

사람이 희망이다

People : Our strength and source of hope



About This Report

Reporting principle	Global Reporting Initiative (GRI) Standards, The Ten Principles of the UN Global Compact
Reporting scope	Key supply chain-and all business sites in Korea
Reporting period	January 1, 2021 - December 31, 2021 (early operations in the first half of 2022 included)
Reporting base	Based on the fiscal year, at least three-year time series presented
Data Assurance	Third-party's assurance statement
Reporting cycle	Annual (the first one published in 2006)
Structure of report	In accordance with the GRI standards with a focus on material topics
Disclosure principle	Available online in the form of web report (csr.yuhan-kimberly.co.kr)
Additional information	Tel. 02-6411-0390 / Email. chulyong.bae@y-k.co.kr

Yuhan-Kimberly has been celebrating its 50th anniversary since its founding in 1972. We have grown from a small paper mill to a global leader in consumer goods. As we look back on our journey, we are proud of the progress we have made and the challenges we have overcome. We are committed to continuing our legacy of innovation and excellence, and to creating a sustainable future for all.

How is the Sustainability Report for the year 2022 different from the previous issue?

- 1. Our efforts and progress towards a centennial company shared**
Since 2020, the 50th anniversary of its foundation, Yuhan-Kimberly has embarked on a variety of projects to reinvent itself as a sustainable company through constant growth and transformation, aiming to evolve into a centennial company. This 2022 Sustainability Report provides a detailed account of our practical changes -towards the progress we have made and future directions for stakeholders.
- 2. Well-organized ESG (Environmental, Social, and Governance) activities highlighted on a Special Page**
Yuhan-Kimberly has accelerated its efforts to advance ESG (Environmental, Social, and Governance) management across all the sectors. And the Special Page of this report provides an overall picture of these endeavors and results, including the ones of the ESG Committee and the safety and hygiene management.
- 3. More ESG data disclosed**
Yuhan-Kimberly formed a TF consisting of working-level employees, and established the ESG implementation system in 2022. As part of the efforts, we reviewed domestic and overseas evaluation criteria including K-ESG, CDP, and DJSI. And based on the results, we expanded the scope and number of data disclosures including female employment, safe workplace, data protection, product safety, and environmental laws. More detailed and transparent ESG data is available in this report.

Stakeholders who participated in publishing the 2022 Sustainability Report

Overall	Chin, JeaSeung / Son, SeungWoo / Shin, BongChul / Jeff Doherty / Sustainability Report Secretariat (Jeon, YangSook, Lee, SooYun, Lee, SeungPhil, Bae, ChulYong, Yoo, Ran, Cho, Ire)
Economy	Yoon, SeungHyun / Kim GiWoong / Lee, WanKoo / Lee, YoungJong / Jeon, SeongBae / Lee, HeeDah / Moon, Sung / Lim, JiWon / Lee, SeungGon / Son, TaeYoung / Lee, HyeJin
Society	Jung, SangJin / Baek, MinA / Lee, SungWon / Kim, GeunHo / Kim, HeeWoong / Kim, YoungIl / Cho, KyuSik / Jeong, SukHoon / Kim, ChulSoo / Kim, DongWan / Lee, DaHye / Lee, JiWon / Kim, HyunHee / Baek, SangKi / Ko, DaeYeon / Kim, DoHyub / Park, KyungJun / Wang, KyongHoon / Kim, TaeHoon / Jang, HeeDong / Gwak, MunSoo
Environment	Jung, KyungHee / Shin, SoYoung / Shin, MiYe / Moon, SungJin / Kim, TaeSuk / Jeong, ChangKun / Kim, JinGab / Sung, ByungSam / Lee, YongIl / Kyun, ByungChul
Web report	Jung, JiHak / Lee, JiWon / Park, Migyong
Data assured by	Korea Management Registrar Inc. (KMR)
Consulted by	Marcspn Inc.
Designed by	intoGraphic

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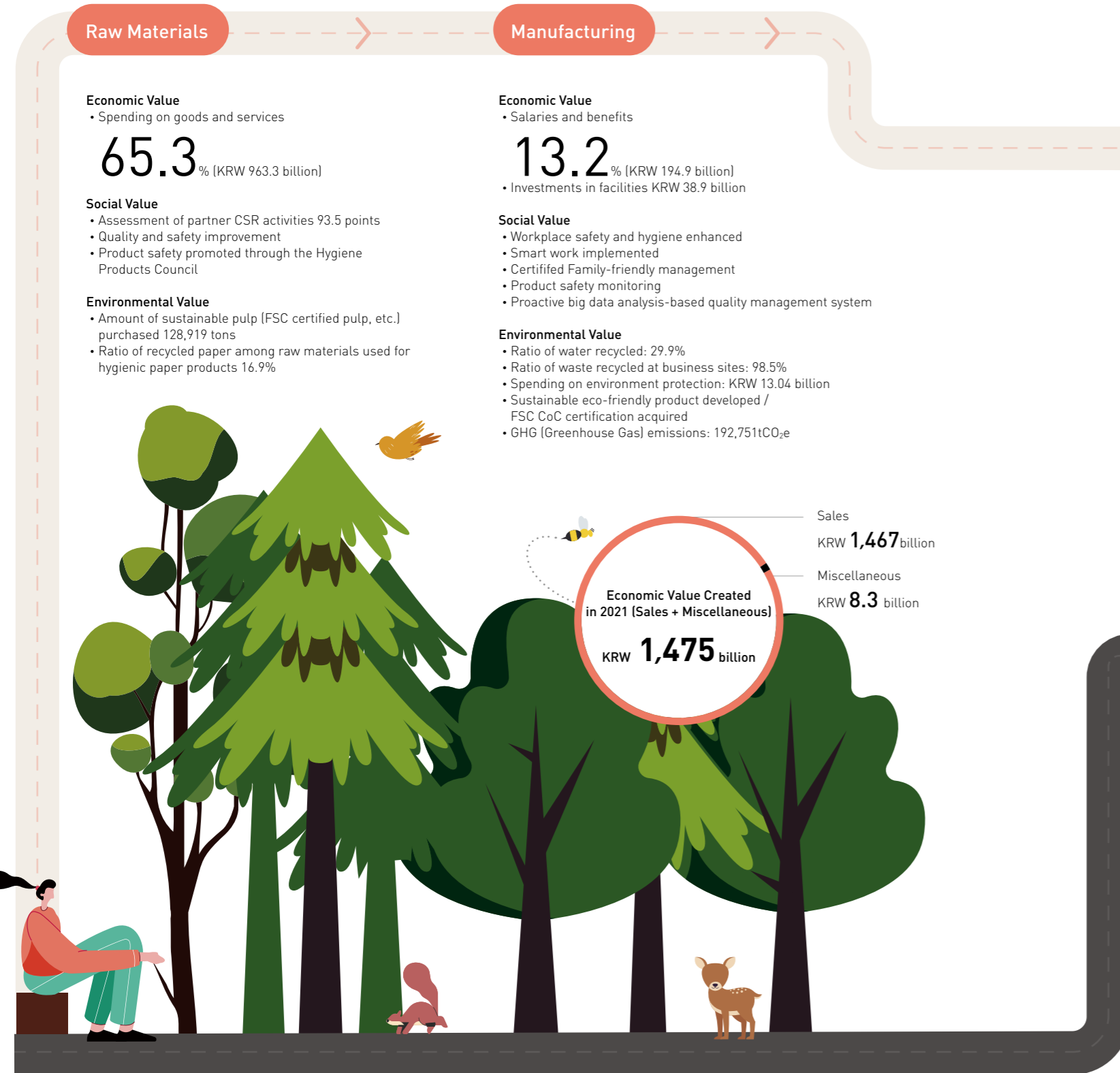
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How Do We Redistribute Our Value?

[Picture 1-1] Our sustainable management value chain



Our Sustainable Management Value Chain

Since its inception in 1970, Yuhan-Kimberly has been committed to achieving a shared growth with stakeholders. Multifaceted efforts in the environmental, economic, and social sectors are being made across all our business operations to deliver business management built on a sustainable value chain. The progress and achievements have been transparently disclosed and redistributed in this report. In addition, we have published our annual sustainability report to share our management activities in detail.



Company name	Yuhan-Kimberly	HQ location	29th floor, Lotte World Tower, Olympic-ro 300, Songpa-gu, Seoul
Date of establishment	March 30, 1970	Business areas	Hygiene products, consumer goods, industrial and medical supplies, etc.
President & CEO	Chin, JeaSeung	Target markets	Individuals, Corporations, Laboratories, Public buildings, Restaurants, Hospitals, Schools, etc.
No. of employees	1,481 (as of December 2021)	History	Refer to Yuhan-Kimberly website http://www.yuhan-kimberly.co.kr/Company/History/
Sales	KRW 1.467 trillion	Sales composition	Domestic 88.9%, Export 11.1%
Business sites	<ul style="list-style-type: none"> Headquarters (Seoul) Mill (Daejeon/ Gimcheon / Chungju), Life Innovation Center (Jukjeon), Smart work center (Gunpo, Jukjeon, Busan, Daegu, Daejeon, Gwangju), Logistics center (Gunpo), Hub center (Deokpyeong) 		
Brands	Kleenex, Huggies, White, Good Feel, La Nature, Scott, Green Finger, Depend, Poise, Popee, TN, KleenGuard, HEALDERS WypAll, KimTech, etc.		
Production and sales	Consumer supplies: baby diapers, baby bath products, breastfeeding products, feminine sanitary pads, facial tissues, bathroom tissues, paper towels, napkins, wet wipes, masks, senior diapers, skin care products etc. Cleaning and household products: dishcloth etc. Industrial products: wipers, protective suits, gloves, masks, accessories, etc. Bathroom supplies: bulk bathroom tissues, hand towels, air fresheners, detergents etc. Medical supplies: surgical gowns, surgical drapes, gloves, accessories, etc. Others: non-woven fabric		
Key export destinations	26 foreign markets including China, Australia, Hong Kong, Thailand, Japan, Taiwan, India, Malaysia, the United States, Singapore, Mongolia, the Philippines, the United Kingdom, Germany, Russia, Indonesia, Chile, Peru, Saudi Arabia, Vietnam, Israel, New Zealand, Costa Rica, Republic of South Africa, Bolivia, Colombia, etc.		

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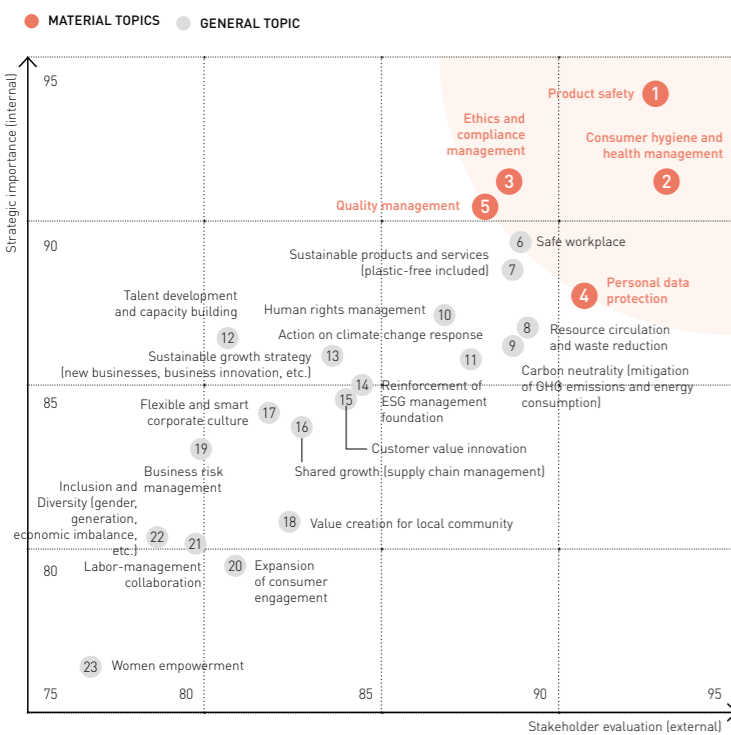
2022 Materiality Assessment

Safety Product, Consumer Hygiene, and Health Management Identified as Our Top Priorities : Clear Demonstration of Social Demand towards Responsible Management

Yuhan-Kimberly annually conducts a materiality assessment for the selection of key topics that have to be addressed for sustainable management, followed by the reports of their implementation. The results of the materiality assessment in 2022 revealed that product safety, consumer hygiene & health management, ethics and compliance management, personal data protection, and quality management are among the top five salient topics. As the prolonged COVID-19 pandemic highlighted that safety and hygiene are a priority. Ethical management, personal data protection, and quality management ranked high, which is a clear demonstration of growing demand for responsible management that comes with transparency and safety.

Safe Workplace and Quality Management Growing in Importance This year, while quality management was among the top five material topics, workplace safety jumped four spots and was ranked sixth. It means that stakeholders put emphasis not only on sustainable products with outstanding quality and product innovation to bring a higher level of convenience but also make workplaces safe to protect the lives and health of employees and prevent occupational accidents. Accordingly, this report provides a detailed account of our efforts to become a safer workplace across every corner of our management including the restructuring of the organization in charge of the affair related to the Serious Accidents Punishment Act, our policy related to occupational safety and hygiene, and governance.

[Picture 1-2] Our material topics for sustainability



2022 material topics	Stakeholder evaluation (external)	Strategic importance (Internal)	2022 rank	2021 rank
Product safety	92.62	89.18	1	1
Consumer hygiene and health management	92.67	87.69	2	2
Ethics and compliance management	90.18	87.59	3	5
Personal data protection	91.45	85.54	4	3
Quality management	89.79	87.06	5	Newly selected
Safe workplace	90.27	86.56	6	10
Sustainable products and services (plastic-free included)	90.23	86.02	7	8
Resource circulation and waste reduction	90.40	85.00	8	6
Carbon neutrality (mitigation of GHG emissions and energy consumption)	90.23	84.71	9	7
Human rights management	89.03	85.26	10	13
Action on climate change response	89.48	84.49	11	11
Talent development and capacity building	87.25	84.75	12	15
Sustainable growth strategy (new businesses, business innovation, etc.)	87.21	84.59	13	17
Reinforcement of ESG management foundation	87.61	83.98	14	Newly selected
Customer value innovation	87.28	83.79	15	14
Shared growth (supply chain management)	86.64	83.28	16	Newly selected
Flexible and smart corporate culture	85.35	83.65	17	19
Value creation for local community	86.35	81.48	18	18
Business risk management	84.98	82.81	19	12
Expansion of consumer engagement	85.55	80.73	20	20
Labor-management collaboration	84.85	81.12	21	21
Inclusion and Diversity (gender, generation, economic imbalance, etc.)	84.30	81.24	22	13
Women empowerment	83.34	78.87	23	22

Stakeholder Engagement Aiming to deliver sustainable and responsible management, Yuhan-Kimberly surveyed its stakeholders every year for materiality assessment. In 2022, we made a questionnaire consisting of detailed categories including 'general issues of sustainable management,' 'products and services,' 'customer-oriented management,' 'corporate identity,' 'perception of sustainable management,' 'social contribution activities,' and 'sustainability importance.' In particular, we combined internal and external issues to make a list of 23 material topics where we reached out to a total of 12,085 stakeholders to reflect their thoughts and opinions.

Top 5 Material Topics

The 2022 Yuhan-Kimberly Sustainability Report details the issues ranked among the top five material issues at the materiality assessment; product safety, consumer hygiene and health management, ethics and compliance management, personal data protection, and quality management. For more details, please refer to the pages below.

1. Product safety

- Product safety management system put in place to ensure consumer safety
- Preliminary safety evaluation conducted
- Product safety advanced through the Hygiene Products Council
- Safety and Hygiene Management Committee launched (January 5, 2022)
- Preliminary inspection conducted on fatal citizen accidents

> Go to page 55, 56, 61, and 62 for more details

Yuhan-Kimberly puts the safety of its products first, and applies its product safety management system to all levels of manufacturing. We comply with all of domestic relevant laws while conducting Kimberly-Clark's preliminary safety evaluations (verification by Global Product Safety Experts). Since 2021, we have introduced Voluntary Diagnosis that is a set of more stringent standards than the laws to elevate our product safety. Furthermore, we have engaged in the Hygiene Products Council with the Korea Consumer Agency to identify the five areas of improvement. These include hand sanitizer pump & mask product improvement, and precautions for use. In addition, the Safety and Hygiene Management Committee chaired by the CEO was launched to prepare for the Serious Accidents Punishment Act that came into effect in January 2022. By doing so, we can step up our prevention activities against legal changes in a proactive manner. And preliminary inspections have been conducted to prevent fatal industrial accidents as well as serious citizen accidents possibly caused by our products.

2. Consumer hygiene and health management

- Proactive Protection Anytime Anywhere (PPAA) product line developed and market expansion
- Surgical gowns developed for infection prevention in the B2B healthcare sector
- Education conducted on how to use a mask and wash hands properly

> Go to page 48, 52, and 63 for more details

As we were still in the grip of the prolonged COVID-19 pandemic in 2021, people cared about personal fitness and hygiene. Against this backdrop, Yuhan-Kimberly developed and supplied personal hygiene and protective equipment, such as masks, hand sanitizers, and hand washes, to protect themselves from encountering the virus. Many efforts were made to develop products that reduce inconvenience and protect the health and hygiene of customers. Especially, our newly launched summer mask product, Kleenex Light Fit AD (for the prevention of droplet infection), was well received in the market for its outstanding features to make it more convenient for customers to wear and use; 42% thinner and 19% higher cooling index. In the health care sector, we developed and supplied surgical gowns for infection prevention that are more convenient to wear than full body protective suit, lightweight, and capable of defending. In addition, we delivered safety campaigns with the aim of safeguarding our customers' wellbeing and safety, and leading the hygiene culture, such as providing education on how to wear a mask and properly wash hands at a childcare center located in Jung-gu, Incheon in partnership with the Korea Consumer Agency.

3. Ethics and compliance management

- Endorsement of the spread of a culture of ethics and practice declared
- A variety of programs implemented to promote ethical management and fair trade
- Discussions made to boost ESG management at the board level

> Go to page 20-23, 30-31, and 34-35 for more details

Yuhan-Kimberly is committed to creating a culture of ethical management that puts emphasis on the fulfillment of social responsibility based on transparency and fairness. 'Declaration of ethical management' was driven by the CEO to encourage employees to set out their opinions and report issues in a fair manner. As part of the efforts, we have abided by the Ten Principles of UNGC to fulfill our social responsibilities in terms of anti-corruption, human rights, labor, and the environment since 2007. In line with this, we have educated all our employees on anti-corruption, ethics, compliance with fair transaction. In 2021, we also signed agreements on fair trade and shared growth with 63 partner companies. As a result, we won the title of the best company in the shared growth sector for six consecutive years in 2021 while receiving the best company award in the image value sector in the 2021 Management Grand Awards. In January 2022, the ESG Committee brought up agenda items, including the establishment and implementation of human rights policy, procurement policy, and assistance for partner companies, to make discussions on how to promote our ESG management. Starting from February this year, we reported relevant issues to the BOD (Board of Directors) on a regular basis.

4. Personal data protection

- Information Security Management System (ISMS) established
- Compliance with the international standards for personal data protection
- TF for Information Protection Committee created

> Go to page 64-65 for more details

Yuhan-Kimberly established its Information Security Management System (ISMS) in 2016, and upgraded and refined the system through annual self-diagnosis along with external evaluations. In an effort to step up our system, we have formed a TF for Information Protection Committee, and made all-out effort to embed data protection in every corner of the organization. In 2021, we upgraded the existing system to 'ISMS,' while obtaining ISMS-P certification issued by the Korea Internet & Security Agency for our online service operation. In addition, we have ensured our compliance with the domestic laws and standards for data protection as well as the international standards. In 2021, we went through the evaluation conducted by British Standards Institution, Royal Charter (BSI), and acquired ISO / IEC 27001, the 2013 international certification for information security management system.

5. Quality management

- Customer' voices reflected in product innovation
- CEO-Voice of Customers session held
- QA / PSRA & Strategic Manufacturing Division entitled to directly report to the CEO

> Go to page 31, 56, and 61-63 for more details

'Product competitiveness' is the most integral value for us. Yuhan-Kimberly recognizes that product competitiveness is decided by its safety based on its functional quality and consideration of the impact on the environment and society, which is defined as quality management. And paying close attention to the voice of consumers to reflect their thoughts would be the first step to deliver quality management. Accordingly, what our newly appointed CEO did in 2021 was to listen to the voices of consumers. We have launched the Digital / Data Excellence Center to reach out to various customers online, analyze their potential needs, and reflect them in our quality management, thereby solidifying the foundation for us to transform it into our competitiveness. To achieve unrivalled quality, we have entitled the QA / PSRA & Strategic Manufacturing Division to directly report to the CEO.

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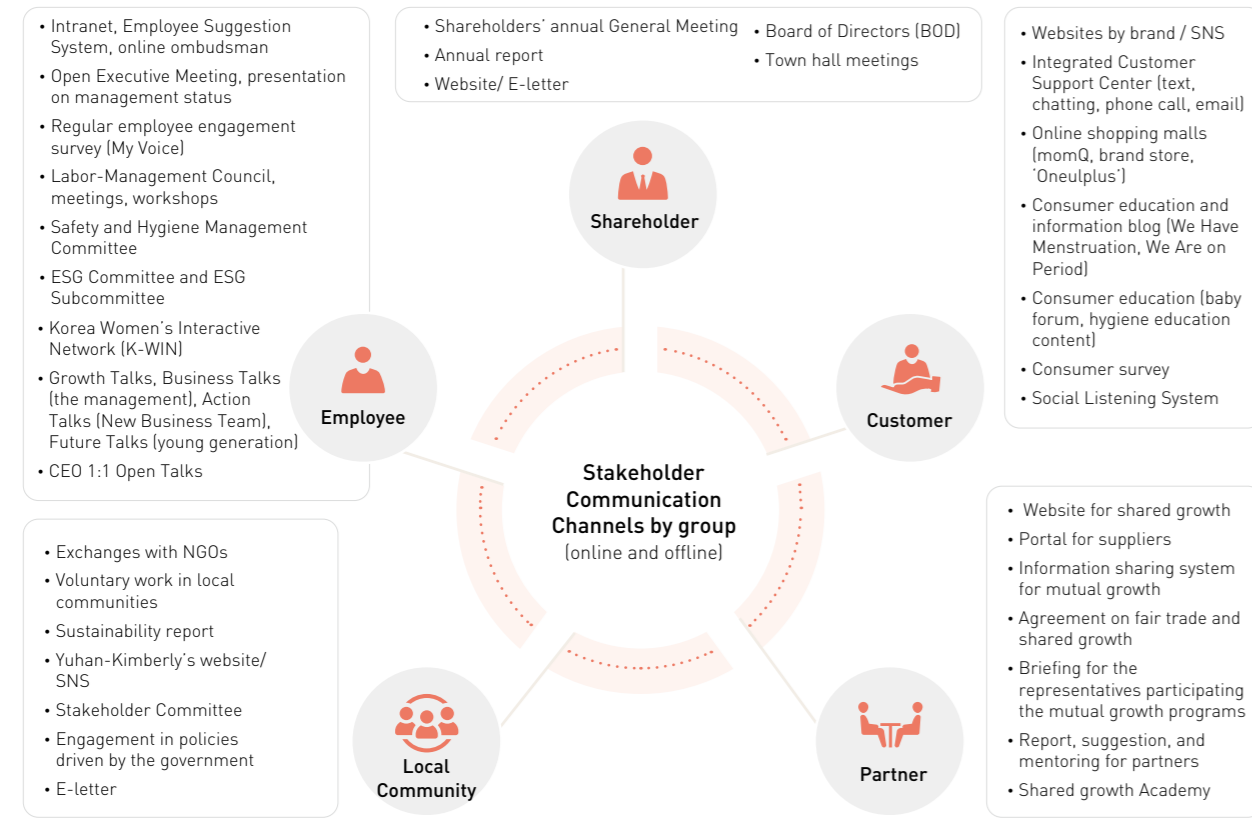
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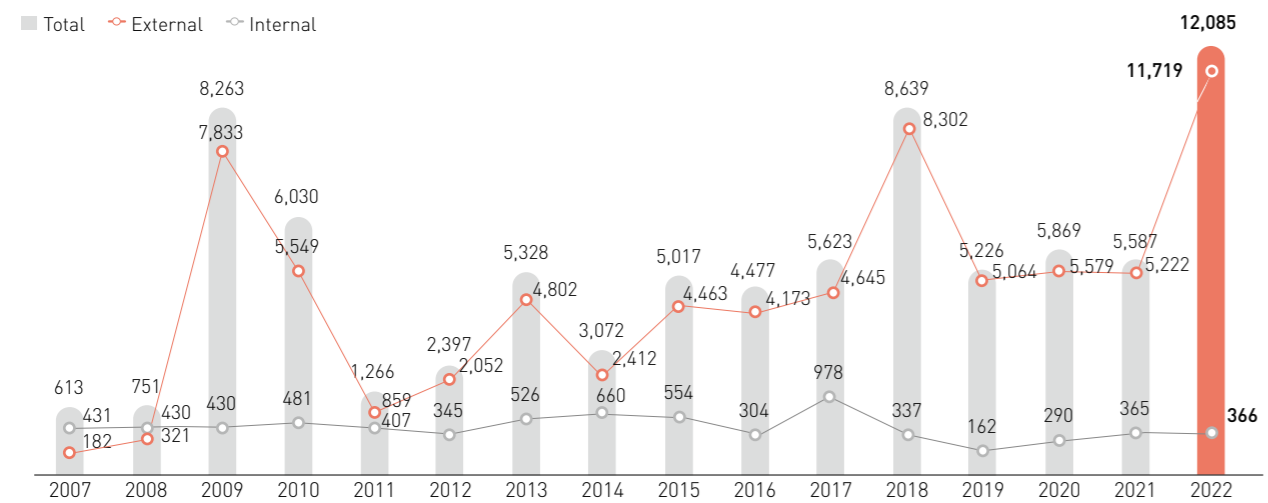
Stakeholder Communication Channels

Yuhan-Kimberly puts in place online and offline channels to communicate with stakeholders in a constant manner, thereby meeting their diverse needs and establishing a trustworthy relationship with them. In addition, a variety of surveys are conducted, such as employee engagement survey, stakeholder survey, and consumer survey, to listen to their thoughts and feedback on our management, business operations, products, and other issues.

[Picture 1-3] Our stakeholder communication channels



[Picture 1-4] No. of stakeholders surveyed from 2007 through 2022



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The 18th Stakeholder Committee

The committee convened in 2021 to put its focus on grasping the changes brought by the COVID-19 pandemic and made discussions on the areas of improvement. The details are as follows.

Q. What efforts should be made so that our employees can relate to the company?

A. Employee's collaboration and sympathy are an integral part of the growth and sustainability of an organization. To this end, empathetic leadership is essential. In other words, we need to communicate until we empathize each other beyond having a basic communication. And it is required to place workforce according to their advantages so that the employees can play to their strengths. Given the nature of Yuhan-Kimberly's business, which is 'customer,' the company should reinforce its organization with a focus on customer first. In addition, it should seek for a corporate culture where its employees set out their ideas with 'customer-oriented' mindset, healthy failure is encouraged, and success is achieved in a smooth manner.



Kim, KiChan
Professor of Business Administration
Catholic University of Korea

Q. How can we boost communication between generations at work?

A. To provide feedback that Generation MZ's demands require team leaders to be prepared. Accordingly, it is crucial to train team leaders on how to provide feedback, and give them enough time to prepare. In the meantime, the legacy of Yuhan-Kimberly has been stored in the form of tacit knowledge*, which is quite difficult to be learned by lecturing. So, getting employees who belong to Generation MZ to engage in team projects which will help them learn and embed this tacit knowledge.



Lee, EunHyung
Professor of Business Administration
Kookmin University

* It refers to the knowledge accumulated by experiences and learning without any form

Q. Is there a way to bring a change to the stagnant stability of the organization?

A. Yuhan-Kimberly is stable. Long - standing and stable organization tends to focus on efficiency, but in the face of the circumstances where it is hard to predict whether a company can survive or not, we have to question this stabilized system. This requires a company to encourage its employees to try and fail, and also to draw sympathy from them. If it fails, the company would focus on reducing failure, which, in turn, impedes innovation. And Yuhan-Kimberly needs to make its corporate culture more flexible by expanding the scope of the organization and far-reaching conversation.



Kim, HanEarl
Professor of Business Administration
Gachon University

Q. What should we do to achieve corporate innovation?

A. Stora Enso, a North European paper manufacturer founded in 1288, tries to reinvent itself to overcome its limited business identity and obsolescence. To this end, it created a team of young employees, and as a result, it evolved into a renewable material company. A company is inclined to form a team that consists of core talents to listen to the voices of its members. However, they are quite familiar with the existing values of the company. For this reason, Stora Enso gave an opportunity to those likely to be outspoken on purpose. Likewise, the efforts to reach out to new voices should be made.



Kang SeungHoon
Researcher
LG Business Research

Q. Is there a way to weaken a strong bonded network?

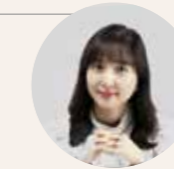
A. A support is required to boost the creation of new suborganizations. Lending support to community activities outside the organization and bringing the weak bond formed outside to the organization could be another way to weaken. And it is also significant to give Generation MZ an opportunity to turn their ideas into reality so that they can experience leading their team in a responsible manner. Along with this, the creation of an environment where what is learned through brief education can be utilized. Lastly, the company should reward not only those who come up with ideas but also the managers and members who implement them.



Jeong, JunHee
Professor of Media & Social Informatics
Hanyang University

Q. How can we overcome the limit of non-face-to-face work?

A. The COVID-19 has reduced the opportunities to work together in person while non-face-to-face work environment, such as online meetings etc., has been on the rise. IBM has adjusted itself to this new change by diversifying communication channels and using ZOOM for team dinner. In addition, it has scaled up its investments in collaboration tools, such as in-house messenger or box. These changes have made us contemplate the adoption of business automation. Against this backdrop, we are re-evaluating job performance and needs, which gives rise to growing opportunities for work process innovation.



Lee, HyunHee
Head of HR
IBM Korea

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CEO Message

**Valuable growth,
We move forwards a greater future beyond limits**



CEO Message

Valuable growth, We move forwards a greater future beyond limits

Dear -stakeholders,

The past two years since the COVID-19 pandemic has been a historic transition in humanity. Volatility, uncertainty, complexity, and ambiguity have been our 'new normal,' and the common issues for all stakeholders, such as climate change, have called for immediate cooperation more than ever. Through this Sustainable Report, we would like to report our tasks for 2022 as well as the achievement of the previous year when we took action for the sustainability of a company and society as a whole amid the grand transition to a new era for our stakeholders.

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At Yuhan-Kimberly, How Do We Approach
ESG Management to Gear Up for the Future
Our Efforts to Put ESG Management into Action
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Economic, Social, and Environmental Performance in 2021

The year 2021 was a time for seeking valuable growth. We saw predictable yet grave issues, such as climate change and low birth rate, as well as highly volatile issues that are hardly predictable, including supply chain, raw material price spikes, and war. We have also never come across this strong demand from stakeholders for corporate transformation.

For us, 2021 marked the 51st anniversary of the Foundation. We took this opportunity to establish our vision for the next 10 years; 'We Act Life-Health-Planet.' We also set out the 2030 sustainability initiative goals to reflect our vision on our products, services, people, and systems. The system for ESG management execution was also built in 2021. Our Growth & Transformation project laid the foundation for growth, aiming to grasp new opportunities while transforming the crisis into opportunities.

From the economic perspective, the products related to the COVID-19 pandemic, including masks, hand sanitizers, and tissues, which resulted in sales growth, suffered due to severe price competition and sales decrease, recording KRW 1.4671 trillion in revenue, down 2.0% from the previous year. However, the market share of the baby care business (7.3%) and senior care business (17.1%) showed meaningful growth despite the reduction in overall domestic sales, which signaled our direction for the future. We also invested in the 10th tissue facility and new machines for tampons for our future growth. In March 2022, we decided to invest KRW 144 billion in total for the new non-woven fabric facility. Aiming to grow for the next 100 years, we declared 'growth and Transformation,' and reformed the corporate organization.

We focused on defining and practicing the tasks we can do for sustainability under the social and environmental aspects. Under the pandemic circumstances, we did our best to carry out the safety policy, 'putting safety first for the sake of employees, partner companies, customers, and local communities. Our safety, health policies and organizational structure were reinforced based on the 'Serious Accidents Punishment Act.' We formed the ESG Committee to actively respond to the overall management while establishing 2030 quantitative goals regarding the environment and society and action plans by year. In particular, we expanded our sustainable product portfolio. Besides, we strived to fulfill our social responsibility from the viewpoint of social impact. For example, we made efforts for forests and the environment to strengthen carbon neutrality and bio-diversity conservation. We also carried out 'Good Action' activities to help the underprivileged and needy. We regularly held 'Voice of Customers session' joined by the CEO and the management and enhanced the implementation system with an aim to raise the competitiveness of our products and services.

Thanks to these efforts and the support of our stakeholders, we were selected as the most admired company in Korea for 19 consecutive years in 2022, and were placed top in the Korean Sustainability Index (KSI)'s sustainability assessment. Here, we won the CEO prize at the Korean Sustainability Conference consecutively. I would like to extend my sincere gratitude to all of our stakeholders for trusting us.

2022 Tasks for Sustainability

Recognizing the post-COVID-19 transition as an opportunity for us, we have embarked on a journey towards meeting our sustainable goals. Our management slogan, '2022, beyond limits, towards a greater future!' is the direction we are taking. Since our inception, we have understood the significance of non-financial values, such as ethical, socially responsible, and environmental management. We have been proactive in realizing them, growing together with stakeholders, which have served as our great strength. As social expectations for ESG management have grown, we will lead the change and take actions to achieve growth and transformation.

Firstly, we will take action for sustainable product innovation and carbon reduction.

As a responsible household goods company, we will take the lead in sustainable product innovation. The goal to make sustainable products account for more than 95% of total sales by 2030 calls for innovation across overall industries, including the household goods sector. To this end, we will pursue product innovation by establishing action plans for sustainable products in each business division internally. For external areas, we will build a cooperative system with leading firms in the Research & Development of sustainable materials so that the industry can be prepared for the transition.

In addition, by 2030 we aim to draw up a carbon-neutral policy and reduce carbon emissions by 25% vs. 2015. Based on the Life Cycle Assessment (LCA), we will practice environmental management more effectively in the overall stages, from selecting raw materials, product design, and manufacturing to logistics.

Secondly, we will fulfill our social responsibility considering our social impact.

While actively communicating with stakeholders, we will uphold the principles of social responsibility such as human rights, diversity and inclusion, fair trade, shared growth, consumer satisfaction, and personal data protection. We will also, over and above promote value consumption while continuing and expanding social contribution activities for the right to universal health and improving life quality for the underprivileged, keep our social impact in mind. Through the public interest forest and environment protection campaign, 'Keep Korea Green' campaign, we will double up our efforts to respond to the climate crisis.

Thirdly, we will encourage our employees to take the lead in sustainable growth.

Being conscious of sustainability in our decision-making and execution is the way we work. We will internalize a sustainability mindset so that not only the ESG committee but also the management and employees can do business in consideration of the environment and society. We will respect autonomy and diversity for growth with employees, the company, and society. We are also evolving into a new HR system and organizational culture centered on the experiences and strengths of our employees. In addition, we will annually publish a Sustainability Report to disclose the performance and communicate with our stakeholders.

Dear stakeholders, I take this opportunity to express my gratitude to each of you for your unwavering trust in the last 52 years. With a sense of responsibility for the earth and future generations, we will move forward for valuable growth. We will also strive for your safety and hygiene. I ask for your continued interest and feedback for us to take bold action. Thank you very much.

August 2022
Yuhan-Kimberly President & CEO
Chin, JeaSeung



Sustainable Management Progress and Goals

Evaluation: Exceed  Meet  Require Efforts 

Category	Our 2021 Goals	Progress	Evaluation	Our 2022 Goals
Economy	1. Expanding market shares of our key businesses compared to the previous year	• Up or down % in market shares of our key businesses (infant care products, senior care products, kitchen towels, breastfeeding products ▲ households, female, and B2B ▼)		1. Increasing sales and profits in key businesses 2. Expanding market shares of key businesses 3. Boosting sales in new businesses
		• Down 2% in total sales in 2021 (domestic 3.4% ▼, overseas 9.8% ▲)		
	2. Sharpening our market competitiveness through the product premium strategies and innovation	• Attained growth underpinned by our market diversification strategy (infant care products 7.3% ▲, senior care products 17.1% ▲)		
	3. Increasing sales in new businesses	• Down 20% in the sales of new businesses(attributed to the contraction of the personal protective equipment market due to the relaxation of COVID-19 prevention measures)		
Social	4. Focusing our capacity and resources on e-commerce and new offline channels	• Hit 1.4 million cumulative members of momQ		4. Earning a better corporate reputation by refining the corporate culture and sharpening employees' capabilities 5. Reducing consumer complaints by revamping customer satisfaction management 6. Raising social influence by achieving the target of sustainable initiatives for the forest and people 7. Planting & cultivating 500,000 trees through the campaigns, 'Carbon Neutral Forest,' and 'Keep Korea Green'
		• Launched a period data application named 'Dal Dabang'		
	• Launched 'Oneulplus' in April 2022			
5. Innovating the way we work and our culture	• Established our growth strategies for both individuals and the company through our GT Project			
	• Operated flexible working system and reinforced working from home (working from home completely implemented _ the headquarters)			
6. Stepping up product safety and customer-oriented management	• Launched the Inclusion and Diversity Committee (voluntarily participated by employees)			
	• Constantly delivered the expansion of management for substances of concern - Managed 74 substances of concern, no. of inspections on safety and the laws 1,947 cases			
7. Taking more social responsibilities	• Achieved 90.4 points in customer satisfaction (no. of consultations 179,682)			
	• Rights to suspend a consultation to protect the human rights of emotional laborers (5 times)			
Environment	8. Responding to climate change(achieved GHG emissions mitigation)	• Continued 'Keep Korea Green' campaign(Signed MOUs on 'Carbon Neutral Forest' and 'Biodiversity Conservation Forest')		8. Mapping out the 2030 carbon emissions reduction quantitative target for the Environmental Management 3.0, Carbon Neutrality 9. Attaining the target for environmental footprint reduction to enhance the environment -1,427 tons of plastic to be reduced, sustainable products making up 35% 10. Target carbon emissions 189,763 tCO ₂ e (reducing by 1.55% from the 2021 level)
		• Continuously engaged stakeholders (no. of consumers participating in the product donation campaign 3,492,633 vs ▲ 7 times compared to 2021)		
	• Daughters, Cheer Up! Sanitary Pad Donation(cumulative no. of sanitary pads donated 7,500,000, K-C Crystal Award won)			
	• Strengthened communication channels with POME (Gather:town, ZEPETO)_stepped up 'Good Action,' such as planting trees, Green Camp, Newly Wed's Communication School, etc.			
9. Strengthening the launch of sustainable product line	• Scholarship project for NGO female activities (cumulative no. 975)			
	• Provided menstrual hygiene education to teenagers and raised awareness (1,153,934)			
8. Responding to climate change(achieved GHG emissions mitigation)	• Accomplished GHG emissions reduction target(reduced GHGs by 20,443tCO ₂ e compared to our emissions allowance, an improvement by 9.6% in 2021)			
	• Carried out activities to reduce GHG emissions and energy consumption			
9. Strengthening the launch of sustainable product line	• Engaged in UNGC Climate Change Leadership Program			
	• Established the 2030 quantitative targets for GHG emissions mitigation			

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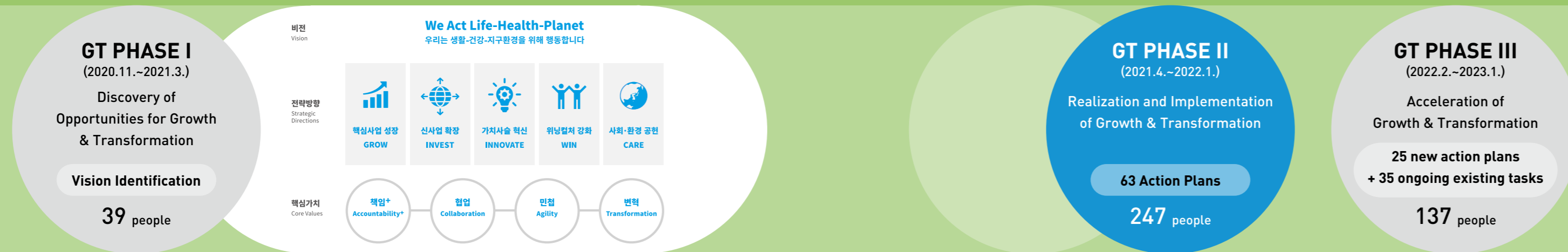
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Growth & Transformation(GT) PROJECT

Our GT (Growth & Transformation) Project kicked off at the end of 2020 with the aim of taking a leap as a centennial company built on the progress we have made over the past 50 years since our inception. Based on the Project, we clarified where we have to head towards to usher in a new and greater future, and set up our vision, 'We Act Life-Health-Planet,' along with five strategic directions; GROW (Grow key businesses), INVEST (Invest in new businesses), INNOVATE (Innovate the value chain), WIN (Build a winning culture), and CARE (Contribute to social and environmental care). With our employees voluntarily putting the vision into action, the GT project is being on track at the company level with consistency.

The first phase of the GT project, implemented from November 2020 to March 2021, became the platform for us to identify opportunities for growth and transformation and derive 63 detailed action tasks to achieve KRW 2 trillion in revenue. During the second phase of the GT project, we segmented opportunities in the derived tasks followed by materializing and executing them.

In the second phase, 247 employees carried out the project led by 12 workstream leaders and made achievements in various fields. In February 2022, the third phase began under the theme of 'Acceleration of Growth & Transformation.' 25 new initiatives have been added, while the project participants regularly review the progress and improve the plan. Yuhan-Kimberly's GT project has constantly identified, implemented, and enhanced opportunities for growth and transformation based on the voluntary participation of many employees, practicing the company's vision.



GT Project Performance in 2021

Establishment and Execution of Growth Strategies by Business Sector

Yuhan-Kimberly has continuously achieved high growth rates and profits despite rapidly changing market conditions, focusing on efforts to become a customer-oriented company that meets the potential needs of future customers. In the 2nd phase, we provided customers with future values by introducing new categories as well as developing new businesses and eco-friendly products based on the segmented targets of products. At the same time, we strived to provide various values tailored to the life cycle.

<ul style="list-style-type: none"> • Baby & child care products Increasing sales and market share of Huggies Nature Made and Max Dry with a focus on premiumization of diapers and pants 	<ul style="list-style-type: none"> • Senior care products Establishing the operation strategy for 'Oneuplus,' the platform for seniors, and the brand plan for urinary incontinence products that are expected to grow. Launching the platform during the third phase 	<ul style="list-style-type: none"> • Feminine care products Developing the near to long-term directions for raising sales of eco-friendly sanitary pads 	<ul style="list-style-type: none"> • Household products Reviewing business strategies and drawing roadmaps for major products, including tissues, wet wipes, PPA, and cleaning products 	<ul style="list-style-type: none"> • B2B Discovering new businesses from adjacent areas on top of enhancing key businesses such as hand towels for toilets and toilet paper rolls and identifying ways to sharpen digital capabilities for market development
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Diversification of Sales Channels

The sales channel environment has been rapidly changing in recent days. Against this backdrop, diverse and innovative channel strategies are essential. Yuhan-Kimberly makes efforts to grow together with major e-commerce channels such as Coupang and realize additional opportunities in the offline environment centering around omni-channel while developing and implementing strategies that will lead the growth of emerging vertical platforms and senior facility channels. On top of that, we have explored ways to deliver value to customers more efficiently, for instance, communication through direct sales in IT-based commercial platforms such as Naver and Kakao and the development of operational strategies for live commerce or D2C platforms. At the same time, we have also continued our endeavors to diversify export channels.

Transformation in SCM, Manufacturing, and Digital / Data Areas

Prompt and accurate handling of the entire process, from manufacturing to delivery, has become an essential factor beyond a company's competitiveness. Yuhan-Kimberly also pulls our strength on stably maintaining and advancing the company's overall system. As part of it, we established an E-Logistic strategy that fits the customer's distribution environment and reinforced the process of delivering the products in a swift and safe manner for customers by improving flexibility and accuracy in logistics. As of manufacturing, we have prepared near to long-term measures to nurture experts in quality based on collaboration with partner companies and to sharpen digital quality competitiveness so that we can respond to the rising number of products that are produced externally. These processes are most effective when the digital and data strategies are intricately aligned. Therefore, we are developing and executing the plans to build a company-wide data platform while enhancing the usage and traceability of various internal and external data.

Building an Organizational Culture Focusing on Core Competencies and Performance

Transforming an organizational culture is laying the cornerstone for Yuhan-Kimberly's sustainable growth. We prepared efficient work methods for employees and presented a near to long-term workforce plan focusing on core competencies. In 2021, we internalized a new vision and core values while establishing a performance-oriented work style and revamping the support system. The 'Inclusion and Diversity Committee' was launched to enhance our competitive edge by spreading a new culture. 'Smart Work' that respects individual preference has also created a pleasant working culture. In addition, practicing ESG management served as an opportunity to raise employees' self-esteem and internalize the vision of 'We Act Life-Health-Planet.' Above all, the success of the second phase of the GT project that has a large employee population who has voluntarily joined to settle a swift, organic, and agile working culture within the company.

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Our Efforts for ESG Management

ESG Self-Assessment and Launch of the ESG Committee

Since the inception, Yuhan-Kimberly has strived to practice sustainable management that encompasses ethical transparent, environmental and socially responsible management, through related decision-making systems and implementation organizations. As part of these efforts, we launched the ESG Committee directly under the CEO in July 2021. It is the expanded version of the Social Responsibility Committee, which has been held 35 times since 2012, following the decision to set up a strategic ESG response system and strengthen the company-wide execution capability. To this end, we conducted an ESG self-assessment for three months from April 2021 to analyze opportunities and risks in advance. For profound governance, we have divided the structure into two; the ESG Committee as the highest decision-making body and the E/S/G Subcommittees for enhancing execution based on expertise. Yuhan-Kimberly is not required to conduct ESG evaluation from an investment point of view. However, we actively promote

[Picture 2-1] 2021 Yuhan-Kimberly ESG Self-Assessment Results Briefing Session (July 30, 2021)



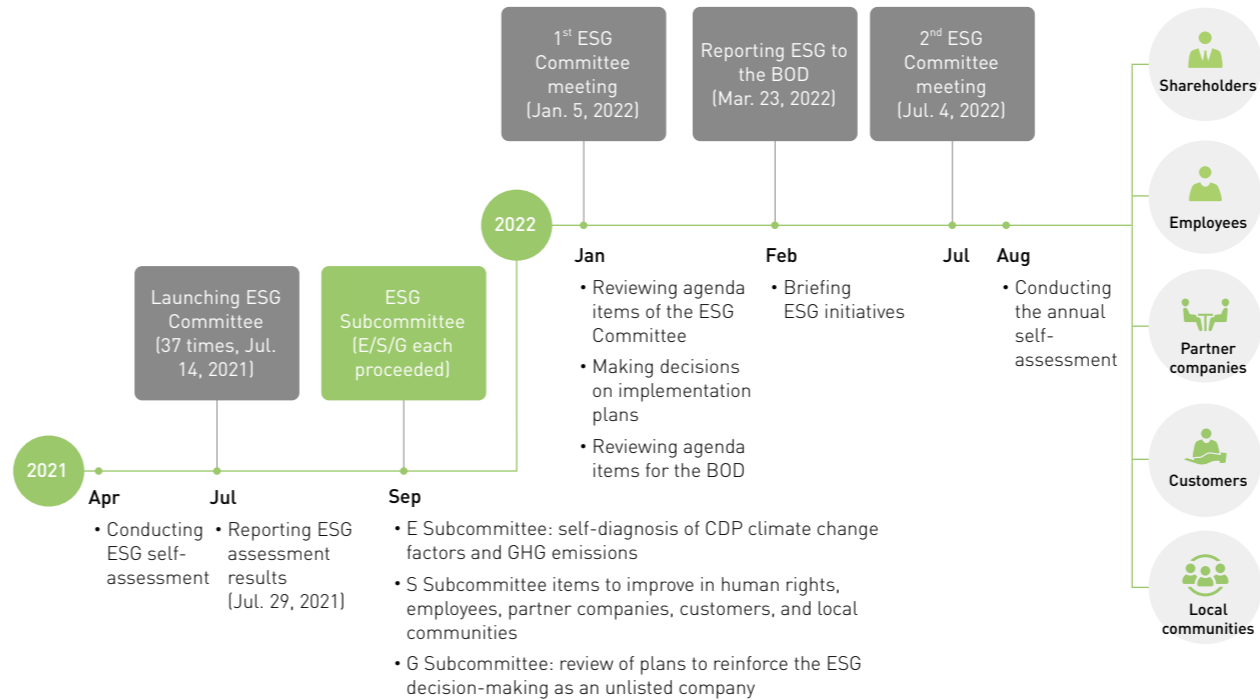
Governance Structure for Sustainable Management

[Picture 2-1] ESG organizational structure



activities right after the launch, aiming to internalize and practice the original purpose of caring for society and the environment altogether. Going forward, we will not only identify action items by conducting ESG self-assessment but also further advance the ESG point of view in our overall management, such as a carbon-neutral model to respond to climate change and sustainable product innovation. In 2022, the Working Group Committee was newly formed as a task force team comprised of leaders. The ESG Committee will establish a near to long-term ESG plan by 2025 by creating a task force team and conduct an annual self-assessment every August to monitor and improve performances.

[Picture 2-2] ESG Management implementation process



ESG Execution Body_ Company-wide Practice of ESG (newly established in 2022)

1. ESG Implementation System Establishment TF (2022-2025) Yuhan-Kimberly formed the ESG Working Committee and organized a task force team with working-level employees to set up an ESG implementation system. The task force team (TF) consists of environment, labor, health and safety, supply chain management, human rights, CSR, information protection, governance, ethical management, and general fields. It derived a total of 66 action items in the areas of Environmental (E), Social (S), and Governance (G). By reviewing evaluation standards in and outside Korea, such as K-ESG, CDP, and DJSI, we have advanced existing ESG action items. As of June 2022, 39% of the items have been completed, and 100% of the tasks are planned to be completed by 2025. The TFs of each field are fulfilling the duty to implement and monitor the tasks.

[Picture 2-3] TF's scope for establishing the ESG implementation system

	2022	Jan.	Feb.	Mar.	Jun.	Aug.	Dec.
Action item		Strategy establishment	TF kick-off	Building the implementation system	Interim report on the ESG Committee	Self-assessment	Reporting performances Agenda items for the BOD
Details			<ul style="list-style-type: none"> • Consisting of working-level employee in 9 major areas 	<ul style="list-style-type: none"> • Establishing, declaring, disclosing, and applying policies • Documentation / revision (second week of May) 		<ul style="list-style-type: none"> • Disclosing the progress - External disclosure: Sustainability Report on the company website - Internal disclosure: employees (intranet, monthly townhall meeting) 	

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2. ESG Human Rights Management TF (2022) We announced the Human Rights Management Declaration* and declared the eight principles on our founding anniversary in March 2022 with an objective to safeguard and enhance human rights and fulfill our social responsibility for the overall supply chain in the value chain. This applies to our employees as well as stakeholders in the entire value chain, including customers, partner companies, and local communities. We notably stepped up the 'HR policy for follow-up relief' targeting our employees to strengthen the institutional basis within the company concerning the implementation of the principles.

Yuhan-Kimberly Human Rights Management Declaration

Yuhan-Kimberly declares the human rights management principles in order to fulfill its responsibility to respect human rights as a company, strive for prevention and relief, and enhance human rights together with stakeholders across all business activities. This principles comply with national laws in connection to human rights protection and internationally proclaimed human rights principles ('UN Guiding Principles on Business & Human Rights,' 'UN Global Compact,' 'UN Universal Declaration of Human Rights,' and 'Declaration on Fundamental Principles and Rights at Work' by ILO, etc.). It applies to the protection of human rights of all stakeholders throughout the entire business value chain, including employees, business partners, customers, and local communities.

In order to put this into practice, we declare the eight principles of human rights management as follows.

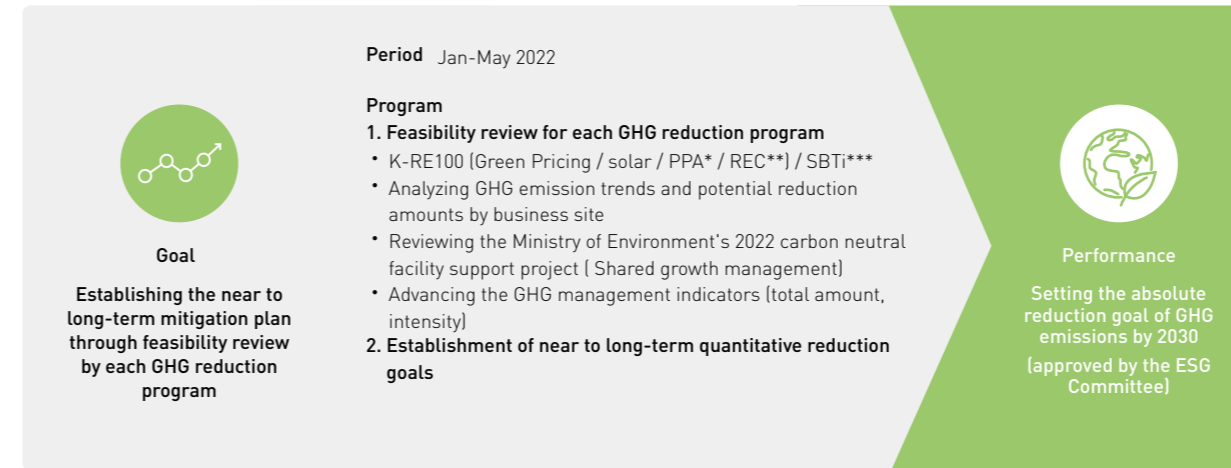
- 1 We support and respect the nationally and internationally proclaimed human rights protection.
- 2 We make policy decisions by prioritizing safety and health to respect human rights.
- 3 We comply with labor regulations stipulated by law and guarantee freedom of association and the right to collective bargaining.
- 4 We prohibit any discrimination, harassment, forced labor, and child labor in all areas of employment, labor, and business activities.
- 5 We take responsibility for human rights issues in the supply chain and strive to prevent negative impacts on human rights in advance.
- 6 We respect the culture of local communities, cooperate with them for raising the quality of life and protecting human rights, and respect the land rights and property rights of local residents.
- 7 We continuously develop technologies and take improvement measures to safeguard consumers' human rights.
- 8 We take the lead in environment-related human rights by endorsing a preventive approach to global environmental problems, including the climate crisis.

March 30, 2022
CEO of Yuhan-Kimberly Chin, JeaSeung

* Refer to Yuhan-Kimberly website (<https://www.yuhan-kimberly.co.kr/Company/HumanRights>)

3. ESG Climate Change Response TF_Climate Change Action Project Establishing an eco-friendly policy for carbon neutrality and disclosing the environmental index are the core elements of Yuhan-Kimberly's Environmental Management 3.0 Declaration. We promoted the company-wide climate change action project in the first half of 2022 with an aim to establish a quantitative reduction target of GHG emissions by 2030. We set a target to cut 25% of the absolute amount by 2030 compared to the 2015 level (Scope 1 & 2) and conducted feasibility study on renewable energy, science-based target initiative, and the analysis of the potential reduction amount within the company. It gained the final approval at the 39th meeting of the ESG Committee after being reviewed by the ESG Environmental Subcommittee. Going forward, we will achieve our goal by continuously raising energy efficiency and conducting improvement activities, and the results will be shared with our stakeholders.

[Picture 2-4] Climate Change Action Project



* Power Purchase Agreement
 ** Renewable Energy Certificate
 *** Science Based Target initiative

4. ESG Supply Chain System Establishment TF (2022-2023) In the first half of 2022, we re-established the ESG-oriented supply chain management system from the perspective of ESG, consisting of the Supply Chain Code of Conduct and the sustainable purchase policy. The Supply Chain Code of Conduct set labor and human rights as its first principle, containing the principles of prohibiting forced and child labor, harassment, and discriminatory treatment, and abiding by legal working conditions and freedom of association. We also presented norms of high ethical standards, including anti-corruption, fair competition, legal compliance, information protection, intellectual property protection, and quality, safety, health, and environment.

5. ESG Employee Internalization TF_ESG education and experience programs for all employees We have provided all employees with education programs for internalizing ESG management. From November 2021 to June 2022, about 619 employees participated in programs a total of 11 times, and in the second half of 2022, we plan to include social and governance in our ESG internalization programs. Along with that, we nurture the expertise and responsibility of leaders so that they can lead the internalization of ESG in our business. Yuhan-Kimberly's ESG education will continue for direct and indirect partner companies beyond our employees.

[Table 2-1] ESG education courses and performance of ESG internalization programs for employees

Type	Program	Target	Educational content	Education time (day / hour)
Internal course	Climate change study	Executives	Climate change and Yuhan-Kimberly's status and tasks	1 day / 90 minutes (4 sessions in total)
	Understanding ESG management	Manufacturing, production / marketing and R&E / sales	Concept of ESG / climate change / Yuhan-Kimberly's ESG promotion status	1 day / 2 hours
	ESG education by each functional organization (MET, RET, FET*)	Employees of each organization	Environmental regulation of products / green washing, etc.	1 day / 2 hours
External course	ESG Chief-level Course (IPS)	Executives	labor policies in the perspective of ESG, ESG issues and corporate cases, ESG transformation perspectives, etc.	11 days / 36 hours
	2022 1st ESG Online Business Academy	Relevant employees	Introduction to ESG, ESG concept, structure, understanding and implementation of Net Zero and carbon neutrality, sustainability report production, response to ESG assessment, etc.	10 days / 170 hours
	Sustainable Management (ESG) In-house Expert Training	Relevant employees	Definition of ESG, domestic and international trends, various evaluation indicators, and corporate response	8 days / 24 hours
	Ban Ki-moon ESG Academy	Leaders and executives	ESG response status and strategies and raising the understanding of ESG (sector head, leader, relevant employees)	3 months / 30 hours
Experience course	K-WIN (voluntary women's network)	Female employees	Rose-sharing campaign on the March 8th Women's Day (targeting all employees at the headquarters / Jukjeon)	3 days / 8 hours
	ESG Week (ZEPETO Week)	Visitors in the ZEPETO Yuhan-Kimberly map	Metaverse platform (participating in Yuhan-Kimberly's 'Keep Korea Green' map)	3 days (Apr. 26-Apr. 28)

* An abbreviation for Functional Excellence Team, which refers to activities in each sector for sharpening new capabilities by encouraging voluntary CoP Community of Practice activities, and for practicing the key values; responsibility+, collaboration, agility, and transformation.

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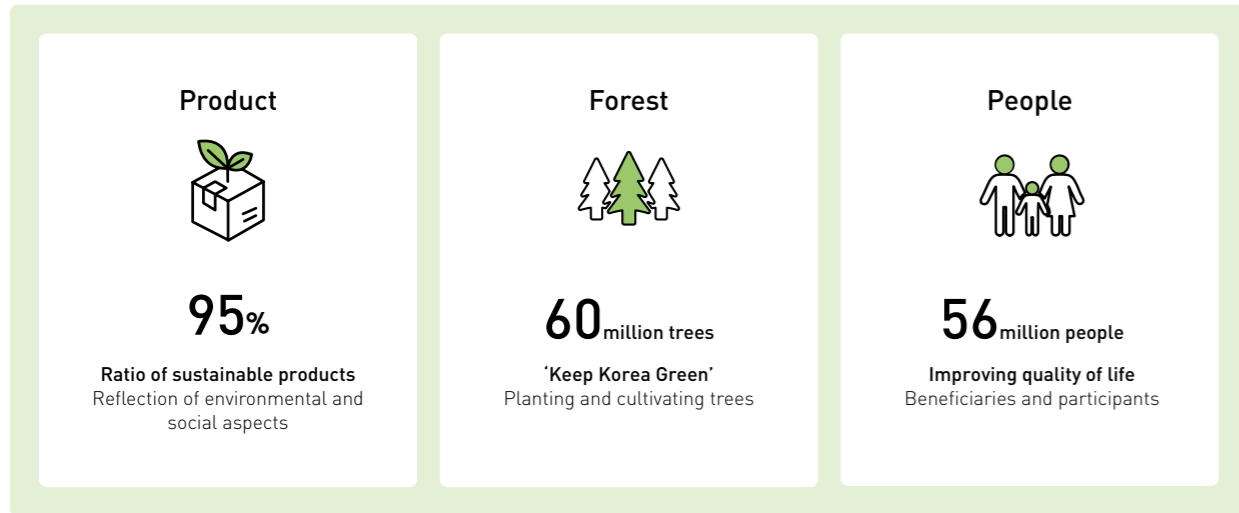
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**Our Efforts for
the Sustainable Planet**

Established Sustainability Goals by 2030

2030 Sustainability Initiative and Goals Since its foundation in 1970, Yuhan-Kimberly has continued to fulfill our role as a corporate citizen for a sustainable society. We announced the long-term goals along with the 2030 Sustainability Initiative to take action for the sake of the global environment. Our plan is to increase the sales ratio of sustainable products to 95% of total products by 2030 while planting and nurturing a cumulative 60 million trees by 2030 through the 'Keep Korea Green' campaign. In addition, we will help 56 million people from low-income or vulnerable groups improve the quality of their lives through donations and education programs. We will make our utmost efforts to achieve the 2030 Sustainable Initiative in cooperation with all our stakeholders, including employees.

[Picture 2-5] 2030 sustainability goals



Actions for Sustainable Products

Yuhan-Kimberly has set the target ratio of sustainable product sales to 95% by 2030. A 'sustainable product' refers to a product with better environmental and social characteristics. At Yuhan-Kimberly, we define it as a product that meets our own set standards (Greener Products). There are specific quantitative internal standards for each contribution area, and we plan to continuously improve them in line with changing expectations of our stakeholders.

[Table 2-2] Sustainable product* standards and contribution areas

Area	Contribution area	Evaluation criteria
Environment	Reduction of plastics	Raw material reduction ratio
		Packaging material reduction ratio
	Carbon mitigation	Carbon footprint
Society	Enhancing environmental aspect	Acquiring other eco-labels and low-carbon certifications / Reusable product
	Improving quality of life, products for universal right to health	

* With 2019 as the baseline, the products that reach the quantitative goals are referred to as sustainable products.

Yuhan-Kimberly's Greener Products are selective products that satisfy the three priorities; reduce in the use of raw materials, recycle more, and replace or become plastic-free. Among them, our top priority is the efforts to reduce the use of raw materials and packaging materials. We are managing the quantitative goals for each priority internally, endeavoring to raise awareness by sharing improvement cases by criteria with employees and citizens.

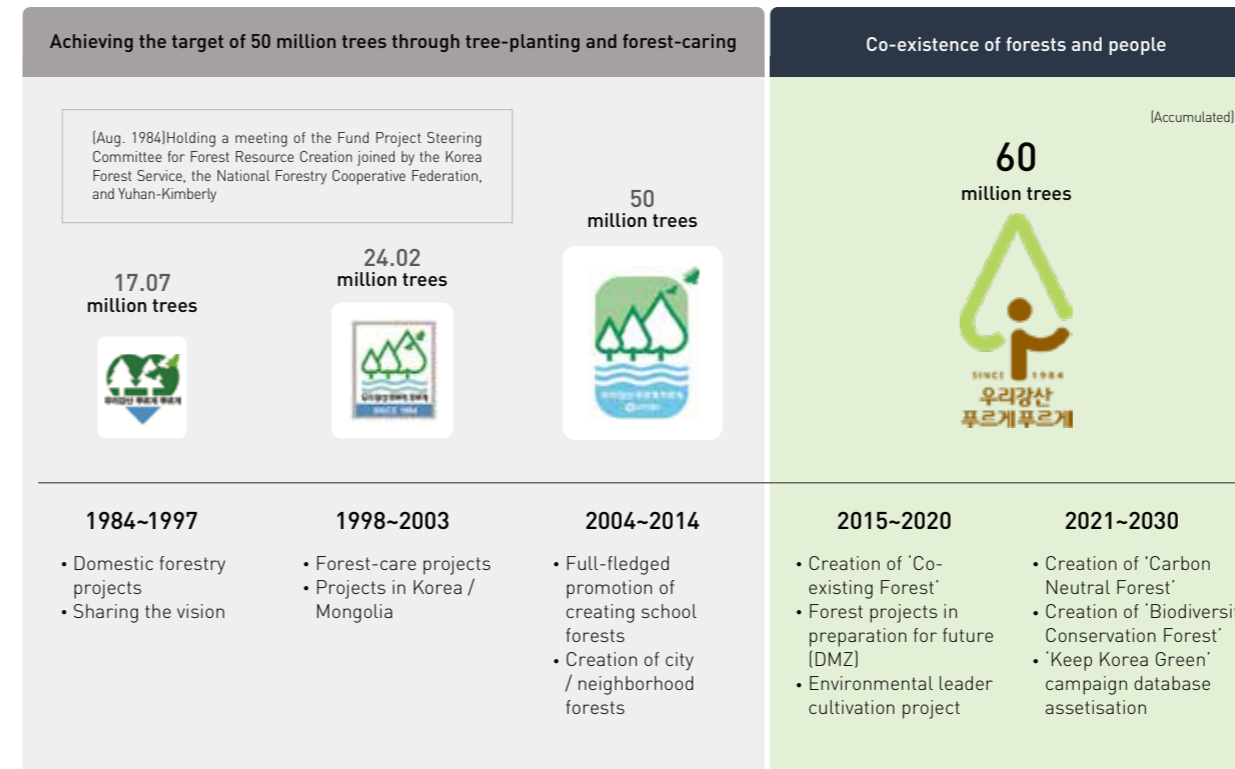
[Picture 2-6] 3R (Reduce, Recycle, Replace) methods for improving the environmental aspect of the products



Tree-plantation and Forest-care, Our Actions for the Global Environment in a Long-term Perspective

Yuhan-Kimberly has been planting and caring for trees since 1984 by conducting the 'Keep Korea Green' campaign. As of 2021, the total number of trees planted and nurtured is 54,882,751, and the accumulated area in which trees are planted and created into forests has reached 18,294ha. Not being complacent with this, we have set a goal of planting and cultivating a cumulative 60 million trees by 2030. To achieve this goal, we will plant and care for more than 500,000 trees each year. On top of that, we will keep pushing ahead with the 'Keep Korea Green' campaign with an aim to contribute to resolving social issues of the times, capitalizing on forests. Since 2021, we have made efforts to create the 'Carbon Neutral Forest' and prevent desertification in responding to the climate crisis. We also pull our strength to the joint efforts with the Korea Forest Service and civic groups to create the 'Biodiversity Conservation Forest.'

[Picture 2-7] Status and Goals of 'Keep Korea Green' Campaign



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Yuhan-Kimberly will evaluate the social value and environmental impact we have accumulated so far by systematically examining the performance of tree planting and forestation efforts through the campaign. We plan to develop and apply a system to assess the value of forests following the survey of areas where trees were planted through the campaign by 2023. Marking the 40th anniversary of the campaign in 2024, we will disclose our future vision based on the analysis of social contribution level.

Actions to Improve the Quality of Life for the Underserved and Vulnerable

Our aim is to help 56 million people in the low-income and vulnerable group cumulatively by 2030 through donations and educational programs. We have strived to improve the quality of life of a cumulative 25 million people (beneficiaries and participants) by 2021, and we aim to reach more than 3 million people yearly. To this end, we have continuously promoted the programs that enhance women's human rights and leadership, support projects for the underprivileged, and conduct employee donations and volunteer work. Besides, we have been operating consumer education programs since 1972 to educate adolescents on menstruation and raise awareness. The female NGO leadership project has been promoted since 2007 to reinforce female leadership.

Recently, we proposed diverse donation models, such as Naver Happy Bean, as part of our efforts to maintain communication with our stakeholders in a multifaceted way in line with a changing society. In particular, we have immensely strengthened our Good Brand activities to encourage value consumption. Yuhan-Kimberly's flagship brands, including Huggies, Good Feel, Kleenex, and Depend, are also joining the endeavors to raise the quality of life for consumers through conducting various activities for the underprivileged.

As a corporate citizen, Yuhan-Kimberly also donates and supports volunteering activities where employees help resolve social problems. We encourage our employees to participate in various activities, including '1% Monthly Salary Donation' for assisting seniors, 'Hope to Our Daughters' campaign for helping women, a fund-raising event for contributing to local communities nearby the workplace, profit donations of the year-end bazaar held by in-house clubs, and volunteer activities with the labor union.

 <ul style="list-style-type: none"> 'Raising Huggies Preemies Together' Campaign (2017-) Hope Bank -donation of products after size exchange(2015-) Huggies 'Good Action' diaper support (2019-) 	 <ul style="list-style-type: none"> Donation of 1 million pads through the 'Cheer Up Daughters' campaign (2016-) Introduction of first menstruation panties for girls with developmental disabilities (2020) 	 <ul style="list-style-type: none"> 'Fine Dust Worry Out' campaign (2015-) Donation of 1 million masks for COVID-19 (2020) 'Wetiquette' campaign to prevent virus infections 	 <ul style="list-style-type: none"> Participation of 848 employees and 16,315 consumers 
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[Picture 2-8] 2030 Sustainability Goals



[Table 2-3] 2030 Sustainability goals and status

Area	Unit	2022 Goal	2030 Goal	Note
Sustainable product	Sales % (cumulative)	35	95	Monitoring according to the Yuhan-Kimberly's sustainable product standards - Environmental aspect: Reduction of resources, switch to alternative materials, contribution to carbon mitigation, and products with environmental certification - Social aspect: Products and services that contribute to improving the quality of life
Forest	MM planting / afforestation (cumulative)	53.6	60.0	Planting and afforestation activities for 'Keep Korea Green'
People	MM (cumulative)	0.9	30.0	Support for the underserved communities and strengthening of brand connection
Plastic footprint	ton (cumulative)	1,427	14,567	Activities to reduce in the use of raw materials and become plastic-free in each business sector Increase the use of biomass, recycled plastics, and natural source 50% reduction compared to 2019, 50% use of recycled plastics (RC) for packaging
Carbon footprint	KtCO ₂ e (emissions)	189.8	151.3	Climate Change Action Project [Lowered carbon in steam at Gimcheon / PPA / REC / solar power / highly efficient facilities / analysis of reduction potential / support project to reduce carbon emissions in partner companies, etc.] Implementation of energy saving programs 25% reduction of absolute emissions compared to 2015 level by 2030
Forest footprint	Use of sustainable pulp	100%	100%	Reduction of consumption through using raw material substitutes and diversification (R&E collaboration) 100% use of sustainable pulp
Water footprint	m ³ /MT	20.5	17.8 (Goal for 2025)	Reduction of blue water (550m ³ /day), reuse of white water (580m ³ /day) - Replace of the toilet paper blue water line and optimization of the water system for Reusable Dishtowel facilities - Use of white water for dust collectors and toilet roll paper tanks

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Ranked among TOP 6* as the most admired company for 19 consecutive years*

* As of March 2022



'Daughters, Cheer Up!'

7,506,408

sanitary pads donated (on a cumulative basis)



Compared to the 2021 level,

20,443 tCO₂e reduced



Product and service innovation resulting in

7.3% sales increase in the baby hygiene sector

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Governance

Characteristics of the Governance

Yuhan-Kimberly was launched as a joint venture on March 30, 1970 between Yuhan Corp., established in 1926, and Kimberly-Clark Corporation, founded in 1872. Since our early stage, we have introduced professional management system, based on which the Board of Director (BOD) delegates our CEO to be in charge of the management of Yuhan-Kimberly, and examines sustainable agenda items directly linked to environmental, economic, and social issues through subcommittees, such as the Stakeholder Committee and ESG Committee. Yuhan Corp. (30%) and Kimberly-Clark Corporation (70%) are our shareholders with a total of 40 million shares issues. And the amount of paid-in capital amounts to KRW 200 billion.

BOD Composition and Remuneration

The BOD, a top decision-making body, is comprised of seven directors and one auditor (three-year tenure). Four directors were newly appointed at regular and temporary shareholders' meetings convened in 2021 after the resignation of four directors. We operate the BOD in compliance with the Commercial Code of the Republic of Korea, and in case of the absence of the Chairperson, the chairmanship is assumed in the order prescribed by the BOD. With the annual salary and incentives taken into account, the remuneration of the directors and auditor was decided and paid within the annual ceiling (KRW 5 billion for director, KRW 500 million for auditor) approved at the regular shareholders' meeting in March 2021. The management is paid annual salary and incentives according to their financial and non-financial performance.

[Table 3-1] Our Board of Directors (as of July 2022)

Position	Type	Name	Gender	Note
Director	Standing	Chin, JeaSeung	Male	President and CEO, Yuhan-Kimberly
Director	Standing	Jeff Doherty	Male	Chief Financial Officer of Yuhan-Kimberly
Director	Standing	Shin, BongCheol	Male	Executive Director of Manufacturing & Production and Head of SH Division, Yuhan-Kimberly
Director	Non-standing	Kitty Li	Female	Vice President HR of Kimberly-Clark Asia Pacific
Director	Non-standing	Cho, WookJe	Male	President and CEO, Yuhan Corporation
Director	Non-standing	Tristram Wilkinson	Male	President of Kimberly-Clark Asia Pacific
Director	Non-standing	Kimsuka Narsimhan	Female	Chief Financial Officer of Kimberly-Clark Asia Pacific
Auditor	Standing	Lee, JongHo	Male	Certified public accountant

BOD Activities and Discussions on the Agendas for Sustainable Management

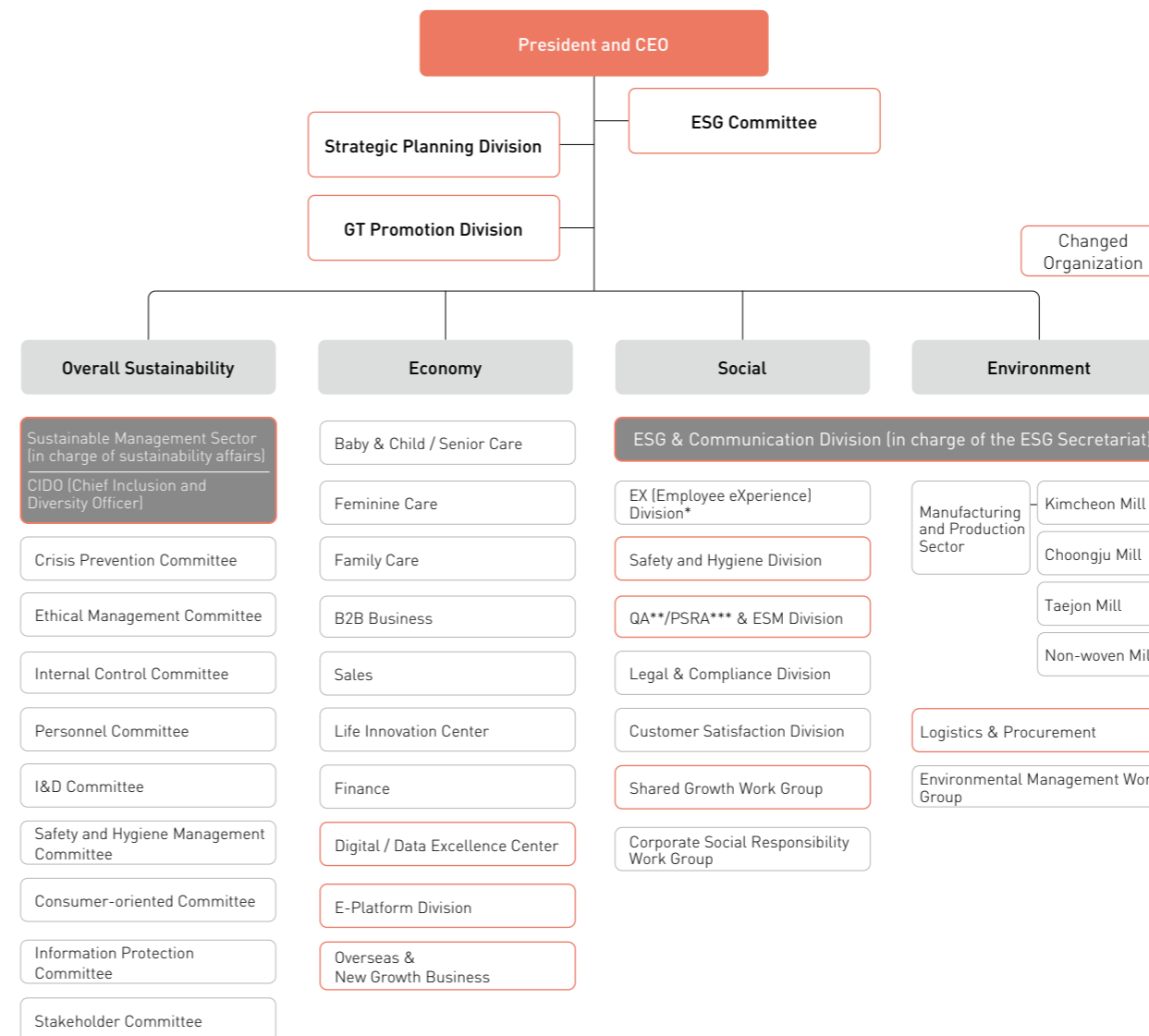
In 2021, a total of 21 agenda items were resolved through two shareholders' meetings and four board's meetings convened with 100% attendance rate maintained. At the shareholders' general meetings, the agenda items, including sales report, financial statement, statement of changes in equity, and the ceiling for director's and auditor's remuneration, were approved while the internal accounting control system, the remuneration of the directors and auditor, business plans, and new investment in the Kimcheon Mill were reviewed and approved at the board meetings. In 2021, the plan for occupational safety and health was reported and approved by the BOD in accordance with the Occupational Safety and Health Act. The ESG Committee, which consists of internal directors, made discussions on sustainable management issues and the decisions were made, followed by the establishment of BOD reporting policy in 2022.



Sustainable Organizational Structure

With our constant focus on 'growth & transformation,' we revamped our organization under the new leadership in January 2022 to make ourselves more sustainable. We have the corporate structure of sector-division-work group, maintained while restructuring into the system that consists of 9 sectors, 1 research center, 4 mills, 30 divisions and 1 center so that we can be more flexible and responsive. In particular, we incorporated QA Division, PSRA Division, and Strategic Manufacturing Work Group, and elevated the incorporated one into QA / PSRA & Strategic Manufacturing Division that directly reports to the CEO in order to keep pace with the social trends that demand product quality and safety, and also to sharpen the capabilities for customer-oriented management. Furthermore, we established the Digital / Data Excellence Center that combines IT & data analysis, and research organizations for the first time among the domestic consumer goods company to promote the future growth engine, identify new business opportunities, and achieve sustainable growth, taking advantage of digital technologies. Going forward, Yuhan-Kimberly continues to deliver sustainable management based on the efficient and streamlined operation of the organization.

[Picture 3-1] Sustainable Management Organizational Structure (as of May 2022)



* Changed names in 2022 included, former HR Division
 ** Quality Assurance
 *** Product Safety Regulatory Affairs

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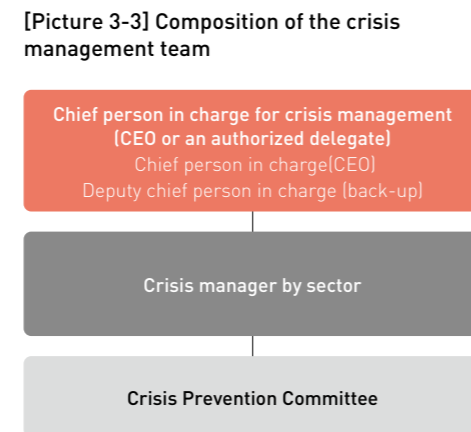
Crisis Management

Company wide Practice for Preemptive Crisis Prevention

Crisis Prevention Committee Yuhan-Kimberly's products have been trusted by consumers for an extended period of time. In order to repay the trust, live up to the expectations, and preemptively respond to the crisis, the Crisis Prevention Committee has been operational since 2012. The fundamental program of the Crisis Prevention Committee is to minimize potential risks from new business and change and to carry out annual training on crisis management, aiming for predicting and responding to potential issues. Accordingly, the committee implements management and consultation on business issues and crises, operates crisis management manuals, identifies potential risks, drives an early warning process, and builds strategic cooperation with key stakeholders. In case of a crisis, the committee is operated in a structure where functions are focused on customer satisfaction, product safety, and quality as well as media, publicity, and functions such as legal and environmental participation with each case.

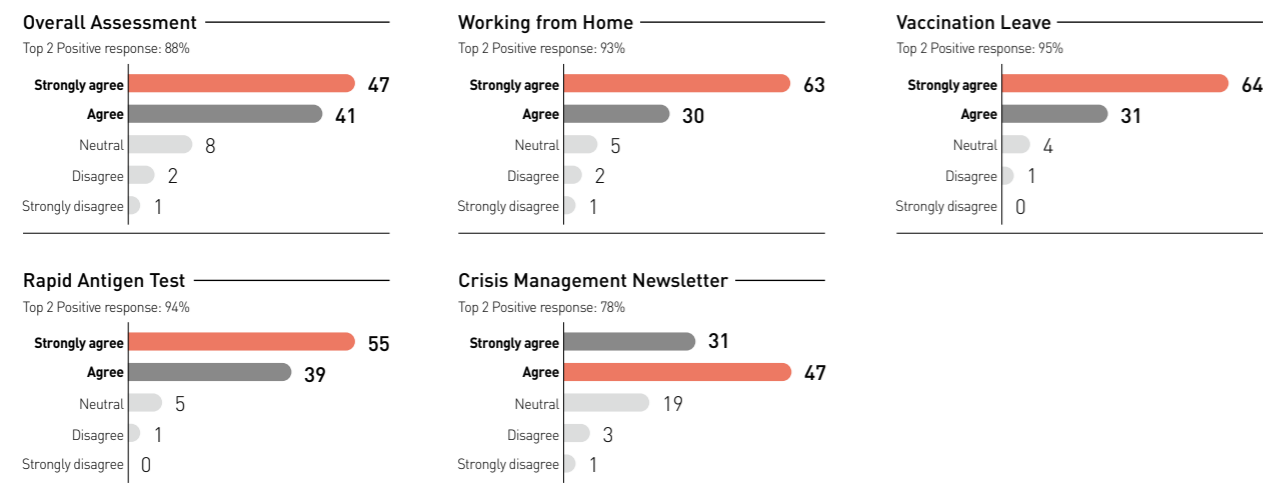


Crisis Management Team Making safety its top priority, Yuhan-Kimberly has been operating the COVID-19 Crisis Management Team since February 2020 to cope with the COVID-19 situation. The team provides company-wide crisis management policies and guidelines, including work instructions for each social distancing level, response manuals regarding COVID-19 quarantine and isolation, and step-by-step daily recovery measures. It also maintained safe and stable operations through adopting vaccination leave, providing rapid antigen kits, and operating an employee care program. Besides, the team has issued a total of 119 newsletters for active communication and campaign to keep employees and partners protected. Going forward, we plan to further continue our efforts in this field.



[Picture 3-4] Survey results regarding COVID-19 recovery preparation [518 participants, March 15 -18]

Survey targeting all employees: COVID-19-related measures implemented by the company were appropriate in ensuring employee safety. (Unit: %)



Efforts to Strengthen the Employees' Crisis Management Capability As society becomes more complex, the types of crises that can pose a threat to companies have also diversified. Yuhan-Kimberly believes that all employees should develop sufficient capacity to manage crises and carryout regular crisis prevention training. We conducted three training sessions in 2021, including a hypothetical issue simulation training for key leaders considering the change in leadership. Also, to enhance the sensitivity of all employees regarding issues, the Crisis Prevention Committee newly published the 'Issue Insight.' In 2021, a total of 4 contents were planned and shared with all the employees through the intranet. Meanwhile, the eligible recipients of the online media training were expanded to all employees, and all our employees can use it at all times.

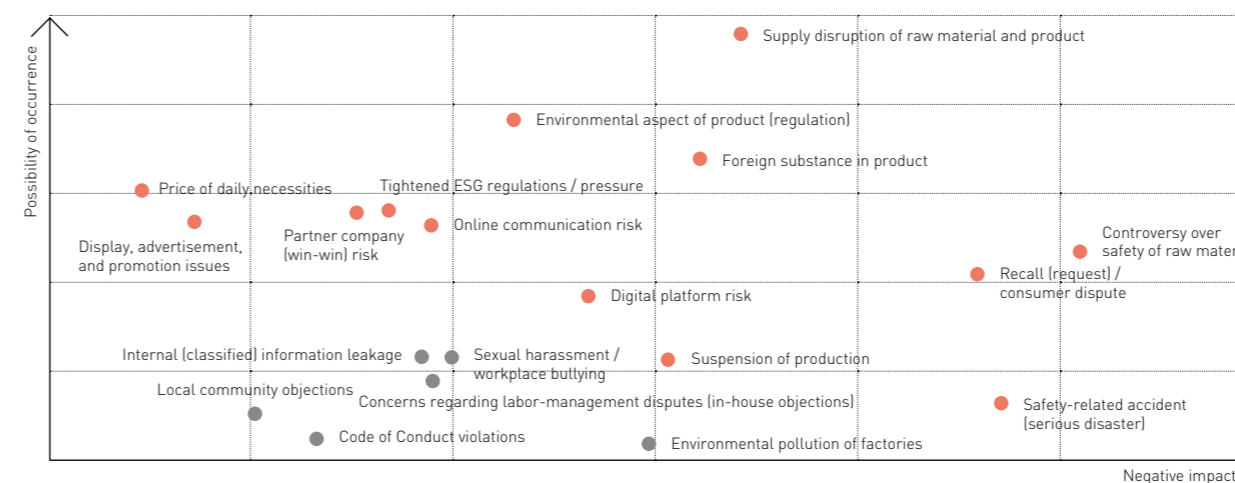
[Picture 3-5] 'Issue Insight' contents on preemptive crisis prevention



Identifying Potential Risks and Continuous Improvement Activities We assess the impact and possibility of occurrence by classifying the types of crises into 19 categories related to products, processes, people, and stakeholders. Also, 13 key management items such as supply disruption of raw materials and products, product foreign substances, and material safety are derived and reflected in the crisis management manual and crisis management training, and also shared with all the employees. In January 2022, we introduced reinforcements on potential issues such as the tightened ESG regulations and pressure as well as partner company risks considering the recent social change and trends.

Crisis Management Manual To systematically and preemptively respond to crisis, Yuhan-Kimberly has established its own crisis management manual. The manual includes the duties of the crisis manager, composition, roles and responsibilities of the crisis management team, and communication policies. In 2022, we plan to change the response protocol procedure for each type of crisis so that the order of response and the role of the person in charge can be understood more clearly. And taking the requirements of the Serious Accidents Punishment Act into account, we supplemented the response procedures regarding safety accidents. We will continue to update the crisis management manual according to changes in the society with the approval of the Chief of Crisis Management every year.

[Picture 3-6] 2022 Yuhan-Kimberly's risk map



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Ethical Management / Transparent Management

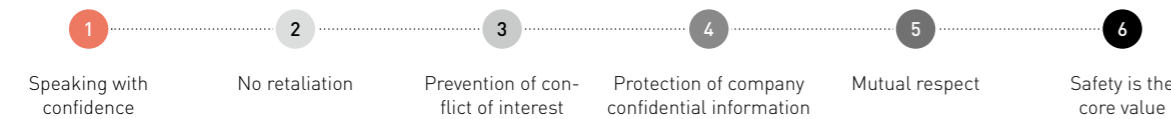
Policies and Organizational Operation to Advance Ethical Management

Practices to Support Ethical Management Code of Conduct and Spread a Culture of Ethics Yuhan-Kimberly declares the practice of ethical management and fulfills its promise with the direct participation of the CEO in the declaration of ethical management since 2003. Based on this, Yuhan-Kimberly seeks to establish an ethical organizational culture that not only allows employees to freely express their opinions and report problems, but also to prevent them from damages. In particular, since July 2019, we included 'safety is the core value' to the set of five corporate principles upon the request of the CEO. The principles, 'speaking with confidence', 'no retaliation', 'prevention of conflict of interest', 'protection of company confidential information', and 'mutual respect', are also part of our Code of Conduct. Along with the Code of Conduct, anti-corruption policy, fair trade policy, and fair trade and compliance program are also provided on the intranet to create an honest culture. As a member of the BEST ESG Forum (formerly known as BEST Forum), we promote and support the spread of ethical management

Our No Retaliation Policy Promises Three Things

<p>1. We will take appropriate corrective actions, review candidly on raised concerns in an objective manner.</p>	<p>2. Employees who raise concerns will be protected from any form of retaliation.</p>	<p>3. When retaliation is reported, we will conduct a thorough investigation and take corrective measures of up to a dismissal.</p>
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[Picture 3-7] Our 6 ground rules for a culture of ethics



Designated Organization for Ethical Management Consumers nowadays prefer more ethical companies and pursue 'ethical consumption'. Whereas a company's ethical issues can be fatal as consumers may turn their back on the company. We are well aware of the significance of ethical management in the earlier stage, and operate the Legal & Compliance Division, which is a designated organization for ethical management directly under the CEO. The in-house lawyers conduct thorough legal review on relevant affairs with related organizations such as the Internal Control Work Group, the Internal Control Committee, and the Compliance Working Committee. In addition, the Ethical Management Committee is convened every quarter. The Internal Audit Organization consists of employees with more than 15 years of financial and field experience and the results of department inspection are directly reported to the top management.

ESG Subcommittee Chair Interview – G

"Governance is the most important ESG component as it impacts both our reputation and our ability to deliver an engaging employee experience."

From my perspective, governance is the most important of the three components of ESG as it impacts both our reputation and our ability to deliver an engaging employee experience. From a reputation perspective, our reputation is based upon our consumer, our customers, our employees, our shareholders, and our society trusting Yuhan-Kimberly. This trust is built on Y-K behaving ethically, delivering great products, and following through on our commitments.

The key role of governance is to ensure that employees have the support, training, and capability to deliver on this trust every day. From an employee perspective, strong governance is essential to ensuring that we can all be proud to work for Yuhan-Kimberly, that the company and its management will always treat employees fairly and justly, and that all employees are given a voice and an opportunity to build a successful career.

Jeff Doherty Governance Subcommittee Chair, Yuhan-Kimberly CFO

Programs for Ethical Management and Fair Trade

In-house Training on Ethics and Fair Trade In 2021, Yuhan-Kimberly offered 5 hours of training on ethics and fair trade to all employees based on the perspective of Inclusion and Diversity (I&D), such as prevention of workplace harassment, improvement of awareness on the disabled, prevention of sexual harassment, protection of personal information and Code of Conduct. In addition, we continuously provided training on case provision policy among the Code of Conduct and anti-corruption policy, and also furnished fair trade compliance training to employees in charge of sales and purchasing. In addition, we have constantly provided education on ethics to employees, and all employees (excluding those on leave of absence) complete the educational courses. As a result, there were no sanctions imposed for Fair Trade Act violations in 2021. Our internal ethics and fair trade standards are equally applied to partner companies, and new contractors and primary partners are evaluated on ethical management, human rights, and social responsibility as well as business capabilities.

Compliance Program Adopted in January 2012, the Compliance Program (CP) was designed as a measure to reduce fair trade-related law violations. We operate the CP in order to contribute to the compliance with the in-house regulations and spread a culture of fair transaction to continue our core value of fair shared growth. A dedicated department and a self-compliance manager were designated for a more responsible operation.

Reporting Channels for Violation of Code of Conduct For employee grievance handling and resolution, Yuhan-Kimberly operates a cyber ombudsman system and a 24-hour open helpline (82-70-4732-5803). The helpline is operated by a third-party vendor, which encourages objective and voluntary actions. Yuhan-Kimberly, actively engaging in international business, is subject to the Foreign Corrupt Practices Act (FCPA), a US federal law. In 2021, seven employees were subject to disciplinary actions for five cases of violation of our Code of Conduct.

Highlight

Our Promise to the Society for Sustainable Management

BEST ESG Forum CEO Declared (April 28, 2022)

The '19th B.E.S.T FORUM CEO PLEDGE' was held in April 2022, hosted by the BEST ESG Forum and administered by the Institute for the Industrial Policy Studies. We have participated in this oath ceremony for 19 consecutive years, and pledged to make efforts to lay the foundation for sustainable economy, society, and environment through practicing and spreading ESG management. The ceremony was held under the theme of 'Realizing SDGs in the ESG Era', attended by 140 business persons, civil groups, and academics. Participants, including us, pledged to take the lead in implementing carbon neutrality, to cooperate in realizing social values, to be in the forefront in spreading ESG culture in the industry, and to put the top priority on a better society and environment for the future generation.

Participation in the Anti-corruption Pledge (March 25, 2022)

During the 'BIS* Summit 2022', hosted by UN Global Compact Network Korea and the Korea Sustainability Investing Forum, we vowed to take part in the anti-corruption pledge and made a commitment to join the collective action to establish integrity in the business environment and promote ESG responsible management in March 2022.

[Photo 3-1] 2022 BIS Summit

* Business Integrity Society, Society for corporate integrity to strengthen fair management

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- Sustainable Product**
- Minimizing the use of new plastics
 - Expanding the application of nature-derived raw materials to products
 - Applying recycled plastics to packaging
 - Improving the environmental aspect through life-cycle evaluation
 - Increasing the products certified with the eco-label
 - Sustainable forest-certified pulp materials

- Waste Management**
- Establishing the goals of applying recycled plastics in packaging materials (50% by 2030)
 - Increasing the use of recycled paper (14.9% in 2021)
 - Lessening subsidiary materials generated during production in the manufacturing process
 - Reducing waste and increasing the recycling amount

- Climate Change**
- TF activities against climate change
 - Achieving the GHG reduction target (20,443tCO₂e reduction, 9.6% improvement in 2021 compared to the quota)
 - Conducting GHG and energy mitigation activities
 - Climate Change Leadership Program
 - Establishing the 2030 absolute GHG emissions reduction goal



- Safety First**
- Product safety management system
 - Safe use of raw materials and preliminary verification of new products (2,021 cases in 2021; 1,947 cases of safety and legal review, management of 74 types of substances of safety concern)
 - Responding to consumer safety issues through the Sanitary Products Council

- Partnership**
- Financial support for partner companies
 - Supporting with technology and quality improvement
 - Improving payment conditions for non-contract companies

- Consumer Service**
- Education to provide information for consumer life
 - Early warning process for handling consumer grievances
 - Introducing the visible ARS service (April 2021)
 - Regular CEO meetings with the customer center

- Good Action**
- Donating sanitary pads for the vulnerable with the campaign, 'Daughters, Cheer Up!'
 - Donating face masks with the campaign, 'Fine Dust Worry Out'
 - Other donations for the vulnerable with diapers, incontinence panties, hand sanitizers, skin care products, etc.

- Forest**
- 'Keep Korea Green' campaign
 - Creating 'Carbon Neutral Forest'
 - Creating 'Biodiversity Conservation Forest'
 - Tree planting participated by citizens
 - Youth environmental education

- Empowering Women & Girls**
- Newly Wed's Communication School
 - Scholarship project for NGO female activities
 - Education on menstruation for the youth



- Organization**
- Monitoring key ESG activities and reviewing agenda items
 - Determining the near to long-term ESG policies

- Ethical Management**
- Organization dedicated to ethical management
 - Practicing the Code of Conduct for Ethics and an ethical culture
 - Reporting channel for violations of the Code of Conduct
 - Ethics education for employees and partner companies
 - Ethical management declared by the CEO (UNGC, BEST ESG Forum, etc.)

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

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Environmental Performance

Declaration of Environmental Management 3.0


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

Yuhan-Kimberly promises that we will join the global effort to protect the environment and take the lead in achieving mutual growth with society.




Pledge 1

Yuhan-Kimberly will increase the sales of sustainable products to more than 95% of the total sales by 2030 in order to protect the environment.



Pledge 2

Yuhan-Kimberly will formulate eco-friendly policies for carbon neutrality, and reduce GHG emissions by 25% by 2030 compared to 2015.




Pledge 3

Yuhan-Kimberly employees will participate in the Environmental Management 3.0 Declaration and put it into practice for future generations and a better society.

Eco-friendly Manufacturing and Environmental Management Goals

Yuhan-Kimberly discloses the environmental footprint performance indicators to minimize our environmental impact. We unveiled our targets for 2030 in areas of GHG emissions mitigation, water consumption reduction and reuse, sustainable pulp and waste paper, resource circulation increase, and waste reduction. By presenting near to long-term strategies to achieve this, we strive to become close to producing products that are good for our planet.


[Picture 4-1] Our efforts to manufacture eco-friendly products



GHG emissions mitigation

20,443tCO₂e


[Compared to the 2021 allowance, amount of reduction between standard emissions when submitting our carbon credit]



Water consumption reduction and reuse

1,415,857m³


[Amount of water recycled in 2021, Kimcheon Mill]



Sustainable pulp and waste paper

100%

[K-C eco-friendly pulp purchasing policy certified]



Resource circulation increase and waste reduction

2,500ton

[Total waste including the amount of recognized resource circulation from Taejon Mill trim and Choongju Mill]

[Table 4-1] Eco-friendly workplace

Category	Certification period	Organization	Business site
Green company	2019.11.-2022.11.	Ministry of Environment	Choongju Mill
ISO14001	2021.11.-2024.10.	SGS	Taejon Mill
	2019.11.-2022.11.		Kimcheon Mill
	2021.10.-2024.10.		Choongju Mill

[Table 4-2] Safety is the core value

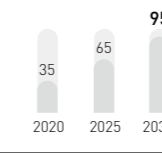
- Crystal Tree Awards**
 - Excellent business site: Taejon Mill (2015, 2017, 2021), Choongju Mill (2016)
 - Team: Kimcheon Mill (2020) / Hero: Head of Manufacturing & Production Sector
- Safety and health plan approved by the BOD**
 - Following 2021, we received approval for the 2022 safety and health plan by the BOD

Pledge 1 Achieve sales of sustainable products to more than 95% of the total sales

Sustainable Pulp Purchasing Policy In accordance with our sustainable pulp purchasing policy, we purchase sustainable pulp from Forest Stewardship Council (FSC), which minimizes environmental damage. This strategic purchasing process is conducted in cooperation with Kimberly-Clark's global purchasing team, and the purchase of FSC-certified pulp has steadily increased over the past five years, and in 2021, it recorded a total of 128,919 tons. Meanwhile, we also maintain and manage some hand towels and all diaper products for the domestic market by obtaining the FSC CoC (Forest Stewardship Council Chain of Custody) certification, one of the international forest certifications.

Zero Plastic Strategy Yuhan-Kimberly constantly strives to develop and apply sustainable materials to minimize the environmental impact that occurs in the entire production process. Environmental management 3.0 includes sustainable product development, policy direction, and quantitative aims, and each business division implements various methodologies to realize sustainable products by dividing materials and packaging materials. We consider the development of sustainable products as a very important business strategy, and through 'Super Greener' meetings, a working-level consultative body for sustainable product development and marketing, we share current status and issues regularly.

[Table 4-3] Sustainable product goals by business division

	2022 Goals	2030 Mid-to Long-term Goals
Personal hygiene products (female and infant)	<ul style="list-style-type: none"> Expanding the application of naturally-derived materials [organic cotton, raw materials derived from sugar cane, etc.] Applying environmental improvement materials [polymer absorbents] Implementing 30% of recycled plastic for packaging materials 	Sales of sanitary pads using sustainable materials (Unit: %) 
Household products	<ul style="list-style-type: none"> Continuously applying sustainable pulp (natural pulp fabric wet tissues such as FSC) Achieving 30% of recycled plastic for packaging materials 	By 2025 <ul style="list-style-type: none"> Expanding the use of sustainable materials to up to 60% Increasing the use of recycled plastics in packaging up to 50%
B2B	<ul style="list-style-type: none"> Continuously expanding eco-labelled certified products Making efforts to reduce the use of pulp from the northern frigid forest Expanding the use of recycled plastic for packaging materials 	By 2025 <ul style="list-style-type: none"> Eco-label certification to all product lineup including jumbo rolls (toilet paper) Expanding the use of recycled plastics in packaging to up to 30% By 2030 <ul style="list-style-type: none"> Expanding eco-label certified products to up to 50% of all lineup

Using Sustainable Packaging Material By applying recycled plastic and biomass materials to product packaging, Yuhan-Kimberly plans to scale down the use of petroleum-based plastics in packaging materials to 50% by 2030. This is in line with the government's Circular Economy policy to control the use of unnecessary packaging and waste resources. We will replace film-type packaging for all products with products that use 30% of recycled plastic by 2022. For some products, such as masks, we are expanding the use of sustainable packaging materials by replacing film-type with paper-type materials.

[Picture 4-2] Yuhan-Kimberly Sustainable Product Development Guidelines

Priority	1. Reduce Minimize use of raw materials	2. Recycle Increase recyclability	3. Replace Zero Plastic
Product	Top Priority Task <ul style="list-style-type: none"> Minimizing the use of raw materials in products Reducing process waste 	If possible	Using sustainable raw materials (non-petroleum-based) Using biodegradable plastic
Package	Top Priority Task <ul style="list-style-type: none"> Preventing over-packaging 	Increasing recyclability <ul style="list-style-type: none"> Expanding the use of waste paper and recycled plastic 	Using sustainable raw materials (non-petroleum-based) Not allowed*

* In case there is a risk of environmental leakage, using biodegradable plastic is recommended, and the use of incinerated products and packaging to increase recycling is limited

Our environmental improvement guidelines on product development are based on the environmental policies of the Republic of Korea.

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Eco-labelled Products The Korea Eco-Label is a certification system implemented by the Ministry of Environment in accordance with the Article 17 of the Environmental Technology and Industry Support Act (certification of eco-labelling). The label is granted to a product that has remarkably improved eco-friendliness compared to other products of the same purpose. That is to say, the label can be obtained if the degree of consumption of resources and energy during the entire process of manufacturing, consuming, and disposal of materials or products, and the environmental impacts, such as pollutants or GHG emissions have positively improved. As of April 2022, Yuhan-Kimberly has acquired the Korea Eco-Label for 40 types of B2B products, including 16 types of toilet paper, 17 types of face towel, and 7 types of air freshener, which were recognized to have improved resource circulation and reduced harmful substances. For example, the use of a center full toilet paper, which allows only one sheet at a time, can reduce the use by 30-40% compared to the existing products. Also, by using a roll towel container, only the required amount is automatically dispensed at a time, which shows the effect of reducing the use of paper towels by more than 30%. We will continue to increase the number of certified products.

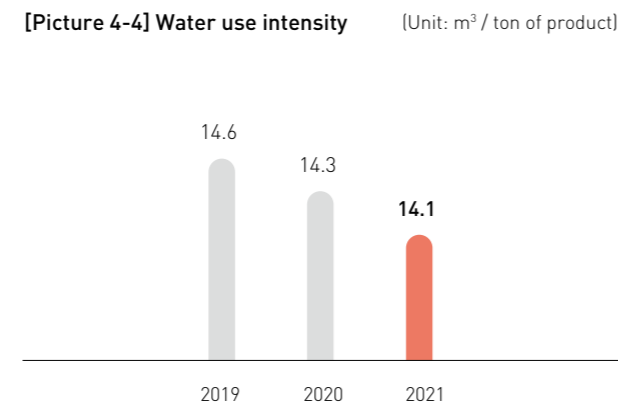
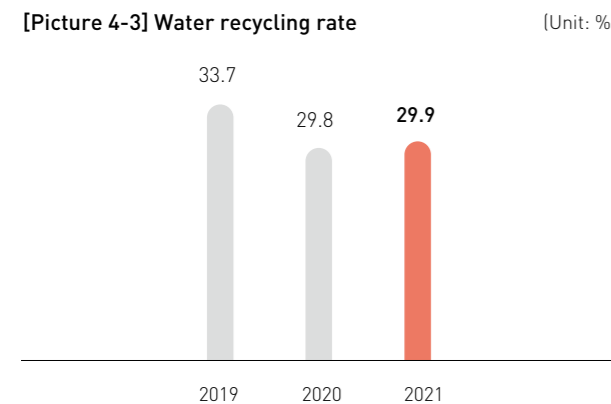
[Photo 4-1] Eco-labelled products



Sustainable Manufacturing Production Sites

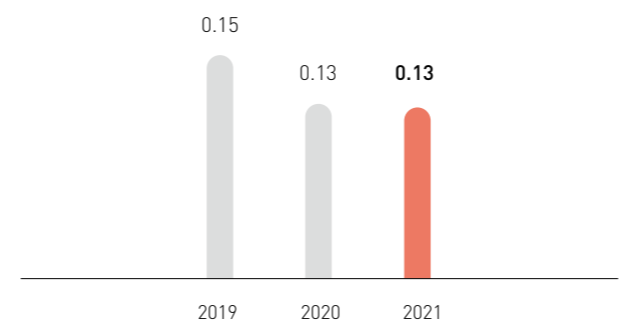
Water Management The production process for toilet paper and hand towels requires high quality water for processing raw materials. According to the World Resources Institute (WRI), the water stress levels of Yuhan-Kimberly's Kimcheon, Taejon, and Choongju Mills are 'low to medium', which is below average, but in the case of Kimcheon, we have upgraded its water purification facilities to prepare for natural disaster risks related to the climate crisis, and we have monitored and managed the concentration of treated water after direct discharge into nearby rivers. In addition, Kimcheon Mill carried out a self-evaluation using the Carbon Disclosure Project (CDP) Water Guidance in the first half of 2022 to minimize wastewater emissions by strengthening monitoring and management of microfiltration systems. We will make every effort to efficiently manage water resources by establishing and implementing response strategies for each identified potential risk. Producing toilet paper and hand towels, Kimcheon Mill actively reuses the treated water for efficient use of water resources. Despite the expansion in the premium product line, the water usage per ton of products decreased by 0.2 tons in 2021 compared to the previous year, and the rate of water reuse increased by 0.1%p. Yuhan-Kimberly plans to establish a detailed water management strategy considering the climate change risks so that it can produce high-quality products and improve the rate of water reuse at the same time. Also, by installing a TOC* analyzer to the water quality Tele-Monitoring System (TMS), which is scheduled to be completed by 2024, we are taking a proactive response for the stable management of water pollutants.

* The abbreviation of Total Organic Carbon, the amount of total carbon contained in the water's organic matter

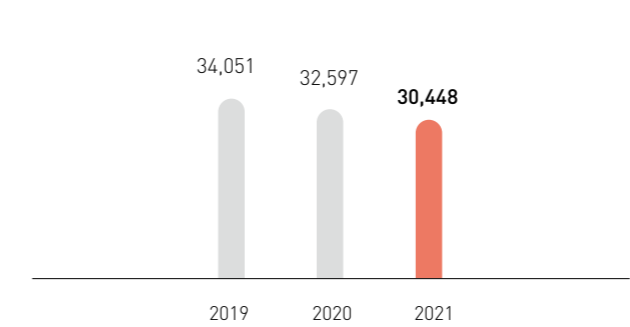


Waste Management and Resource Circulation Yuhan-Kimberly tries to minimize the waste generated during the production process by reusing recyclable subsidiary materials in the process as much as possible. For instance, the Taejon Mill reduced waste by about 1,401 tons in 2021 by actively reusing scrap paper generated during the manufacturing of non-woven fabrics at the in-house process, contributing to saving the material cost by KRW 2.3 billion. Regarding wastes that cannot be recycled in-house, we actively search for sources of demand so that they can be recycled and used as heat sources through the recycling companies. In 2021, we improved Kimcheon Mill's sludge treatment system and reduced about 1,142 tons of waste, and we will continue to do so. In 2021, the amount of waste generated from the production of 1 ton of products at Yuhan-Kimberly was 0.13 ton. The total amount of waste was 30,448 tons, which is down about 6.59% compared to 2020 (32,597 tons).

[Picture 4-5] Waste generation intensity (Unit: ton / product ton)



[Picture 4-6] Total waste generation (Unit: ton)



Efficient Use of Resources and Improvement of Eco-friendly Aspects in the Entire Process Approximately 16.9% of the pulp used in the toilet paper production at Yuhan-Kimberly was recycled paper. This is a 0.5p% decrease compared to that of 2020. It is due to the decrease in consumer preference for recycled pulp products. Yuhan-Kimberly is conducting a Life Cycle Assessment for 17 main products in 2022 to fulfill its environmental responsibility from production to disposal according to the producer responsibility scheme. We plan to work together with relevant departments to improve the environment through product development, transportation, manufacturing, and disposal stages. Yuhan-Kimberly complies with the mandatory recycling rate of the producer responsibility (82.8% for film-type, 85.2% for container-type), and we will continue to make efforts to efficiently use resources and implement sustainable products by expanding the application of sustainable materials and increasing the proportion of recycled raw materials for packaging.

Highlight Efforts to Prevent Greenwashing

Not only does all Yuhan-Kimberly's product advertisement comply with the relevant laws and regulations of the competent authority, the appropriate advertising standards, and the Act on Fair Labeling and Advertising, we also adhere to Yuhan-Kimberly's own labeling and advertising guidelines to deliver accurate information to consumers and enhance credibility of the products. Based on this, procedures are in place for all expressions contained in product labeling and product description display advertisements to be released and promoted after trilateral review from the Product Safety, Legal & Compliance Division, and Environmental Management. Also, inspection for advanced prevention of greenwashing is also carried out in this process.

<p>PSRA Work Group (Product Safety Regulatory Affairs)</p> <p>Conducting overall review of product labeling, focusing on product safety</p>	<p>Legal & Compliance Division</p> <p>Checking whether there is a legal conflict of interest regarding product-related laws and advertisement phrases</p>	<p>Environmental Management Work Group</p> <p>Examining overall environmental laws and regulations regarding the product (separate discharge mark, number of packaging, excessive packaging, material and structure evaluation system, etc.) and environmentally exaggerated advertising</p>
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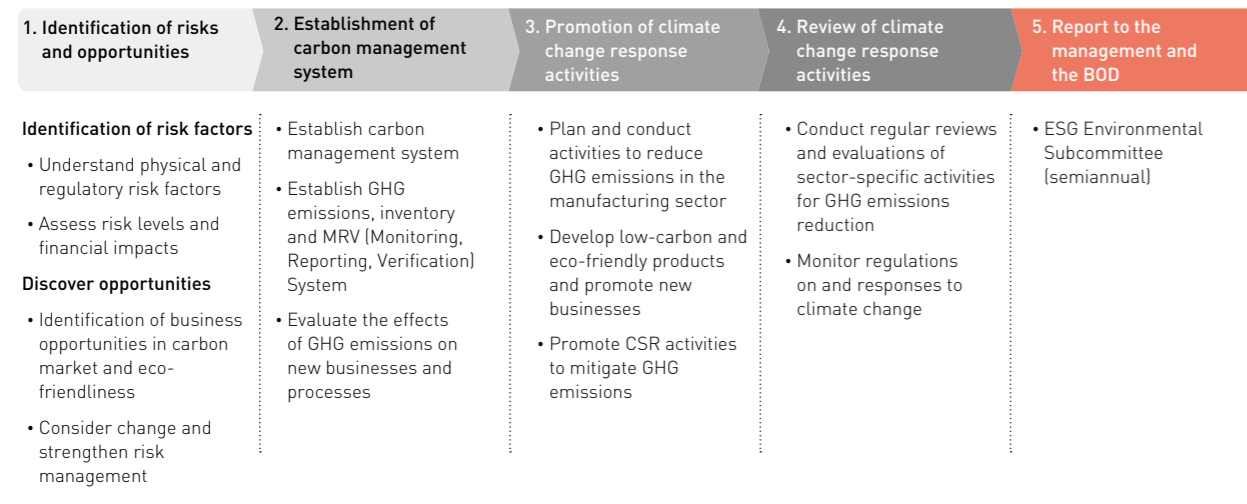
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Pledge 2 Establishment of Eco-friendly Policies for Carbon Neutrality

Carbon Management System

Climate Change Response System Apart from paying attention to environmental and climate issues, Yuhan-Kimberly has also recognized climate change as both a crisis and an opportunity at the same time. We are committed to leading the transition to a low-carbon economy through the establishment of a climate-resilient business model. There are definitely risk factors such as increased regulations and raw material procurement uncertainties where the active response of companies towards climate change has become more critical. However, we decided that Yuhan-Kimberly's unique business growth opportunities could be created with our quality control know-how, personal hygiene products production capacity that can respond to the spread of infectious diseases, and reinforcement of sustainable material application. Accordingly, Yuhan-Kimberly established a carbon management risk and opportunity management process, which supports the management's decision-making for effective response policies. As a result, we announced efforts to implement carbon neutrality through the declaration of Environmental Management 3.0 in 2020, established a goal to reduce GHG emissions by 25% from that of 2015 by 2030 through the Climate Change Action Project in January 2022, and obtained final approval from the ESG Committee. During the project implementation, the internal reduction potential of each worksite, the feasibility of renewable energy introduction such as RE100, and the Science Based Target initiative (SBTI) process were reviewed.

[Picture 4-7] Management process for carbon management risks and opportunities

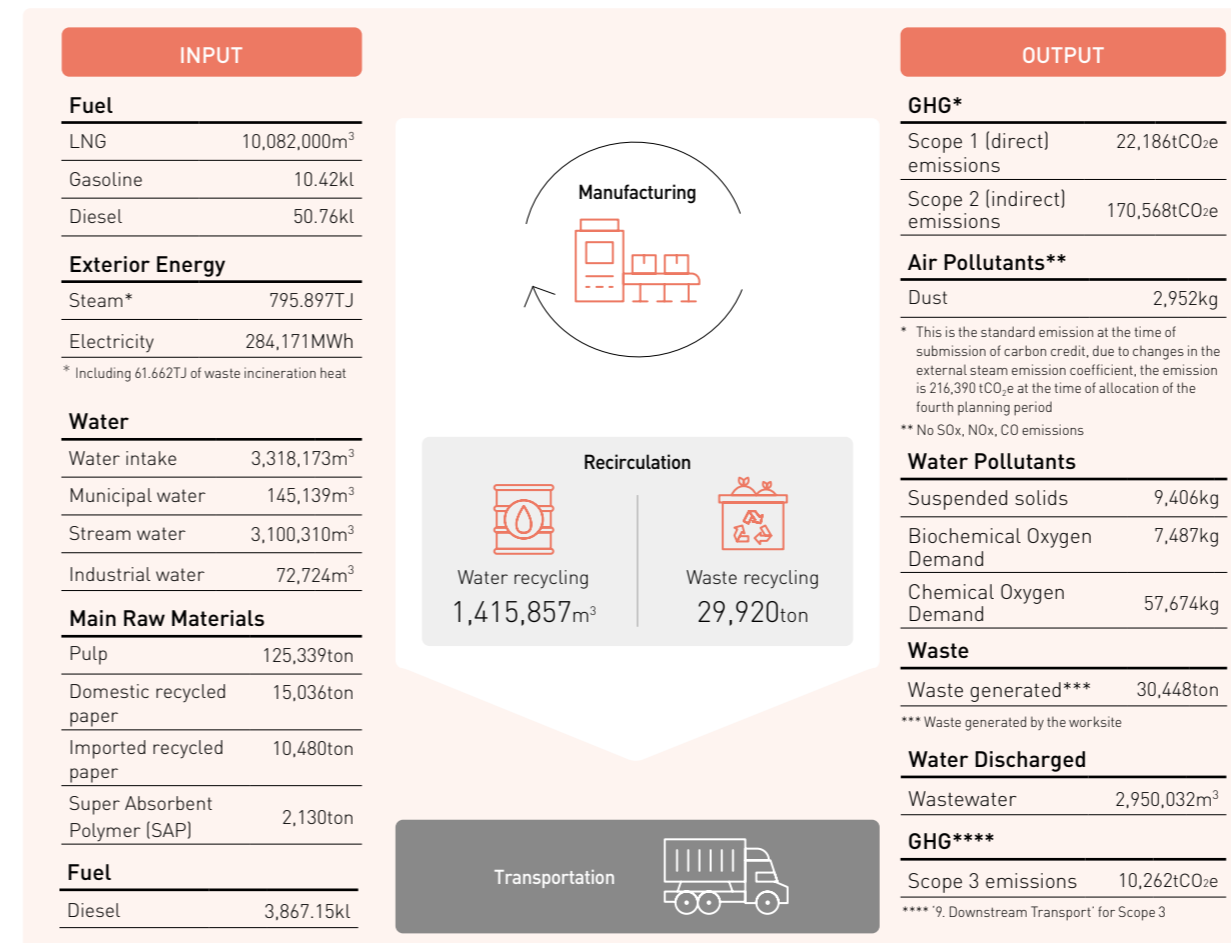


[Table 4-4] Major energy saving activities in 2021

Business site	Activities	Investments	Savings effect	Savings	Reduced amount of emissions
Kimcheon Mill	Usage optimization of TM9/UCTAD Hood NG		KRW 48 million/year		1,587tCO ₂ e
Kimcheon Mill	Reduction of electrical energy through refiner optimization and improvement of fiber mix		KRW 310 million/year		43tCO ₂ e
Choongju Mill	Replacement of Turbo Blower and exterior light solar system	KRW 129.2 million	KRW 31 million/year	274MWh	127.2tCO ₂ e

GHG Emissions Yuhan-Kimberly manages emission allowances subject to the Korea Emissions Trading Scheme (K-ETS) and also internal emission targets in line with Kimberly-Clark's other global business sites. To be specific, we set and manage emission targets for each worksite through the collaboration between the Sustainable Management Sector and the Manufacturing Operations Sector. We conduct monitoring on a monthly basis, and hold quarterly meetings on environmental energy to discuss climate change response performance and improvement programs. In order to motivate employees and raise awareness of climate change, we also operate a system that reflects this in performance-related indicators and provide incentives based on the results. With the continuous efforts for energy optimization and GHG reduction at manufacturing and production sites, GHG emissions in 2021 were 192,751 tons, down from 201,903 tons in 2020. Among these, 130,551 tons of GHG emissions were from electricity use, accounting for about 68%. In 2021, the product production was 234,765 tons, down about 1.73% from 238,886 tons in 2020, and GHG emissions also decreased by about 4.53%. GHG emissions intensity also decreased from 0.845 in 2020 to 0.821, and with the efforts to reduce GHG emissions, a surplus of 26,026tCO₂e was secured. This is the result of energy efficiency improvement, such as replacing old facilities and improving processes, and the surplus emissions can be carried over to the second year of implementation (2022) in the third planning period (2021 to 2025). Such achievement was possible because we established and implemented strategies to reduce GHG emissions that were optimized for each business site. Kimcheon Mill reduced greenhouse gases by 1,630tCO₂e by improving energy efficiency through Target adjustment in the UCTAD process and optimization of Make-up Air. Choongju Mill reduced 127tCO₂e by replacing the turbo blower and solar power lights on the exterior of the factory. Choongju worksite generates 100kW of solar energy. In 2021, this solar facility generated about 128MWh of electricity (0.45% of Choongju Mill power usage), which is used for lighting and heat transmission loads in the building. A feasibility study for introducing 1MW solar power facilities by 2023 is in process.

[Picture 4-8] Material flow chart in 2021



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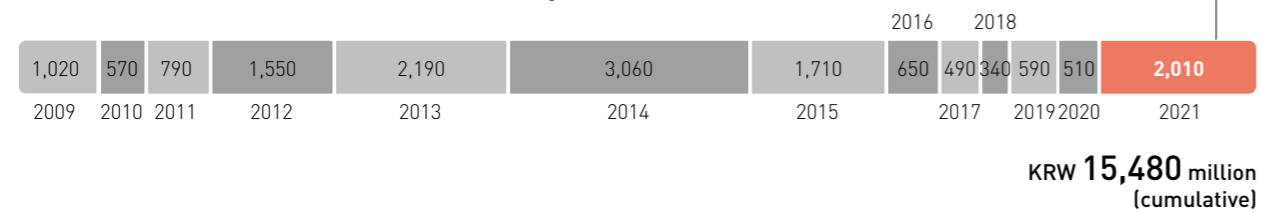
Carbon Management in the Supply Chain Yuhan-Kimberly has been exerting efforts to minimize carbon emissions throughout the process and does not make any exception to the stages of transportation and distribution, which are excluded from the Emissions Trading Scheme statement report. Since 2009, we have been making efforts to minimize carbon footprint, which is a numerical indicator of the impact of carbon generated on climate change in the entire cycle of products and services, in the process of product transportation and distribution. In 2019, we established the 'Eco-friendly Logistics Vision 2030' to reduce GHG emissions in the logistics sector by streamlining the logistics systems and networks. In 2021, the amount of GHG emitted in the transportation and delivery of products was 10,262tCO₂e, an increase of about 4.9% compared to 9,781tCO₂e in 2020. This is due to an 8.4% increase in cargo volume following the COVID-19 recovery tendency. We will continue to curb GHG emissions and promote policies such as introducing electric freight vehicles.

Logistics Innovation Program Our logistics innovation program to save transportation costs and reduce GHG emissions started in 2008, even before the term, 'climate crisis' was widely used. In 2021, as part of the program, we carried out tasks to optimize e-commerce delivery packaging and reduce reverse shipment to reduce GHG emissions. To cut down energy usage, we implemented 12 tasks, including the expansion of direct delivery to three mills in Kimcheon, Taejon, and Choongju, adjustment of the Costco delivery area, and implementation of Homeplus advance logistics. As a result, we saved about KRW 2 billion in transportation costs in 2021 alone. And about KRW 15.8 billion has been preserved through the logistics innovation program from 2008.

[Table 4-5] Cost reduction through logistics innovation program in 2021 (Unit: KRW million)

Period	Description	Cost reduction
Jan. - Aug. 2021	Improvement of transportation efficiency in Kimcheon, Taejon, Choongju Mills	774
Jan. - Aug. 2021	Adjustment of client company delivery zone	170
Jan. - Sep. 2021	Transfer of inventory build-up volume	138
May - Dec. 2021	Reduction of transportation costs by changing Gimcheon client company operating location	121
May - Dec. 2021	Implementation of client company advance logistics	193
May - Dec. 2021	Expansion of VF application for Daejeon client company	106
June - Dec. 2021	Reduction of transportation costs by transferring client company's Chungcheong and Gyeongnam CDP base to Gimcheon Hub II	155
June - Dec. 2021	Reduction of delivery cost by client company's double layer loading	104
Aug. - Dec. 2021	Reduction of transportation cost through client company advance logistics	167
June - Dec. 2021	Reduction of costs by increasing transportation efficiency	82
Total		2,010

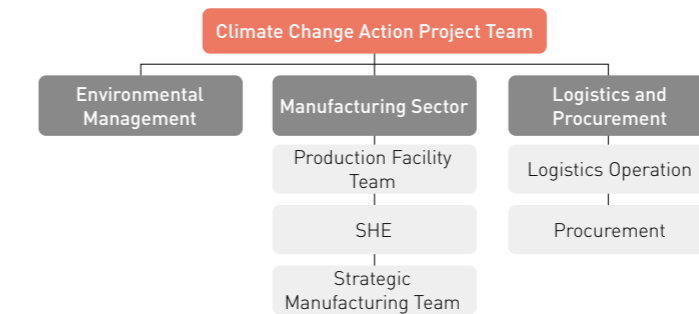
[Picture 4-9] Efforts to reduce GHG emissions from logistics in 2021 (Unit: KRW million)



Pledge 3 Efforts to Implement Environmental Management 3.0

Dedicated Environmental Organization Yuhan-Kimberly declared Environmental Management 3.0 in March 2020. With the Environmental Management Promotion Division established in 2018, we have developed enterprise-wide sustainable products and services, ranging from product development to production, sales to logistics, while establishing systems to respond to climate change. Being incorporated into the Sustainability Management Sector in March 2021, the Environmental Management Promotion Division is fulfilling its responsibilities as an environmental management work group. We will strive to implement the action plans to achieve carbon neutrality through collaboration with the environmental management work group of the sustainable management sector, each production facility at business sites, and the SHE work group. Changes have also been made to the committee, where discussions and decisions were made regarding environmental strategies. Previously, the committee was conducted at the Social Responsibility Committee (attended by the CEO and major sector heads), but from 2021, it is being undertaken through the ESG Committee. In particular, the ESG Environment Subcommittee, launched in July 2021, makes decisions on environmental strategic issues and risks. The subcommittee chairperson is the head of the manufacturing and production division, who is also a member of the BOD, and the subcommittee presents the issues to the ESG Committee for discussion at the BOD, depending on the case. With such active internal discussion, we established near to long-term quantitative goals and execution programs related to carbon neutrality through the Climate Change Action Project in the first half of 2022 and plan to expand Scope 3 of the GHG calculation ange as a program for 2023.

[Picture 4-10] Organization of the Climate Change Action Project Team



Participation and Practice

ESG Training Program Yuhan-Kimberly pursues the internalization of ESG of the entire enterprise to realize high-level ESG management. Accordingly, we have been operating a training program for ESG internalization since November 2021. We provide suitable training considering the job characteristics and occupational groups, and general employees are to take online and offline training at least once a year. We enhanced the training with departments that are closely related to ESG, such as by encouraging employees of R&E, marketing, manufacturing, and logistics to complete their training more than once every quarter. A total of 11 training sessions were held from November 2021 to June 2022, and each session was two hours long.

Interview with the ESG Subcommittee Chair - E

"The shortcut to achieving sustainable product goals is with continuous efforts to reduce GHG emissions at the manufacturing and production work sites and by spreading these efforts to supply chains."

Yuhan-Kimberly's Environmental Management 3.0 clearly sets out the goals for us to take action for the environment. Reducing GHG emissions and transitioning into sustainable products to respond to the climate crisis are the most urgent and crucial tasks.

To this end, by introducing the Climate Change Action Project in the first half of this year, we were able to conduct a feasibility study on RE100 (solar energy, third-party power purchase agreement, green tariff, etc.) and analyze potential reductions for energy savings at Manufacturing Operations work sites. And based on this, we established a quantitative goal of implementing the carbon neutral policy, which was declared by the Environmental Management 3.0, and obtained final approval from the ESG Committee.

In the upcoming year, as the first step in improving the supply chain environment, the main agenda will be building a GHG inventory of Scope 3. We will also make efforts so that innovation takes place through the reduction of GHG emissions. The Environmental Subcommittee will continue to move forward by focusing on the practical performance to improve the environmental quality of products and reduce GHG emissions.

Shin, BongCheol Environmental Subcommittee Chair, Yuhan-Kimberly Manufacturing Sector Head



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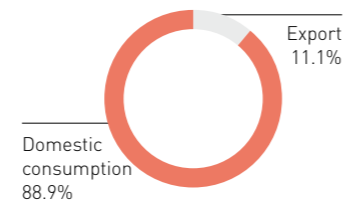
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Economic Performance

Leading the Market amid Changes through Business Model Innovation

Leading the Market amid Changes The aftereffect of COVID-19 continued in 2021. With social distancing in place for a couple of years, national turmoil and economic stagnation were prolonged, and the collapse of the consumer goods supply chain caused economic activity to shrink. In addition, population changes such as low birth rate and accelerated aging have forced businesses to transform for survival. We have tried to overcome the challenges with innovative products and lead the industry based on agile response and rapid execution to changes in consumer consumption patterns. Domestic sales fell 3.4% in 2021 from the previous year due to intensifying price competition and decreased demand for COVID-19 response items, but exports grew 9.8% driven by increased shipment of diaper and pants to the U.S.

[Picture 4-11] Sales composition in 2021



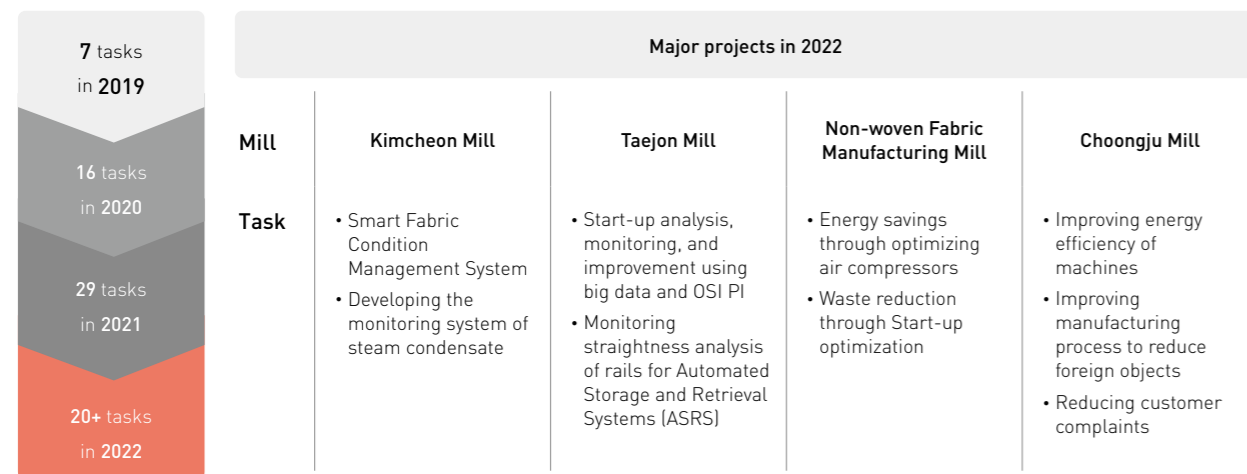
Manufacturing Innovation by Establishing Smart Process Systems

Building Smart Production Systems As the saying goes, 'The future of manufacturing is digital,' the digitization of manufacturing has become an essential competence for future response. Yuhan-Kimberly has already adopted digital technology throughout the manufacturing sector, and step-by-step processes are evolving based on digital technology. In the short term, we are establishing a preemptive quality management system based on big data analysis, which will guarantee product traceability. In the near to long-term, we are planning to establish a quality assurance system that covers overall process management information, product and raw material quality information, and consumer feedback. Currently, the integrated quality control and analysis through the Manufacturing Execution System (MES) is in place and the MES at the Kimcheon Mill is about to go live. Starting here, we are extending the MES to cover all manufacturing sectors to enhance manufacturing data traceability and connectivity.

Sharpening Digital Capabilities for Manufacturing Intelligence We are developing value creating opportunities and strengthening our digital capabilities through implementing DT tasks* to achieve manufacturing intelligence. DT tasks are expected to create an estimated annualized impact of around KRW 450 million.

* Tasks to improve manufacturing process using digital tools, primarily by the engineers of the Mills

[Figure 4-12] Our tasks for digital transformation to achieve manufacturing intelligence



Huggies, Market Leadership and Brand Value Raised Together Huggies, Yuhan-Kimberly's baby diaper brand, has proved its value in Korea by achieving a growth rate of about 7% despite unfavorable conditions such as a decrease in the number of newborns, a rapid market transformation toward e-commerce, and fierce competition among about 130 brands. The success was the result of launching new products every year that satisfy the needs of consumers, improving product quality, and active communication with consumers. Meanwhile, in November 2021, the market research firm, Kantar, announced the results of its brand asset survey, and selected Yuhan-Kimberly's Huggies as the 'Iconic' brand (the top 3% of the world's brands). Previously, Kantar selected Google, Nike, Starbucks, and YouTube as the 'Iconic' brands. We continue to strive to enhance the brand value to more earn customer loyalty.

Expanding Sustainable Product Portfolios and Supply Channels for B2B Yuhan-Kimberly's B2B Division supplies sustainable products that contribute to the ESG management of its company clients, leading to the increased sales and expansion of ESG management. We are developing consumable materials meeting the ESG management and trying to shift the paradigm of the market toward sustainability by signing MOUs with company clients who specialize in MRO* purchasing solutions. The Scott Eco Paper Wet Wipe made of 100% paper with our own UCTAD** technique is a good example. It is a plastic free product with minimal environmental impact. WypAll, paper-based oil absorbent product without using felt, Kleenex Rolled Paper Towels developed for resource saving, and Kleenex Air Cell Toilet Paper optimized for water-saving toilets are also products that contribute to disseminating ESG management throughout the industry. Meanwhile, our B2B Division has released safety shoes in line with the enforcement of the Serious Accidents Punishment Act which aims to lower safety and hygiene hazards and risks at workplaces. We released 15 different models of safety shoes, designed for the safety of field workers, in June 2022.

* Abbreviation of 'Maintenance, Repair, and Operation', indicating consumable materials and indirect materials required for manufacturing products
 ** A method of drying moisture with hot air with a dryer without a compression process, the volume of the fabric preserved better than other existing methods and air absorption bags (dry cells) naturally formed

Reinforcement of E-commerce Channels Yuhan-Kimberly has been strengthening its Direct to Marketplace (D2MP) business model that deals directly with consumers through Korea's major e-commerce marketplace channels such as NAVER, Kakao, Gmarket, Auction, and 11STREET since 2019. Sales from the D2MP channel in 2021 increased by 148% compared to 2020, especially in Naver (+319%) and Kakao (+587%). The number of consumers who regularly receive news from the Yuhan-Kimberly Store has expanded to 950,000. Through this, we share various benefits and information, and communicate with consumers. Sales through live commerce within the D2MP channel also increased significantly. At the same time, Yuhan-Kimberly is growing in terms of quality by conveying the value of Yuhan-Kimberly itself together with its products through live commerce. For that, we have organized the donation campaign 'Daughters, Cheer up' jointly with NAVER's fund raiser, Happy Bean, and presented contents featuring the World Environment Day.

[Photo 4-2] Sales increase by expanding live commerce



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Expansion of Healthcare Services During the ongoing global pandemic, we continuously attempt to seek new markets to satisfy consumers' needs and improve living conditions. Yuhan-Kimberly's surgical gown for infection prevention, developed by the Yuhan-Kimberly's Health Care Division, was launched in the second half of 2020, and started to be supplied in 2021 creating the new market of infection protection gowns. The development of the surgical gown, which protects health care personnel from coronavirus infection, was initiated by the Healthcare Sales Team's proposal as existing full-body protective clothing causes medical staff to burn out easily especially in the summer. The surgical gown is easier to wear than full-body protective clothing, and it is light and has proper defense. Although it was not easy to stably supply the product due to the lockdown of some cities and rapid increase in demand for protective equipment, we overcame the problem with full support from our partners and close cooperation between the purchasing and logistics teams. We are growing up our healthcare business by developing and supplying highly functional healthcare products that can flexibly cope with the rapidly changing medical and quarantine environment.

[Photo 4-3] Commercial for health-care surgical packs



[Photo 4-4] Health-care surgical gown (front)



momQ, Winning the 'Grand Prize' in the Baby Product Shopping Mall at the 2021 National Service Awards momQ was awarded the 'Grand Prize' in the baby product-specialized shopping mall category at the 2021 National Service Awards on July 8, 2021, and the award was an achievement that has continued for 4 consecutive years. The National Service Awards is jointly hosted by the Institute for Industrial Policy Studies, the Ministry of Trade, Industry and Energy, and the Ministry of SMEs and Startups, and a prize goes to companies that contribute to industrial development. The prize is given to momQ for a virtuous cycle structure that momQ creates, where big data gained by expanding customer contact points is used for product and service innovation. It also received good reviews for its efforts to make the shopping mall a 24-hour communication platform with customers, and to provide differentiated consumer experiences - presenting differentiated pop-ups, banners, messages, and recommended products for each customer - by introducing on-site marketing tools and AI-based product recommendation programs.

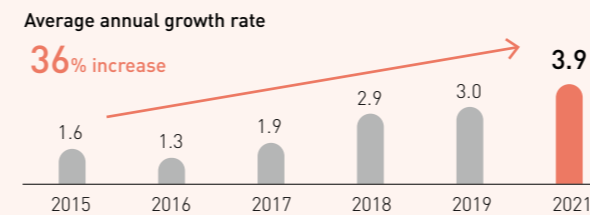
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Highlight Innovating Platform Business by Diversifying Service Channels

Growth of Online Shopping Mall, momQ momQ, Yuhan-Kimberly's own online shopping mall, has grown at an annual average rate of 35% since launched in 2015. With the solid growth, we are trying to make momQ an essential platform for childcare that goes beyond just a purchase platform. momQ aims to grow and have around 1.4 million cumulative subscribers that includes brands like Huggies and Double Heart. Data collected on customers, interest and purchase history collected from momQ is used for CRM and on-site marketing to enhance benefits tailored to consumers throughout their life cycles.

[Figure 4-13] Business Performance of momQ
(Unit: KRW 10 billion)

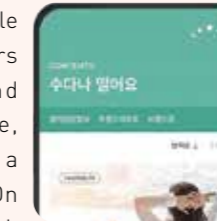


Platform Growth by Increasing Customer Value beyond Purchase Experience momQ Live, which has become the representative promotion of momQ, is communicating with more customers in real time every week. In particular, as the number of users of online communities increases, customers are more participating in content creation. Thus, momQ Live plays a role as a window for parents to communicate with others about parenting life. Yuhan-Kimberly is striving to provide momQ as a childcare platform by reinforcing content to cover from the nation's childbirth policies to knowledge about childcare for first-time parents, and improving accessibility to information. At the same time, we are making more opportunities to meet customers through various campaigns such as the 'Huggies, Patting a Baby,' 'Premature Babies,' 'Baby Bottle for Cleft Lip / Palate Baby,' and 'Hug Box,' and adding additional functions to make momQ Live a brand communication platform.

Online Communication to Improve Women's Health Yuhan-Kimberly's Feminine Care Sector launched 'Dal Dabang', a period tracker and information application, in 2021. The app provides not only predictions of menstrual cycle, ovulation date, and fertile days, but

also psychological tests, and reviews of menstrual sanitary pads and information on trends. We expect Dal Dabang to play a role in reaching potential customers by active communication and consensus formed. Meanwhile, we have launched and operated a women's health blog 'We are On Period' and an educational web site about first period, 'We Have Menstruation,' since 2018 to provide accurate information about women's health and to inculcate a culture where women talk freely about menstruation. We are taking the lead in spreading the right culture about menstruation by conducting surveys and consumer participating campaigns related to women's health and awareness of menstruation.

[Photo 4-5] 'Dal Dabang', app for menstruation health



'Oneulplus,' Platform Exclusively for Seniors, Launched Depend, Yuhan-Kimberly's brand for seniors, also launched an online platform 'Oneulplus' in April 2022 that mainly targets socially active seniors. It provides customized curation for each user, and it is our second platform following our own online mall, momQ. The Depend has expanded business opportunities for seniors through shared value creation activities such as creating senior jobs while supplying urinary incontinence and nursing products to keep seniors socially active. In the process, we found that there was a lack of specialized services, information, and spaces for socially active seniors. That's why we introduced Oneulplus. It not only curates content specialized according to senior's life cycle and interests, but also provides information on health, self-development, investment, fashion, beauty, participatory events, experience-sharing online communities, and product experience opportunities.

[Photo 4-6] 'Oneulplus,' online platform for socially active seniors



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Creating Value through Product Innovation in 2021

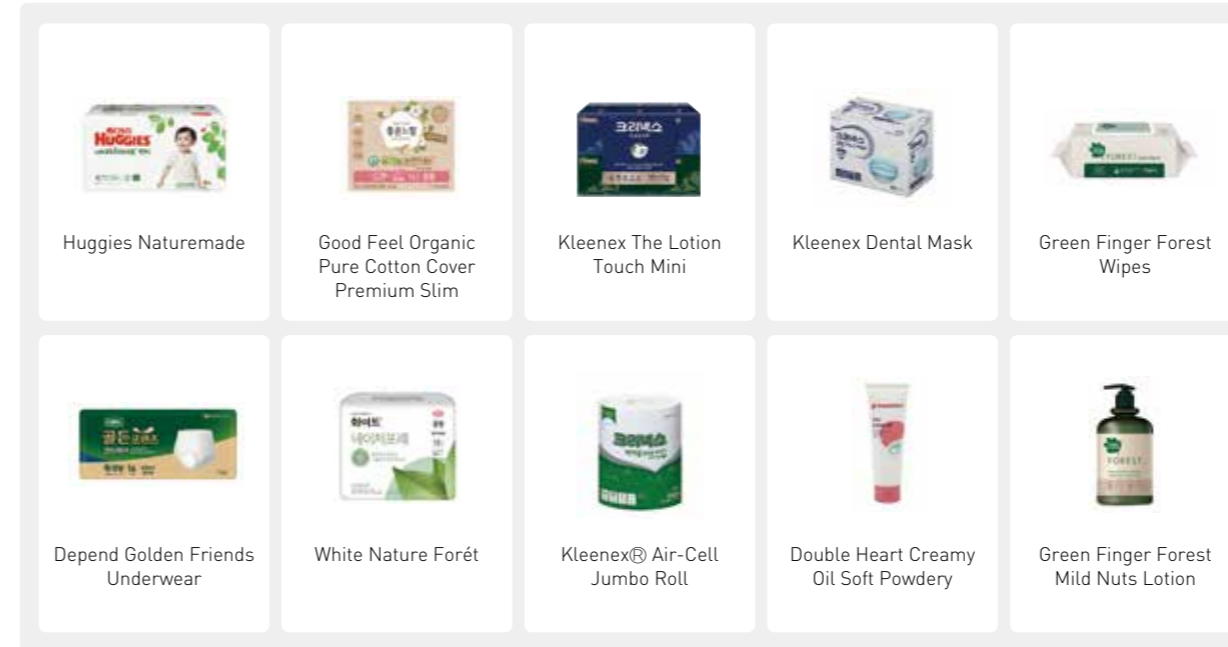
Our New Products Launched in 2021

Yuhan-Kimberly endeavored to develop more innovative and diverse products across all categories in 2021.

[Table 4-6] Key products launched in 2021

Category	Product	Description	
Baby / child care products	Diapers	Goodnight	• Overnight diaper without leaks for preschoolers
		Huggies Naturemade Summer / Magic Comfort Summer	• Summer diaper with breathable inner liner, leg cuffs and waist band • Thin but 2x absorbent, Thin-Tech Core applied
		Huggies Naturemade Bamboo	• Soft with natural ingredients from sugar cane and panthenol lotion, comfortable for babies with Thin-Tech Core • Bamboo-derived natural ingredients applied to inner liner
		Huggies Max Dry	• Keeping babies dry for up to 12 hours for Wide Thin-Tech Core and dual leak guarding technology
		Huggies Naturemade	• Greener to the Earth and more comfortable to babies as it is made of sugarcane-derived materials • Soft leg cuffs and 360° stretchy waistband for improved fit
		Huggies Magic Comfort	• Thin and soft diaper for Thin-Tech Core, comfortable for physical movement • Double absorbing layers applied to prevent leaking out the legs
	Baby care products	Softouch Nipple for Realistic Breast Feeding	• Nipples tailored to the baby's characteristics allow comfortable feeding
		Double Heart Stainless Steel Tumbler with Straw (Frog / Rabbit / Fox) 300ml	• Easy to clean and assemble for simple structure
		Double Heart Baby Creamy Oil Soft Powderly 150ml	• Preventing the newborn's skin from drying and keeping it moisturized
		Double Heart Comfort Feel Disposable Nursing Pads	• Preventing the skin drying and quickly absorbing breast milk
Feminine care product	Sanitary pads / pantyliners	Double Heart Comfort Color Bottle Twin Pack	• Baby bottle made of PPSU which is safe to be sterilized in boiling water, easy to use
		White Mild Cotton Slim Pad (Medium / Large / Overnight / Super-long)	• Soft sanitary pad with high liquid absorption capacity, 100% natural cotton cover
		White Soak Ultra-slim (Medium / Large)	• Ultra-slim sanitary pad with only half a palm size, Perfect for outings and fit into small bags
		White Nature Forêt Pad	• Eco-friendly sanitary pad with plant-derived materials
		White Super Absorption	• Absorption maximized for patented Secret Holes
		Good Feel Organic Pure Cotton Cover Premium Slim (Medium / Large / Super-long)	• Made of 100% organic cotton and not bleached with chlorine for enhanced safety
		Good Feel Liner Organic Pure Cotton Super-Long	• Quality sanitary pad made of natural materials derived from sugarcane
		Good Feel Air-Fit Cushion Premium Ultra (Medium/Large/Super-long)	• Super-long and comfortable with Air-Fit Cushion and breathable structure
		Good Feel Organic Pure Cotton Cover Linen Blending Slim (Medium / Large / Super-long)	• Slim and comfortable with organic pure cotton and natural linen
		Senior products	Pads
Depend Pure Cotton Touch Pad	• Protecting the skin with an organic pure cotton-containing cover		
Depend Bowel Incontinence Underwear	• Thin underwear with 360° leakage prevented		
Underwear	Depend Golden Friends Underwear (Medium-large)		• Panty-type made of soft and elastic materials
	Depend Pure Cotton Underwear		• Covering the skin comfortably with organic pure cotton-containing covers
	Panty shields		Depend Pure Cotton Touch Liner
Household products	Toilet paper	Depend Style Liner Violet Scent, Regular / Long]	• Violet-scented liner without worrying about bad smell
		Kleenex Ultra-Clean	• 3-Ply embossed toilet paper with wave patterns
	Facial tissues	Kleenex Moisturizing Essence Lotion	• Made of lotion-contained natural pulp
		Kleenex The Lotion Touch Mini	• Moringa-based lotion contained, smooth touch
		Kleenex Gold Comfort Lotion	• Jojoba seed oil-based lotion contained
		Kleenex Allergy Comfort Lotion	• Suitable for use on the sensitive skin from allergic runny nose and tears
Towels	Kleenex Safe 3-Ply Cleaning Towel	• Absorption maximized with strong absorbing layers and Double Embossed Synchronized Lamination (DESLS)	
	Kleenex Strong Towel Tissues	• Absorbing water and oil faster and more	
Face masks	Face masks	Kleenex 3-layer Air Mast / Air-Fit Mask (KF94 / KF80)	• Blocking fine dust and infectious agents with a quadruple structure system
		Kleenex Dental Mask	• Surgical mask made of triple layers including an ultra-electrostatic filter
		Kleenex KFAD Light Fit Cool Mask	• Comfortable for thin and cool materials and soft ear straps
		Kleenex KF94 Comfort Fit Plus Mask	• Foldable mask, comfortable with adjustable ear straps
Wet wipes	Baby wet wipes	Huggies Baby Wipes	• 100% made in Korea, Protecting the baby skin with natural pulp and chamomile
		Green Finger Forest Baby Wipe	• Phytoncides-filled water extracted from Jeju cypress trees contained
		Naturemade Biodegradable Baby Wipes	• Biodegradable, safe to the baby skin and the Earth
	General wet wipe	Kleenex Gentle Clean Embossing Jumbo	• Jumbo-sized wipe with ingredients and size adjusted for better cleaning
		Kleenex Su&Su Premium	• High-end wipe with patented fabric and medicinal herb extract
		Kleenex My Bidet X-Large	• Milder toilet wipes with plant-derived ingredients
Skin care products	Skin care products	Kleenex My Bidet Sensitive	• Toilet wipe optimized for sensitive skin with plant essential oil
		Kleenex Eco Green Wet Wipes	• Mild acidic ingredients used to reduce skin irritation
		Green Finger Forest Mild Nuts Lotion	• Family care lotion with gentle plant-derived ingredients
		Green Finger Forest Mild Nuts Wash	• Body wash for the whole family with gentle plant-derived ingredients
B2B	Glove	Green Finger Forest Fresh Verbena Lotion / Wash / Cream	• For the whole family with mild plant-derived ingredients
		Nitrile gloves for food handling	• Made in Korea, high-end gloves optimized for food handling with high durability
		KleenGuard Mask	KleenGuard Mask Comfort Air Anti-Droplet
Toilet paper	Toilet paper	Kleenex® Air-Cell Toilet Paper for Tissue Box	• Air-cell standard fabric applied/Air-cell standard fabric applied
		Kleenex® Air-Cell Jumbo Roll Toilet Paper, Premium Sunsu	• High-end toilet paper with 100% natural pulp, 3 times more soluble in water

[Photo 4-7] Photos of products launched in 2021

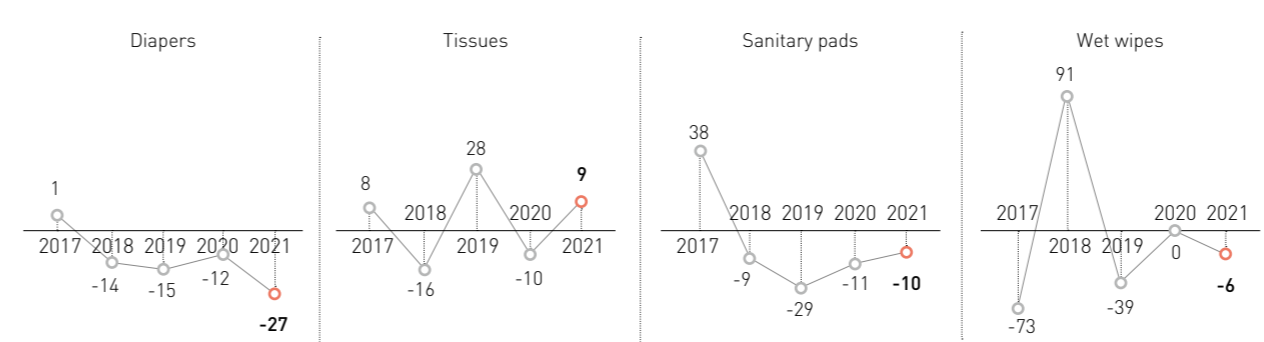


Efforts to Improve Quality

Achieving 'Super Gap' Quality through Product Innovation and Quality Assurance Yuhan-Kimberly is continuously trying to innovate products and manage customer-centric quality with the goal of achieving 'super-gap' quality. Requirements for tight quality control need to be established and met throughout the product life cycle in order to deliver products that are differentiated from others and beyond consumer expectations. Accordingly, we are establishing a quality management system in which all sectors collaborate under our management policy that focuses on two main points: 'all employees' participation' and 'quality first.' As the scale of production increases, the proportion of outsourced products is gradually increasing, so we are also strengthening the quality control of products manufactured by our partners.

In 2021, the number of consumer complaints decreased by more than 15% compared to the previous year, falling to double digits for the second consecutive year. This is the result of the implementation of a number of Lean Six Sigma projects and the Kaizen activities designed to reduce waste and variables, manufacture flawless products and upgrade the foreign object detection system. In addition, we have built a shared growth partnership with our partners for tighter quality control of outsourced products. We will continue our company-wide collaboration and efforts to satisfy all stakeholders by supplying super-gap quality products and services.

[Figure 4-14] Year-on-year complaint rates by product



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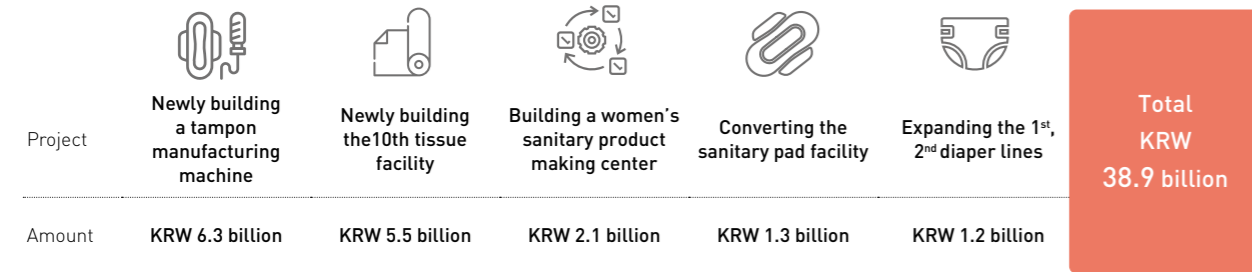
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Investment for Sustainable Growth

Investments Made in 2021 The total amount of investments approved in 2021 was about KRW 67.4 billion for 85 different items. Of these, the amount of investments made in 2021 was about KRW 38.9 billion, and the remaining amount will be invested over 2022 and 2023.

[Figure 4-15] Projects invested in 2021



KRW 143 billion Newly Invested in 2022 Yuhan-Kimberly has chosen sustainability as a new growth engine that will drive industries in the coming years. We have invested approximately KRW 600 billion in sustainable product development over the past decade, resulting in gaining increased competitiveness for our products and brands, earning the top position in the markets we target, and paying more attention to newly growing business sectors.

In April 2022, we announced a new investment of about KRW 143 billion in building advanced non-woven fabric making facilities as we judged the demand for soft and sustainable materials increased significantly in the household goods market in Korea. The new facilities will enable soft yet high-strength products with 1 denier of ultra-fine microfiber cloth, which is about 1/100th the thickness of hair, to be produced. The effects of new investments are not limited to quality innovation and market competitiveness across household goods. We predict that the high-tech non-woven fabric making facilities will reduce both plastic usage and GHG emissions for fabric-based products by 20%. In addition, it will be easier to apply sustainable materials to various products, which will greatly contribute to the achievement of our ESG management goal of increasing sales of sustainable products to more than 95% by 2030.

We will not hesitate to invest in products to pre-emptively capture new opportunities created by increasing socially active senior population, demand for sustainable products, and consumer interest in hygiene and health, and to make innovation happen. Accordingly, our ultimate goal is to strengthen our leadership in the household goods market and achieve KRW 2 trillion in sales by 2025.

Continuous Investments in Expanding New Businesses Yuhan-Kimberly selects and manages ACT Growth Business items every year based on market growth rate, market share, and potential demand. In October 2020, we newly created the Proactively Protect Anytime Anywhere (PPAA) team to preemptively supply personal hygiene products, secure market leadership, and lay the foundation for a future growth engine in responding to the COVID-19. Subsequently, PPAA, Double Heart, infant accessories, wet wipes, skin care products, and Scott cleaning products were selected and managed as ACT Growth Business items in 2021. The sales of the ACT items in 2021 fell compared to the previous year due to the reduction of the personal quarantine product market with quarantine measures eased, meanwhile the senior care sector, which was one of the pillars of the ACT, played a major role in the growing business category.

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Export Growth in 2021 In 2021, export sales were KRW 163.1 billion, an increase of about 10% compared to the previous year. Specifically, the amount of export to Kimberly Clark's affiliates was KRW 151.6 billion (93%) and to independent companies and cross-border e-commerce, KRW 11.5 billion (7%). We exported various categories of products such as hand towels, wet wipes, and masks to Kimberly Clark Asia Pacific (APAC) countries, which was an opportunity to introduce Yuhan-Kimberly's high-quality products to the region. Exports to Mongolia grew by 15% year-on-year to KRW 6 billion in 2021, which was a result of the partnership between Yuhan-Kimberly and Mongolia. The launch of the 'Keep Mongolia Green (KMG)' campaign is a representative example of the partnership.

[Photo 4-8] Promotional material about export increase to Mongolia

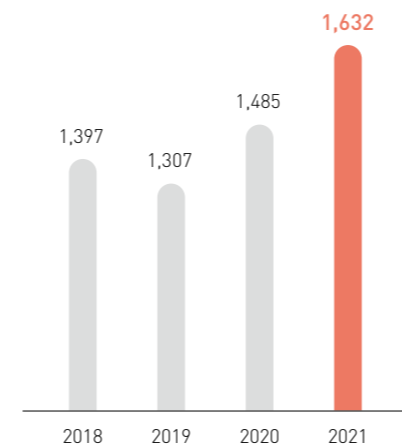


[Table 4-7] No. of countries importing our products by item (January-December 2021)

Product	Diapers	Pants	Baby products	Depend	Sanitary pads	General wet wipes	Family care	B2B	Hydroknit	UCTAD	Others
No. of countries	7	10	12	7	6	11	10	13	9	11	9
Export destinations (26 countries)	China, Australia, Hong Kong, Thailand, Japan, Taiwan, India, Malaysia, U.S., Singapore, Mongolia, Republic of the Philippines, UK, Germany, Russia, Indonesia, Chile, Peru, Saudi Arabia, Vietnam, Israel, New Zealand, Costa Rica, South Africa, Bolivia, Colombia										
	2013	2014	2015	2016	2017	2018	2019	2020	2021		
No. of importing countries	31	32	30	29	28	28	28	27	26		

[Figure 4-16] Our export sales over the past four years

(Unit: KRW 100 million)



[Table 4-8] Major export products for 2021-2022

Category	Product	Export destination	Date
Home care products	VIVA Washable Towel	Israel	4Q, 2021
	Scott Hand Towel	Japan	2Q, 2021
Sanitary / industrial products for B2B	Kleenex® Hand Towel WypAll Wiper	ASEAN countries	2Q, 2021
General wet wipes	Wet wipes	Malaysia, Singapore, Taiwan, Hong Kong	1Q, 2021
Mask	KF94, KFAD	Japan	3Q, 2021
Skin care products	Green Finger	Singapore	4Q, 2021
Sanitary products for women	Good Feel	Indonesia	3Q, 2021
Sanitary products for babies	Goodnight underpants	U.S.	2Q, 2021
	Disposable swim pants	ASEAN countries	1Q, 2021

Growth and Performance through Supply Chain Innovation

Consumer-Oriented Supply Chain Management (SCM) At the same time, Yuhan-Kimberly reorganized its distribution system for e-commerce from Direct to Delivery system, where products are delivered from a mill to a customer, to the consolidated delivery system, where products are sent from Fulfillment Centers in the metropolitan area, to actively respond to consumer demand for faster delivery. By shortening delivery lead time, the existing cutoff time of 3PM has been expanded to midnight for same day shipping. As a result, Yuhan-Kimberly has set the foundation for sustainable growth by meeting customer needs for fast delivery. Obtaining flexibility of the Fulfillment Centers was a preliminary task to cope with fluctuations caused by events and viral marketing of e-commerce and the increased volume of delivery at 64% compared to 2021. We are establishing additional facilities to analyze customer order patterns and automate packaging for streamlining packaging and faster delivery.

[Table 4-9] Number of deliveries

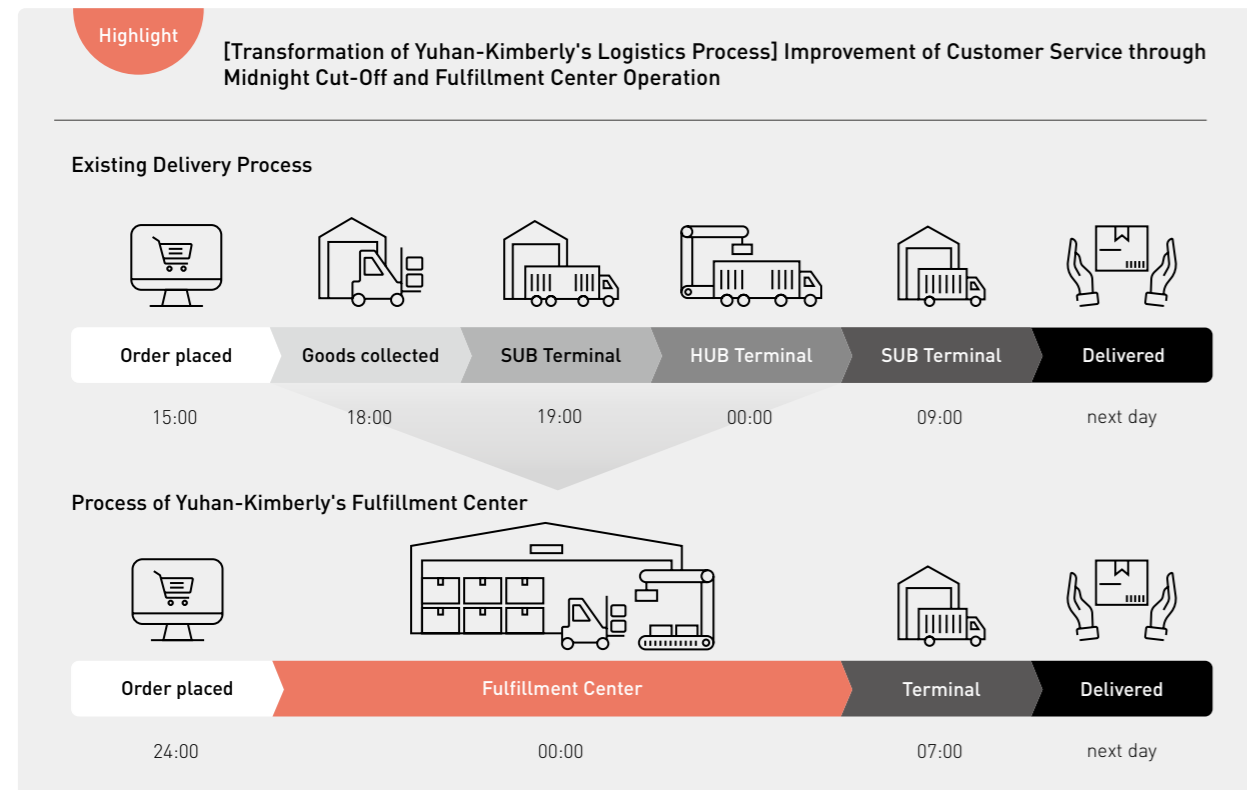
	2019	2020	2021
momQ (D2C)	185,740	1,162,520	1,412,569
D2MP	91,809	677,535	1,609,848
Total	277,549	1,840,055	3,022,417

[Table 4-10] Online sales

(Unit: KRW 100 million)

	2019	2020	2021
Sales			
momQ (D2C)	288.3	302.1	390.3
D2MP	23.1	196.2	494.4
Total	311.4	498.3	884.7

Operating Vendor Flex Since 2016, our Sales Division, Logistics Division, and customer companies have started collaborating in operating Vendor Flex at Kimcheon and Taejon Mills. We increased the size and applicable stock keeping unit (SKU) for the Vendor Flex in 2021 from the previous year, and 1,249.5m² of Kimcheon Mill and 1,652.9m² of Taejon Mill are used for the vendor portal. Vendor Flex works as follows; our customer companies operate their warehouse management system (WMS) at Kimcheon Mill and Taejon Mill and receive, pack, and deliver their orders in real-time. This reduces logistics costs by minimizing product movement and improves overall customer delivery services by shortening the delivery time. Through the expansion of Vendor Flex, new sales opportunities are expected to be created as additional product categories can be treated.



Social Performance

Employees

Safety and Hygiene Management Policy

What is the Serious Accidents Punishment Act, and Why Does It Matter?

The Serious Accidents Punishment Act came into effect on January 27, 2022. The Act deals with both industrial accidents that occur at workplaces and civil disasters that take place at public facilities. The Act imposes safety and hygiene-related duties on a chief executive, and the purpose is to prevent serious accidents caused by failure in duties of safety and hygiene, indecent organizational culture in terms of safety and hygiene, and poor safety management system. We quickly sought ways to strengthen the safety culture to prevent serious accidents, focusing on manufacturing and logistics, before the enactment of the Act starting from January 26, 2021. Following the bill for the Serious Accidents Punishment Act was approved by the National Assembly in August 2021, we formed the safety and hygiene task force to draw up a company-wide cooperation plan to fully comply with the Act, jointly with the divisions dedicated to health and safety. The first meeting of the Safety and Hygiene Management Committee was held on January 5, 2022, to comprehensively review and check plans to comply with the Act.

[Photo 4-9] Hygiene and safety check meeting

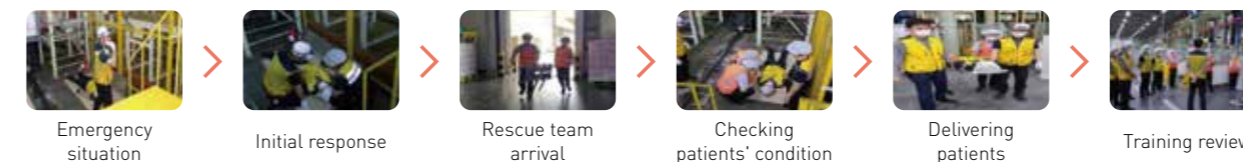


Safety and Hygiene Management System As Yuhan-Kimberly puts safety as its top priority, it has built a safety and hygiene management system, considering its working environment and financial and technical conditions beyond the standards set by laws. The management announced its commitment to keeping workplaces safe and healthy. And we have allocated human resources, facilities, and equipment to the work, while making all employees participate in safety and hygiene activities by motivating them to achieve related KPIs. In addition, each workplace identifies risk factors through periodic self-inspection, and removes, controls, and replaces risk factors based on risk assessment.

Inspection of Manufacturing Sites, Headquarters, and Research Institutes in H1, 2022 The Safety and Hygiene Division completed the independent cross audit (ICA) for the first half of the year at three manufacturing sites, headquarters, and Life Innovation Center at Jukjeon for three weeks starting from May 17, 2022. This inspection was based on Article 4 of the Serious Accidents Punishment Act that stipulates 9 measures for establishing and implementing a safety and hygiene management system. The inspection results showed that Yuhan-Kimberly was maintaining and managing the requirements of the Act and related laws at an appropriate level. We tried to share excellent cases of safety and hygiene activities with all offices, and drew up an annual safety and hygiene program for the headquarters of an office setting based on risk assessment.

Major Health and Safety Programs in 2022 We continue planning and implementing various programs to create an organizational culture that puts safety and hygiene first in 2022, including safety and hygiene education at its headquarters. This will allow not only workers at production sites but also office workers to consider hygiene and safety, and further improve the organizational capability to prevent accidents, diseases, and serious disasters.

[Photo 4-10] Yuhan-Kimberly's emergency response training



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Highlight

Yuhan-Kimberly's New Safety and Hygiene System



Newly Formed Organization Dedicated to Safety and Hygiene Affairs Management On January 1, 2022, Yuhan-Kimberly newly formed Safety and Hygiene Division, a body dedicated to safety and hygiene management under direct control of the CEO, to strengthen the company's managing capabilities and innovate activities in terms of Safety and Hygiene Division is acting as a control tower in establishing a systematic hygiene and safety system at the enterprise level. The body checks compliance with legal regulations and requirements through joint inspections every 6 months. We regularly listen to and communicate with employees on the matter of safety and hygiene at the quarterly meeting of the Safety and Hygiene Management Committee. The third meeting of the Committee held on July 18, 2022 reviewed the comprehensive inspection of the safety and hygiene management system and the emergency responding training conducted in the first half of the year, and drew up evaluation criteria and procedures to prevent industrial accidents at partner companies. We check whether the safety and hygiene obligations are properly fulfilled at each workplace and encourage the CEO to comply with the obligations required by the Serious Accidents Punishment Act through regular reports.

Safety and Hygiene Management Policies and Three Duties With Safety and Hygiene Division formed at the company level, Yuhan-Kimberly overhauled the safety and hygiene management policies and goals of each manufacturing site and Life Innovation Center at Jukjeon. We posted the 'Three Obligations for Yuhan-Kimberly Safety and Hygiene' on the intranet so that stakeholders can follow, as the policies and obligations are not limited to employees but cover related stakeholders, including partner companies. This is what the ESG recommends in its social sector, one of ESG's non-financial factors, and society is becoming increasingly aware of the social responsibilities of a company. We have also created a new channel to listen to stakeholders to keep workers healthy and safe, including partner companies, and to provide a culture where employees can freely voice their opinions on safety and hygiene.

[Picture 4-17] Safety and hygiene management policies and three obligations

1	Compliance with laws	We comply with health and safety-related international standards, laws and regulations at all sectors.
2	Following safety rules	All members, including in-house employees of our partner companies and visitors, follow the safety and hygiene management policies and practice their safety and hygiene obligations, set as our top priority, in their daily office lives.
3	Continuous improvement	We continuously improve workplace safety and hygiene through running a safety and hygiene management system for the manufacturing sector, and a program tailored for the non-manufacturing.
4	Collaboration	We contribute to the continuous improvement for the safety and hygiene of employees of partner companies.
5	Disclosure principle	Matters about occupational hygiene and safety are disclosed annually to stakeholders.

Workers' duty to take care of their own hygiene and safety

I make the right choice while working to prevent occupational accidents.

Workers' duty to take care of colleagues' hygiene and safety

I support the safety and hygiene of colleagues including partner companies' employees, and help them to make the right choice.

All members' duty to improve workplace health and safety

I actively express my opinion, listen, and take part in the continuous improvement of the workplace hygiene and safety.

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Efforts for Our Employees

Safety and Hygiene First Policy, Together with Labor and Management

Safety is our core company value that lies behind all business activities. With an aim to firmly maintain the core value, the labor-management joint Occupational Safety, Hygiene and Environment Committee quarterly convenes at three workplaces. The committee discusses and monitors safety and hygiene-related issues raised at every workplace based on relevant laws, including the Serious Accidents Punishment Act. In 2021, a total of 1,014 risk factors were identified and 95% of them were corrected (1 occupational accident reported in 2021), and efforts were made to prevent the spread of COVID-19 and to ensure employees' safety by sharing the virus infection situation and quarantine activities. In addition, we are working to create a safer workplace by carrying out a week-long labor and management joint safety inspection to identify potential hazards and revising health and safety regulations when necessary. The 'safety' pursued by Yuhan-Kimberly includes the safety of employees. In addition to general health checkups for all employees, we provide additional health checkups for employees at risk of exposure to harmful chemicals and strive to prevent work-related musculoskeletal disorders. To support employees' mental health, we introduced an Employee Assistance Program (EAP) counseling program in 2002, and periodically measured job stress. We also improve employees' safety and hygiene through an education program, risk assessment of each workplace, working environment evaluation, the discovery of good practices, and benchmarking. Meanwhile, we have a safety inspection to prevent serious occupational accidents, campaigns for preventing tear and DTRT, a focus group meeting for leadership, health promotion programs for losing weight, quitting smoking and taking 10,000 steps a day, a safety week campaign, and non-face-to-face EAP counseling once a month in place in the year of 2022.

[Table 4-11] Risks identified by labor and management and improvements*

Category		Choongju Mill	Kimcheon Mill	Taejon Mill	Distribution Centers
2019	Detected (case)	256	320	395	130
	Corrected (case)	251	305	323	130
	Corrected (%)	98	95	82	100
2020	Detected (case)	720	267	251	43
	Corrected (case)	708	267	234	39
	Corrected (%)	98	100	93	91
2021	Detected (case)	280	291	324	119
	Corrected (case)	271	291	304	102
	Corrected (%)	97	100	94	86

* Due to the time difference between the timing of report production and the timing of the final annual data released, there are differences in figures for the year 2019 and 2020 between annually produced sustainability reports.

[Table 4-12] Occupational Safety, Hygiene and Environment Committee

Worksite	Committee composition	Production employees/ total employees	Key issues and improvements	Occupational accidents
Taejon Mill	5 from labor and 5 from management	261/372	<ul style="list-style-type: none"> • Holding safety workshops and share safety improvement results • Offering customized earplugs to employees at noisy workplaces • Sharing information on infectious disease prevention activities for factory workers 	0 case
Kimcheon Mill	11 from labor and management	288/367	<ul style="list-style-type: none"> • Revising safety and hygiene management regulations • Preventing collision between forklifts and workers • Establishing and managing quarantine rules of the Crisis Management Team at factories 	1 case
Choongju Mill	7 from labor and management	189/239	<ul style="list-style-type: none"> • Sharing COVID-19 status and checking body temperature • Dealing with conveyor bottleneck in producing small boxes • Purchasing safety shoes individually, resolving inconvenience when using level 3 safety knife 	0 case

YKLearning – Capacity Building Program for Employees Yuhan-Kimberly has been supporting the lifelong learning of employees for the corporate competitiveness since the 1990s. A number of learning groups have been formed at the enterprise level, and we support them in identifying learning areas and working on self-improvement. Employees are encouraged to take at least 20 credits yearly at the in-house learning website 'YKLearning' and the 'Knowledge Café' which provides online courses. In 2021, the learning hours of an employee increased to 39.8 hours or by 20% from the previous year at 33.4 hours. The cost of education and training grew by 4.5% from the previous year to KRW 369,761. Employees continue to learn about data analysis tools (JMPs) and visualization tools (Tableau, Power BI) to bring innovation, one of the company's core values, through digital transformation.

Human Rights Education to Create a Corporate Culture Where Human Rights are Respected Yuhan-Kimberly provides systematic human rights education so that all members can cultivate human rights sensitivity. Many courses were conducted online in 2021 following the previous year due to the pandemic. Every member of Yuhan-Kimberly, except for employees on the leave of absence, took legally mandatory classes including courses on sexual harassment prevention, improving awareness of the disabled, anti-bullying in the workplace, and personal information protection. In 2021, hours and cost spent to the education have recovered to the average level of normal years as courses could be offered both online and offline.

Smart Work in the 'Untact' Era Yuhan-Kimberly has been operating the COVID-19 Response and Crisis Management Council since January 2020 to set policies on determining shifting between telecommuting and office working and the number of telecommuting days based on the trend of infections and quarantine authorities' measures. Decisions for full telecommuting and safety measures were quickly taken during the first to fifth rounds of the pandemic. The rate of telecommuting, designed to minimize infection between employees, was 69%. For the safety of the office environment, quarantine supplies were always placed in all desks and conference rooms, and thermal imaging cameras with face recognition were installed for access security. Workplaces were regularly cleaned by companies specialized in quarantine. Following the fifth round of pandemic in March 2022, we continuously make efforts to keep workplaces safe by requiring rapid antigen tests.

Efforts to Strengthen Sense of Belonging and Fellowship Efforts for employees' psychological safety and active communication in a non-face-to-face working environment have been highlighted as telecommuting has become common due to the prolonged pandemic. Accordingly, we organized programs to strengthen the network, belonging, and bond between employees in 2021 for the phased recovery of daily life, and regularly conducted the 'Fun Relay' program for employees' psychological security and pleasant communication. We designed a new non-face-to-face team-building program in 2021 that creates murals that align with corporate visions. The program contributed to enhancing awareness of visions and a sense of belonging. In addition, we tried to make the contact-free working environment less inconvenient through a campaign that encourages employees to update their profile picture of Outlook or Teams, and gave opportunities for employees to taste advanced digital technology and enhance digital capabilities through programs such as a metaverse experience program. After daily life was almost recovered and most of the employees came back to their offices, we conducted programs to boost the vitality and made efforts to create a pleasant working environment at every workplace by planning and implementing various programs.

Inclusion & Diversity Council We officially launched the Inclusion & Diversity Council in October 2021, declaring that inclusion and diversity are core elements of corporate competitiveness. The council consists of a total of 28 members, including three elected officials and three ex officio members of the inclusion and diversity director, the EX director, and the ESG & COM director. The council is divided into four divisions in charge of inclusion, diversity, diagnosis, and education, and conducts activities to strengthen the inclusion capacity within the company. Notably, the co-chairperson of the council was elected in a blind manner without information on the candidates' position, gender, and age to avoid prejudice.

Highlight Efforts to Strengthen the Capacity for Gender Diversity

Yuhan-Kimberly participated in the Target Gender Equality (TGE) Round II (2021 and 2022), one of the UN Global Compact' initiatives to strengthen corporate gender diversity capabilities, and the goals of the high-ranking female director ratio were approved by the BOD in March 2022. We promised to make efforts to strengthen organizational capabilities by securing diversity and disclosing the results transparently.

[Photo 4-11] Participation in the UN Global Compact's Target Gender Equality (TGE) Round II (2021-2022)



[Table 4-13] Our gender diversity goals

Category	Goal for 2022 (%)	Goal for 2025 (%)	Goal for 2030 (%)
Ratio of female executives*	19	25	35
Female non-executive director / work leader ratio**	14	20	30
Ratio of female managers***	15	20	30

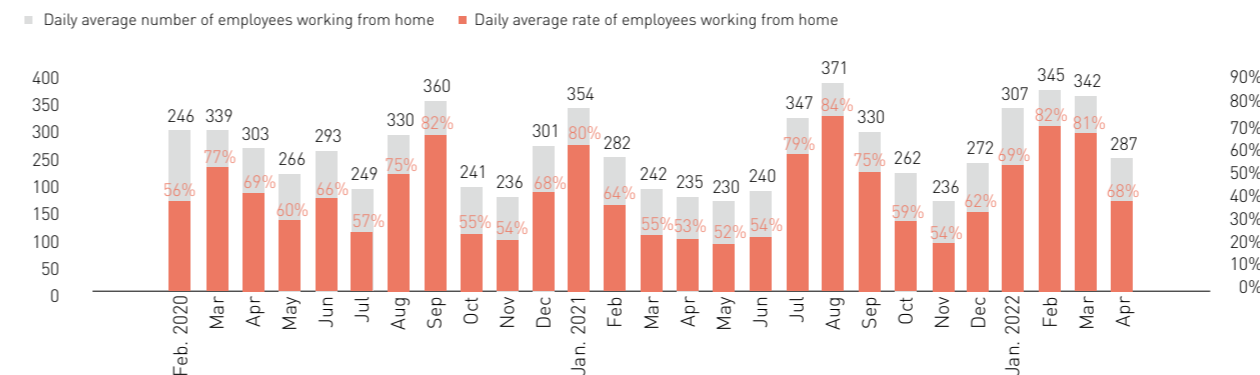
* Ratio of female executives among all executives ** Ratio of non-executive female directors among all managers *** Ratio of female managers among all managers

Flexible Working Hours and Working From Home for Work-Life Balance Since the 1990s, Yuhan-Kimberly has had a flexible work hour system in place as it values work-life balance. We have encouraged all members to build a personalized working environment that fits their lifestyles. And even more comprehensive range of flexible work systems, which include working from home, have been in place since 2020 to prevent the spread of COVID-19.

[Table 4-14] Our Flexible Working System

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

[Picture 4-18] Daily Average of Working From Home by Month (Feb. 2020-Apr. 2022)



Horizontal Corporate Culture with Open Communication Yuhan-Kimberly has allowed all employees to join executive meetings since 2013. The monthly town hall meeting is held both online and offline, and the CEO and the heads of sectors participate in sharing the business status and strategic direction. An average of 250 employees join the meeting online or offline to ask questions or express their opinions. We award the prize to at least five employees who contribute to open communication every month, in order to create a corporate culture that praises and gives motivation to colleagues.

Customer Service Counselors' Right to Discontinue Counseling for Protection of Human Rights We announced six policies for the human rights of emotional workers in October 2018. Our customer service counselors have the right to discontinue counseling in case of sexual harassment, defamation, insults, or threats for human rights protection and the right to have an uninterrupted break for their health. We declare that we will take the lead in a culture of horizontality and respect between customers and counselors, not unconditional kindness.

[Table 4-15] No. of execution of the right to discontinue counseling by customer service counselors

Year	Adopted in 2018	2019	2020	2021
No. of execution of the right to discontinue counseling		40	11	5

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Partner Companies

Shared Growth with Partners

Our Partners in the World As of 2021, we have 1,171 partners in the supply chain and the number of new contractors in 2021 was 144. Our partners are mainly engaged in the supply of raw materials and finished products, direct transactions with distributors, advertising business, IT, and finance. Domestic companies account for 87% and their transaction for 72.3%.

[Picture 4-19] Yuhan-Kimberly's partners by region



Sustainability Management Support for Partner Companies Yuhan-Kimberly operates programs to achieve shared growth with its partners through the Shared Growth Management Division. The partner competency assessment is carried out to annually review their social and environment performances. In 2021, a total of 63 partner companies underwent assessment, and the average score was 89.5 points. We concluded a fair trade and shared growth agreement with 63 partner companies, and have supported them in various aspects, including finance, technology and quality improvement, sales and competitiveness enhancement, and education and training. We have implemented partner support policies for job creation, such as operating an online recruitment center for partners only and adding extra points to those with outstanding recruiting performance in the comprehensive assessment. Yuhan-Kimberly will continue to strive to establish and implement strategies for sustainable management where it coexists with partner companies.

[Table 4-16] Shared growth performance in 2021

Programs	2021 Performance
Financial support	KRW 17 billion in mutual cooperation fund (with IBK)
Technology and quality improvement	Technical support of 29 cases, technology protection of 6 cases
Improvement in the terms of payment for non-contract partners	Improvement in the terms of payment (cash payment rate, payment period, etc.) for non-contract partners through the payment monitoring system 'WinC' 1) Cash payment monitoring on 12 1-tier non-contract partners 2) Cash payment through cash monitoring system: KRW 6.79 billion 3) Average payment date: 36.8 days
Sales and competitiveness enhancement	Supporting participation in domestic product exhibitions (2 partner companies, contributing to domestic market entry), and supporting a partner company's export (1 partner company, contributing to sales increase of KRW 870 million)

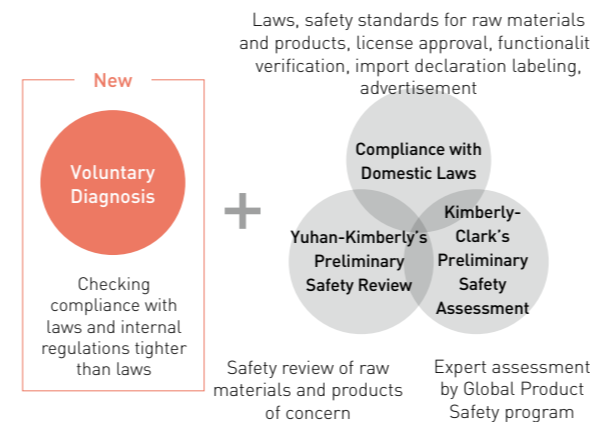
Shared Growth Efforts and Performance Yuhan-Kimberly presents concrete strategies, such as strategic manufacturing, and creates social value with our partners. We diagnose and assess suppliers' competencies in raw materials, components, and finished products to strengthen their competitiveness and encourage them to fulfill social responsibilities. Among 72 items in 4 categories for the assessment, those related to social responsibility management account for 44%. The assessment results showed the average score was 93.5 points. As a result of these efforts, we have been selected as the best company in the Share Growth Index for six consecutive years since 2015.

Consumers

Consumer-First Mindset

Product Safety Management System Yuhan-Kimberly applies a safety management system throughout the entire production process, while transparently disclosing product safety policies. In addition to complying with domestic laws, we conduct preliminary safety reviews and Kimberly-Clark's preliminary safety assessment program, Global Product Safety, which is done by experts. We have organized a department, PSRA, dedicated to product compliance and product safety assurance, and PSRA is closely working with departments related to R&E, quality, safety, manufacturing, and customer satisfaction. We have reinforced the voluntary diagnosis program to better assess compliance with safety laws and regulations since 2021, and we voluntarily apply our own standards tighter than existing laws to obtain an advanced safety management system.

[Picture 4-20] Product safety assurance system



[Picture 4-21] Product safety assurance process



[Table 4-17] Product safety pre-check and management*

Category	Unit	2015	2016	2017	2018	2019	2020	2021
No. of reviews of safety and related laws	case	175	234	216	623	919	2,029	1,947
No. of materials of concern managed	case	59	74	74	74	74	74	74

* In 2021, 1,947 cases of safety pre-check were made: 675 for license registration; 130 for products and raw materials; and 1,142 for packaging.

Preventive Activities against Serious Accidents Yuhan-Kimberly is trying to support safe life of stakeholders including customers and employees by regularly conducting prevention activities of accidents that can occur at its facilities or from its activities. We voluntarily check safety and correct problems to ensure compliance with laws for our 3 workplaces and 7 categories of products - quasi-drugs; medical devices; home chemicals; food safety supplies; skincare products; sanitary products; occupational safety products. In particular, we are creating a system to prevent possible accidents identified through self-inspection with our 38 partner companies, and we are planning to support our partner companies with fewer than 50 employees to build their safety system.

Social Listening – Huggies Being Innovative with Customers' Voice

Social Listening, Active Communication to Identify Consumers' Need Yuhan-Kimberly has the Social Listening system in place for seven years to accurately identify consumers' potential needs and consumer psychology based on data and reflect them in product innovation. Social Listening is a technique that collects consumers' opinions scattered online and sorts them by type to gain useful data, and currently plays a major role in marketing, sales, PR,

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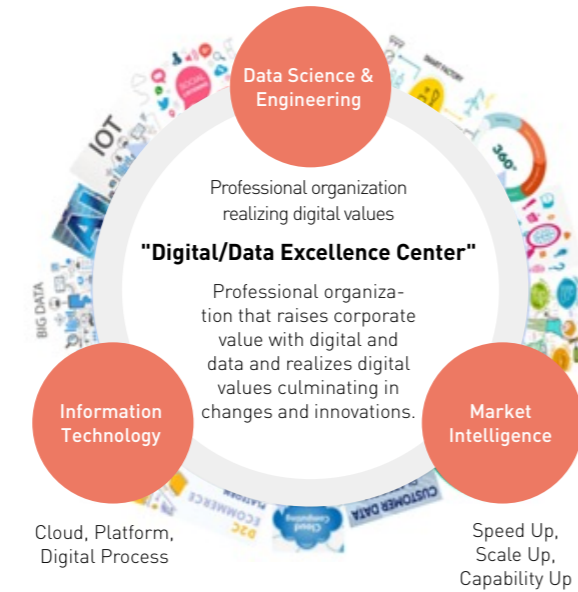
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and manufacturing. Particularly, the Infant Hygiene Product Sector listens to the voices and feedback from diaper consumers and reflect them on products as swiftly as possible as infant products can affect the health of children. Social Listening begins with creating scenarios based on the key attributes of a product and analyzing customer feedback. After identifying points with an increasing number of positive or negative opinions of consumers, we have in-depth discussions to supplement a product with relevant departments. The entire process, from problem detection to product launch, enables us to respond quickly to customer complaints. Social listening is not just monitoring consumer opinions, but rather a communication activity that engages consumers in product innovation and development.

Establishment of Digital / Data Excellence Center Yuhan-Kimberly is transforming into a company harnessing digital and data to enhance its corporate value and take the initiative in making changes with differentiated values. Therefore, on January 1, 2022, the first Digital / Data Excellence Center in the national consumer goods industry was established to integrate organizations in charge of IT, data analysis, and research. The center plays a pivotal role in discovering new business opportunities while creating sustainable values by leveraging various digital technologies such as AI, cloud, big data, and the Internet of Things (IoT). As a result, we are leading the way in a digitalized business environment, taking advantage of an advanced process where industry-leading market research and professional capabilities in innovation are combined. We will further strengthen our competitiveness for major products that already reign supreme in the market and boost our employees' digital competencies while creating a work environment suitable for digitalization to ensue internal stability.

[Picture 4-22] Description of Digital / Data Excellence Center
AI, Internet of Things (IoT), Big Data, End-2-End



Safe Products for Consumer Health

Safety First – Responding to Consumer Safety Issues through the Hygiene Products Council The safety of hygiene products, such as sanitary pads, diapers, and masks has come to the fore. In response to the issue, we are taking preemptive measures by setting 'Quality Improvement KPIs' and identifying improvement tasks while participating in the Hygiene Products Council in cooperation with the Korea Consumer Agency, a government institute. For example, the council discussed the way to protect children from eye and corneal damage in using hand sanitizers and immediately improved the hand sanitizer dispenser with the installation of a downward pump.

[Picture 4-23] Activities of the Hygiene Products Council (2017-2021)

2017	2018	2019	2020	2021
Raising consumer safety issues <ul style="list-style-type: none"> Emerging as a social issue related to the hygiene of sanitary pads 	Ensuring and strengthening consumer safety <ul style="list-style-type: none"> Establishing voluntary safety protocols Setting the KPIs regarding the reduction of foreign substances Creating content for consumer information 	Promoting consumer safety <ul style="list-style-type: none"> Creating a department in charge of wet wipes Reducing foreign substances in diapers by 16% Providing SMEs with seminars on capacity building 	Promoting consumer safety <ul style="list-style-type: none"> Improving the quality and safety of hygiene products Taking preemptive measures for consumer safety Creating synergy through cooperation Stepping up the competence of SMEs 	Taking preemptive actions for consumer safety <ul style="list-style-type: none"> Identifying 5 joint improvement tasks: improving hand sanitizer pumps and masks and including precautions for use in products Creating and distributing content for consumer information version 2. Reaching consensus on the importance of ESG activities

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Active Communication with Consumers Yuhan-Kimberly is conducting a variety of activities and campaigns for customer satisfaction to make sure that consumers can enjoy a positive experience and the highest level of satisfaction. We actively listen to the customers' voices which are reflected in our business activities to secure competitiveness, innovative services and products. Our efforts are clearly shown in the 'Voice of Customers Session' that has been operated since 2021 in the presence of the CEO and management. The VOCs gathered through the bi-monthly meetings are quickly delivered to the field to make practical changes. The session is being expanded in the format of 'meetings at three Mills' through which we visit the Mills to reach out to their opinions from 2022.

[Photo 4-12] 'Voice of Customers Session'

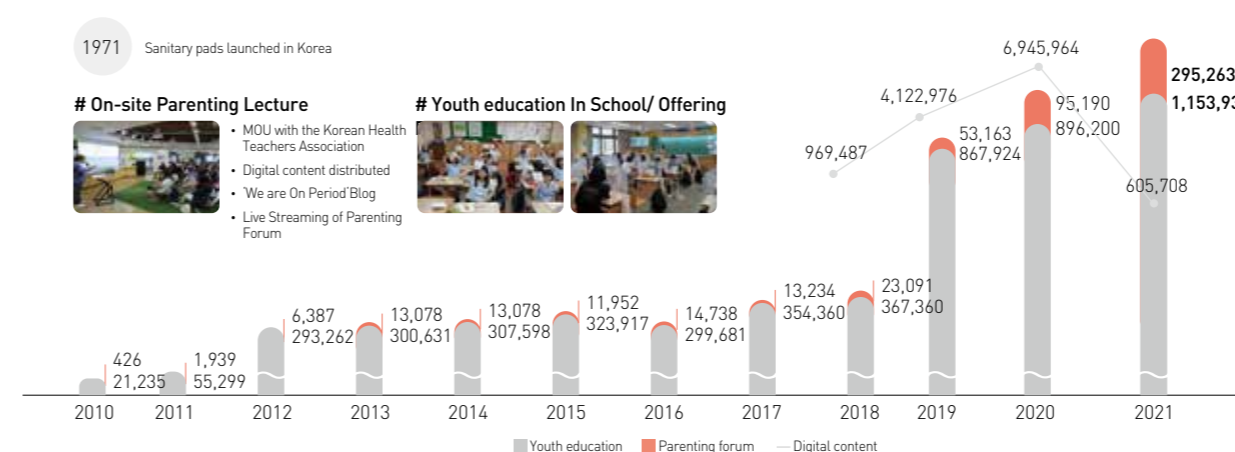


Consumer Education We are sparing no effort in developing and providing education for consumers as we believe that companies should take responsibility to some degree even after products entered consumers' daily lives. Therefore, we provide education for consumers with an aim of ensuring the correct use of products and thus our products coexist with consumers' daily lives. We have been striving to enhance the knowledge, rights and interests, and the safety of our consumers, thereby making lives better and creating a sustainable consumption environment.

[Table 4-18] Consumer education in 2021

Category	Youth education (menstrual education / health and hygiene / gender equality)	Parenting forum (lecture and product information for child-care)
Trainer	Health teachers in elementary / middle / high school nation wide • Signing an MOU with the Korean Health Teachers Association	External parenting specialist In-house product specialist (marketer / R&E manager)
Target	Students in elementary / middle / high / special school nation wide	Prospective and first-time parents
Method	Watching educational videos in school played by health teacher Offering opportunities to use samples to students Providing informative content through the platform	Providing lectures via online channel Offering opportunities to use baby product samples Providing informative content through the platform
Platform for education and communication	'We are On Period' Blog / Instagram / YouTube	Parenting forum, 'momQwiki', on our website / YouTube / Instagram
Main contents	a. Education for menarche / period • Producing an educational video in collaboration with a doctor youtuber • Conducting online seminars on sex education (1,859 times) b. Education on health and hygiene • Teaching how to select / use a mask and wash hands in cooperation with the Korea Consumer Agency Providing non-face-to-face education for daycare centers in Jung-gu, Incheon (2,800 people) c. Supporting project for menstrual movement • Offering panties for the first period to students in 107 special schools (100 sets per school) along with an educational video	a. Lecture on parenting Inviting experts in child rearing and providing parenting lectures to first-time parents b. Lecture on baby products Teaching how to select / use various baby products (diapers, baby bottles, masks, skin care products) along with a demonstration by in-house marketer c. Providing content containing child-rearing information Providing major information in the news format after the forum
Participants	1,153,934	295,263

[Picture 4-24] Beneficiaries of consumer education (unit: person)



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Our Activities to Protect Information

Significance of Information Security and Personal Information Protection As the COVID-19 pandemic accelerated digital transformation, a growing number of companies introduced hybrid work models, which has led to the expanded target and scope of cyberattacks. Cyberattacks are posing a threat to our safety in various forms and methods, ranging from the increase in ransomware attacks, the surge in the illegal sales of personal information through the dark web, and the heightened risks caused by hacking groups. Against this backdrop, companies have faced challenges to safeguard customer's personal information against cyberattacks and conduct business in compliance with relevant regulations, which has become a social responsibility and indispensable requirement to realize sustainable management at the same time.

Acquiring ISMS-P Certification We established the Information Security Management System (ISMS) in 2016 which has been reinforced and upgraded through internal and external evaluations every year. In 2021, the management system for information security and personal information protection has been integrated to build an 'information security and personal information protection management system', thereby obtaining the Information Security Management System – Privacy (ISMS-P) certification' for our online service operation by the Korea Internet & Security Agency. With the acquisition, we were externally recognized for our security, stability, and systematic integrated management of information security and personal information protection.

[Photo 4-13] ISMS-P Certification



Scope
Yuhan-Kimberly's online service

Term of validity
April 22, 2021 - April 21, 2024

Certification No.
ISMS-P-KISA-2021-016



Achieving ISO / IEC 27001: the 2013 International Certification for Information Security Management System Yuhan-Kimberly has been endeavoring to comply with the laws and standards of information security both at home and abroad. These efforts have been proved by the acquisition of ISO / IEC 27001: the 2013 international certification for information security management system in 2021 for the services and IT operation of our online shopping mall 'momQ', SSO, and D2MP, which was reviewed by the British Standards Institution, Royal Charter (BSI). ISO / IEC 27001: 2013 refers to a set of standards for security management specifying comprehensive security regulations in accordance with the best practices of security management and the best practice guidelines of ISO / IEC 27002. Our commitment to ensuring information security at all levels of the company and following best practices of the industry has been clearly demonstrated in our compliance with the internationally recognized standards and Codes of Conduct.

[Photo 4-14] ISO/IEC 27001: 2013 International Certification



Scope
YServices and IT operation of our online shopping mall 'momQ', SSO, and D2MP

Term of validity
April 22, 2021 - April 21, 2024

Certification No.
IS 754206



Certification	
April 2021	ISMS-P Certification acquired
August 2021	ISO/IEC 27001: 2013, International Certification for Information Security Management Systems acquired

Training Employees on Information Security In 2021, cyberattacks went on the rampage owing to social atmosphere such as the COVID-19 pandemic which led to the personal information leakage in various sectors. Since e-mail is the most common way to infiltrate ransomware and malicious codes, we bolstered the security of the company's e-mail while conducting regular training and inspections for our employees. In 2021, monthly simulation training was provided to train employees to be equipped with the capabilities to appropriately respond to phishing e-mails.

[Table 4-19] Training on information security for employees

Title	Content	Training hours	Participants
2021 Cyber Security Awareness Training	Creating and maintaining secure passwords Protecting users with special authorities Defending against ransomware attacks Managing security risks of partner companies	1 hour	688
Monthly simulation training on phishing e-mails	Sending phishing e-mails for training purpose and providing monthly training on phishing prevention	Once a month, 12 times a year	All employees

Solution to Stop Information Leakage Aiming to defend the company's critical and personal data security, the new Data Loss Prevention (DLP) policy and the system came into effect in April 2021. We avert unauthorized leakage of salient company and customer information via external e-mail, file storage, and portable storage media, taking advantage of the Azure Information Protection (AIP) technology used in information security level labeling on top of the security monitoring on the internal and external networks.

[Table 4-20] Violations of information security and fines

Information security (violations of information security)		
Unit	Case	Amount
2019	21 cases of customers personal information leakage	0
2020	0	KRW 5 million for the leakage in 2019
2021	0	0

Personal Information Protection:
Bae, HyunJung / Digital & Data Excellence Center / +82- 080-022-7007

Consumer Service Dept. for Personal Information:
Yuhan Kimberly Customer Support Center / +82- 080-022-7007

Disclosure of Information Security Yuhan-Kimberly discloses the information regarding the violations of information security-related laws and regulations, fines, and penalties through the sustainability report while appointing a person responsible for information security / personal data protection which is posted on our website. Personnel in charge of information security / personal data protection oversees personal information processing, and is accountable for relieving damages, establishing an internal control system to prevent leakage and misuse of personal data, and protecting and supervising personal information.



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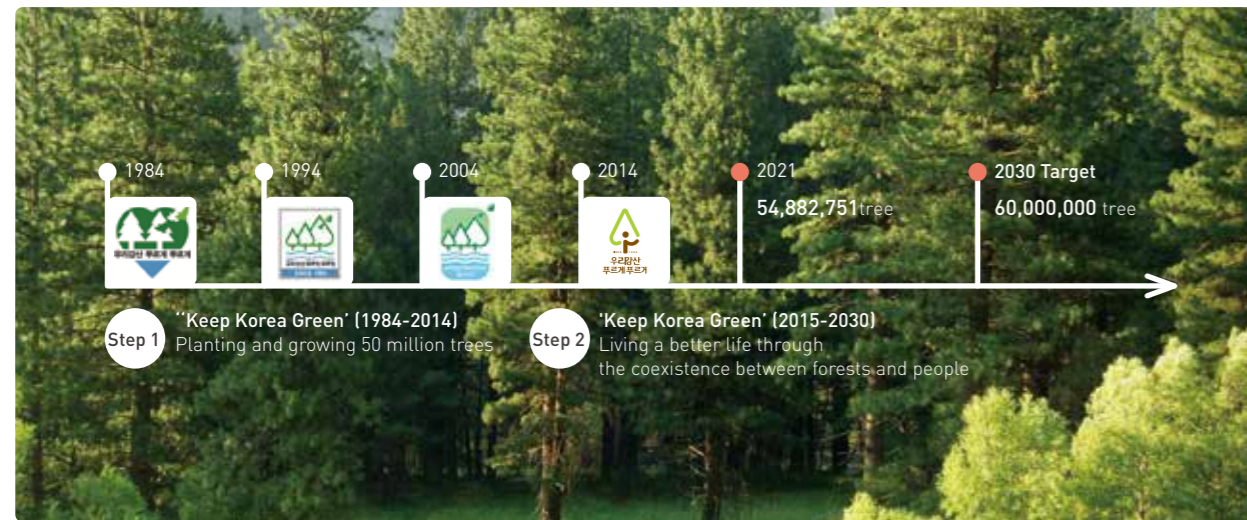
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Our Efforts to Preserve Forest and Environment

'Keep Korea Green' Campaign Since 1984, Yuhan-Kimberly has been continuing the 'Keep Korea Green' campaign which aims to address social problems by cultivating forests. At the earlier stage, we started planting trees in partnership with the Korea Forest Service for greening the devastated national forests which were followed by communication with stakeholders to resolve social problems, thus meeting the demand of the times, such as desertification, fine dust, carbon absorption, and restoration of forest damaged by fires. Currently, we are focusing on 'Carbon Neutral Forest' and 'Biodiversity Conservation Forest' to tackle climate change. Through the Keep Korea Green Campaign, we planted and nurtured 54,882,751 trees by 2021 and 60 million trees are scheduled to be planted and cultivated by 2030.

[Picture 4-25] Remarkable Progress in Keep Korea Green Campaign



Carbon Neutral Forest for Responding to Climate Crises Since 2015, Yuhan-Kimberly has been carrying out the coexistence forest project in partnership with local governments and NGOs, which has contributed to carbon offsetting and preserving biodiversity by securing areas for long-term reforestation. The estimated amount of carbon offset by Yuhan-Kimberly's carbon neutral forest in Gimcheon, and Taejon reached 27,638tCO₂ and 28,860tCO₂ respectively, while the newly cultivated forest in Yongin is expected to join forces to cancel out more carbon. Moreover, starting from 2021, the event of planting trees has been held with newlyweds in which citizens who relate to the values pursued by Yuhan-Kimberly voluntarily join.

[Table 4-21] Overview of 'Carbon Neutral Forest'

Region	Cooperation period	Area (ha)	Carbon offset project period	Estimated amount of carbon offset (tCO ₂)
Gimcheon	June 24, 2015. - June 23, 2024	222.57	2015.08.12.-2025.08.11.	27,638
Taejon	February 12, 2016 - February 11, 2026	119	2015.07.27.-2025.07.26.	28,860
Yongin	2021-2025	19.3	Preparation for registration	

[Photo 4-15] Planting trees with newlyweds in 2022



Cooperation with the Korea Forest Service for Carbon Neutrality and ESG Management

We signed a business agreement with the Korea Forest Service for 'cooperation in carbon neutral activities and ESG management', aiming to further enhance public-private partnerships to curb climate change, a global problem, and promote the value and influence of forests through ESG management. In partnership with the Korea Forest Service, we will jointly review and work on forest projects at home and abroad such as Reducing Emissions from Deforestation and Forest Degradation Plus (REDD+*), forestry-based carbon offset projects, forest education & therapy, and gardening. In addition, we will identify the indicators of forest effects and come up with integration plans to revitalize and support corporate's eco-friendly and carbon neutral activities.

* An abbreviation for Reducing Emissions from Deforestation and Forest Degradation Plus refers to activities reducing GHG emissions owing to deforestation.

[Photo 4-16] Business agreement with the Korea forest service for cooperation in carbon neutral activities and ESG management



Conservation of A. Koreana, Alpine Conifers, Endemic and Endangered Species in Korea

Abies koreana, well known as a Christmas tree, is a native species of Korea growing only in Mt. Halla and Mt. Jiri and is a tree of great value in the aspect of biodiversity. The increase in temperature and decrease in snow load caused by the climate crisis has endangered the A. koreana, making efforts for conservation urgently needed. The research conducted by the National Institute of Forest Science indicates that about 30% of the natural habitat of the trees has begun to die off. Therefore, on September 29, 2021, the Korea Arboreta and Garden Institute and Yuhan-Kimberly signed a 'business agreement for the protection and conservation of endangered alpine conifers and A. koreana', which is endemic to Korea. The latter business agreement is part of the former business agreement with the Korea Forest Service and plans to conduct a nationwide survey of the natural habitat and seed collection for the conservation of the A. koreana. Moreover, the partnership will continue to cultivate the forest of A. koreana (in collaboration with the National Baekdudaegan Arboretum) for ex situ conservation of the species by 2030 with the goal of protecting and conserving endangered alpine conifers.

[Photo 4-17] Donation of the seeds of A. koreana gathered from natural habitats nationwide to 'seed vault', operated by the Baekdudaegan National Arboretum (November 2021)



Research for Social and Environmental Value of the 'Keep Korea Green' Campaign

In 2024, the 'Keep Korea Green' campaign will mark its 40th anniversary. Against this backdrop, we are pushing forward the research project to convert the status and achievements of the campaign into an asset, by visiting the forest where the government, NGOs, and citizens have been planting and nurturing since 1984. Based on the results, we will seek ways to make more direct contribution to our society and the environment.

[Photo 4-18] The 6th tree planting event through 'Keep Korea Green' campaign (Biraе-dong, Daedeok, Daejeon in 1990)



[Photo 4-19] Information board at plantation site of national forest (2010)



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Reforestation Mongolia and Propelling the Forestry Research Project to Prevent Desertification Yuhan-Kimberly has reforested the Tujin Nars area in Mongolia, ravaged by a large-scale forest fire, with approximately 11 million trees (3,250ha, 2003-2014) and has conducted forestry projects to reduce yellow dust caused by desertification (100ha per year, 2015-2026). We plan to undertake the three-phase forestry research project (2021-2023) to study the impact of forests cultivated over 20 years on areas suffering desertification. In 2018, an eco-tower was constructed to help Mongolian citizens realize the value of forests as forest resources partnered with the Northeast Asian Forestry Forum and the Mongolian government.

[Photo 4-20] Signing a business agreement to prevent desertification of the 'Yuhan-Kimberly Forest' in Mongolia (Apr. 13, 2021)



[Photo 4-21] 'Yuhan-Kimberly Forest' in Mongolia



Virtual 'Keep Korea Green Forest' in the Metaverse We leveraged the metaverse to overcome time and space constraints in the era when face-to-face citizen participatory events are restricted in the aftermath of COVID-19. In the Metaverse Gather.town, 400 participants communicated while walking the metaverse forest through 'Yuhan-Kimberly Green Camp' designed to learn forest environment, which has been running since 1988. In November 2021, the virtual forest became more realistic thanks to the ZEPETO metaverse platform. ZEPETO's 'Keep Korea Green Forest' is a space where 'Good Action' in the virtual world relates to 'Good Action' in the real world. In the space, users can easily participate in 'Good Action' through making simple actions, and thus future generations who have little experience in forests can explore the forest in a virtual world, thereby learning the gravity of the forest in a natural way.

[Photo 4-22] 'Yuhan-Kimberly Green Camp' held in the metaverse Gather.town in 2021



[Photo 4-23] Poster describing ZEPETO's 'Keep Korea Green Forest'



Enhancing Women's Human Rights and Inclusion Capabilities

Our Efforts to Strengthen Women's Human Rights and Leadership Gender Gap Report' released by the World Economic Forum in 2021 announced that Korea ranked 102nd out of 156 countries regarding gender equality, which means more efforts should be put in. Since its foundation, we provided a variety of products and services to promote human rights, change perceptions, and innovate the lives of women, on top of social responsibility management such as

education, donations, and campaigns strengthening female leadership capabilities and changing gender perspectives. Among these, the Women's NGO Leadership Development Fund, established in 2007, is a tripartite between corporations, civic groups, and universities. The tripartite cooperation model added value since participants are joining forces as companies raise the fund, the Korean Women's Foundation selects scholarship recipients, and the university provides educational courses. A total of 1,058 activists have been supported as of July 2022. As such, we will continue our strenuous efforts to uplift human rights.

[Table 4-22] Women's NGO Leadership Development Fund (2007-2022)

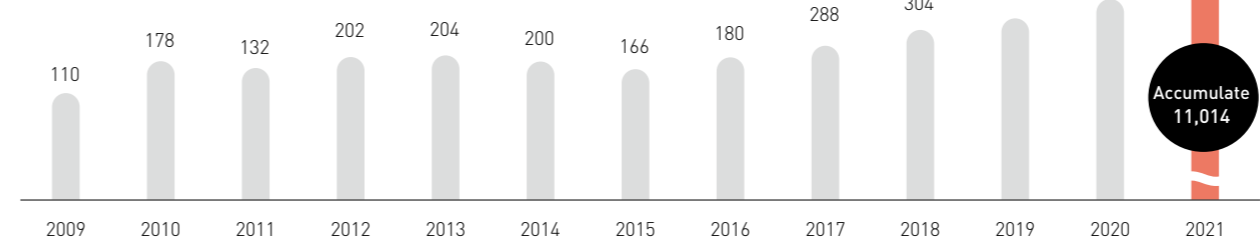
* As of July 2022

Women's NGO Leadership Development Fund	Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL
Long-term NGO Future Female Leadership (the master's course)	Participant (person)	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 Associations United, SUNGKONGHOE University																
Short-term Advanced NGO Leadership course (3 months)	Participant (person)	-	51	61	60	60	60	61	60	60	60	30	60	62	70	70	75	900
	Major partner		Foundation For Women, Ewha Woman's University	Foundation For Women, Keimyung University	Founda-tion For Women, Sangji	Founda-tion For Women, Ewha Woman's University	Founda-tion For Women, Joenbuk National Univer-sity	Founda-tion For Women, Chon-nam National Univer-sity	Founda-tion For Women, Ewha Woman's University									
TOTAL	Participant (person)	10	60	72	70	69	71	71	68	72	70	36	70	72	83	81	83	1,058

Newlywed's Communication School Together with Seoul YWCA, Yuhan-Kimberly has been operating the 'Newly-Weds Communication School', where newly married couples can learn, effort, practice, and achieve through communication since 2009. In 2021, we reduced GHG emissions through the 'Waste-collecting Challenge' (Plogging) linked to the environmental agenda. Moreover, in Gather Town, the platform of the metaverse, we provided lectures addressed by experts to raise equality awareness within the family, along with diverse experiences including live performances in the metaverse forest, couple type test, and planting trees in the virtual forest for newlyweds. Despite constraints owing to the COVID-19 pandemic, we have proactively made efforts to communicate with newlyweds by strengthening online contacts.

[Picture 4-26] Participants in Communication School for Newlywed (2009-2021) (Unit: person)

* Increase in participants as lectures were addressed via non-face-to-face channel owing to COVID-19



Our Effort to Achieve Gender Equality Teaching Menstruation and Increasing Awareness Since 1971, Yuhan-Kimberly has communicated with consumers through consumer educational programs putting emphasis on empowering health capabilities and menstrual movement for adolescent girls. We are operating the blog 'We Are on Period' launched in 2017, and 'Our Period with YK' launched in 2018, the online platform for information sharing and training. The high-quality educational content is constantly uploaded on the platform such as teaching materials regarding menarche.

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period, and hygiene that health teachers in school can fully utilize, in addition to video clips jointly produced with obstetrician / gynecologist to prepare young girls for their first period and teach how to take control of menstrual health management. We further developed educational materials and menstrual panties for female students with disabilities in 108 special schools since March 2021 which will be continued for the next 10 years to 100 schools each year.

Donation to Promote Gender Equality Yuhan-Kimberly is spearheading donations to empower women's human rights and gender equality. We have donated more than 1 million 'Good Feel' sanitary pads to underprivileged youth for six consecutive years from 2016, making a total of 7.5 million sanitary pads donated by 2021 through the 'Daughters, Cheer Up!' campaign in collaboration with the Korea Foundation For Women. 'Daughters, Cheer Up!' campaign, which has already delivered 'Good Feel' sanitary pads to 742,371 adolescent girls with the help of 20,394 consumers who donated to the campaign, will be continued to promote equal rights for menstruation of women, especially for teenagers. Furthermore, we developed 'Good Feeling First Menstruation Panties' to help women with developmental disorders having trouble with changing sanitary pads and donated the products to girls with developmental disorders in 2020. We signed a business agreement with the Koren Health Teacher Association in 2021 to provide educational materials for students with intellectual disabilities in special schools together with first menstrual panties to about 100 schools per year for the next 10 years.

[Picture 4-24] Yuhan-Kimberly 'Daughters, Cheer Up,' sanitary pad donation campaign



[Table 4-23] Donation status of sanitary pads (2016-2021)

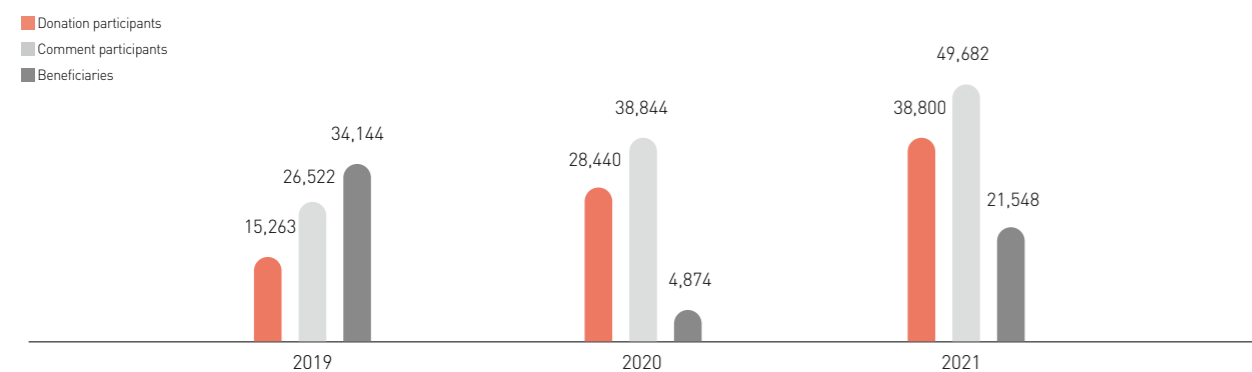
Category	2016	2017	2018	2019	2020	2021	Total
Amount (pad)	1,532,304	1,008,352	1,455,120	1,086,832	1,086,864	1,336,936	7,506,408
Beneficiaries (person)	699,786	13,888	10,393	4,925	7,159	6,220	742,371

Our Commitment to Giving and Sharing

Spreading Values through Donation Platform In addition to our charitable giving of products, we have prepared a donation platform serving as a venue for communication where consumers can empathize with and donate to those in need. On the donation platform, consumers can make 'Good Action' leading to the added value of the donation and send a message of support, all of which has been increased since its integration in 2019. In 2021, approximately 40,000 consumers joined our donation campaign along with about 50,000 supportive messages. As a result, donations were delivered to a total of 314 organizations and more than 20,000 people.

[Picture 4-27] Beneficiaries and participants of donation platform

(Unit: person)

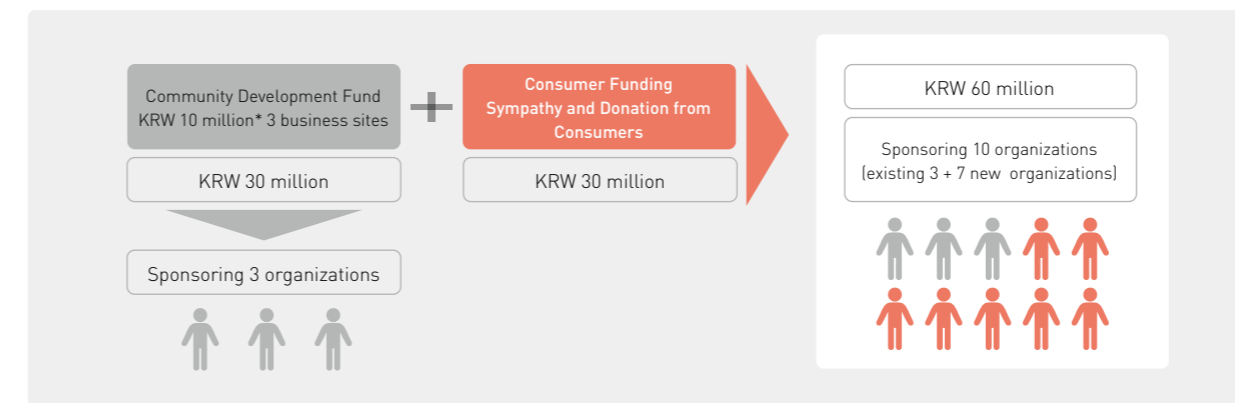


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Contribution to Local Community As corporate citizens, we aim to achieve mutual growth with the local community around our business sites. labor and management of our factories are joining forces to carry out social contribution activities using the Community Development Fund while employees give a helping hand through volunteer work and donations. As such, it is the core values underpinning our past, present, and future to put social responsibilities into action. In 2021, since the Community Development Fund was operated as a matching fund with consumers, beneficiary organizations were expanded from three to ten with 6,743 consumers participating in.

[Picture 4-28] Our contribution activities for local community



[Table 4-24] Spreading values of local community contribution through donation platform

Community Development Fund	Gimcheon	Chungju	Daejeon
10 organizations	Iddeul community child center Gyeongbuk welfare center for the blind Gyeongbuk Community Chest of Korea	Community Chest of Korea (Chungju)* ChungjuPungsunghan community child center Chungju Eoulim Center	Community Chest of Korea (Daejeon)* Daejeon Family Foster Care Support Center DaejeonChungnam GreenKorea Daejeon Isaac's house

* The Community Chest of Korea is the same organization, indicated by region (Daejeon / Chungju)

Employees Participating in Donation We provide constant opportunities for donations and volunteer work for our employees, aiming to realize sustainable management and fulfill our social responsibilities. Our representative donation program, '1% Monthly Salary Donation', has been implemented since 2015, which refers to a matching fund in which employees pledge 1% of their salary in November, and the company adds the same amount to the donation. In 2021, with the help of 848 employees, we provided Defend underwear and medical expenses for the seniors and the disabled in need at welfare facilities and nursing hospitals in partnership with the Korea Medical Assistance Foundation. Besides, we encourage employees to join various volunteer and charitable activities such as the donation relay of 100 people like 'Daughters, Cheer Up!' campaign and in-house club's activities to make donations of profits by holding a bazaar.

Investment in Social Ventures / Startups Leading Sustainable Social - Environmental Changes

In 2021, Yuhan-Kimberly launched a social contribution project to foster social ventures in the sustainable area, taking the lead in long-lasting social and environmental changes. In commemoration of Earth Day in April 2022, we held the '2022 Green Impact Contest' in which we discovered and will support social ventures and startups presenting solutions to social and environmental issues. Investment profits generated by the growth of startups will be reinvested, contributing to innovation in creating a sustainable society and environment.

[Picture 4-25] Yunhan-Kimberly '2022 Green Impact Contest'



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[Table 4-25] Our Quantitative CSR Performance (2015-2021)

Category	Unit	Initiated year	2015	2016	2017	2018	2019	2020	2021	Accumulated**	
Forest environment	Planting and forestation (including plants and tall trees)	tree	1984	326,880	671,757	640,300	769,361	564,630	536,315	573,441	54,882,751
	Acreage under forestation management	ha	1984	109	224	213	256	188	139	191	18,254
	Volunteers	person	2015	-	2,509	2,183	4,361	2,459	-	-	11,512
	Planting trees with newlyweds	person	1985	600	600	650	650	639	11,902	20,000	53,985
	Environment education for youth (Green Camp)	person	1998	120	110	98	98	176	209	400	5,270
	Senior Forest School	person	2016	-	79	78	80	40	632	-	927
	Communication for forest and environmental protection (subscribers)	person	2015	10,185	13,165	28,947	71,471	164,139	181,979	174,948	644,834
Senior	New jobs for the elderly	number	2002	54	127	147	168	68	0	0	746
	Training for NGO Female Leadership	person	2007	72	70	36	70	72	83	81	975
	Communication School for newlyweds	person	2009	166	180	288	304	544	890	7,616	11,014
	Charitable giving of sanitary pads for the women in low-income family	person	2016	-	699,786	13,888	10,393	4,925	7,159	6,220	742,371
Donation and volunteer	Helping the elderly in need by donating 1% of monthly salary	person	2015	1,277	877	1,042	1,040	1,019	2,242	848	8,345
	Donation relay among employees for achieving gender equality	person	2005	793	861	1,253	1,211	1,138	1,152	975	9,720
	Helping the underprivileged children with diapers donation to the Hope Bank	Bag	2012	7,831	8,075	5,679	5,289	15,324	4,174	3,509	63,340
Consumer	Consumer education_ holding parenting forum	person	2011	11,952	14,738	13,234	23,091	53,163	95,190	295,263	541,855
	Consumer education_ delivering menstrual education for the youth	person	1972	323,917	299,681	354,360	367,540	867,924	896,200	1,153,934	18,531,473

* The 2020 consumer engagement figures included in the 2021 report were corrected to the actual numbers
 ** Cumulative totals with the status of social contribution activities since the initiated year



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ESG Data(At a Glance)

Economic Performance

[Table 5-1] Financial performance

Category	Unit	2019	2020	2021
Sales	KRW 100 million	13,332	14,978	14,671
Net income	KRW 100 million	1,371	1,404	1,314
Total assets	KRW 100 million	10,338	10,755	10,816
Exports	KRW 100 million	1,307	1,485	1,632

[Table 5-2] Domestic consumption and export

Category	Unit	2019	2020	2021
Domestic consumption	%	90.2	90.1	88.9
Export	%	9.8	9.9	11.1

[Table 5-3] Sales growth by business (domestic consumption + export)

Category	Unit	2019	2020	2021
Baby diapers	%	-9.7	7.6	15.0
Wet wipes, hand towels, adult diapers, skin care products, and others	%	-1	31	-11.1
Facial tissues and toilet paper	%	2.6	11.7	-1.8
Feminine sanitary pads	%	7.7	-2.1	-4.5
B2B business	%	7.1	12.1	-6.7

[Table 5-4] Economic value distributed

Object of distribution	Category	Unit	2019	2020	2021	Ratio[%]
Shareholders	Dividends	KRW 100 million	1,580	1,420	1,400	9.5
Employees	Salaries and benefits	KRW 100 million	2,189	2,897	1,949	13.2
Partners	Goods and services procurement costs	KRW 100 million	8,545	9,568	9,633	65.3
Local communities	Government Corporate taxes, other taxes and utility charges	KRW 100 million	684	709	1,125	7.6
	Local communities / customers CSR costs	KRW 100 million	58	59	56	0.4
Others	Other costs (rent, depreciation costs, etc.)	KRW 100 million	630	534	677	4.6
Internal reserves	Internal reserves	KRW 100 million	-208	-16	-86	-0.6
Total revenue (sales + interest income)		KRW 100 million	13,478	15,171	14,754	100.0

[Table 5-5] R&D activities and investments

Category	Unit	2019	2020	2021
R&D personnel	person	55	56	59
Facility investment	KRW 100 million	469.1	394	389
Ratio of facility investments to sales	%	3.5	2.6	2.7
Sales of new products	KRW 100 million	1,891	2,615	2,003
Ratio of new products to total sales	%	14.2	17.5	13.7

Social Performance

[Table 5-6] Social performance

Category	Unit	2019	2020	2021		
Employee	Employment	Total no. of employees	person	1,566	1,526	1,481
		Contract type	Regular	person	1,540	1,508
		Non-regular	person	26	18	24
	Job type	Production	person	762	737	711
		Office	person	804	789	770
	Gender	Female	person	289	288	303
		Male	person	1,277	1,238	1,178
	Employment ratio of the disabled*	%	2.67	2.65	2.52	
	Employment ratio of employees with national merit**	%	89	89	89	
	Average years of service	year	20.6	21.4	21.5	
	Average working hours per month	hour	162	166	163	
No. of absent days	day	2	0	0		
No. of loss days	day	732	152	57		
Education and training	New recruitment	Total no. of new hires	person	53	29	56
		Ratio of new female employees	%	66	72	54
	Ratio of new male employees	%	34	28	46	
Turnover rate***	%	2.21	5.04	3.76		
Voluntary turnover rate****	%	0.9	0.8	1.4		
New recruitment and retirement	Training hours per employee		hour	43.6	33.4	39.8
		Training cost per employee	KRW 10 thousand	42.6	35.3	36.9
	Hours of education on human rights per employee	hour	2	2	2	
	Hours of education on ethics per employee	hour	3	3	3	
Female workspace	Ratio of female employees	%	18.5	18.9	20.5	
	Rate of female employees increased	%	2.12	-0.35	5.21	
	Ratio of female managers (above work leader)*****	%	7.6	9.2	12.5	
	Ratio of female executives	%	9.8	10.0	15.2	
Childbirth and childcare	No. of maternity leave users	person	15	9	8	
	Rate of employees returning to work after maternity leave	%	100	100	100	
	No. of female employees using childcare leave	person	23	12	8	
	Ratio of female employees using childcare leave	%	76	100	100	
	No. of male employees using childcare leave	person	1	1	1	
	Rate of employees returning to work after childcare leave	%	100	92	100	
	Retention rate of employees returning to work after childcare leave	%	85	96	100	
Labor union	No. of labor union members	person	798	768	737	
	Ratio of labor union members	%	99.8	99.7	99.7	

* Employment rate after the report of data correction regarding handicapped employment levy (2019, 2020)
 ** Ratio of employees with national merit to the statutory no. of employees with national merit
 *** Subject only to regular employees, two-year contract employees excluded, the figure different from the previous report due to the change in calculation method
 **** Dismissal at their own request
 ***** Above work leader: Work leaders, Mill heads, Division heads, and Sector heads

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TCFD(Task Force on Climate-Related Financial Disclosures)

Following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Yuhan-Kimberly discloses its data in this report along with its annual progress on GHG emissions mitigation.

TCFD recommendations	Our response
Corporate governance	
a) Describe the board's oversight of climate-related risks and opportunities.	<p>ESG Committee operated right under the umbrella of the CEO</p> <ul style="list-style-type: none"> Convened the ESG Committee meetings two times in 2022 (January, July) Convened the E Subcommittee under the ESG Committee, responded to the CDP, and made discussions on GHG emissions
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> Set up a target of reducing GHG emissions by 25% compared to the 2015 level by 2030, and obtained the approvals from the E Subcommittee and ESG Committee Launched a TF for Climate Change Action Project in 2022 Reported ESG-related issues to the BOD on a regular basis Conducted a regular diagnosis of risks, and reported the results driven by the working-level TF members every August
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p>Climate change-related risks and opportunities surveyed</p> <ul style="list-style-type: none"> Carried out a self-diagnosis for the CDP to screen potential risks and opportunities in advance <p>Environmental Management 3.0 declared</p> <ul style="list-style-type: none"> Established near to long-term strategies for carbon neutrality along with the plans on how to put them into action
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>Carbon emissions managed according to the production and financial risks reviewed</p> <ul style="list-style-type: none"> Discussed risks posed by the adoption of the emission trading system Carried forward the spare emissions permitted in 2021 to the second implementation year (2022) during the phase 3 period (2021 - 2025)
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>Risks managed in response to the government's NDC and net zero declaration</p> <ul style="list-style-type: none"> Established a vision to achieve net zero along with detailed targets and action plans <p>Evaluations of environmental aspects made when developing new businesses or making an investment</p>
Risk Management	
a) Describe the organization's processes for identifying and assessing climate-related risks.	<p>ESG Committee operated</p> <ul style="list-style-type: none"> Run the E Subcommittee under the ESG Committee Made decisions in regard of environmental strategic tasks and risks
b) Describe the organization's processes for managing climate-related risks.	<p>Collaboration between the Environmental Management Work Group and SHE Work Group</p> <ul style="list-style-type: none"> Cooperation between the Environmental Management Work Group to implement the strategies for carbon neutrality and the SHE Work Group for product manufacturing and facilities
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>Possible risks examined</p> <ul style="list-style-type: none"> Discussed the implementation program based on risk evaluation each year Identified the items related to the environmental aspects in response to the more stringent regulations on single-use products and waste disposal charges in 2022
Index and reduction target	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>GHG emissions managed in consideration of domestic and overseas target GHG emissions</p> <ul style="list-style-type: none"> Managed our internal target emissions taking our allowance and the target emissions of Kimberly-Clark's global business site into account <p>Target emissions allocated and managed for each business site</p> <ul style="list-style-type: none"> Allocated target emissions for each business site through the discussions between the Sustainable Management Division and Manufacturing and Production Division Monitored on a monthly basis
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>Scope 1,2 emissions disclosed*</p> <ul style="list-style-type: none"> Scope 1: 22,186tCO₂e Scope 2: 170,568tCO₂e <p>* The range of calculation of the Scope 3 emissions is linked to the Kimberly-Clark, and the detailed discussions were made on the commuting and business trips of our domestic employees.</p>
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<p>26,026tCO₂e of surplus GHG emissions secured in 2021</p> <ul style="list-style-type: none"> Improved energy efficiency through the replacement of outdated facilities and procedure enhancement Carried forward the surplus carbon emissions permits to the second implementation year (2022) during the phase 3 period

[Table 5-11] Environmental education

Category		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Kimcheon	person			546	418	463	549	256	308	321	363	452
	hour			767	599.5	964.5	926	402	379.5	355.5	392	363.5
Taejon	person	279	295	348	395	239	422	428	420	398	470	327
	hour	309	298	348	395	255	449	428	453	434	492	342
Choongju	person			750	633	780	641	479	89	123	57	219
	hour				633	880	34	50	135	212	90	219
Total	person	279	295	1,644	1,446	1,482	1,612	1,163	817	842	890	998
	hour	309	298	1,115	1,627.5	2,099.5	1,409	880	967.5	1,001.5	974	924.5

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GRI Index^(Global Reporting Initiative Index)

Topic	Description	Reporting page	
GRI 102: General Disclosures			
GRI 102: Organizational Profile	102-1	Name of the organization	7
	102-2	Activities, brands, products, and services	7
	102-3	Location of headquarters	7
	102-4	Location of operations	7
	102-5	Ownership and legal form	7
	102-6	Markets served(geographic locations where products and services are offered, sectors served, types of customers and beneficiaries)	7
	102-7	Scale of the organization	7
	102-8	Information on employees and other workers	75
	102-9	Supply chain	60
	102-10	Significant changes to the organization and its supply chain	60
	102-11	Precautionary Principle or approach	8-9, 32-33
	102-12	External initiatives	83-84, 89
	102-13	Membership of associations	84
GRI 102: Strategy	102-14	Statement from senior decision-maker	14-16
	102-15	Key impacts, risks, and opportunities	8-9, 32-33
GRI 102: Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	34-35
	102-17	Mechanisms for advice and concerns about ethics	34-35
GRI 102: Governance	102-18	Governance structure	30-31
	102-19	Delegating authority	30-31
	102-20	Executive-level responsibility for economic, environmental, and social topics	30-31
	102-21	Consulting stakeholders on economic, environmental, and social topics	10-11, 30-31
	102-22	Composition of the highest governance body and its committees	30-31
	102-23	Chair of the highest governance body	30-31
	102-24	Nominating and selecting the highest governance body	30-31
	102-25	Conflicts of interest	30-31
	102-26	Role of highest governance body in setting purpose, values, and strategy	20-23, 30-31
	102-27	Collective knowledge of highest governance body	30-31
	102-28	Evaluating the highest governance body's performance	30-31
	102-29	Identifying and managing economic, environmental, and social impacts	20-23, 30-31
	102-30	Effectiveness of risk management processes	32-33
	102-31	Review of economic, environmental, and social topics 8-9	20-23, 30-31
	102-32	Highest governance body's role in sustainability reporting 18-19	14-16
	102-35	Remuneration policies	30-31
	102-38	Annual total compensation ratio	30-31
GRI 102: Stakeholder Engagement	102-40	List of stakeholder groups	10
	102-41	Collective bargaining agreements	75
	102-42	Identifying and selecting stakeholders	10
	102-43	Approach to stakeholder engagement	10
	102-44	Key topics and concerns raised	8-11

Topic	Description	Reporting page	
GRI 102: Reporting Practice	102-45	Entities included in the consolidated financial statements	31
	102-46	Defining report content and topic Boundaries	2-3
	102-47	List of material topics	8-9
	102-48	Restatements of information	57, 75
	102-49	Changes in reporting	2
	102-50	Reporting period	2
	102-51	Date of most recent report	2
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	2
	102-54	Claims of reporting in accordance with the GRI Standards	2, 85-86
	102-55	GRI content index	80-82
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	8-9
	103-2	The management approach and its components	8-9
	103-3	Evaluation of the management approach	8-9
GRI 200: Economic topics			
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	6-7, 74
	201-2	Financial implications and other risks and opportunities due to climate change	79
GRI 203: Indirect Economic	203-1	Defined benefit plan obligations and other retirement plans	6-7
	203-2	Infrastructure investments and services supported	6-7
GRI 204: Procurement Practices	204-1	Significant indirect economic impacts	57
GRI 205: Anti-corruption	205-1	Proportion of spending on local suppliers	34-35, 60, 76
	205-2	Operations assessed for risks related to corruption	34-35, 60, 76
	205-3	Communication and training about anti-corruption policies and procedures	34-35, 60, 76
GRI 300: Environmental topics			
GRI 301: Materials	301-1	Materials used by weight or volume	38-45
	301-2	Recycled input materials used	38-45
	301-3	Reclaimed products and their packaging materials	38-45
GRI 302: Energy	302-1	Energy consumption within the organization	38-45
	302-4	Reduction of energy consumption	38-45
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	77
	303-3	Water withdrawal	77
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	77
	305-2	Energy indirect (Scope 2) GHG emissions	77
	305-4	GHG emissions intensity	77
	305-5	Reduction of GHG emissions	77
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	77
GRI 306: Waste	306-2	Management of significant waste-related impacts	38-45
	306-3	Waste generated	38-45, 77
	306-4	Waste diverted from disposal	38-45, 77

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Compliance with the UN Global Compact's 10 Principles

Compliance with the UNGC Principles

Category	10 Principles	Our efforts	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> Employee training on the Code of Conduct Disclosure of the human rights management declaration, declaration of the 8 principles of human rights management CEO's declaration at the BEST ESG Forum Establishment of the I&D Council 	22, 34-35, 58
	2. make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Employee training on personal information protection Employee training on human rights protection Introduction of fair-trade compliance program 	22, 35, 64-65
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> Union membership rate: 99.7% Labor-Management Council and Grievance Committee held on a quarterly basis 	22, 75
	4. the elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> Compliance with rules of employment and collective agreements Labor-management consultation 	22-23
	5. the effective abolition of child labour; and	<ul style="list-style-type: none"> No employees aged under 18 	22
	6. the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Ratio of female executives: 20.5% Return to work after childbirth: 100% 	22, 75
Environment	7. Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> Implementation of Environmental Management 3.0 Campaigns for forest and environmental protection ESG Self-Assessment Setting the environmental agenda (CDP / CO₂ emissions) 	24-27, 38-45, 66-68
	8. undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> Operation of environmental organization under the direct control of the CEO Establishment and operation of the ESG Committee MOU with the Korea Forest Service for carbon neutrality Cooperation with the Baekdudaegan National Arboretum in Seed Vault research and storage Green Impact Start-up Project to lead social / environmental innovation 	20-23, 45, 66-68, 71
	9. encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> Development and production of eco-friendly products MOU for diffusion of sustainable product supply 	38-45
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Employee training on the Code of Conduct Training programs on anti-corruption, ethics, and fair trade compliance Participating in the UN Global Compact (UNGC) Anti-Corruption Pledge 	34-35, 83

UNGC, UN Global Compact Network Korea Annual General Meeting

Yuhan-Kimberly participated in the CCA (Climate Ambition Accelerator)* program, which took place along with the UNGC Network Korea's Annual General Meeting, on April 12, 2022. The UNGC CAA program is a program designed to bring about carbon-neutral transition in our society by setting science-based goals for GHG reduction, and through this, companies can accelerate the transition into Net Zero. Yuhan-Kimberly plans to conduct a feasibility study of the SBTi (Science Based Targets initiative)** among the Climate Change Action Project, which are being carried out by the Manufacturing and Production Sector, Win-Win Management Division and the Environment Management Division. And through the participation in CAA, we plan to verify the SBTi results that were conducted internally and promote benchmarking of other companies.

[Picture 5-1] Participation in the Climate Change Action Project (Apr. 12, 2022)



* Climate Ambition Action, a UNGC global program that provides relevant knowledge for companies to accelerate their net-zero practices
 ** A science-based reduction goal initiative, to scientifically approach the rationale for GHG reduction

Topic	Description	Reporting page
GRI 307: Environmental	307-1 Non-compliance with environmental laws and regulations	77
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	60, 76
GRI 400: Social topics		
GRI 401: Employment	401-1 New employee hires and employee turnover	75
	401-3 Parental leave	75
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	30, 57
	403-2 Hazard identification, risk assessment, and incident investigation	75-76
GRI 404: Training and Education	404-1 Average hours of training per year per employee	75
	404-2 Programs for upgrading employee skills and transition assistance programs	57
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	58, 75
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	22, 83
GRI 412: Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	22
	412-2 Employee training on human rights policies or procedures	22, 58
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	66-72
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	76
GRI 416: Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	76
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	40-41
	417-2 Incidents of non-compliance concerning product and service information and labeling	76
	417-3 Incidents of non-compliance concerning marketing communications	76
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	76
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	76

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UN Guiding Principles Reporting Framework

Category	Reporting principles	Details	Reporting page
Governance in favor of respect for human rights	A1. Human rights policy	Disclosure of a will to respect human rights	22-23
	A2. Internalization of respect for human rights	Efforts for internalizing the respect for human rights	22-23, 58
Defining focus areas for reporting	B1. List of salient human rights issues	Efforts for internalizing the respect for human Salient human rights issues related to business activities	22-23
	B2. Identification of salient human rights issues	Methods of selecting salient human rights issues	22-23
	B3. Key areas to be managed for salient human rights issues	Methods of selecting region to be managed and areas of human rights issues	-
	B4. Key areas to be managed for salient human rights issues	Potential human rights issues besides salient	69-70
Management of salient human rights issues	C1. Detailed policy for salient human rights issues	Detailed policies for salient human rights issues	22
	C2. Engagement of stakeholders	Participation of stakeholders by salient human rights issue	11, 26
	C3. Impact assessment	Consistent identification of salient human rights issues	32-33
	C4. Response to human rights issues	Decision-making process of salient human rights issues and reflecting those on activities	22, 34-35
	C5. Performance assessment	Effectiveness of activities to resolve salient human rights issues	-
	C6. Follow-up support	Subsequent support for victims of human rights issues	34-35

Local Community Partnership Status

Membership in 50 Societies and Associations

Headquarters (common)	Organization of Consumer Affairs Professionals in Business, Green Business Association, Korean Nurses Association, Korean Bar Association, Korea Industrial Safety Association, Korea Cosmetic Association, Meerae Forum, Korea Fire Safety Association, Korea Safety Equipment Association, European Society for Pediatric Dermatology, Global Compact Network Korea, Ethical Management CEO Club/ Ethical Management SM Forum, Association of Dangerous Substances Director, The Federation of Korean Industries, Research Head Conference, Korea Employers Federation, Fair Competition Federation, Korea Environmental Engineers Association, Korea Society of Toxicology, Marketers Society of Korea, Korea Marketing Association, Korea International Trade Association, Korea Environmental Prevention Association, Korea Association of Occupational Health Nurses, Korea Industrial Technology Association, Korea Fire Safety Association, Environment and Safety Director Association, Korea Industry 4.0 Innovation, Korea Personnel Improvement Association, Korea Medical Device Industry Association, Korea Electric Engineers Association, Korea Electric Power Engineers Association, Korea Paper Association, Korea Paper Resource Association, Korea Air Protection Academy, Korean Society of Supply Chain Management, CSV Society
Manufacturing sites	Gumi-Gimcheon Safety Manager Council, Gimcheon Chamber of Commerce & Industry, Gyeongbuk Environmental Engineering Federation, Daegu Gyeongbuk Environment Protection Association, Daegu Gyeongbuk PSM Safety Management Association, Daedeok Industry Association, American Chamber of Commerce in Korea, Chungnam CEO Association, Chungju CEO Association, Chungju Eumseong Center for Victim of Crime, Chungnam High-tech Complex Association, Ministry of Justice Republic of Korea (Korean Probation Office) Gimcheon Conference

Partnership with 32 Organizations

Work collaboration	3,4 Industrial Complex Management Conference, KOKJE , Institute for Industrial Policy Studies, Korea AEO Association, Korea Technical Association of The Pulp and Paper Industry, Korean Society for Quality Management, Korea Toilet Association, Toilet Paper Fair Trade Association, Sanitation Product Business Consultative Organization, Korean Academic Society of Business Administration, Korea Management Association, The Korean Association of Gerontology and Geriatrics, Korea Logistics Society
Social responsibility	50+Korean, Climate Change Center, Green Consumer Network in Korea, Green Korea, Northeast Asian Forest Forum, Literature House Seoul, Meerae Forum, Friends, Community Chest Of Korea, National Forestry Cooperative Federation, Seoul YWCA Seoul Green Trust, Forest for Life, Ecoferm, Peace Forest, Korea Women’s Association United, Korea Foundation for Women, Korea Women’s Hot Line, Green Fund

Third-Party Assurance Statement

To readers of 2022 Yuhan-Kimberly Sustainability Report

Introduction

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

Scope and Standards

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

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

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
- Management approach of Topic Specific Standards
- GRI 305: Emissions
- GRI 306: Waste
- GRI 403: Occupational Health and Safety
- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity
- GRI 407: Freedom of Association and Collective Bargaining

- GRI 412: Human Rights Assessment
- GRI 413: Local Communities
- GRI 414: Supplier Social Assessment
- GRI 418: Customer Privacy

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.

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Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Yuhan-Kimberly on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

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

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

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

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

Reliability of Specific Sustainability Performance Information

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

Competence and Independence

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

August 2022 Seoul, Korea



CEO

E. J. Hwang

Verification Statement on 2021

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 2021 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. 2021-278 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 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'
- 2) The result of Material discrepancy satisfied the criteria for an organization that emits more than 500,000 tCO₂-eq 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 2021 is correctly calculated and stated in accordance with 'Rules for verification of operating the greenhouse gas emission trading scheme'.

2021 Greenhouse Gas emissions of 'Yuhan-Kimberly CO., Ltd.'

Year	Division	GHG emissions (tCO ₂ -eq)		
		Scope 1	Scope 2	Subtotal
2021	Anyang Logistics Center	0	364.381	364
	Taejon Mill	16.213	33,646.909	33,663
	Kimcheon Mill	21,764.626	123,092.796	144,857
	Choongju Mill	338.031	12,963.759	13,301
	Innovation Center	17.36	271.264	288
	New headquarters	49.398	228.647	278
	Total	22,185.628	170,567.756	192,751

* The above GHG emissions and Energy Consumption are cut in units of integer for each business site, and a difference of less than ±1 tCO₂eq from the actual value of the system may occur.

August 8th, 2022

Ji Young Song

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

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Major Awards and Recognitions

Sustainability	
June 2022	Grand Prize at the 26th Seoul Environment Award
May 2022	1 st place in the hygiene product category in the 2022 'Consumer Complaints Evaluation Awards'
March 2022	Korea's Most Admired Company Award in 2022 selected for 19 consecutive years (Korea Management Association Consulting, KMAC)
December 2021	Best Company Award in Corporate Image Value at the Management Grand Awards (KMAC)
November 2021	Korea Sustainability Index- Best CEO Award, 1 st Place in the KSI household goods sector (for 11 consecutive years), Sustainability Report Award (Korean Standards Association)
October 2021	UNCCD Secretary General Award for the video of Yuhan-Kimberly Forest in Mongolia at Video Contest for Desertification Prevention
September 2021	Best company in 2021 Win-Win Growth Index (Win-Win Growth Committee)
May 2021	1 st place in the hygiene product category in the 2021 Consumer Complaints Evaluation Awards (Consumer Research)
Certification	
August 2021	ISO/IEC 27001:2013 International Certification for Information Security
April 2021	Certification for personal information management system
Economy	
May 2022	Kleenex hand wash becoming the No.1 Consumer Recommended Hand Wash Brand in 2022
July 2021	Our own shopping mall momQ, winning the Grand Prize for 4 consecutive years in the National Service Award
Society / Environment	
July 2022	Certified as a company with excellent labor-management culture by the Ministry of Employment and Labor

UN SDGs (UN Sustainable Development Goals)

UN SDGs	Category	Principles	Our actions	Reporting page
	End poverty	End poverty in all its forms everywhere	• Donating sanitary napkins to underprivileged youth through 'Hope to Daughters' campaign	70
	Good health and well-being	Ensure healthy lives and promote well-being for all at all ages	• Establishing a system to ensure product safety putting consumer safety first and making related information public • Operating blogs for youth such as 'We Are on Period' and 'Our Period with YK' to provide menstrual information and launching an online multi-platform for senior citizens, 'Oneulplus'	49, 61-62
	Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Supporting training programs for partner companies • Implementing 'YKlearning', a capacity building program for employees • Raising NGO leadership development fund to empower female leadership	57, 60, 69
	Gender Equality	Achieve gender equality and empower all women and girl	• Providing menstrual education and raising awareness of period through 'Hope to daughters' campaign • Conducting various social contribution activities for better life of underprivileged women and girls	58, 69-72
	Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all	• Conducting self-assessment according to the CDP Water Guidance • Upgrading water purification facilities at the Kimcheon Mill and using more treated water	40
	Decent work and economic growth	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	• Managing sustainable management KPIs • Joining in the CEO declaration to enhance sustainable management	17, 35
	Reduced inequalities	Reduce inequality within and among countries.	• Stipulating the prohibition of discrimination in the declaration for human rights management • Officially launching the Inclusion and Diversity Committee • Joining in the UN Global Compact Target Gender Equality (TGE) Round II and setting goals to increase female leadership by 2030	22, 58
	Responsible consumption and production	Ensure sustainable consumption and production patterns.	• Managing sustainable brand 'Good Brand' and Greener Products • Setting Yuhan-Kimberly 2030 Goals • Making an investment in production facilities considering environmental impact and sustainability	24-27, 50-54
	Climate action	Take urgent action to combat climate change and its impacts.	• Establishing organizations in charge of environment-related issues directly under the CEO • Operating the ESG committee • Developing and producing eco-friendly products and creating an ecosystem • Setting the environmental agendas (CDP / CO ₂ emissions) • Reforesting Mongolia and propelling the forestry research project to prevent desertification	20-27, 31, 66-68
	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.	• Implementing 'Keep Korea Green' Campaign • Cooperating with Baekdudaegan Arboretum to permanently preserve the seeds of A. Koreana at 'Seed Vault' • Signing an MOU with the Korea Forest Service for carbon neutral activities	66-68
	Partnership for the goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	• Carrying out activities as a member company of the UN Global Compact (2007-) in compliance with the 10 principles	83, 89

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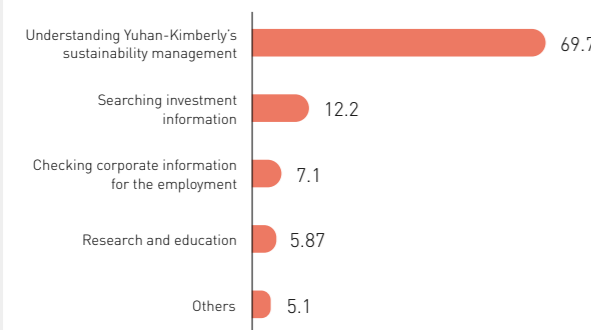
Monitoring of Reader's Opinion

We believe that Sustainability Report is the way to communicate our efforts and outcomes regarding sustainable management to external and internal stakeholders. Therefore, we are endeavoring to publish a better report by monitoring readers' opinions on the annual Sustainability Report. The feedback from 9,857 readers of the 2021 Sustainability Report was analyzed which enabled us to win the Sustainability Report Award at the 2021 Korea Sustainability Index hosted by the Korea Standards Association. Looking forward, we will give careful attention to the voices of readers with a view to issuing better reports.

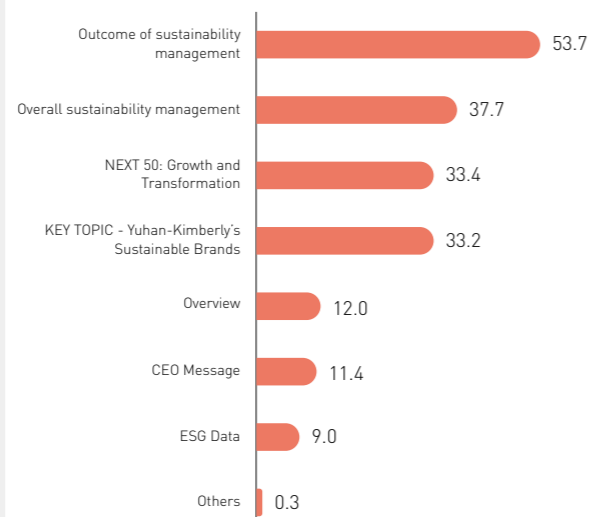
[Table 5-12] Communication with stakeholders (2020-2022)

Survey of stakeholders in 2021	Reader's opinion on the 2020 report	Survey of stakeholders in 2022	Reader's opinion on the 2021 report
5,587 persons	15,145 persons	12,085 persons	9,857 persons
Survey of awareness, the direction of sustainable management, and materiality assessment	Conducting a survey of the 2020 Sustainability Report, using SNS platforms	Survey of awareness, the direction, and the importance of sustainable management	Conducting a survey of the 2021 Sustainability Report, using SNS platforms

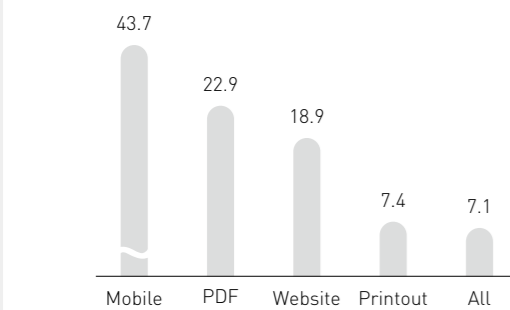
[Picture 5-1] Motive for reading the Report (%)



[Picture 5-2] The most informative part of the Report



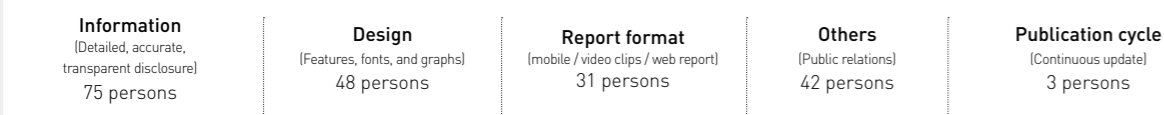
[Picture 5-3] Preferred channels of the Report (%)



[Table 5-13] Overall satisfaction with the Report

Category	Percentages
Information reliability	84.0%
Relevance of materiality issues	83.8%
Satisfaction with web report	82.0%
Satisfaction with report	83.1%
Easy to understand diagrams	77.6%
Clarity of expression	80.2%
Appropriate font size	72.0%
Easy to find necessary information	73.6%

[Picture 5-4] Subjective Opinions on the Sustainability Report (Unit: person)



Survey of Reader's Opinion

We appreciate for reading our Sustainability Report. In order to make this report better, we would like to listen to your opinions. Please participate in the survey through the QR code provided above.

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

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“Climate action is more urgent than anything else. As a company, we need to pursue innovation that makes our consumers choose green products considering our planet. Several surveys say consumers prefer eco-friendly products whereas their actual purchasing shows different behavior patterns. Our innovation is to practically guide and connect our customers' intentions to their actual choices and uses. I am convinced that we can generate more significant impact only when we achieve two goals; eco-friendly products and excellent quality, at the same time.”

- From a media interview with the CEO Chin, JeaSeung in February 2022

