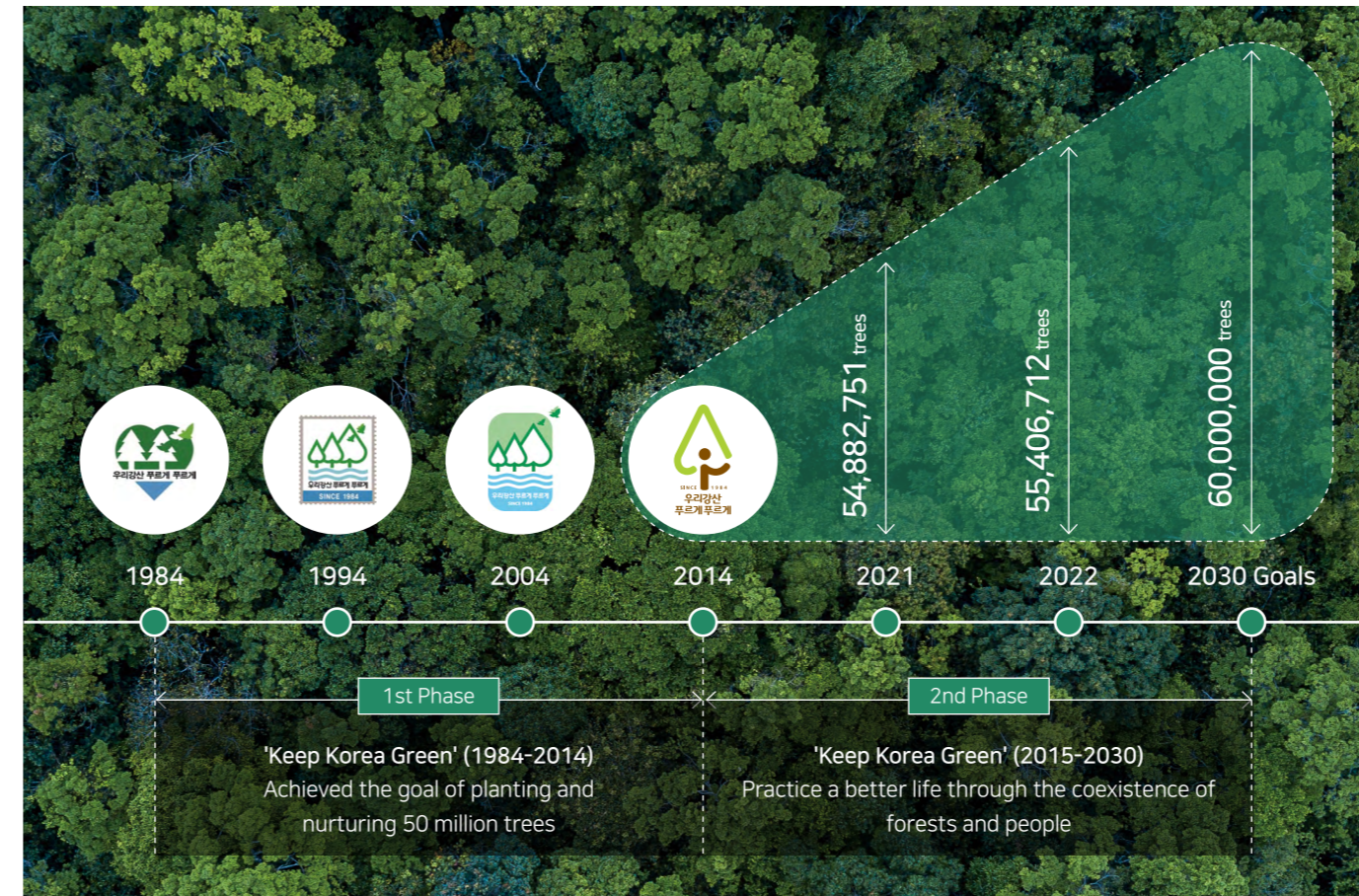
Yuhan-Kimberly is dedicated to managing strategic objectives aimed at generating positive social impact that enriches and uplifts the local community. Our efforts are geared towards facilitating increased access to forest experiences, thereby raising awareness about the intrinsic value of these ecosystems. Moreover, we have intensified our existing social contribution activities by expanding the participation of all stakeholders within our supply chain through our strengthened Good Brand strategy, which includes charitable activities for the vulnerable and implementing a new social model.

Efforts to Protect Forest Environment

'Keep Korea Green' campaign

The 'Keep Korea Green' campaign, an enduring initiative since 1984, underscores Yuhan-Kimberly's unwavering commitment to fostering a public-spirited approach towards forest preservation. Through this campaign, we have consistently harnessed the power of forests to address pressing societal concerns. Since starting to plant trees with the Korea Forest Service to reforest devastated national forests, we have actively communicated with stakeholders to solve societal issues demanded by the times, such as desertification, fine dust, carbon absorption, and wildfire restoration. We are actively responding to climate change by focusing on the 'Carbon Neutral Forest' and 'Biodiversity Conservation Forest.' Until 2022, the number of trees planted and nurtured through the 'Keep Korea Green' campaign stands at 55,406,712, and we plan to plant and nurture 60 million trees by 2030.

Evolution of the 'Keep Korea Green' Campaign



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Carbon Neutral Forests for responding to the climate crisis

Since 2015, Yuhan-Kimberly has collaborated with public institutions, local governments, and NGOs to conduct the Coexistence Forest project. This endeavor stands as a testament to our commitment to fostering sustainable partnerships. Notably, the Coexistence Forest project not only yields enduring carbon offset benefits but also plays a pivotal role in safeguarding the ecological equilibrium of regions challenged by the proliferation of kudzu vine. Through the 'Carbon Neutral Forest' created in Gimcheon and Daejeon, approximately 27,638 tCO2e and 28,860 tCO2e of carbon offsets are predicted by 2025, respectively. Starting from 2020, in the first Carbon Neutral Forest in Yongin, we have carried out tree planting by newlywed couples for three years, and we plan to continue nurturing the forest until 2025, ensuring that the trees grow well. Going forward, we will provide various opportunities for citizens who empathize with the values Yuhan-Kimberly pursues to voluntarily participate.

Overview of the Carbon Neutral Forests

Table with 4 columns: Region, Carbon Offset Project Duration, Area (ha), Predicted Carbon Offset Amount (tCO2e). Rows include Gimcheon, Daejeon, and Yongin.

* The report for the year 2021 includes estimations, whereas the report for the year 2022 accurately represents actual measurements.

Creation of a native plant honeybee forest near the Demilitarized Zone (DMZ) in Yeoncheon

As a part of the 'Keep Korea Green' campaign's biodiversity conservation efforts, the 'Yeoncheon Honey-Source Native Plant Honeybee Forest Tree Planting' event was held on April 15th, 2023, in Yeoncheon County, Gangwon Province. At this event, new employees of Yuhan-Kimberly and ten volunteer participants, four members from the civic group 'Peace Forest,' and seven from the Forest Service of the Northern Region each took part. Together, we planted over 300 Hovenia dulcis, which will serve as a foundation for local residents' forest conservation and economic activities and provide a food source for endangered honeybees.

Conservation of the endangered Korean Fir

The Korean fir, an indigenous species found only in high mountain areas such as Hallasan and Jirisan, is of significant value in biodiversity. Due to rising temperatures and decreased snowfall from the climate crisis, it was designated as an endangered species by the 'International Union for Conservation of Nature in 2013, and urgent conservation efforts are needed. To conserve the Korean fir, Yuhan-Kimberly, and the Korea Arboreta and Gardens Institute promised in 2021 to create an ex-situ conservation center for the Korean fir within the Baekdudaegan National Arboretum in Bonghwa, Gyeongbuk. We sowed and are raising 140,000 Korean fir seeds collected directly from Hallasan and Jirisan. Some of these seeds were donated for permanent storage in the Baekdudaegan National Arboretum's seed vault.



Tree planting in Yeoncheon Honey-Source Native Plant Honeybee Forest

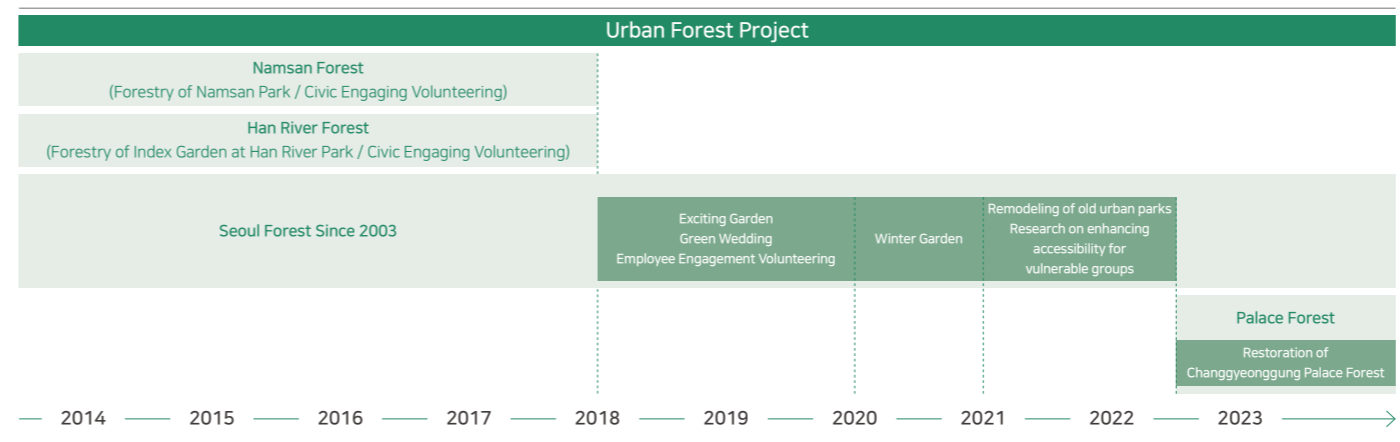


Donation ceremony for permanent storage of Korean fir seeds in the seed vault

Urban forest project

Since initiating the Seoul Forest establishment in 2003, we have focused on the function of urban forests, emphasizing efforts to combat climate change. For 20 years up to 2022, we supported urban forest activities to spread diverse park cultures in Seoul Forest. From 2023, the Urban Forest Project will transition to restoring trees and greenery in the Changgyeonggung palace area, emphasizing the value of palace forest restoration. To achieve this, we signed a business agreement with the Cultural Heritage Administration of Korea's Royal Palace Heritage Division Changgyeonggung Management Office and Seoul Green Trust to restore Changgyeonggung Forest in November 2022. Building on our experience from the past two decades of creating and maintaining urban forests in Seoul Forest and the Han River in collaboration with the Seoul Green Trust, we plan to restore a palace forest suitable for the Changgyeonggung area, which holds significant value as an urban green axis. In the tree planting event conducted in May 2023, over 40 employees and their family members participated.

Urban Forest Project of Keep Korea Green Campaign (2004-)



Forestry of Index Garden at Seoul Forest



Cultivating the Changgyeonggung Palace Forest

Yuhan-Kimberly Forest in Mongolia

Since 2003, we have initiated a forestation project in Tuijin Nars, Selenge Province, Mongolia, creating the 'Yuhan-Kimberly Forest.' This project aimed to address the issues of forest fire restoration and climate change. In 2023, to commemorate the 20th anniversary of the forestation, a ceremony was held with notable attendees, including Jeaseung Chin, the CEO of Yuhan-Kimberly; Jongho Park, the Director of the Northeast Asian Forest Forum; Oyunsanaa, the Director-General of the Forestry Agency of Mongolia; and the Lieutenant Governor of Selenge Province. Furthermore, on June 23rd, CEO Jeaseung Chin and the Mongolian President, Ukhnaagiin Khürelsükh, met at the presidential residence in Ulaanbaatar. During this meeting, we reviewed the project's progress over the past 20 years and exchanged gratitude for the significant achievements.



Yuhan-Kimberly Forest in Mongolia's 20th Anniversary Presidential Meeting



20th Anniversary Ceremony of the Mongolian Desert Restoration Forest 2023



Tree Planting in Commemoration of the 20th Anniversary of the Mongolian Desert Restoration Forest in 2023

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Citizen Participation Program

Forest experience program for the generation MZ, Green Camp

Since 1988, Yuhan-Kimberly has been operating the Green Camp, a forest experience program to nurture future female environmental leaders among high school students. The Green Camp supports the dreams of future environmental leaders through experiments and experiences in water, soil, trees, and air quality in actual forests. During the COVID-19 period, we expanded the participants from high school students to the generation MZ interested in forests and operated centered on forest education in the metaverse. In 2022, we linked online education with the endangered species protection site of the Baekdudaegan National Arboretum.



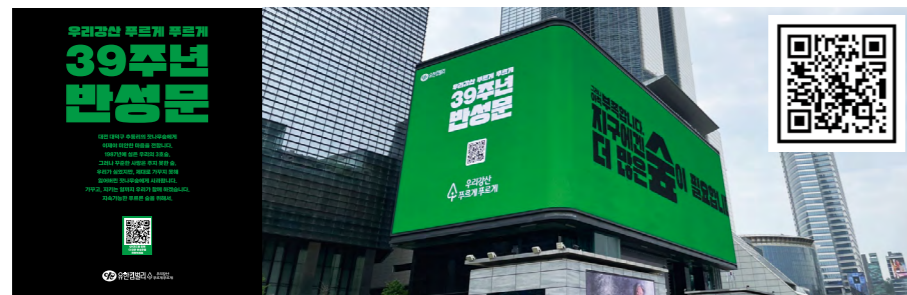
Green Camp Metaverse Education



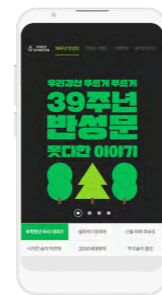
Green Camp Forest Experience Education at the Baekdudaegan National Arboretum

Communication with stakeholders—reflection Ad campaign marking the 39th anniversary

Every year, the "Keep Korea Green" campaign communicates the importance of the forest environment through ad campaigns. In June and July of 2023, as we approached our 40th anniversary, we carried out a "reflection" ad campaign looking back on the past 39 years. To build empathy with citizens, we ran large outdoor advertisements in landmarks in Seoul, near universities, on subway screen doors, and at bus stops. Through this ad campaign, we raised topics that require societal interest and participation, such as biodiversity conservation, forest fire prevention, and the continuous need for forest cultivation. We also reflected on the directions in which we needed to exert more effort. Based on this, we plan to create a campaign in 2024, our 40th year, that can contribute to solving social issues by communicating with more citizens.



Reflection Outdoor Advertisement for the 39th Anniversary of Keep Korea Green



Citizen Participation Event

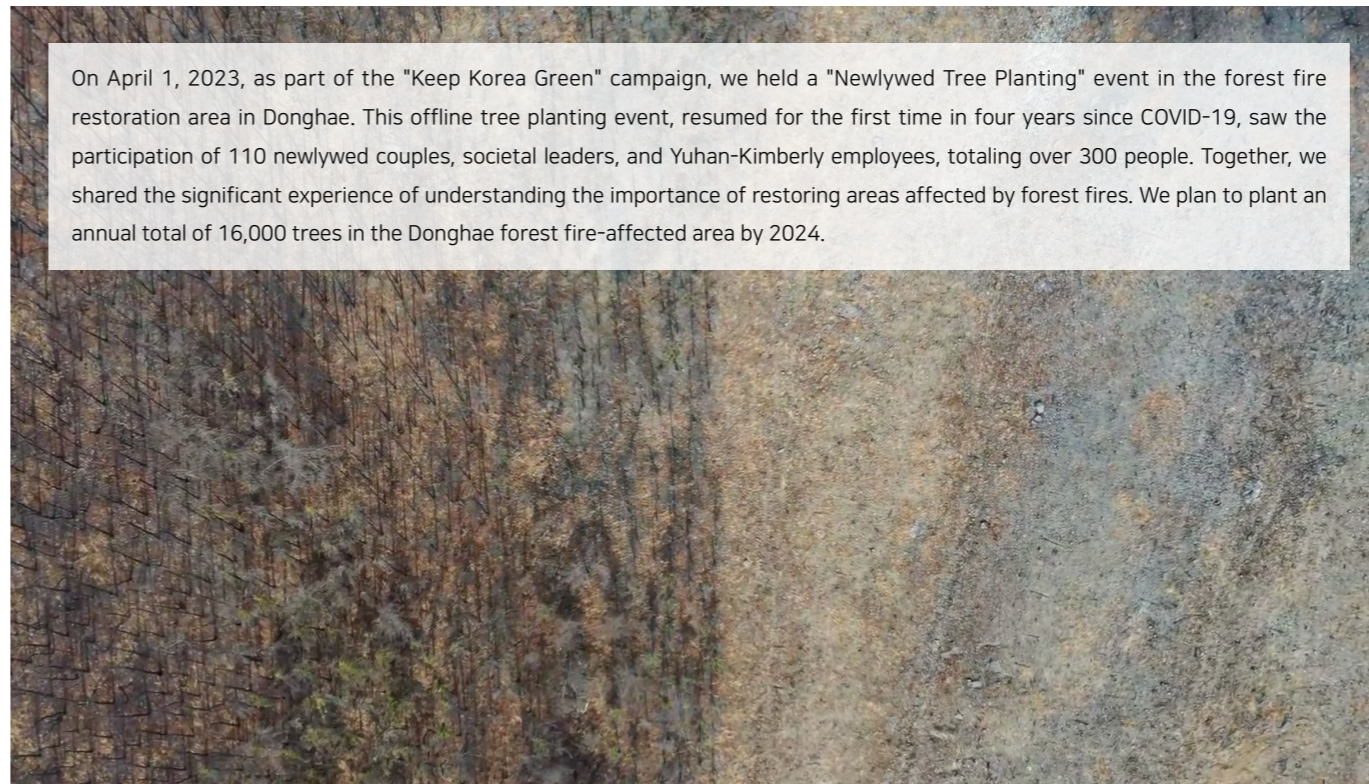
Communicating with various generations with the theme of forests

Yuhan-Kimberly has been highlighting the issue of sleep deprivation among Koreans and promoting the importance of forests by holding the "Keep Korea Green Sweet Dream Contest," to give the sleepless a break with a nap in the woods. For this event, which had 35 final participants, 11,187 applicants competed at a ratio of about 320 to 1. The winner was determined based on heart rate measurements during sleep. Through such events, we continually strive to communicate the importance of forests to diverse generations.



Keep Korea Green Sweet Dream Contest

Tree planting by newlyweds in areas affected by forest fires



On April 1, 2023, as part of the "Keep Korea Green" campaign, we held a "Newlywed Tree Planting" event in the forest fire restoration area in Donghae. This offline tree planting event, resumed for the first time in four years since COVID-19, saw the participation of 110 newlywed couples, societal leaders, and Yuhan-Kimberly employees, totaling over 300 people. Together, we shared the significant experience of understanding the importance of restoring areas affected by forest fires. We plan to plant an annual total of 16,000 trees in the Donghae forest fire-affected area by 2024.

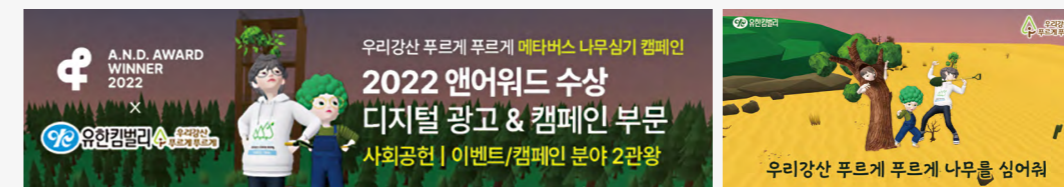


Poster of the 2023 Newlywed Tree Planting

Spotlight

Metaverse Tree Planting

Yuhan-Kimberly is educating the future generation, primarily teenagers, about the importance of forests through the ZEPETO 'Keep Korea Green Forest.' We provide opportunities for them to participate in societal contributions in a virtual space. The 2022 "KKG Plant a Tree" campaign allows users to plant trees in the virtual space, and in turn, we plant trees in actual forests. This new model of societal contribution, bridging virtual and real worlds, received recognition for expanding the empathy of the future generation. It won two awards at the "2022 A.N.D. Award" in the Digital Advertising & Campaign category and the Social Contribution, Event/Campaign category.



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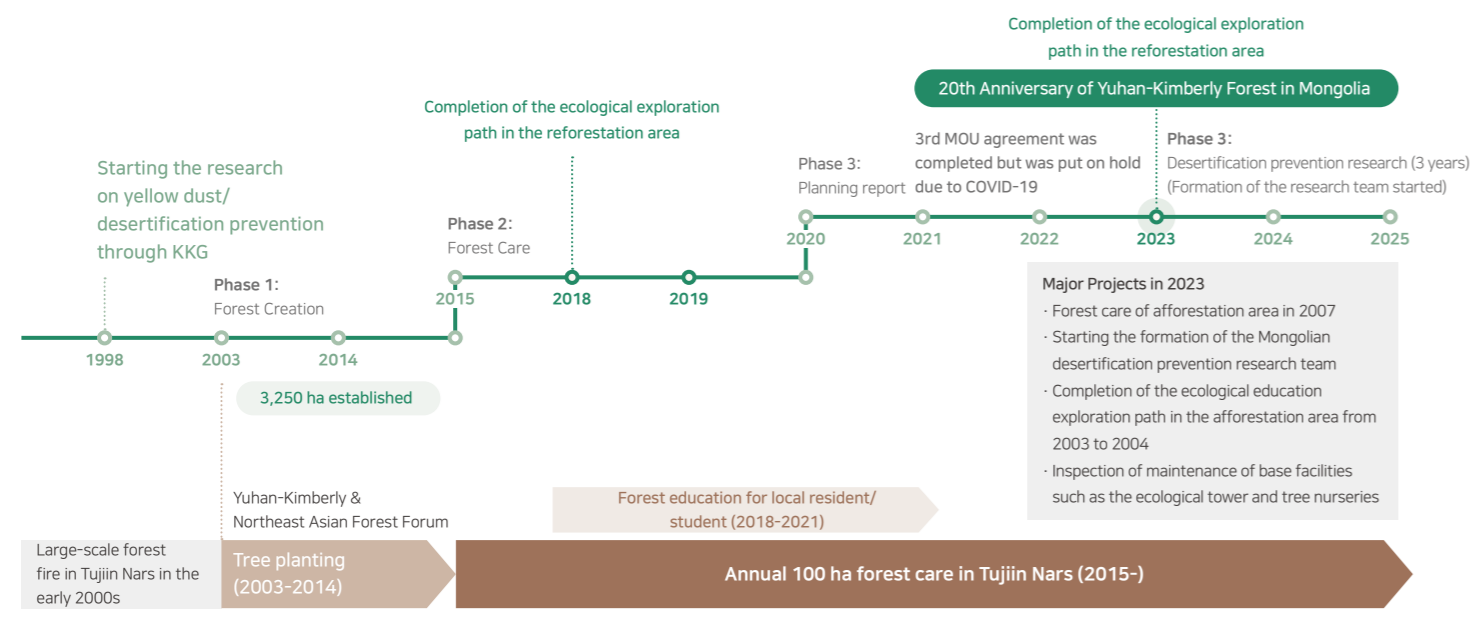
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Yuhan-Kimberly's connection with tree planting in Mongolia began back in 1999. At that time, Korea was experiencing severe yellow dust storms. The origin of this phenomenon was traced to Mongolia, a vast country spanning an area seven times the size of the Korean Peninsula and accounting for 1.2% of the world's landmass. Despite its size, approximately 41% of Mongolia's territory consisted of the Gobi Desert. This realization underscored the need for cross-border collaboration to address environmental issues. Thus, in 1999, as part of our "Keep Korea Green" initiative, we joined hands with the "Northeast Asian Forest Forum" with an aim to combat forest ecosystem degradation and desertification in Northeast Asia. Together, we embarked on a forestry project in the southern Gobi Desert of Mongolia, including tree planting, researching and surveying desertified areas, and collaborative efforts with experts.

Progress Roadmap of the 'Yuhan-Kimberly Forest' in Mongolia



In the early 2000s, a large fire broke out in the Selenge Province, leading to a significant loss of forests in Tuijin Nars, a region of historical and ecological importance. As a result, there was a pressing need for forest restoration. Collaborating with the Northeast Asian Forest Forum, the Mongolian local government, and others, we planted over 10 million trees across 3,250 ha from 2003 to 2014. Since 2015, we have been leading Mongolia's first forest nurturing project and have been continuously managing it by supporting the cultivation of 100 ha of forest each year. In July 2018, the forest we created was named 'Yuhan-Kimberly Forest,' where we also installed an ecological observation deck. Through the Yuhan-Kimberly Forest, we offer Mongolian citizens, including the future generation, an opportunity to learn the value of a green forest, improving the local environment and also generating economic benefits for the residents.

Overview of Creation of Yuhan-Kimberly Forest in Mongolia

Year	Tree Species	Area (ha)	Number of Trees (trees)
2003	Scotch pine	100	300,000
2004	Scotch pine, Olga Bay larch	150	450,000
2005	Scotch pine	250	750,000
2006	Scotch pine	250	750,000
2007	Scotch pine	250	750,000
2008	Scotch pine	350	1,050,000
2009	Scotch pine	300	960,000
2010	Scotch pine	320	1,024,000
2011	Scotch pine	320	1,024,000
2012	Scotch pine	320	1,024,000
2013	Scotch pine	320	1,024,000
2014	Scotch pine	320	1,024,000
Total		3,250	10,130,000



Planting Area for Yuhan-Kimberly Forest in Mongolia



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The Yuhan-Kimberly Forest in Mongolia is a globally recognized model that successfully restored the natural ecosystem and prevented desertification through collaboration between the Mongolian government, Yuhan-Kimberly, civic organizations, and academia. In 2022, the Mongolian president visited the Yuhan-Kimberly Forest and declared a "planting of 1 billion trees." This initiative began in 2003 and has been continuing in collaboration with the Mongolian government. Beyond planting trees, it also offers a mature forest model that transcends national boundaries by cultivating the previously afforested area.

In 2023, to commemorate the 20th anniversary of the creation of the Yuhan-Kimberly Forest in Mongolia, a celebration ceremony was held in Tuijin Nars. To further communicate the value of forests to more people, an ecological exploration path was opened following the Eco Tower, and a tree planting ceremony was also held, reaffirming the commitment to forest restoration and desertification prevention. Additionally, at the 15th World Forestry Congress in 2022, a seminar titled "International Dryland Greening Network" featured a presentation on "The Achievement of Creating Mongolian Desert Restoration Forests and Future Plans for Desertification Prevention Forests" based on the case study of "Keep Korea Green - Creation of the Yuhan-Kimberly Forest in Mongolia."



20th Anniversary of the Yuhan-Kimberly Forest in Mongolia



Introduction of the Yuhan-Kimberly Forest Mongolia (World Forestry Congress)

*The World Forestry Congress (WFC) is organized by the Food and Agriculture Organization (FAO) of the United Nations every six years. Over 10,000 forestry officials worldwide participate, sharing global forest and environmental issues and seeking solutions through forestry. It is the largest and most influential international conference in the forestry sector, often referred to as the Forestry Olympics.

20th Anniversary Meeting with the President for the Yuhan-Kimberly Forest in Mongolia

To commemorate the 20th anniversary of the creation of the Yuhan-Kimberly Forest in Mongolia, a meeting took place between CEO and President Jeaseung Chin and Mongolian President Ukhnaagiin Khürelsükh on June 23, 2023, at the Presidential Palace in Ulaanbaatar, the capital. During the meeting, the progress of the past 20 years was shared, and mutual appreciation was expressed for the significant achievements. Yuhan-Kimberly conveyed their intent to continue collaborating to ensure the successful realization of the Mongolian government's declaration to plant 1 billion trees by 2030 as a response to climate change. In support of this, the company plans to actively provide the expertise and forestry techniques accumulated during the creation of the Yuhan-Kimberly Forest, in partnership with the Northeast Asian Forest Forum, and assist in the formation of healthy forests suitable for Mongolia's climate.



Jeaseung Chin, CEO and President of Yuhan-Kimberly (left) and Mongolian President Ukhnaagiin Khürelsükh (right)

Since 1984, through our "Keep Korea Green" campaign, we have planted and cultivated trees in public forests domestically and internationally. Starting in 2003, recognizing the need for tree planting in Mongolia due to severe desertification and dust storm generation, we began forest creation in the Tuijin Nars region. Today, over 10 million trees form this forest.



The Transformation of the Tuijin Nars Yuhan-Kimberly Forest

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Efforts for Underserved and Vulnerable Groups

Empowerment of women's rights and leadership

According to the 'Gender Gap Report' released by the World Economic Forum in 2021, South Korea's level of gender equality ranked 102nd out of 156 countries, indicating that improvement is still needed. Since its founding, Yuhan-Kimberly has been committed to enhancing women's rights, changing perceptions, and innovating daily life by offering various products and services. Through menstrual education and sanitary pad donation campaigns, among other corporate social responsibility activities, we actively support the promotion of women's rights, leadership capabilities, and gender perspective enhancement. Notably, since 2007, the Women's NGO Leadership Fund has been a prominent tripartite collaboration program involving corporations, civic groups, and universities. The Korea Foundation for Women selects scholarship students, we provide the funds, and universities offer the education. As of December 2022, this program has supported a total of 1,058 activists.

Status of the Women's NGO Leadership Fund (2007-2022) (as of December 2022)

Women's NGO Leadership Fund	Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL																																			
Long-term course: Future Women's NGO Leadership Course (Master's course)	Number of People (persons)	10	9	11	10	9	11	10	8	12	10	6	10	10	13	11	8	158																																			
	Major partner	Korea Foundation for Women, Korea Women's Association United, Sungkonghoe University																																																			
Short-term course: NGO Leadership Advanced Course (3 months)	Number of People (persons)	-	51	61	60	60	60	61	60	60	60	30	60	62	70	70	75	900																																			
	Major Partner	<table border="0" style="width:100%; text-align:center;"> <tr> <td colspan="17">Korea Foundation for Women</td> </tr> <tr> <td></td> <td>Ewha Womans University</td> <td>Keimyung University</td> <td>Ewha Womans University</td> <td>Jeonbuk National University</td> <td>Chonnam National University</td> <td>Ewha Womans University</td> <td colspan="11"></td> </tr> </table>																	Korea Foundation for Women																		Ewha Womans University	Keimyung University	Ewha Womans University	Jeonbuk National University	Chonnam National University	Ewha Womans University											
Korea Foundation for Women																																																					
	Ewha Womans University	Keimyung University	Ewha Womans University	Jeonbuk National University	Chonnam National University	Ewha Womans University																																															
TOTAL	Number of People (persons)	10	60	72	70	69	71	71	68	72	70	36	70	72	83	81	83	1,058																																			

Menstrual education and awareness improvement activities

Since 1971, Yuhan-Kimberly has communicated with customers through consumer education, focusing especially on strengthening the health capabilities of young women and promoting menstrual rights through education. In 2017, we launched the "We are on period" blog, and in 2018, we established and continue to operate the online information-sharing and education platform "We have menstruation!" On "We have menstruation!" we consistently offer high-quality educational content, including (first) menstrual and hygiene educational materials for health teachers to use in schools and video materials on menstrual hygiene management produced with gynecologists. Particularly, in February 2022, the "We Are on Period" blog underwent a transformation to "We Are on Period by Daldabang," synergizing with Yuhan-Kimberly's women's health curation app "Daldabang" to convey more diverse and accurate menstrual health information.

Donation of 1 million sanitary pads

Yuhan-Kimberly has consistently promoted activities to spread women's rights and gender equality culture. Together with the Korea Foundation for Women, we have continued the "Cheer Up Daughters" campaign since 2016, focusing on donating sanitary pads to marginalized female youths. We have donated over 1 million Goodfeel sanitary pads yearly and, as of 2022, have contributed a cumulative total of more than 8.64 million pads to approximately 750,000 recipients. Along with product donations, we strive to improve beneficiaries' long-term quality of life by developing menstrual education materials. Together with our donation partners, we annually review and identify groups in need, such as out-of-school female youths and youths preparing for independence. We also focus on teaching women who need repetitive practice in sanitary pad use to easily and comfortably change pads. Additionally, we developed the Goodfeel First Period Panty to help developmentally disabled women struggling with sanitary pad replacement and initiated a program to provide them for free in 2020. Focusing on 189 special schools nationwide, we have provided approximately 4,200 sets, including First Period Panty for teaching and student panties, educational brochures, and videos.

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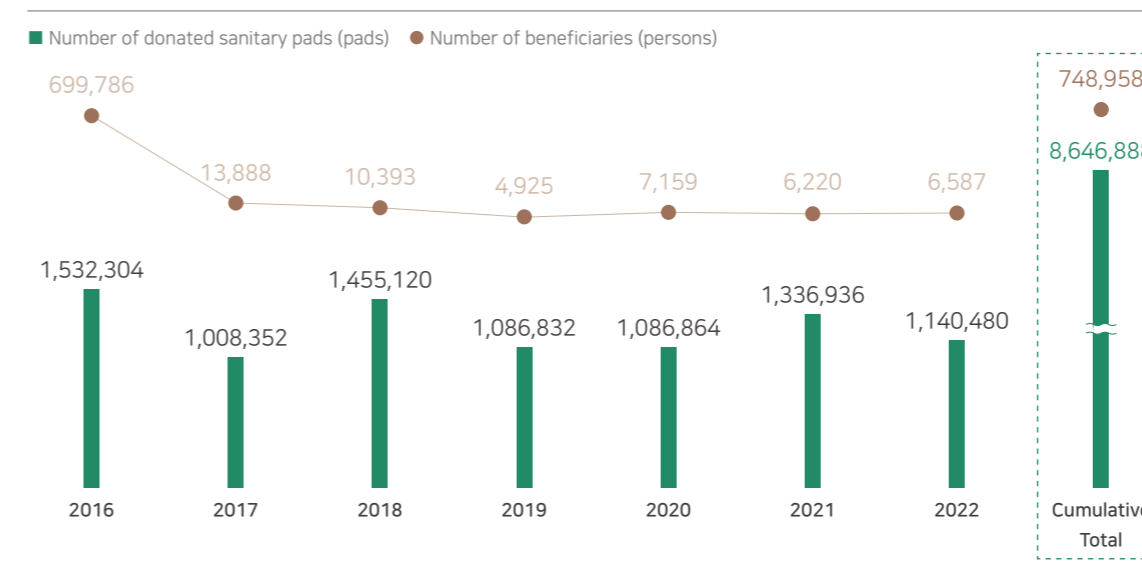
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Status of the 'Cheer Up Daughters' Sanitary Pad Donations (2016-2022)



Diaper donation

At Yuhan-Kimberly, in light of the low birth rate trend, we have been conducting diaper donation activities to fulfill our social responsibility. The "Hope Bank" program started in 2015 and aims to deliver diapers to childcare facilities, infant households, and other socially vulnerable children. Each year, employees from each business site participate in repackaging volunteering. In 2022, the ChoongJu Mill delivered 1,002 packs, the TaeJon Mill 1,121 packs, and the KimCheon Mill 976 packs through employee volunteer activities. Beyond diaper donations for vulnerable groups conducted voluntarily by employees, since 2017, we have been donating ultra-small diapers for "Preemies" – newborns born earlier than the average 37-week gestation period or weighing less than 2.5 kg to spread social attention and understanding for them. As of 2022, we have donated over 4 million diapers, benefiting 29,065 babies. We supply them for free to over 30 general and university hospitals with Neonatal Intensive Care Units (NICU). We also support three packs per person, a total of 150 diapers, through our direct mall "momQ."



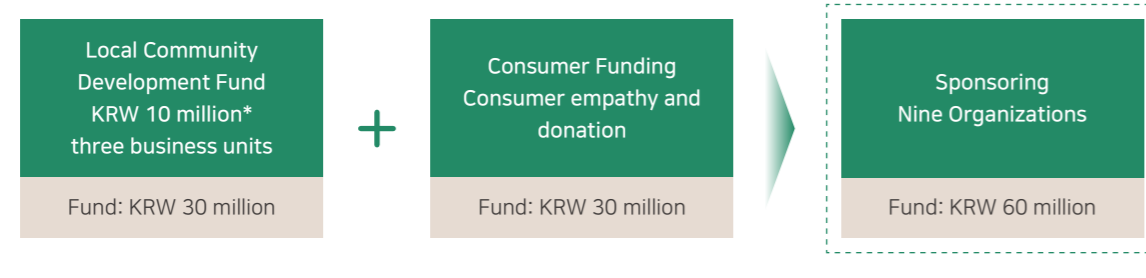
Status of Huggies Diaper Donation (2012-2022)

2022 Hope Bank

Community contribution activities in business sites

At Yuhan-Kimberly, we strive to fulfill our role as corporate citizens, aiming to grow together with the local communities where our business sites are based. In our local factories, we actively carry out community service activities using the local community development fund with the labor-management collaboration. Our employees also assist local community neighbors through donations and volunteer work. These acts of social responsibility embody a fundamental value that bridges Yuhan-Kimberly's historical legacy, present endeavors, and future aspirations. In 2022, the local community development fund was operated as a consumer matching fund, with 14,605 consumers participating in the fundraising. The collected funds were then distributed to nine organizations, including the Community Chest of Korea.

Expansion Model for Community Contribution Activities



Communication school for newlyweds

Since 2009, in partnership with Seoul YWCA, we have been operating the 'Life-Loving Newlywed School' program, teaching newlyweds the practice of learning through communication. The program is grounded in the belief that happy couples form the foundation of a happy society. Its primary objective is to support newlyweds in cultivating a wholesome domestic environment while simultaneously contributing to the resolution of societal challenges, particularly those pertaining to declining birth rates. Due to COVID-19, online participation has increased since 2021. In 2022, we operated the 'Greener Challenge' online program where couples walk and communicate, with 25,820 participants. In our offline program, 102 couples (204 people) attended, watching live performances in the forest and listening to couples' communication lectures.

Life-Loving Newlywed School Participation (2009-2022)

Unit: persons

Year	-2015	2016	2017	2018	2019	2020	2021	2022	Cumulative (2009-)
Life-Loving Newlywed School	1,192	180	288	304	544	890	7,616	26,024	37,038

Yuhan-Kimberly Green Impact Fund - Supporting the growth of social ventures and startups leading social and environmental change

In 2021, Yuhan-Kimberly, in collaboration with the fund management company MYSC and the non-profit organization People and Peace Link, initiated a community service project to nurture social ventures driving sustainable social/environmental change. The 'Yuhan-Kimberly Green Impact Fund,' which invests in social ventures and startups with potential in the sustainability function, invested in '60 Hertz,' which operates an energy integration management system by predicting renewable energy production, 'ARTWA' which provides monitoring solutions using intelligent amphibious robots, and 'Cosmos Lab' which develops batteries using eco-friendly materials in 2022. In 2023, we also selected investment companies through a competition held for two consecutive years. These companies are not only provided with Green Impact Fund investments but also opportunities for mentoring by Yuhan-Kimberly employees on corporate culture and ESG. They also receive benefits such as resource linkage through the fund management company and impact monitoring. The profits from the fund's investments, as these social ventures/startups grow, are planned to be reinvested as investment resources for the Green Impact Project.

Investment Companies at a Glance

1st Year Fund Investment Companies	60 Hertz	ARTWA	Cosmos Lab
Solutions	Development of a Virtual Power Plant solution for managing solar and wind power plants based on predictive technology	Provides automated water quality monitoring services using amphibious robots and offers pipe inspection services with miniaturized robots for major disaster responses	Develops nature-friendly batteries at every stage, from raw material to manufacturing and usage, by producing next-generation non-flammable eco-friendly aqueous battery cells
SDGs Compliance Goals	<ul style="list-style-type: none"> 7 Sustainable energy 13 Climate change response 	<ul style="list-style-type: none"> 6 Clean Water and Sanitation 15 Terrestrial Ecosystem Protection 	<ul style="list-style-type: none"> 3 Good Health and Well-being 13 Climate Action Response
2nd Year Fund Investment Companies	ChangTalk	ECONNECT	Revation
Solutions	Aims for a 1:1 consulting matching platform between trade experts and small business owners, thereby reducing business closures and construction waste resulting from closures	Based on an eco-friendly material curating algorithm, it provides a solution for finding and reviewing the best eco-friendly materials that can be applied to each product	Provides the 'RESTUDIO' service, a one-stop development solution for B2B tailored eco-friendly products, from R&D to manufacturing of products using eco-friendly materials for packaging
SDGs Compliance Goals	<ul style="list-style-type: none"> 8 Sustained economic growth and quality job creation 11 Sustainable cities and communities 	<ul style="list-style-type: none"> 11 Sustainable Cities and Communities 	<ul style="list-style-type: none"> 12 Sustainable Consumption and Production

Senior impact fellowship in collaboration with the Work Together Foundation

Yuhan-Kimberly is leading the 'Senior Impact Fellowship,' aimed at empowering social innovators who offer innovative and sustainable solutions to address challenges posed by an aging society and expand business opportunities catering to senior demographics. Leveraging our ten-year experience in job creation for seniors, the initiative, in partnership with the Work Together Foundation, identifies social innovators in the senior sector and supports them with fellowship funds. In 2023, we selected three fellows through competition. Each receives an annual KRW 30 million fellowship funds and benefits like access to Yuhan-Kimberly's 'Today Plus' healthcare platform, collaboration with Work Together Foundation's startup projects, expert mentoring, workspace, and network support.

Support Areas of the 1st Senior Impact Fellowship



Senior Impact Fellowship

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Yuhan-Kimberly's Social Contribution Activities in Numbers (2015-2022)

Category	Unit	Starting Period	2015	2016	2017	2018	2019	2020	2021	2022	Cumulative contributions*	
Forest Environment	Number of trees planted & forest cultivation (including seedlings and saplings)	Trees	1984	326,880	671,757	640,300	769,361	564,630	536,315	573,441	523,961	55,406,712
	Managed area of forest cultivation	ha	1984	109	224	213	256	188	139	191	175	18,429
	Volunteer participation	Persons	2015	-	2,509	2,183	4,361	2,459	-	-	57	11,569
	Newlywed tree planting	Persons	1985	600	600	650	650	639	11,902	20,000	5,610	59,595
	Adolescent environmental education (Green Camp)	Persons	1998	120	110	98	98	176	209	400	400	5,670
	Seniors (Mountain Village School)**	Persons	2016	-	79	78	80	40	632	0	0	927
	Forest environmental protection communication (subscriber count)	Persons	2015	10,185	13,165	28,947	71,471	164,139	181,979	174,948	175,679	644,834
Underserved and Vulnerable Group	Seniors (job creation)***	Cases	2002	54	127	147	168	68	0	0	0	746
	NGO Women (leadership training)	Persons	2007	72	70	36	70	72	83	81	83	1,058
	Newlyweds (Life-loving School)	Persons	2009	166	180	288	304	544	890	7,616	26,024	37,038
	Low-income women (sanitary pad donation)	Persons	2016	-	699,786	13,888	10,393	4,925	7,159	6,220	6,587	748,958
Donation and Volunteering	Support for underserved seniors (1% Monthly Salary Donation)	Persons	2015	1,277	877	1,042	1,040	1,019	2,242	848	874	9,219
	Gender equality fund (employee donation relay)	Persons	2005	793	861	1,253	1,211	1,138	1,152	975	785	10,505
	Support for underserved children (Hope Bank diaper donation)	Bags	2012	7,831	8,075	5,679	5,289	15,324	4,174	3,509	3,099	66,439
Consumer	Consumer education (Parenting Forum)	Persons	2011	11,952	14,738	13,234	23,091	53,163	95,190	295,263	370,385	912,240
	Consumer education (adolescent menstrual education)	Persons	1972	323,917	299,681	354,360	367,540	867,924	896,200	1,153,934	611,996	19,143,469

* Cumulative contributions: Overall accumulated status of social contribution activities since the starting year

** Senior Forest School: Project ended in 2021

*** Senior job creation: Project ended in 2019



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ESG Data(At a Glance)

Economic Performance

Financial performance

Category	Unit	2020	2021	2022
Sales	KRW 100 million	14,978	14,671	15,092
Net income	KRW 100 million	1,404	1,314	1,445
Total assets	KRW 100 million	10,755	10,816	8,135
Exports	KRW 100 million	1,485	1,632	1,375

Domestic sales to exports ratio

Category	Unit	2020	2021	2022
Domestic sales	%	90.1	88.9	90.9
Exports	%	9.9	11.1	9.1

Sales growth rate of the business unit (domestic sales + exports)

Category	Unit	2020	2021	2022
Baby diapers	%	7.6	15.0	-7.2
Wet wipes, towels, adult diapers, skincare, and others	%	31.0	-11.1	3.8
Facial paper and toilet paper	%	11.7	-1.8	5.3
Feminine sanitary pads	%	-2.1	-4.5	7.5
B2B Sales	%	12.1	-6.7	8.1

Economic value distributed

Targets for distribution	Category	Unit	2020	2021	2022	Proportion (%) (2022 formula)		
Shareholders	Dividends*	KRW 100 million	1,400	4,010	1,440	9.5		
Employees	Salaries and benefits	KRW 100 million	2,897	1,949	2,216	14.7		
Partner companies	Cost of goods and services	KRW 100 million	9,568	9,633	10,190	67.5		
Local community	Government	Corporate tax, other taxes and utility charges	KRW 100 million	709	1,125	733	4.9	
		Corporate tax payment status	Income before tax	KRW 100 million	1,901	2,215	1,966	13.0
			Corporate tax	KRW 100 million	498	901	522	3.5
	Expenditure on associations and policies	Taxes paid in cash	KRW 100 million	486	953	583	3.9	
		Political donations and lobbying	KRW 100 million	0	0	0	0	
	Membership fees for affiliated organizations	KRW 100 million	2.07	1.99	1.88	0		
Local community/customers	Corporate social contribution expenses	KRW 100 million	59	56	56	0.4		
Others	Other costs (rent, depreciation, etc.)	KRW 100 million	534	677	387	2.6		
Total revenue (sales + interest income)		KRW 100 million	15,171	14,754	15,125	99.6		

* Discrepancies from the previous year's report are attributed to the accrual accounting applied.

Activities and investment results of Research & Development (R&D)

Category	Unit	2020	2021	2022
R&D personnel	Persons	56	59	53
Facility investment	KRW 100 million	394	389	498
Facility investment ratio to sales	%	2.6	2.7	3.3
Sales of new products	KRW 100 million	2,615	2,003	1,484
Contribution ratio of new products to sales	%	17.5	13.7	9.8

Ethics and compliance

Category	Unit	2020	2021	2022	
Unethical behavior report by stakeholders	Partners	Cases	0	0	1
	Employees		0	2	0
	Customers		0	0	0
	Others		0	0	0
Status of actions on unethical behavior report	Harassment/sexual harassment at work	Number of reports	0	1	0
	Personal use of company assets		0	0	0
	Breach of business processes		0	1	0
	Bribery and graft with partners		0	0	1
	Attendance violation		0	0	0
	Others		0	0	0
	Harassment/sexual harassment at work	Action results (minor disciplinary action, major disciplinary action, no violation)	0	One major disciplinary action	0
	Personal use of company assets		0	0	0
	Breach of business processes		0	One major disciplinary action	0
	Improper relationships and acceptance of favors from partner companies		0	0	0
Anti-competitive behavior	Attendance violation		0	0	0
	Others		0	0	1
	Litigation related to anti-competition and monopoly prohibition	Cases	0	0	0

Government Subsidies

Category	Unit	2020	2021	2022
Government subsidies (received amount)	KRW 1 million	66	18	0

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Social Performance

Social management indicators

Category	Index	Unit	2020	2021	2022	
Employees	Employment	Total number of employees	Persons	1,526	1,481	1,470
		Employment type	Persons			
		Permanent employees	Persons	1,508	1,457	1,441
		Contract employees	Persons	18	24	29
		Job type	Persons			
		Production workers	Persons	737	711	700
		Office workers	Persons	789	770	770
		Gender	Persons			
		Female	Persons	288	303	306
		Male	Persons	1,238	1,178	1,164
		Composition of employees by country	Persons			
		Korea	Persons	1,522	1,475	1,464
		USA	Persons	1	2	2
		China	Persons	1	2	2
		Others	Persons	2	2	2
		Composition of employees by age group	Persons			
		Under 30s	Persons	45	52	65
		Between 30s and below 50s	Persons	994	922	804
		50s and above	Persons	487	507	601
		Employment rate of persons with disabilities*	%	2.38	2.31	2.19
		Rate of employment for persons of national merit**	%	87.5	87.3	78.2
	Average years of service	Years	21.4	21.5	21.7	
	Average monthly working hours	Hours	166	163	162	
	Absentee days	Days	0	0	0	
	Lost days	Days	152	57	67	
New hires and resignations	New hires	Total number of new hires	Persons	29	56	67
		Proportion of newly hired females	%	72	54	48
		Proportion of newly hired males	%	28	46	52
	Recruitment	Number of internal hires	Persons	10	6	7
		Average hiring cost	KRW 10 thousand	250	320	270
Turnover		%	5.04	3.76	5.48	
	Voluntary turnover	%	0.8	1.4	2.8	
Employee evaluation	Number of employee satisfaction survey respondents	Male	Persons	Not implemented	996	1,026
		Female	Persons	Not implemented	186	212
	Average employee satisfaction score	Male	Points	Not implemented	80	79
		Female	Points	Not implemented	72	66
	Proportion of employee performance evaluation	Goal setting proportion	%	100	100	100
Comparison analysis within the same grade		%	100	100	100	
Education	Education hours per person	Hours	33.4	39.8	47.4	
	Education cost per person***	KRW 10 thousand	35.4	37.0	41.3	
	Human rights education hours per person	Hours	2	2	2	
	Ethics education hours per person	Hours	3	3	3	
	Employee training	Information security/ personal information	Hours per person	1	1	1
			Occupational safety and health	Hours per person	0.5	0.5
		Improving disability awareness	Hours per person	1	1	1
		Sexual harassment	Hours per person	1	1	1
		Human rights management, harassment, and discrimination	Hours per person	1	1	1
Ethical management/fair trade	Hours per person	1	1	1		

* Derived from data provided by the Korea Employment Agency for Persons with Disabilities (discrepancies from the previous year's report are attributed to numerical errors).

** Ratio of the company's workforce composed of individuals recognized for national merit compared to the stipulated legal quota.

*** Discrepancies from the previous year's report are attributed to the adjustment in the method of approximation employed.

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Category	Index	Unit	2020	2021	2022	
Employees	Female workforce	Proportion of female employees	%	18.9	20.5	20.8
		Increase rate compared to last year	%	-0.35	5.21	0.99
	Female employees	Proportion of women in revenue-generating departments	%	28.8	32.0	33.2
		Proportion of women in STEM departments	%	9.8	15.0	13.1
	Equal pay	Wage ratio of women to men (executives)				
		Wage ratio of women to men (managerial positions)	No wage difference based on gender within the same rank; wage differences			
		Wage ratio of women to men (non-managerial positions)				
		Proportion of female managers (Work Leader and above)	%	9.2	12.5	15.4
		Proportion of female management (executives)	%	10.0	15.2	18.2
	Maternity and childcare	Users of maternity leave****	Persons	8	7	10
		Return rate after maternity leave	%	100	100	100
		Female childcare leave users	Persons	12	8	14
		Female childcare leave utilization rate	%	100	100	100
		Male childcare leave users	Persons	1	1	1
		Return rate after childcare leave	%	92	100	100
		Retention rate after returning from childcare leave	%	96	100	88
	Union	Number of union members	Persons	768	737	723
		Union membership rate	%	99.7	99.7	100.0
	Workplace safety	Number of industrial accidents	Case	3	1	1
		Industrial accident rate	%	0.19	0.06	0.06
		Employee TRIR (Total Recordable Incident Rate)	Number of accidents per 200,000 working hours	0.20	0.07	0.07
Employee LTIR (Lost Time Injury Rate)			0.20	0.07	0.07	
Collaborative company LTIR (Lost Time Injury Rate)			0	0	0	
Fatal accidents		Case	0	0	0	
Occupational disease incidence rate		%	0	0	0	
Violation	Violations of the code of Conduct and disciplinary action	Case	2	5	0	
Local Community	Donations	KRW 1 million	3,146	2,946	3,127	
Information protection	Information security violations	Cases	0	0	0	
		KRW 10 thousand	500	0	0	
Product safety	Safety regulation violations	Cases	0	0	0	
	Product recall	Cases	2	2	1	
	Number of advertisement labeling violations	Cases	0	0	0	

**** Discrepancies from the previous year's report are attributed to the starting year of use criteria.

Social management indicators

Category	Unit	2020	2021	2022	
Retirement pension support	Number of subscribers (DC)	Persons	383	388	399
	Operating amount (DC)	KRW 1 million	67,076	14,512	12,767
	Number of subscribers (DB)	Persons	1,023	995	967
	Operating amount (DB)	KRW 1 million	277,816	202,413	206,847

Status of Flexible Work System Usage

Table with columns: Category, Index, Year of Introduction, Unit, 2020, 2021, 2022. Rows include Vacation system, Flexible work system (Remote, Selective, Recognized, Autonomous).

Yuhan-Kimberly introduced the Recharging Vacation in 2016 to establish a vacation usage culture. According to this system, 18 'Recharging Days' are announced in advance annually.

Management of ESG of partners

Table with columns: Category, Index, Unit, 2020, 2021, 2022. Rows include Partners (Total number, SAT risk, Average score, etc.), Purchasing status by partner type, Mutual growth with partners, Manpower support.

Yuhan-Kimberly conducts regular ESG evaluations for partners and includes ESG evaluations in the partner selection criteria.

Customer communication status of Integrated Customer Support Center

Table with columns: Category, Index, Unit, 2020, 2021, 2022. Rows include Customer consultation status, Activities for Customer Satisfaction, Recall status, Customer satisfaction level.

Environmental Performance

Environmental performance

Table with columns: Category, Index, Unit, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022. Rows include Environmental protection cost, Greenhouse gas emissions, Greenhouse gas intensity, Energy, Water, Waste, Recycling and Green Purchasing.

* Scope 3 greenhouse gas emissions are calculated in accordance with our internal standards.
** Commencing from 2020, we have begun the process of data collection and utilization of renewable energy.
*** Total waste emissions: Discrepancies from the previous year's report are attributed to modifications in both general and specific figures.
**** General waste emissions: Discrepancies from the previous year's report are attributed to the inclusion of wastepaper and scrap, following the Allbaro system standard.
***** Specified waste emissions: Discrepancies from the previous year's report are attributed to minor numerical errors within the TaeJon Mill data.

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Environmental performance

Category	Index	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Discharge volume		m ³ /Product ton	10.7	10.2	13.5	12.4	13.2	13.3	13.2	12.7	12.6	9.9
Water pollution	Total suspended solids	kg/Product ton	0.023	0.022	0.041	0.043	0.031	0.038	0.043	0.041	0.040	0.042
	emission (intensity)											
	Biochemical oxygen demand	kg/Product ton	0.008	0.008	0.013	0.015	0.020	0.035	0.043	0.031	0.032	0.037
	Chemical oxygen demand	kg/Product ton	0.149	0.143	0.222	0.243	0.207	0.261	0.294	0.230	0.246	0.220
Air pollution	NOx	kg/Product ton	0	0	0	0	0	0	0	0	0	0.022
	emission (intensity)											
	SOx	kg/Product ton	0	0	0	0	0	0	0	0	0	0.002
	Dust	kg/Product ton	0.013	0.009	0.028	0.024	0.023	0.028	0.017	0.015	0.013	0.001
Hazardous chemicals	Products that contain REACH substances of very high concern (SVHC)	ton	0	0	0	0	0	0	0	19.29	24.60	32.68
	Substances on the California DTSC Candidate Chemicals List	ton	0	0	0	0	0	0	0	0	0	0
Sustainable palm oil	Total palm oil used		0	0	0	0	0	0	0	0	0	38.73
	RSPO-certified used (by grade)		0	0	0	0	0	0	0	0	0	0
Environmental regulations	Violation of environmental regulations	Number of cases	0	0	0	0	0	0	0	0	0	0
		Amount (KRW 1 million)	0	0	0	0	0	0	0	0	0	0
	ISO 14001	Number of target businesses	3	3	3	3	3	3	3	3	3	3
		Number of certified businesses	3	3	3	3	3	3	3	3	3	3

Achievements of environmental education

Category	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
KimCheon Mill	Persons	546	418	463	549	256	308	321	363	452	438
	Hours	767	599.5	964.5	926	402	379.5	355.5	392	363.5	339.5
TaeJon Mill	Persons	348	395	239	422	428	420	398	470	327	311
	Hours	348	395	255	449	428	453	434	492	342	311
ChoongJu Mill	Persons	750	633	780	641	479	89	123	57	219	146
	Hours	0	633	880	34	50	135	212	90	219	228
Total	Persons	1,644	1,446	1,482	1,612	1,163	817	842	890	998	895
	Hours	1,115	1,627.5	2,099.5	1,409	880	968	1,001.5	974	924.5	878.5

TCFD (Task Force on Climate-related Financial Disclosures)

Yuhan-Kimberly publishes a sustainability report reflecting the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and annually discloses our greenhouse gas reduction performance and yearly achievements.

Recommendations of the TFCF	Yuhan-Kimberly's Response (2022)	Reporting Page
Governance		
a) Describe the board's oversight of climate-related risks and opportunities.	Operation of ESG Committee directly under CEO <ul style="list-style-type: none"> Convened the ESG Committee three times in 2022 (January, March, and November) Held the ESG Environmental Subcommittee and responded to CDP, discussing greenhouse gas emissions Established a target to achieve a 25% reduction in greenhouse gas emissions by 2030, as compared to the levels in 2015. This goal was endorsed by the ESG Environmental Subcommittee and the ESG Committee Launched the Climate Change Action Project TF in 2022 Regularly reported ESG agendas to the board of directors Under the leadership of the TF staff, conducted an annual internal assessment and risk evaluation every August, and reported improvements 	31, 32, 64
b) Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risk & Opportunity (R&O) Survey for climate change <ul style="list-style-type: none"> Conducted an annual self-assessment for CDP to preliminarily screen risks and opportunities Environmental Management 3.0 Declaration <ul style="list-style-type: none"> Formulated medium to long-term strategies, including the pursuit of a carbon-neutral policy, to guide our environmental management efforts 	56, 61, 64
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Managing carbon emissions based on production volume and reviewing financial risks <ul style="list-style-type: none"> Discussed risks of allocated emission quotas in the Emissions Trading System Carried over twice the surplus emission amount by August 2022 to 2023 Reached a consensus to reinvest the profits generated from the sale of surplus emission rights into sustainable environmental initiatives, establishing a virtuous cycle fund 	65-67, 70
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Managing risks according to the NDC and Net Zero declarations <ul style="list-style-type: none"> Worked on establishing a vision, concrete objectives, and an action plan for carbon neutrality When developing new businesses and investments, conducted environmental assessments Allocated over 30% mandatorily to investments for environmental improvements during facility investment planning 	65
Risk Management		
a) Describe the organization's processes for identifying and assessing climate-related risks.	Operation of the ESG Committee <ul style="list-style-type: none"> Operated the Environmental Subcommittee under the ESG Committee Made decisions on environmental strategic tasks and risks 	64
b) Describe the organization's processes for managing climate-related risks.	Collaboration between the Environmental Management Workgroup & SHE Workgroup <ul style="list-style-type: none"> Collaborated between the Environmental Management Workgroup, Manufacturing, Production Facilities & SHE Workgroup to implement the carbon-neutral execution strategy 	64
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Potential risk survey <ul style="list-style-type: none"> Discussed action programs based on annual risk assessments Identified regulated items of products due to its environmental performance in 2022, following strengthened disposable product regulations and intensified waste charges 	61, 66-67
Metrics and Targets		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Considering domestic and international greenhouse gas emission targets <ul style="list-style-type: none"> Aligned internal emission targets by considering the allocated emissions within the domestic Emissions Trading System and Kimberly-Clark's greenhouse gas emission target at global business sites Assigning and managing business site goals <ul style="list-style-type: none"> Assigned goals for each business site through consultations between the Corporate Affairs and Manufacturing Conducted monthly monitoring 	68-71
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Disclosure of Scope 1, 2, and Scope 3 <ul style="list-style-type: none"> Scope 1: 24,373 tCO₂e Scope 2: 168,325 tCO₂e Scope 3: 9,037 tCO₂e 	131
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Secured a surplus greenhouse gas emission of 20,500 tCO₂e in 2022 <ul style="list-style-type: none"> Improved energy efficiency through the replacement of outdated equipment and process improvement Carried over the surplus emissions until August 2022 to 2023 	60, 70

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GRI Index (Global Reporting Initiative Index)

Index	Detail	Reporting Page	Comment	
General Disclosures				
GRI 2: General Disclosures	2-1	Organizational details	10	
	2-2	Entities included in the organization's sustainability reporting	10	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	N/A	Not applicable
	2-5	External assurance	140-141	
	2-6	Activities, value chain and other business relationships	99-101	
	2-7	Employees	128-129	
	2-8	Workers who are not employees	128	
	2-9	Governance structure and composition	28-30	
	2-10	Nomination and selection of the highest governance body	28	
	2-11	Chair of the highest governance body	28	
	2-12	Role of the highest governance body in overseeing the management of impacts	28, 30-31	
	2-13	Delegation of responsibility for managing impacts	30-31	
	2-14	Role of the highest governance body in sustainability reporting	30-31	
	2-15	Conflicts of interest	N/A	Not applicable
	2-16	Communication of critical concerns	18-23	
	2-17	Collective knowledge of the highest governance body	31	
	2-18	Evaluation of the performance of the highest governance body	28	
	2-19	Remuneration policies	28	
	2-20	Process to determine remuneration	28	
	2-21	Annual total compensation ratio	N/A	Cannot be disclosed due to internal confidentiality
	2-22	Statement on sustainable development strategy	6-9	
	2-23	Policy commitments	40-41, 97-98	
	2-24	Embedding policy commitments	40-41, 97-98	
	2-25	Processes to remediate negative impacts	40-41, 97-98	
	2-26	Mechanisms for seeking advice and raising concerns	40-41, 97-98	
	2-27	Compliance with laws and regulations	127, 129, 132	
	2-28	Membership associations	139	
	2-29	Approach to stakeholder engagement	16	
	2-30	Collective bargaining agreements	129	

Index	Detail	Reporting Page	Comment	
Material Topics				
GRI 3: Material Topics	3-1	Process to determine material topics	18	
	3-2	List of material topics	19-23	
	3-3	Management of material topics	18-23	
Economic Performance				
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	126	
	201-2	Financial implications and other risks and opportunities due to climate change	64-67	
	201-3	Defined benefit plan obligations and other retirement plans	129	
	201-4	Financial assistance received from government	127	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	74-75	
	203-2	Significant indirect economic impacts	109-124	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	40-41	
	205-2	Communication and training about anti-corruption policies and procedures	40-41	
	205-3	Confirmed incidents of corruption and actions taken	40-41	
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	127	
Environmental Performance				
GRI 301: Materials	301-1	Materials used by weight or volume	58-63	
	301-2	Recycled input materials used	58-63	
	301-3	Reclaimed products and their packaging materials	58-63	
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environment criteria	99-101	
	308-2	Negative environmental impacts in the supply chain and actions taken	99-101	
Social Performance				
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	N/A	Not applicable
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	Not applicable
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	109-124	
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A	Not applicable
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	99-101	
	414-2	Negative social impacts in the supply chain and actions taken	99-101	
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	102-104	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	129	
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	102-104	
	417-2	Incidents of non-compliance concerning product and service information labeling	129	
	417-3	Incidents of non-compliance concerning marketing communications	129	

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SASB (Sustainability Accounting Standards Board)

According to the SASB (Sustainability Accounting Standards Board) standards, established in 2011 by the American Sustainability Accounting Standards Board, industry-specific sustainability reporting standards have been laid out. We, Yuhan-Kimberly, disclose sustainability indicators following the HOUSEHOLD & PERSONAL PRODUCTS standard.

Category	Code	Accounting Metrics	Reference Description	Reporting Page
Water management	CG-HP-140a.1	(1) Total water withdrawn	3,694,824 m ³	131
		(2) Total water consumed	5,158,039 m ³	131
		Percentage of each in regions with High or Extremely High Baseline Water Stress	According to the World Resources Institute (WRI) standards, Yuhan-Kimberly does not have any production facilities located in areas with high or very high water stress.	61
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	As we do not have any production facilities in high water stress regions, our water management risk is low. Still, we're proactively addressing this via different activities. Our KimCheon Mill has identified risks and established response strategies based on the World Resources Institute's water scale. The KimCheon Mill is also implementing a Water Net Zero project. Moreover, all our factories adhere to the ISO 46001 (Water Efficiency Management System) guidelines, understanding each plant's water usage and status and striving to conserve water resources.	61
Product EHS performance	CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	We manage and maintain the safety of our products at all stages, from development and production to consumer use. We check for compliance with internal management standards for product safety assurance and continuously review the verification by global product safety experts and domestic law compliance.	102-104
	CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List		
	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	We adhere to the principle of voluntarily restricting the use of "chemicals of concern." From 2022, due to the implementation of the Serious Accidents Punishment Act, we review and take action on these "chemicals of concern" more than once every six months. The safety of raw materials is continuously evaluated and revised based on the latest domestic and international regulatory trends, consumer safety issues, and academic data.	103
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	We aim to achieve a 95% sales proportion of sustainable products by 2030. Sustainable products are those improved in environmental and social aspects, and we independently set and assess specific quantitative criteria for each contribution area.	46-50
Packaging life cycle management	CG-HP-410a.1	(1) Total weight of packaging	5,865 ton	-
		(2) Percentage made from recycled and/or renewable materials	16.81%	131
		(3) Percentage that is recyclable, reusable, and/or compostable	We monitor and manage recycling rates at the disposal stage through a lifecycle assessment and aim to enhance product recyclability through sustainable product development guidelines. We initiated the lifecycle assessment in 2001, and by 2022, it was conducted for a total of 36 products. In 2023, we plan to clarify the baseline for sustainable products by expanding the evaluation target products.	46-50, 59
	CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Our product development prioritizes "Reduce Raw Material Use to a Minimum," "Increase Recyclability," and "Replace Plastics." Among these, our topmost priority is reducing the use of raw materials and packaging. In 2023, we plan to prepare an LCA evaluation tool based on the results of continuous life cycle evaluation of major products and the life cycle LCI database for sustainable materials. Through this, we aim to improve the accuracy and precision of new product development evaluations. In 2022, 17% of the petroleum-based plastics used in packaging were converted to recycled plastics, and we aim for a 50% conversion by 2030.	46-50, 58-59
Environmental and social impacts of palm oil supply chain	CG-HP-430a.1	Amount of palm oil sourced	The purchase amount of raw materials containing palm oil (Formulated Solutions) in 2022 is 38.73 tons.	132
Activity indicator	CG-HP-000.a	Units or total weight of sold products	Given the diversity of Yuhan-Kimberly's product portfolio, we do not disclose information on the units or total weight of sold products.	-
	CG-HP-000.b	Total number of production sites	Three mills (TaeJon Mill, KimCheon Mill, ChoongJu Mill)	11

2023 Yuhan-Kimberly's Sustainability Report People: Our strength and source of hope

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Compliance with the Ten Principles of the UN Global Compact

UNGC Compliance Status

Category	Ten Principles	Yuhan-Kimberly's Efforts (2022)	Reporting Page
Human Rights	1. Business should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Conduct employee code of conduct training Release human rights management declaration, declared 8 principles of human rights management Operate Yuhan-Kimberly I&D Committee Operate a dedicated organization for human rights management 	40-41, 97-98
	2. Make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Conduct personal information protection training Conduct human rights education Implement a fair-trade voluntary compliance program Operate an employee grievance handling channel and process Conduct companywide Speak Up workshops 	38-39, 41, 97
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> 100% rate of labor union participation Conduct Labor-Management Councils and Grievance Handling Committees quarterly 	97, 129
	4. the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> Compliance with employment regulations and collective agreements Labor-management negotiations 	95
	5. the effective abolition of child labour; and	<ul style="list-style-type: none"> No hiring of employees under 18 	135
	6. the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Female employee ratio at 20.82% 100% return to work rate after maternity leave 	129
Environment	7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> Implement Environmental Management 3.0 Conduct forest/environment protection campaigns Conduct ESG Self-Assessment Conduct an in-house evaluation using the COP water resource evaluation methodology and identify potential risks 	56, 61, 109-117
	8. undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> Operate CEO's direct ESG Environmental Subcommittee Concluded an MOU with Green Action Alliance for the establishment of a sustainable ecosystem across the industry Created the Yeoncheon Honey-Source Native Plant Honeybee Forest for honeybee biodiversity preservation Collaborated with Baekdudaegan National Arboretum on the storage and research of Korean Fir seed vault Invest in 3 startups leading social/environmental innovation through the Green Impact Fund 	24-25, 30-31, 110, 123
Anti-Corruption	9. encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> Develop and produce eco-friendly products Conduct Life Cycle Assessment (LCA) for major products Establish a strategy to replace plastics and mid-to-long-term goals for packaging, monitor progress Launched 'BI:CYCLE', a project to establish a resource circulation process for hand towels 	25, 46-50, 58-59
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Conducted code of conduct training for all employees Activated education on anti-corruption, ethics, and fair-trade voluntary compliance Declaration of CEO at the Ethical Management ESG Forum Participated in the UN Global Compact (UNGC) anti-corruption pledge 	40-41, 138

Regular general meeting of the UN Global Compact (UNGC) Network Korea

Yuhan-Kimberly was recognized as a UN Global Compact Leadership Excellence and Development (LEAD) company for the second consecutive year at the 2022 UNGC Korea Leaders Summit, organized by the UN Global Compact Network Korea. The UNGC Korea Leaders Summit is a forum that disseminates and shares the sustainability agenda of companies and the international community, including the four core values promoted by the UNGC—human rights, labor, environment, and anti-corruption—as well as the UN's Sustainable Development Goals (SDGs). Various stakeholders, including member companies, government representatives, international organizations, academia, and civil society leaders, have participated in this summit. At this summit, Yuhan-Kimberly was recognized as a leading company in the fields of human rights, labor, environment, anti-corruption, and SDGs among Korean member companies that support the UNGC's 10 principles and have embedded these principles into their strategies and policies. Hence, we were selected as a LEAD company by the UNGC Korea Association. During a launching session of the Women Leaders Network, our strategies and examples of inclusivity and diversity were also shared.

UN Guiding Principles Reporting Framework

Category	Reporting Principle	Reporting Page
Governance of respect for human rights	A1. Policy commitment	97-98
	A2. Embedding respect for human rights	97-98
Defining the focus of reporting	B1. Statement of salient issues	97-98
	B2. Determination of salient issues	97-98
	B3. Choice of focal geographies	-
	B4. Additional severe impacts	118-119
Management of salient human rights issues	C1. Specific policies	97
	C2. Stakeholder engagement	17
	C3. Assessing impacts	97-98
	C4. Integrating findings and taking action	40-41, 97-98
	C5. Tracking performance	-
	C6. Remediation	40-41, 97

Status of collaboration partners within local communities

Main societies and associations in 2022: 45 organizations (in Korean alphabetical order)	
Headquarters Common	The Organization of Consumer Affairs Professionals in Business (OCAP), Green Company Council, Korean Nurses Association, Korea Mech. Const. Contractors Association, Korean Bar Association, Korea Industrial Safety Association, Korea Cosmetic Association, Meerae Forum, Korea Fire Safety Management Association, Korea National Council of Consumer Organizations, Korea Safety Equipment Association, UN Global Compact Network Korea, Ethical Management CEO Club, Association of Dangerous Substances Director, Federation of Korean Industries, Research Head Conference, The American Chamber of Commerce in Korea, Korea Employers Federation, Fair Competition Federation, Korea Environmental Engineers Association, Korea Society of Toxicology, Marketers Society of Korea, Korea Marketing Association, Korea International Trade Association, Korea Association for Radiation Association, Environmental Preservation Association, Korea Industrial Technology Association, Korea Fire Safety Association, Environment and Safety Director Association, Korea Medical Device Industry Association, Korea Electric Engineers Association, Korea Electric Power Engineers Association, Korea Paper Association, Korea Paper Resource Association, Korea Integrated Logistics Association, Korea Technical Association of the Pulp and Paper Industry
Manufacturing Site	Gimcheon Chamber of Commerce & Industry, Gimcheon Safety Director Association, Gyeongbuk Environmental Engineering Federation, Daegu Gyeongbuk Environment Protection Association, Daegu Gyeongbuk PSM Safety Management Association, Daeduk Industrial Engineer Association, Daejeon Chungnam Enterprises Federation, Chungju Entrepreneur Association, Chungju High-tech Complex Association
Main collaboration organizations in 2022: 49 organizations (in Korean alphabetical order)	
Business Collaboration	3, 4 Industrial Complex Management Conference, KOKJE, Institute for Industrial Policy Studies, Hygiene Product Business Consultation Body, Korea AEO Association, Korea Technical Association of The Pulp and Paper Industry, Korea Society for Quality Management, Korea Toilet Association, Korea Management Association, The Korean Association of Gerontology and Geriatrics, Korea Logistics Society, Toilet Paper Fair Trade Association
Social Responsibility	50+Korean, Gyeongbuk Fostercare Center, Gyeongbuk Community Chest of Korea, Gyeongbuk Welfare Center for the Blind, Climate Change Center, National Council of the Green Consumers Network in Korea, Green Korea United, Northeast Asian Forest Forum, Daejeon Community Chest of Korea, Daejeon Hanter Protected Workplace, Literature House Seoul, Meerae Forum, Love Asia, Friends of Love, Community Chest of Korea, Forestry Cooperative in Korea, Seoul Green Trust, Seoul Korean Federation for Environmental Movement, Seoul YWCA, Forest for Life, Womenlink, Peace Forest Work, People and Peace Link, Korea Arboreta and Gardens Institute, Korea Women's Association United, Korea Foundation for Women, Korea Women's Hot-Line, Work Together Foundation, Korea Federation for Environmental Movements, Citizen's Movement for Environmental Justice, K-Green Foundation, Chungju Social Welfare Joint Committee, Chungju New Village Association, Chungju Senior Club, Chung-Ju Center for Independent Living, AFoCO, K-WIN

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Independent Assurance Statement

To readers of 2023 Yuhan-Kimberly Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by Yuhan-Kimberly to conduct an independent assurance of its 2023 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 GRI standards 2021 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.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 201: Economic Performance
 - GRI 203: Indirect Economic Impacts
 - GRI 205: Anti-Corruption
 - GRI 206: Anti-competitive Behavior
 - GRI 301: Materials
 - GRI 308: Supplier Environmental Assessment
 - GRI 408: Child Labor
 - GRI 409: Forced or Compulsory Labor
 - GRI 413: Local Communities
 - GRI 414: Supplier Social Assessment
 - GRI 416: Customer Health and Safety
 - GRI 417: Marketing and Labeling

As for the reporting boundary, the engagement excludes the data and information of Yuhan-Kimberly' 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 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' 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.

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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 2023 Seoul, Korea
CEO

E. J. Hwang

Greenhouse Gas Verification Statement

Verification Statement on 2022 Greenhouse Gas emissions & Energy consumption Report

Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by 'Yuhan-Kimberly CO., Ltd.' to independently verify its 2022 Greenhouse Gas Emissions and Energy consumption Report (hereinafter 'GHG Inventory').

Verification Scope & Standard

KFQ's verification was conducted domestic business sites under operational control of 'Yuhan-Kimberly CO., Ltd.'. 'Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Systems (Notification No. 2022-279 of Ministry of Environment & IPCC Guidelines 2006)' were mainly applied in verification process but also the Company Guidelines for GHG Inventory was considered.

Verification Procedure

The verification was planned and carried out in accordance with the procedures stipulated in the Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (Notification No. 2021-112), and the verification guarantee level was carried out to meet the reasonable guarantee level.

Limitations of verification

Accuracy and completeness of emission data reported in the 'GHG Inventory' are subject to inherent limitations due to their nature and the methodology used in determining, calculating and estimating such data.

Conclusion/Opinion

Through verification procedures such as ISO 14064-1, ISO 14064-3, the following conclusions are presented on greenhouse gas emissions data.

- 1) The Inventory Report has been stated in accordance with 'Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Systems'
- 2) The result of Material discrepancy satisfied the criteria for an organization that emits more than 500,000 tCO₂e shall not exceed 5% from total emissions as per "Greenhouse Gas and Energy Target Management Scheme"
- 3) Thus, KFQ conclude that the Greenhouse Gas Emissions of the Company in 2022 is correctly calculated and stated in accordance with 'Rules for verification of operating the greenhouse gas emission trading scheme'.

2022 Greenhouse Gas emissions of 'Yuhan-Kimberly CO., Ltd.'

Year	Division	GHG emissions (tCO ₂ e)		
		Scope 1	Scope 2	Subtotal
2022	Anyang Logistics Center	0	358.856	358
	TaeJon Mill	18.956	29,788.343	29,807
	KimCheon Mill	23,902.702	124,018.994	147,921
	ChoongJu Mill	390.846	13,632.084	14,022
	Innovation Center	16.921	277.417	294
	Newly Opened Headquarters	43.661	249.077	292
	Total	24,373.086	168,324.771	192,694

* The above GHG emissions and Energy Consumption are cut in units of integer for each business site, and a difference of less than ±1 tCO₂e from the actual value of the system may occur.
 * The emission in this Verification Statement is based on the standard emissions when submitting emission rights. Due to the change in the emission factor of external steam, the emission amount for the 4th basic plan period is 215,797 tCO₂e.

July 3th, 2023
CEO Ji-Young Song
 Korean Foundation for Quality (KFQ)



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Key Awards and Recognitions

Category	Month of Award	Detail
Overall Sustainability	May 2022	1st place in the hygiene product category of the 2022 'Consumer Complaint Evaluation Award'
	June 2022	Grand Prize of the 26th 'Seoul Environment Awards'
	November 2022	Selected as a UN Global Compact Leadership Excellence and Development (LEAD) company for the second consecutive year
	November 2022	1st place in the Household and Personal Products category of the Korean Sustainability Conference (KSI) for the 12th consecutive year, Sustainability Report Award in the manufacturing category
	December 2022	Selected as the best company for image value at the Management Grand Awards in Korea for the second consecutive year
	March 2023	Selected as Korea's Most Admired Companies for the 20th consecutive year
	May 2023	Ranked 1st in the 2023 ESG reputation in South Korea, 1st in consumer goods/distribution, 3rd in the environment, and 3rd overall (by Statista)
Certification	November 2022	ISO 14001 certified for all mills in KimCheon, TaeJon, and ChoongJu
	November 2022	Designated as a Green Company (ChoongJu Mill)
	February 2023	ISO 9001 certified for all mills in KimCheon, TaeJon, and ChoongJu
Economy	May 2022	Kleenex Hand Wash, 1st place in the 2022 Consumer Recommended Brand in the hand wash category
	December 2022	1st place in the toilet paper industry according to the KNPS (Korean Net Promoter Score) for the 16th consecutive year
	March 2023	Kleenex, selected as Korea's No. 1 for Brand Star in the toilet paper category in 2023
	March 2023	1st place in the diaper industry according to the 2023 Korea Brand Power Index for the 25th consecutive year
	March 2023	1st place in the sanitary pad industry according to the 2023 Korea Brand Power Index for the 23rd consecutive year
	March 2023	1st place in the toilet paper industry according to the 2023 Korea Brand Power Index for the 21st consecutive year
	March 2023	1st place in the senior diaper industry according to the 2023 Korea Brand Power Index for the 3rd consecutive year
Society/Environment	July 2022	Certified as an exemplary company in labor-management culture by the Ministry of Employment and Labor
	November 2022	Designated as a company practicing work-life balance by the Ministry of Employment and Labor
	December 2022	Recertified as a Family-Friendly Management Excellent Enterprise and designated as the top Family-Friendly Management Enterprise by the Ministry of Gender Equality and Family of Korea
	December 2022	Minister of Employment and Labor Award for Labor-Management Culture
	April 2023	Awarded by the Chairperson of the Anti-Corruption and Civil Rights Commission

UN SDGs (UN Sustainable Development Goals)

UN SDGs Goals	Categories	Principles	Activities in 2022	Reporting Page
Goal1	No poverty	End poverty in all its form everywhere	<ul style="list-style-type: none"> Sanitary pad donation campaign, 'Cheer Up Daughters,' for marginalized adolescents 'Hope Bank' diaper donation campaign for underprivileged children in local communities 	118, 119
Goal3	Good health and well-being	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Establishing a product safety system considering consumer safety and disclosing related information Operating the 'Today Plus' hygiene healthcare platform Producing and donating ultra-small diapers for preemies 	102-104, 119, 123
Goal4	Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Supporting educational programs for partners Implementing the 'YKlearning' program to enhance employee capabilities Creating an NGO leadership fund to strengthen women's rights leadership 	87, 101, 118
Goal5	Gender equality	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Conducting the 'Hope for Daughters' campaign for menstrual education and awareness improvement Carrying out various social contributions and support activities for the rights enhancement of marginalized women and girls Providing menstrual education content through the 'Daldabang,' women's wellness app Operating menstrual-related information blogs such as 'We are on period'/'We have menstruation' 	79, 118-120
Goal6	Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> Conducting self-assessment using CDP Water Guidance methodology and identifying potential risks Upgrading the water purification facility and enhancing treated water reuse at KimCheon Mill Installing non-point pollutant reduction facilities at TaeJon Mill 	61
Goal8	Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> Managing Sustainable Management KPIs Expanding investment in new facilities at workplaces (all mills in KimCheon, TaeJon, and ChoongJu) Supporting social venture entrepreneurs to expand senior business opportunities through 'Senior Impact Fellowship' 	74-75, 123
Goal10	Reduced inequalities	Reduced inequalities Reduce inequality within and among countries	<ul style="list-style-type: none"> Specifying non-discrimination in the human rights management declaration Operating the Inclusion and Diversity Committee Participating in UN Global Compact TGE (Target Gender Equality) Round II and establishing a target for a certain percentage of female leadership by 2030 	88, 92, 97
Goal12	Responsible consumption and production	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Managing Sustainable Brand (Good Brand)/Greener Product Establishing Yuhan-Kimberly's 2030 goals Investing in production facilities considering the environment and sustainability Signing MOU for the Green Action Alliance to establish a sustainable ecosystem across industries 	24-25, 45-52, 74-75
Goal13	Climate action	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Operating an ESG Environment Subcommittee under the CEO's direction Developing and producing sustainable products Launching Green Action Alliance for the transition to sustainable raw materials/materials development and supply, and establishing an industry supply chain innovation ecosystem Setting environmental agendas (CDP/Co₂ emissions) Evaluating climate change vulnerability and inherent risks 	24-25, 30-33, 46-50, 64-67
Goal15	Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> Conducting forest environmental campaigns, including 'Keep Korea Green' Carrying out restoration activities in Donghae city's forest fire-affected areas Creating a Yeoncheon Honey-Source Native Plant Honeybee Forest for biodiversity conservation Collaborating with the Baekdudaegan National Arboretum for the permanent storage of Korean fir species in the seed vault Conducting afforestation projects in Yuhan-Kimberly Forest in Mongolia and desertification prevention forest research projects 	109-117
Goal17	Partnerships for the goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	<ul style="list-style-type: none"> Participating in UN Global Compact activities (2017-) and adhering to its ten principles Efforts to achieve UN SDGs goals 	138-139

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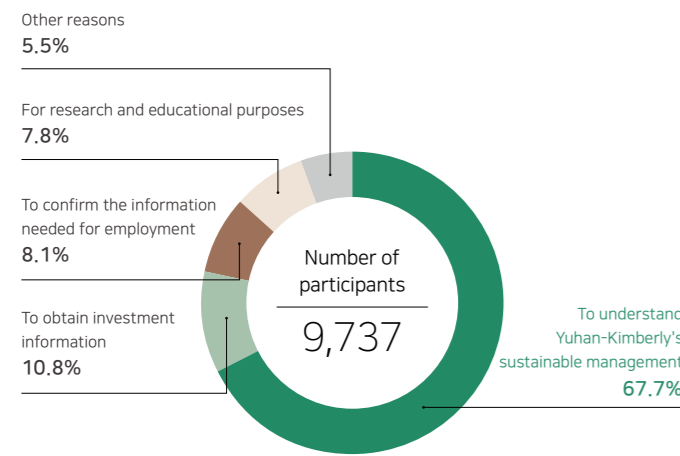
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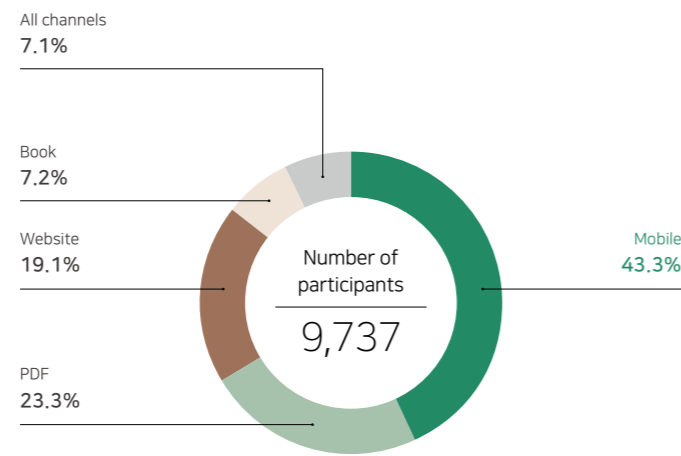
Sustainability Report Usage and Reader Feedback

We at Yuhan-Kimberly share our internal and external efforts for sustainable management through our sustainability report. Moreover, we aim to produce better reports by receiving feedback on the annual sustainability report we publish. We have analyzed feedback from a total of 9,737 readers who read our last Sustainability Report in 2022. As a result of these efforts, our sustainability report was honored with the Sustainability Report Award at the '2022 Korean Sustainability Conference' hosted by the Korean Standard Association, following 2021. Yuhan-Kimberly will continue to value our readers' opinions and strive for ongoing communication and improvement for better reporting in the future.

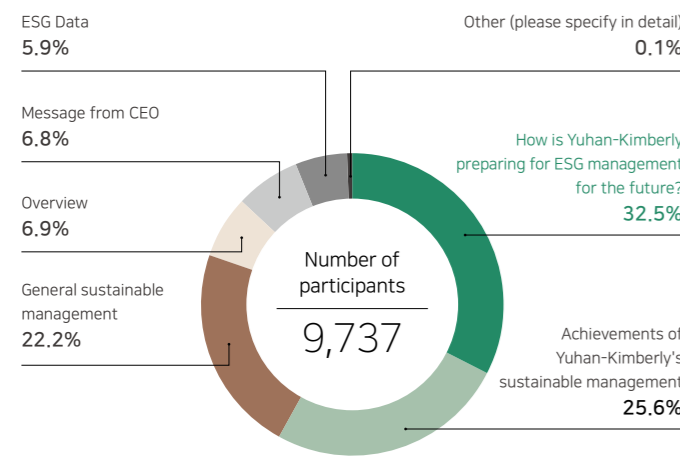
Reasons for reading the report



Preferred channels for the report



Most useful parts of the report (multiple selections possible)



Overall satisfaction with the report

Categories	Satisfaction
Reliability of information	84.8%
Appropriateness of key issues	85.0%
Satisfaction with the web report	83.1%
Report satisfaction	83.8%
Easy-to-understand charts	78.7%
Clarity of expression	81.5%
Appropriateness of font size	71.7%
Ease of finding required information	73.9%
Number of participants	9,180 persons*

*Based on satisfaction survey participants

Open-ended opinions on the report

Information	Design	Report Format	Publishing frequency	Others
In detail, key points only, transparency, etc.	Features, graphs, fonts, etc.	Mobile/video/web report, etc.	Continuous updates, etc.	Promotion, etc.
9.6%	25.2%	18.5%	0.9%	45.2%



Reader Feedback Survey

Thank you to all our readers who love and have read the Sustainability Report of Yuhan-Kimberly.

We would like to hear from all our stakeholders to create a better report.

We would appreciate your participation in the survey via the QR code.

Web Report: www.csr.yuhan-kimberly.co.kr

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"When we align in thought and gaze toward a unified direction, it is then that we find the strength to achieve anything."

"This Mongolian proverb perfectly encapsulates our guiding principle for sustainability. Actions geared towards our planet's environment and the tasks of building a sustainable society cannot be realized without the collective collaboration of various stakeholders. Looking forward, Yuhan-Kimberly will remain deeply committed to mutual cooperation, as we continue to uphold and amplify the values of 'sustainability.'"

- Excerpt from the CEO's reflections at the 20th Anniversary of the Yuhan-Kimberly Forest in Mongolia, June 2023.

Commemorating the 20th anniversary of the Yuhan-Kimberly Forest in Mongolia, together with the local residents at the observation deck (June 2023).

