



2012 Environmental Report

Ottogi with Nature, Happiness for You

About this report

Objective

Ottogi issues the second environmental report to demonstrate its effort and determination to ensure the company's sustainable growth and protect the environment. We sincerely hope the report serves as a channel of communication with our stakeholders and encourages readers to join us in tackling environmental problems.

Reporting Period and Scope

This report is based on Ottogi's quantitative and qualitative environmental performance data between January 1, 2011 and December 31, 2011. It also contains some data from 2009 and 2010 and information regarding 2012 performance. The reporting scope includes the Ottogi Center, Ottogi R&D Center, and processing plants in Anyang, Daepoong, and Samnam. The report also contains information regarding our affiliates.

Reporting Principle

The Ottogi Environmental Report was compiled using the G3 GRI (third generation of the Global Reporting Initiative) guidelines. The financial data, standards, and definitions here were applied pursuant to the domestic financial reporting guidelines.

Third Party Assurance

The report was subject to an assurance process by Samjong KPMG Consulting Inc., a third party assurance service provider. The assurance report is attached on page 70 of the report.

Contact for Inquiries on the Report

Please contact us at the following address if you need additional information about the report or would like to share your views.

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CEO Message

**Ottogi
with Nature,
Happiness
for you**



Ottogi has been advancing its environmental drives for many years. We are not only promoting for environmental protection but also executing new ideas for actual performance. We have achieved outstanding advances in a variety of projects, such as Eco Factory, Eco Office, Eco Drive, and Eco Partner, compared to last year.

For Eco Office, we have virtualized the computing system, which led in the reduction of many servers. We have thoroughly assessed the usage of existing servers and operating peaks to identify an appropriate scale of system and adopt a new control system. Through such efforts, we could remove about two thirds of existing servers. As the server system is streamlined, power consumption and heat radiation have declined and the load on the thermo-hygrostat has accordingly shrunk. Racks in the computing system have also decreased, ensuring a larger reserve capacity.

Under the Eco Drive program, our conveyance vehicles have improved fuel efficiency by at least 10%. This higher fuel efficiency has helped reduce fuel consumption and increased efficiency in driving.

Under the Eco Factory program, we have adopted highly functional insulators to reduce heat loss and fuel consumption. In addition to the efforts made last year, we have made

large strides in achieving our goal of lowering utilities by 10% this year. We have started recycling the steam generated at the Ottogi pre-cooked rice plant and developed new production processes through a variety of experiments to raise our productivity.

Our Eco Partners, Ottogi's affiliates, have also increased efforts to reduce energy consumption by developing many new ideas and executing new initiatives at energy-dependent facilities.

Rather than seeking to cut energy consumption, we should secure energy supplies without any carbon emissions and recycle existing energy resources to upgrade our environmental drives. For instance, we should replace the chemical injections for the operation of sewage treatment facilities with anaerobic bacteria for eco-friendly operation.

Above all, I really appreciate the passion and work of the members of the Second Eco Committee, who have strived to realize our environmental initiatives as diligently as their predecessors have. As we become increasingly conscious about the company's environmental drives, we will be able to expand our environmental efforts, not only at our worksites but also for our families and communities. I firmly believe that our efforts will serve as important footings as we build a more beautiful world.

Young-joon Ham
Chairman & CEO





Ottogi
with Nature
Happiness
for You

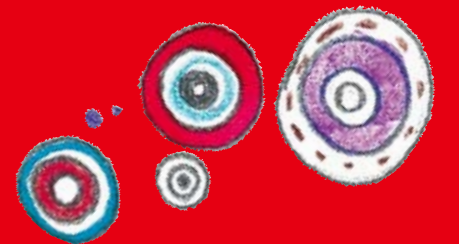


Company Overview

Ottogi ensures a healthier and happier lifestyle with better quality foods.

Ottogi for Healthy Foods and Diets

Ottogi has endeavored to improve the nutritional intake of consumers with more nutritious food products of better quality since its establishment in 1969. In pursuit of a better future for our customers and Ottogi associates, we are always committed to building a happier world with our products. We believe that our commitment will lead to the satisfaction and joy of our customers.



Management Philosophy – Missions



Ottogi's mission has been sustaining the company as its fundamental objectives and management philosophy over the past four decades. Ottogi is committed to "enhancing the public diet," and all of Ottogi's associates will continue to reach that ideal in the future.

Better Quality

The top priority of our mission is achieving Better Quality. As food plays a vital role in sustaining the health and life of human beings, quality is the most essential requirement for any food product. Only high quality food products are able to help improve the diets of people and develop our company. There is no easy way to produce high quality food. We must make sincere and consistent effort to achieve better developments and improvements on existing standards for the higher quality food products. Ottogi always prioritizes these efforts and our ethical responsibilities in realizing better quality.

Better Nutrition

Ensuring excellent nutritional content has a fundamental importance in the food industry. High quality nutrition does not refer to high calorie food products. A healthy lifestyle requires a balanced nutritional intake, which will help enrich and diversify living. As the affection and care of parents helps ensure that their children become healthy and positive, Ottogi's carefully made products will provide nutrition to help sustain the mental and physical health of people.

Advanced Food

For the Advanced Food initiative, we avoid imitating other brands. Instead, we strive to be the first company to create more advanced food products. Advanced food products must not only be the first of their kind, but they must be advanced in terms of production technology, quality, and sales. It is always challenging to create new advanced products, but working to make new developments and tap into new methodologies has led to our greatest accomplishments. Ottogi is always spearheading the efforts to develop better products for customers as we pursue the joy of creation and personal sense of fulfillment.

Contributions to a Better Public Diet

The food industry has a critical influence maintaining health and sustaining life of people. Food products help not only improve physical health but also beautify and enrich people's mentalities. Ottogi can only enrich the physical and mental health of people when its products offer satisfaction and values to consumers and help promote their imaginations and dreams.

Ottogi History



Ottogi has always engaged in the production and sales of food products in pursuit of the enhancement of the public diet since its establishment in 1969. Based on the consistent support from customers, Ottogi has the greatest number of No.1 products in Korea.

Date	History
May 5, 1969	Ottogi was established, and was the first company to start producing and selling curry products in Korea
Aug. 1971	First to started producing tomato ketchup in Korea
Jun. 1972	Completed the construction of the Anyang Factory and the first to start producing mayonnaise in Korea
Jul. 1977	Completed the construction of a vinegar production plant
Oct. 1977	Completed the construction of an oil product production plant
Dec. 1977	First to start producing vegetable oil-based margarine in Korea
Jun. 1980	Renamed as Ottogi Foods Industries Ltd.
Apr. 1981	First to start producing retort pouch products in Korea
Jun. 1983	Established the R&D Center
Apr. 1989	Completed the construction of an automated warehouse
Jul. 1992	Completed the construction of the Samnam Plant
Jul. 1992	Launched a support program for children patients with inherent heart disease
Jun. 1994	Launched a business in China by establishing the Lianyungang Condiment Limited Public Corporation
Aug. 1994	Initial Public Offering
May 1996	Renamed as Ottogi Corporation
May 1997	Completed the construction of the first Ottogi plant in New Zealand
Nov. 1998	Won the Ten Million Dollar Exporter's Awards
Jul. 1999	Certified with ISO 9002 Quality Management System
Aug. 2001	Completed the construction of the Daepoong Plant
Feb. 2002	Ottogi R&D Center certified with KOLAS (Korea Laboratory Accreditation Scheme)
Oct. 2003	Launched an ERP system
May 2004	Completed the construction of the Daepoong retort pouch products Plant
Nov. 2004	Completed the construction of the Daepoong rice processing Plant
Nov. 2004	Completed the construction of the Daepoong pre-cooked rice Plant
May 2005	Established Ottogi America in North America
Nov. 2005	Won the Thirty Million Dollar Exporter's Award on the 42 nd Exporter's Day and Suktop Medal of Industrial Achievement
Mar. 2006	Won Suktop Medal of Industrial Achievement on 33 rd Commerce Day
May 2006	Completed the construction of the Daepoong Logistic Center
Nov. 2006	Won the Fifty Million Dollar Exporter's Award on the 43 rd Exporter's Day
Sept. 2007	Established an office in Russia
May 2009	Commemoration of 40 th anniversary
Sept. 2009	Completed the construction of the Daepoong granular curry powder Plant
Dec. 2009	Established Ottogi Vietnam and a local production plant
Mar. 2010	Head office relocated to Ottogi Center
Jun. 2010	Established Ottogi Beijing
Dec. 2010	Won the 2010 Presidential Award as one of the top one hundred companies in recognition of outstanding contribution to job creation
Dec. 2010	Acquired HACCP for the entire product lineup of the Daepoong plants
May 2011	Issued the first environmental report
May 2011	Honorary Chairman Tae-ho Ham received the order of Civil Merit, Camellia Medal
Jul. 2011	Supported the 3,000 th child patient with inherent heart disease
Oct. 2011	Opened the Yongin Logistic Center
Dec. 2011	Acquired HACCP for the entire product lineup of the Anyang and Samnam plants
Dec. 2011	Won the 2011 Presidential Award as one of the top one hundred companies in recognition of outstanding contribution to job creation





Ottogi Product Line-up



Ottogi has introduced many products, which are still beloved by many consumers, to contribute to the improvement of public diet. Since its incorporation in 1969, we introduced curry products in 1969, soup products in 1970, tomato ketchup in 1971, and mayonnaise in 1972 to develop Korea's food cultures and enrich the public diet. Many of our No.1 and steady-selling products have become our customers' favorites in the market in the past 43 years.

Ottogi Product

Ottogi is at the forefront of pioneering companies with our many innovations and No.1 products. We have consistently expanded our business for decades based on our intrepid spirit and strict quality standards. Our sales have topped 1 trillion won in 2007, a rare accomplishment in the food industry. Our curry products, mayonnaise and ketchup products, which have endured the aggressive marketing of multinational brands with their world-class taste and quality, our soup products, for which the nation's first tasting event was held, and many other No.1 products have been fueling Ottogi's expansions. Ottogi currently exports more than 50 billion won of mayonnaise to Russia every year. We also export instant noodles and pre-cooked rice products to the United States, Japan, and China. Our annual overseas sales have reached 80 million dollars.

Ottogi Bekse Curry, Ottogi Bekse Fermented Turmeric Curry



Ottogi is currently taking the leadership of the national curry market, which has been expanding over the years as consumers are becoming increasingly conscious about healthy foods on the concept of "curry = turmeric = health" and expanding their needs for the unique taste and flavor of curry. Ottogi has been the first in Korea to commercialize curry products and spearheaded the growth of the curry market. Our domestic curry sales currently command over 80% of the market share, demonstrating the high quality and excellent taste of our curry products.

We have also launched "Ottogi Bekse Curry" containing 50% more turmeric, a major ingredient of curry, than regular curry products in December 2003. It is a high-end curry lineup with healthier ingredients. Its sales have been consistently rising since it was launched, topping 20 billion won in 2008. Ottogi has also won the 2011 Consumer Brand Award and 2012 Korea Luxury Brand grand prize (for 3 consecutive years) for Bekse Curry, which has become one of the best-selling food items in Korea.

Continuing our efforts to raise the value of the "Bekse" brand, Ottogi has launched "Bekse Fermented Turmeric Curry" in May 1, 2012 by being the first in Korea to add fermented "turmeric" ingredients to curry powder to raise the health effects.

The product's turmeric is fermented with apple concentrates and healthy lactic acid bacteria for a rich taste and flavor. We have applied beneficial health effects and positive images of "fermented" foods to the "Bekse" brand to improve its value in the market.

Ottogi's "Bekse" and other curry brands have been gaining growth and popularity over many years. ❶ Ottogi has been maintaining its high brand value over the past four decades on the merit of our high quality and great tastes. ❷ Ottogi's curry products contain a variety of healthy spices such as turmeric, bay leaves, and phellinus linteus to ensure a healthy lifestyle for consumers. ❸ Our products are easy to cook and affordable so that families can conveniently enjoy healthy cuisine at home. ❹ Consumers are increasingly aware that curry is healthy. ❺ Ottogi has been conducting consistent research and development efforts to develop improved products for the public health.

Ottogi 3-Minute Ready Meal Products



Ottogi's "3-Minute Ready Meal" is one of the company's popular brands along with the curry lineup, which has been leading the national ready meal market for over thirty years since 1981.

Ottogi ready meal products are enjoyable after only 3 minutes of boiling. The demands for these products are on the rise as the number of weekend outdoor campers grows due to the five-day workweek program. Ottogi's "3-Minute Ready Meal" is the country's first pre-cooked food product. Starting with "3-Minute Curry" in 1981, we have introduced "3-Minute Jjajang," "3-Minute Hamburg Steak," "3-Minute Meat Balls," and other items. In the 2000s, we also developed "3-Minute Bekse Curry," a premium ready meal containing healthy ingredients for quality-conscious consumers, and "Cool Curry" and "Cool Jjajang" which do not need to be heated or microwaved for convenient intake, attracting more attention from consumers. Recent developments include "Gold Brown Hash" and "Omelet Rice Sauce" by adding more premium tastes and high quality ingredients in line with the recent consumer trends as part of our efforts to meet the fast-changing consumer tastes. Based on our consistent research and development efforts, "Ottogi 3-Minute Ready Meal" has been enjoyed by many people over the past three decades and continues to expand its sales despite the recent economic depression.

"Ottogi 3-Minute Ready Meal" offers a large variety of tastes with high quality ingredients such as curry, black bean sauce, meat, Hash Rice, rice-topping sauce, and spaghetti sauce, which are conveniently enjoyed after heating them in water for three minutes. The products are also hugely popular among kids, college students, and many bachelors and bachelorettes because of their long-lasting tastes. This brand is also considered an affordable alternative for home meals, and is gaining more popularity amid the ongoing economic depression.

Ottogi Sesame Oil



Ottogi Sesame Oil is made of 100% whole sesame seeds and continues its leadership in the national sesame oil market. Ottogi launched its first sesame oil product in 1983, which has become a reliable, tasty, and clean sesame oil brand among consumers thanks to its refined ingredients and our company's advanced roasting technologies. This product has also encouraged other manufacturers to forge into the sesame oil market later.

The high quality sesame selected through the three-step processes is roasted at a constant and accurate temperature through indirect heating to prevent burns. It is then filtered through three different filtering procedures to produce "Ottogi Sesame Oil." All the precipitates are removed, and only the whole sesame seeds, rather than sesame powder, are used to produce richer taste. This brand has been topping the national sales survey since 1990, when AC Nielsen started the sesame oil market survey, thanks to its rich taste and high quality.

Ottogi has also launched "Ottogi Black Sesame Oil" made of 100% healthy black sesame in 2010, allowing us to spearhead the high-end sesame oil market.

As black sesame is rich in protein and vitamin B for healthy hair, essential fatty acids and lecithin for brain function, and linoleic acid, an essential ingredient for creating brain cells, it helps students and office workers improve their brain function. Black sesame is also rich in vitamin E and selenium, which are good for the health of women's skin. This sesame oil is made through a classic roasting process to ensure richer taste and flavor.

Ottogi Kiss Noodle



In order to diversify the options in the national ramen market that has been heavily dependent on spicy soup, Ottogi has launched Kiss Noodle, neat and hot spicy instant noodle product with some spicy flavors of Chungyang pepper, after a three year-long research.

As the soft but spicy Kiss Noodle has attracted large attentions in the market, more than 20 million packs were sold in 80 days after the launch. It has also topped the sales in Japan's foreign ramen market, according to Japan's G-Market data.

The product clearly becomes one of the leading Korean ramen products in many overseas markets including Japan, New Zealand, China, Russia, Taiwan, and Philippines.

Ottogi Kiss Noodle creates a large buzz among consumers with its combination of neat and spicy tastes on the back of the company's priorities on quality. Currently, the product is one of Ottogi's major popular items along with Jin Ramen.

NatureBy



"NatureBy" is Ottogi's health supplement brand. This brand consists of "NatureBy Multivitamin & Mineral," products made from natural ingredients in line with the company's natural ingredient-only policy, to help support physical health, "NatureBy Milk Thistle" made of milk thistle which is considered to be effective in protecting the health of highly vulnerable livers, and fermented turmeric, a major ingredient for Ottogi curry, and "NatureBy Omega-3" which contains lycopene from tomatoes to help control cholesterol level.

We believe that the "NatureBy" health supplement products will help ensure healthier lifestyles and improve the quality of life along with the daily intake of healthy nutrition.

Ottogi Gold Brown Hash



Ottogi Hash products have been accounting for more than 85% of about 4 billion won of domestic Hash rice sales. We have launched Gold Brown Hash in July 2011 in an effort to further expand our presence in the market.

Unlike other brands made from tomato base, Gold Brown Hash contains demi-glace sauce to offer a rich European style Hash. Bouquet Garni consisting of parsley, bay leaves, rosemary, and other spices is applied to enrich the flavor of the herbs and overall taste.

Calcium and cheese ingredients are also added to the product for kids to build stronger bones.

Ottogi Tea



Pursuing our NO.1 policy and maintaining the market leadership, Ottogi has taken over Samhwa Hanyang Food Co., Ltd., a tea product manufacturer, in March 2010 as part of our efforts to revitalize the sluggish traditional tea market. We have redesigned the entire product packages and upgraded the taste and quality of the product through comprehensive quality control and improvement initiatives since the takeover. Ottogi Tea products are composed of powder, leach, and liquid tea product categories of which over 80 items are currently on sale. Honey Citron Tea, Royal Palace Han Tea and Job's Tears Tea are the most popular items in the lineup. "Honey Citron Tea" was selected as one of the top global products by the Ministry of Knowledge Economy in 2008. It is produced through a strict and sanitary quality control process with citrons grown in southern Korea. This product offers titillates the senses with the sweetness of honey and the sour and rich flavor of citron. Ottogi also applies its unique processing technologies to highlight the smooth and rich texture of citrons. "Royal Palace Han Tea" is made of various herbs such as paeonia, rehmannia glutinosa, astragalus, angelica, cnidium officinale, and cinnamon. Jujube, arrowroot, ginger, and nuts such as pine nuts, almonds, and sunflower seeds are also added to create a more refined taste for contemporary consumers. "Pinenuts, Walnuts and Job's Tears Tea" are made with nuts such as pine nuts, walnuts, and job's tears and grains such as beans and rice, offering rich nutrition and the taste of grains. As Ottogi's grain tea products are rich in grains and nuts, students and office workers can enjoy them as nutritious snack refreshments.

Ottogi Dumpling



Dumplings are one of the most widely served special cuisines in many Korean homes. The dumpling product market has been growing for many years on the back of its consistent public popularity. Consumers have been increasingly paying attention to taste and safety rather than price since the dumpling contamination scandal in 2004. Accordingly, the origin of the ingredients and brand wield large influences in consumer purchasing. Ottogi has launched its own dumpling brand as it took over "Sampo Dumpling," a dumpling manufacturer in 2006. Adding the "Ottogi flavors" to Sampo Dumpling involves manufacturing techniques that have been developed since its foundation in 1972, and we have upgraded the overall quality of product lineup. Ottogi dumpling products have been leading the frozen dumpling market since they were launched. Ottogi dumpling products are made of 100% domestically produced meats and vegetables to alleviate the consumer's concerns about <what is contained in the dumpling>. Ottogi's vermicelli, Ottogi sesame oil, and Ottogi pepper powder, the No.1 products in the national market, are also added to spice the dumplings and differentiate the tastes. Our strict quality control standards are applied to ensure the production of high quality products. Pitching the slogan of "Different Insides," Ottogi has launched a variety of dumpling products of Gyoza/Handmade Dumpling/Fried Dumpling/Boiled Dumpling and enacted TV advertisings and field events for promotions. As such proactive initiatives earned large trust and attention from consumers, Ottogi has become the nation's third largest dumpling maker in five years after it launched its first dumpling product. Ottogi is making a consistent effort to develop safe and delicious dumpling products that are just like homemade dumplings rather than being complacent with our past performances.

Ottogi Dressing



Ottogi Dressing has been the nation's No.1 brand in terms of sales (LinkAztec Data, Based on volume) for eight consecutive years. Since the product lineup was launched in 1984, it has been considered as a great condiment for vegetables over the past 28 years. Dressing products are largely categorized into regular-storage and cold storage products according to the storage temperature. We currently sell a total of 21 items (in 26 sizes) of regular-storage and cold storage dressings, including a classic Western regular dressing and a refrigerated refreshing dressing. We have a wider variety of dressing products than our competition, expanding the options for consumers to meet a wide range of personal tastes and needs. Ottogi's dressing products are available as not only seasoning for vegetables but also as dipping sauces for fries and meat cuisines. The 21 products of Ottogi Dressing are certified with HACCP. We do not add any preservatives such as EDTA calcium disodium to the products for higher safety. (EDTA calcium disodium is one of the chemical preservatives widely used for mayonnaise and dressing products across the world except in Japan. Ottogi is the first food processing company to ban the addition of EDTA calcium disodium to products in Korea.) Ottogi has been consistently working to provide high quality products at affordable prices to help consumers balance their diets. Based on such efforts, we have maintained our leadership in the dressing market for many years.

Ottogi Noodle Lovers Cold-Storage Noodle



In 2004, Ottogi Noodle Lovers Cold-Storage Noodle was jointly launched by Ottogi, Korea's leading food processor, and Noodle Lovers, a noodle maker that has been focusing on the production of noodle and sauce products for more than 20 years. Ottogi Noodle Lovers Cold-Storage Noodle offers high quality taste and simplifies the cooking processes so that consumers can enjoy high quality noodles conveniently and easily at home. The cold noodle products, Pyeongyang Mul Nang Myun(Cold Noodle) and Hamheung Bibim Nangmyun(Cold Spicy Noodle), which are familiar to many consumers thanks to the commercials featuring Hee-ae Kim and Zzol Myun(Chevy Noodle), which has been the most popular Zzol Myun(Chevy Noodle) product over the past eight years according to LinkAztec Data, are popular in the summer and other seasons as well. Ottogi also offers pastas, a favorite among children, udon products with a variety of tastes and textures, Jjampong (Chinese spicy noodle) and Jjajang Myun (Jjajang noodle), and cold-storage noodle products with chewy textures so that consumers to enjoy a wide range of noodle tastes. Ottogi Noodle Lovers Cold-Storage Noodle will endeavor to become the best noodle brand with diverse and unique products.

Ottogi Korean Vermicelli

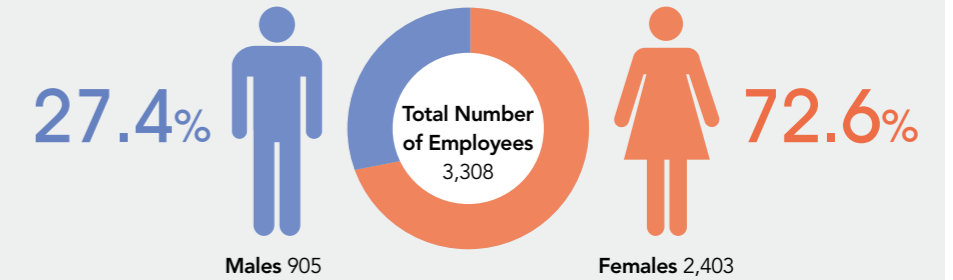


Korean vermicelli (cellophane noodle) is one of the major ingredients for Japchae and other Korean dishes, but it has been mostly produced by small-scale makers in the traditional markets until the 1980s. The intensifying competition and poorly managed quality standards have deteriorated the overall vermicelli quality and adversely affected demand. Given such circumstances, Ottogi has formed OEM partnerships with Korean vermicelli makers and applied strict quality controls to modernize and automate the manufacturing systems. Based on such efforts, we have launched "Korean Vermicelli" made of 100% domestically made sweet potato starches (for starch ingredients) in July 1986, popularizing vermicelli in Korea. Korean Vermicelli still accounts for more than 70% of the total vermicelli sales in Korea, even though it was launched 25 years ago. We have been concentrating our efforts to maintain the safety of our products and ingredients through the safety controls of our in-house food safety center (a test research institution certified with KOLAS) and higher quality compared to the national and overseas competition through a variety of evaluations and data analysis. We have also developed Cut Vermicelli and Pocket Vermicelli to meet more customers' needs to spearhead advances in the Korean vermicelli market.

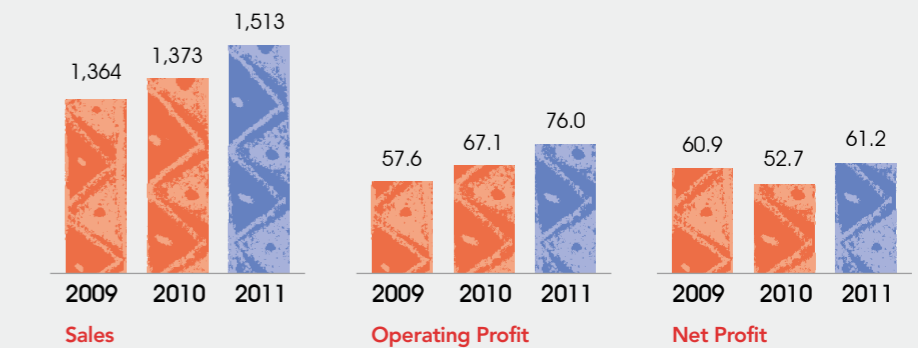
Ottogi Businesses



Ottogi Employees (as of Dec. 31, 2011)



Financial (Unit: billion won)



Ottogi has earned 1,513 billion won in revenue in 2011, up 10.2% from a year earlier, and 61.2 billion won in net profit, up 16.1% on a year-on-year basis. The financial improvements are a result of our sales expansions through aggressive marketing activities based on the accurate analysis of domestic and overseas markets and comprehensive efforts to reduce manufacturing and administrative costs, cutting utilities by 10%. Ottogi's associates will also make further efforts to raise our sales and profits.

Board of Directors

Pursuant to the laws and regulations regarding the compositions of corporate boards, Ottogi currently has a board of directors and an independent audit committee. The board of directors reviews key management issues relevant to Ottogi's major business decisions, which are then approved at the general shareholders' meeting. The independent audit committee was also established to ensure transparency in internal accounting practices and business operations in general. The board of directors consists of four internal and two outside directors.



Domestic Operations

Affiliates and Overseas Subsidiaries



Ottogi Center

Ottogi Center is the center of implementing the company's future corporate strategies. (It has been in operation since March 2010.)



Ottogi R&D Center

Ottogi R&D Center is a high-tech research institution featuring advanced research environments including the data system based on office appliances and LAN, over 5,000 research books, emulsification and homogenization devices, and sterilizers for ready meals. The center is certified with KOLAS, an international research institution certification program, which makes it a reliable international test and research facility.

KOLAS (Korea Laboratory Accreditation Scheme) | The test results issued by the research institutes certified with the scheme automatically become valid overseas.



Anyang Plant

Many of Ottogi's leading products in terms of sales and quality such as jam, vinegar, and retort products are produced at Anyang Plant. Pyeongtaek Production Department in Pyeongtaek and Anyang Plant are managed as a single unit.



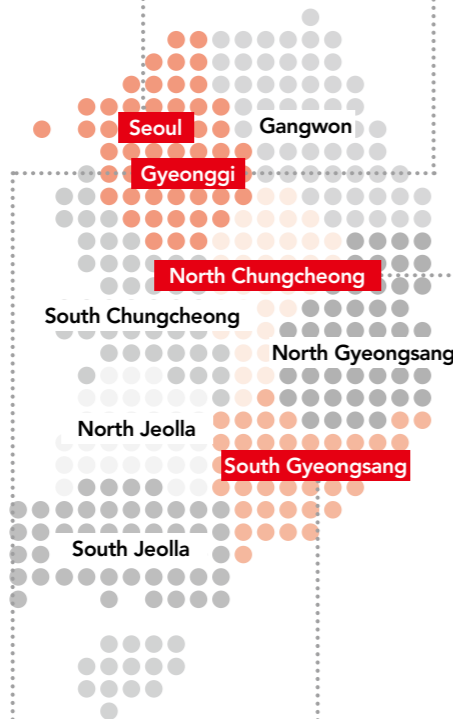
Samnam Plant

Ketchup, mayonnaise, vinegar, starch syrup, and other products are produced at Samnam Plant. It also serves as a logistics center for Ottogi's operations in Gyeongsang Province and the export of Ottogi products to Russia.



Daepoong Plant

Daepoong Plant is a highly advanced manufacturing facility built on cutting-edge technologies, featuring efficient logistic designs in compliance with HACCP and fully computerized high-tech systems.



Overseas Subsidiaries

CHINA

Jiangsu Ottogi Foods Co., Ltd. (Established in June 1994)
Located in Jiangsu Province, China, this company is Ottogi's first overseas investment. This company dries, concentrates, and processes agricultural products and manufactures sesame oil.

Jiangsu Tae Dong Foods Co., Ltd. (Established in April 2002)
Located in Jiangsu Province, China, this company produces vermicellies.

Ottogi Beijing (Established in September 2010)
This company sells a variety of products including ramen and curry.

VIETNAM

Ottogi Vietnam Co., Ltd. (Established in January 2010)
Located in Ho Chi Minh City in Vietnam, this company produces ketchup, mayonnaise, sauces, dressing, and mango and pineapple jams.

RUSSIA

Ottogi Russia (Established in September 2007)
Located in Vladivostok, Russia, this company sells mayonnaise, ketchup, ramen, and soy-bean milk products.

AMERICA

Ottogi America Inc. (Established in May 2005)
Located in California, U.S., this company sells curry, ramen, sauce, ready meals, sesame oil products, and more.

NEW ZEALAND

Ottogi New Zealand Ltd. (Established in May 1977)
Located in Auckland, New Zealand, the company produces beef bone extracts, beef meat extracts, and other soup bases.

Ottogi Affiliates

Ottogi Ramyon Co. Ltd. (Established in December 1987)
Production of ramen, pre-mixes, and oil products such as palm oil, soybean oil, and margarine

Ottogi Sesame Mills Co. Ltd. (Established in December 1980)
Production of mustard, wasabi powder, pepper, sesame oil, roasted sesame seeds, and more

Ottogi Logistics Service Co. Ltd. (Established in October 1995)
Logistic services, warehousing service

Ottogi Frozen Foods Co. Ltd. (Established in May 1972)
Dumplings, frozen/cold-storage products

Ottogi SF Co. Ltd. (Established in November 20, 1998)
Tuna and seafood cans

Ottogi Samhwa Foods Co. Ltd. (Established in November 1993)
Teas

Choheung Co. Ltd. (Established in February 1959)
Live yeast, bread cream, New Sugar Gold, etc.

Ponglim P&P Co. Ltd. (Established in February 1988)
Production of packaging materials

Ad Rich Co. Ltd. (Established in September 2005)
TV and print advertisings

RDS Co. Ltd. (Established in February 1996)
Computing service

Ponglim Food Co. Ltd. (Established in January 1992)
3040 eggs, yolks



Ottogi in Harmony with Nature

Ottogi has been committed to enhancing the public diet for 43 years. Now, we will enact environmental initiatives for a better future.



Ottogi with Nature, Happiness for You

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Ottogi has begun to enact environmental management initiatives throughout our entire businesses in a more systematic way as we established our environmental management strategy since 2010. We have made great progress in our environmental management programs in 2011. Ottogi will continue to make our own investments and encourage consumers and various stakeholders to participate more in environmental management initiatives. We firmly believe that nature and human beings must coexist to build a better future.



Ottogi
with Nature
Happiness
for You





Eco Story
Ottogi always values the environment, and acts to protect it.

Ottogi with Nature, Happiness for You



Ottogi's Environmental Slogan – "Ottogi with Nature, Happiness for You"

All of Ottogi's associates have been dedicating themselves to improve the public diet by providing "better quality, more nutritious and advanced food products" to consumers. Based on this commitment, Ottogi has established an environment management strategy in 2010 and started environmental initiatives. We also changed our previous slogan "Happier World with Tastier Foods" into "Ottogi with Nature, Happiness for You" as part of our efforts to direct the focus of our entire staff on these new initiatives. The environmental management efforts have resulted in great progress in 2011. Our ultimate mission is to contribute to the improvement of public diet. Ottogi's commitments have been consistent over the decades. The demands of customers and other stakeholders, however, are changing and increasing, thus requiring a new paradigm. The coexistence between the nature and human beings must be ensured first to build a "Happy world." Our long-lasting efforts to build a "Happy world" must be based on harmony "with nature." Ottogi has already launched its initiative for "Ottogi with Nature, Happiness for You." This slogan can be seen everywhere in Ottogi's operations such as elevators, PCs, websites, and corporate newsletters. Ottogi will extend our environmental initiatives into daily operations and every corner in the offices. We expect that our efforts will create a more dynamic and creative corporate culture.

Ottogi's Environmental Philosophy

Industrialization-led economic developments have brought economic prosperity to human society and facilitated the mass production and consumption. Although human beings are enjoying unprecedented prosperity through mass production and consumption, such changes have had great impact on environments and caused many side effects on the ecological system. The damage to ecology will take a long time to recover or such a recovery has become impossible because of the severity of the impacts. Currently, human beings are facing an unprecedented challenge of ensuring "sustainable growth." The food industry, which processes, stores, delivers, and sells agricultural and marine products to consumers as demanded in a timely manner, has grown in line with the industrialization trends. As a major food processor, Ottogi also seeks economic development and upholds the social responsibilities of resolving environmental issues for balanced growth. As is true in other industries, environmental challenges are not just related to production in the food industry. It is important to effectively and efficiently reduce the environmental impacts caused during all steps of the life cycle of food and packaging wastes, namely agricultural steps, food processing, transportation, storage, consumption steps and end-of life impacts. Therefore, more attentions must be paid to the environmental impacts that are not only caused during the production phase, which belongs to the operating boundary of the organization, but also over the processes before and after the production phase. Ottogi's environmental management philosophy is based on this approach. The entire operating process shall be subject to the strategic decision-making and implementation processes to effectively and efficiently reduce environmental impacts. For such a purpose, a variety of stakeholders are required to cooperate with Ottogi's initiatives because these stakeholders, which are involved in the production of raw materials, carriage of products, consumption, and disposal processes, play crucial roles in minimizing the environmental impact caused through the pre and post-production operations, and share responsibility with Ottogi. Ottogi has been committed to upholding our principles since our foundation. Although the environmental management offers opportunities to improve the company's reputation and reduce costs, it also increases financial burdens on the company. Given such a dilemma, it is critically important to stick to our principles and make consistent efforts to comply with such rules for environmental management. Rather than seeking cost cuts and advertising the outcomes, the environmental management initiatives balance the company's financial earnings with environmental advances by minimizing the uses of public utilities and environmental

damages, and eventually pursuing sustainable growth. Based on this environmental perspective, Ottogi values efforts to apply environmental initiatives to the "entire production process" in "cooperation" with our partners. Ottogi is working to apply environmental initiatives to the entire production process in cooperation with all the relevant stakeholders and associates throughout its entire organization. Ottogi's environmental emblem **Eco** is designed on the basic concepts representing such principles. The five different designs of the Eco Emblem represent Ottogi's environmental efforts over its entire product lifecycle and the determination of stakeholders to get involved in these efforts. The voluntary involvement of the entire Ottogi staff is one of the key elements in the success of the company's environmental management drive. The volunteer movement can only happen through a shared understanding among all associates. Ultimately, the environmental philosophy must be applied to the strategic decisions to promote actual implementation. The voluntary involvement of associates will lead to creative solutions for environmental challenges and help sustain our initiatives. For such purposes, Ottogi will continue to support the environmental management programs and allow the company's management to take more leadership in these initiatives. Such approaches require consistent effort and are clearly challenging, but Ottogi's action-oriented corporate culture will encourage associates to take proactive involvement and help establish strategies on many new ideas regarding environmental management. Stakeholder involvement is another crucial key to successful environmental management. For the involvement of stakeholders, we want to go beyond communications with stakeholders to incorporate their opinions into our decision-making processes and get them actively involved in Ottogi's efforts to minimize environmental impact. "Eco Cook" and Eco Partner," in particular, effectively reflect these ideals in Ottogi's approaches. "We firmly believe that active stakeholder involvement will support action-oriented environmental management and help us build a "Ottogi with Nature, Happiness for You."



2nd Eco Meeting

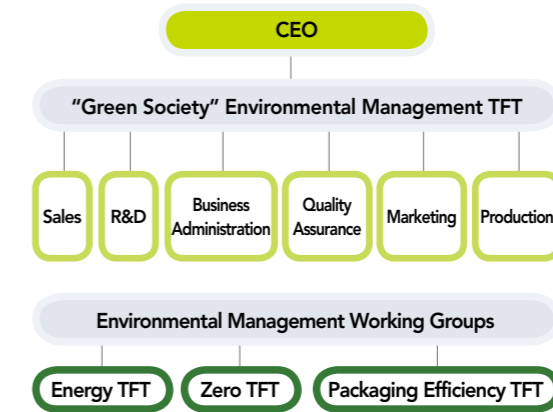
Environmental Management Implementation Guidelines

Ottogi's environmental policies aim to reduce environmental impacts, ensure regulation compliance, integrate the operating process with the environmental initiatives, reinforce internal competences, encourage stakeholder involvement, and operate the facilities more efficiently. Our environmental policies were not created to merely be displayed on billboards or in fancy frames. These are our corporate missions, which incorporate Ottogi's management philosophy built over the past four decades since its foundation, and they encapsulate the ultimate objectives for Ottogi's associates. Our environmental guidelines are also designed to clarify how to make our strategies and take actions. For this purpose, the Environmental Management Implementation Guidelines were announced to the entire staff through the internal website on September 1, 2010.

Environmental Management Implementation Guidelines

- 1 We shall reduce energy use, eliminate factors that lead to energy inefficiency, and reduce gas pollutants including greenhouse gas. (GHG)
- 2 We shall take preventive measures to minimize pollution associated with the entire process from product development to final disposal procedure to satisfy the environmental demands of customers.
- 3 We shall comply with the applicable environmental regulations and establish and observe stricter internal standards.
- 4 We shall improve our environmental progress by thoroughly analyzing all our facilities and work processes.
- 5 We shall take measures to minimize the environmental impacts and seek collaborations from suppliers and partners.
- 6 We shall consider the environmental factors associated with the operations of all our facilities.
- 7 We shall improve internal and external communication systems through establishing a database of our environmental management activities and responsibly execute strategic objectives and assignments.
- 8 We shall be fully aware of our social accountabilities for environmental protection and be proactively involved in environmental protection initiatives in the community.
- 9 We shall develop clear understandings about the environmental impacts and corresponding regulations related to our operations, products, and services.
- 10 We shall secure adequate data and provide necessary training to consistently achieve our environmental management objectives.

Management Organization



ISO 14001



Ottogi's Environmental Management Strategy

Ottogi has established and implemented corporate environmental management strategies to carry out our environmental management activities in line with the consistent objectives and directions for our goal of building "Ottogi with Nature, Happiness for You." We consider environmental impacts from our entire value chain through our environmental management strategy to fulfill our environmental responsibilities, reduce our environmental risk including the regulatory burdens, and improve environmental efficiency to raise our corporate value.

Environmental Management Organization

The first and second Green Society TFTs, which consist of fourteen members from production, R&D, sales and administration divisions, were formed in July 2010 and May 2011, respectively, under the direction of Chairman Young-joon Ham in an effort to implement out environmental management initiatives throughout the company. The TFT holds monthly Eco meetings, in which the members review progress in the divisional strategic assignments, study national and overseas corporate cases, state policies and regulations, share environmental readings, documentary films, various opinions and environmental information, and discuss a variety of environmental issues in flexible environments. Green Society TFT will continue to provide a wide range of new information for all associates to get actively involved in their own environmental responsibilities and spearhead the efforts to establish a sustainable corporate management system.

Environmental Management System – ISO 14001

Ottogi has been enacting environmental management initiatives systematically over several years since it acquired ISO 14001, an environmental management certification, in 2002. We have made consistent efforts to minimize the negative environmental impacts caused by our products and improve the environmental performance through acquiring and maintaining ISO 14001. This environmental regulation compliance is as important as our contributions for the sustainable development in our company's social responsibility program. We have not violated any environmental regulations during the reporting period. As an environmentally conscious company, Ottogi will continue our efforts to comply with the environmental regulations.



Our Eco Emblem is a leaf representing Ottogi's eco-friendliness. The yellow border symbolizes Ottogi and our company's pursuits for environmental protection.



Environmental Regulation Compliance

Environmental regulation compliance is as important as our contributions for sustainable development in our company's social responsibility program. We have not violated any environmental regulations during the reporting period. As an environmentally conscious company, Ottogi will continue our efforts to comply with the environmental regulations.

Eco Emblem and Life Cycle Thinking

One of the most important considerations for environmental management is to take a life-cycle approach for corresponding efforts. With the life-cycle approach, we should identify the environmental impacts over the entire production process, from the production of raw materials to the consumption and disposal of final products. In this way, we can take preemptive measures on assignments with great potential for environmental improvement, rather than only limiting such environmental efforts to the production process, which accounts for a large portion of organizational activities. We have developed Eco Emblems in 2010 to execute Life-Cycle Thinking, our own life-cycle approach, throughout the entire organization. Ottogi's Eco Emblem consists of five different emblem designs. Each emblem directly represents Ottogi's environmental management strategies and symbolizes the company's authentic implications of environmental management. For instance, Eco Cook incorporates not only the development of eco-friendly food products, but also our efforts to encourage consumers to select eco-friendly products and participate in the reduction of environmental impacts caused by the use and disposal of products. Through effective environmental communication with consumers, we are aiming to expand our environment initiatives from producers and sellers to buyers to realize the Life-Cycle Thinking concept. Eco Emblems are widely used within Ottogi. We first placed them in noticeable areas at our plants, research centers, and offices to raise the awareness of associates and on the product packages to provide customers with environmental information. The designs are applied to a variety of communications with our stakeholders. In particular, Eco Emblems are applied to a limited number of products as of the end of March 2011. We plan to expand these applications further in the future.

Meanings of Five Eco Emblems



Eco Cook

This is our environmental initiative considering the environmental impacts caused by the development, use, and disposal of products. It focuses on encouraging consumers to become environmentally conscious of their purchasing, use, and disposal of food products.



Eco Office

This environmental initiative minimizes the direct and indirect environmental impacts caused by the working processes of associates and facility operations.



Eco Factory

This environmental initiative reduces resource use and eliminates or reduces pollutant emissions through preemptive measures during the production phase rather than taking countermeasures for occurrences to enhance eco-efficiency.



Eco Drive

This environmental initiative minimizes environmental impacts caused by logistic processes through monitoring and maximizes logistic efficiency.



Eco Partner

This environmental initiative copes with environmental issues in cooperation with organizations within the sphere of influence (e.g. vendors, subsidiaries, etc.), individuals, government, communities, NGOs, and other stakeholders or by taking leadership of the relationships with those affiliates and building environmental partnerships.

Materiality Test



Ottogi has assessed the materiality of issues through analyzing the social awareness of various environmental management issues related to us, their potential influences on management, the survey of associates, and media exposure throughout 2011.

Ottogi's 2012 Environmental Report is aimed at emphasizing environmental issues that are identified as high priorities by our stakeholders.



Materiality Test Procedure

Identification of Issues | Identify 30 issue categories and themes through the analysis of stakeholder's involvement, international standards, and media exposures.

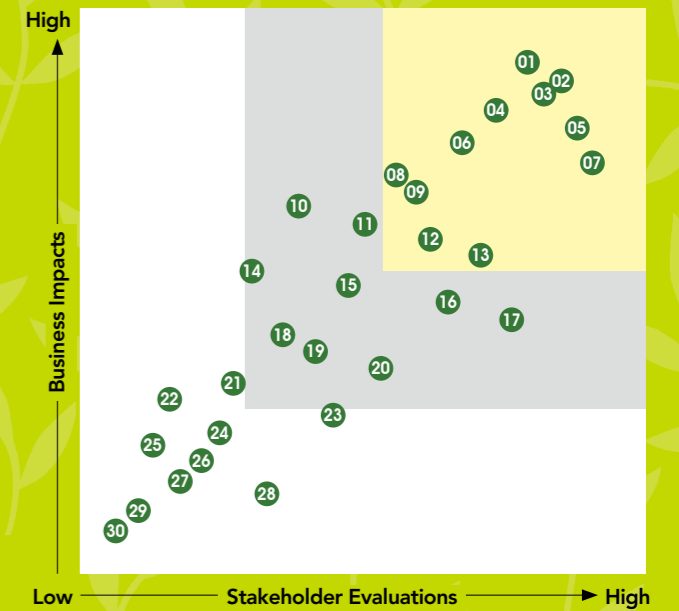
Stakeholder Evaluation | Survey and study the concerns of major stakeholders and the environmental trends in the food industry through the analysis of industrial trends and media exposure and the interviews with stakeholders.

Business Impacts | Assess the impacts in consideration of the issue's correlations with Ottogi's management philosophy, ideology, vision, and environmental management strategies and its potential financial/non-financial impacts.

Materiality Test Results | Comprehensively consider the interests of stakeholders and business impacts.

Materiality Test Results

- 01 Energy conservation
- 02 Environmental management system (strategy, organization)
- 03 Hazardous material control
- 04 Wastewater control
- 05 Safety of products and services
- 06 Waste management
- 07 Environmental regulation compliance
- 08 Reduction in raw material consumption
- 09 Transport efficiency
- 10 Reduction of product's environmental impact
- 11 Water conservation
- 12 Eco-friendly packaging research
- 13 Public relations activities
- 14 Air pollutant control
- 15 GHG/Climate change response
- 16 Environmental response to globalization
- 17 Consumer environmental communication
- 18 Carbon emission labeling
- 19 Purchasing of eco-friendly materials
- 20 Eco-friendly product labeling
- 21 Environmental report
- 22 Identification of energy/water sources
- 23 Promotion of eco-friendly consumption
- 24 Environmental cost
- 25 Support to supplier's environmental management
- 26 Environmental activity impact assessment
- 27 Development of organic products
- 28 Sustainable development with partners
- 29 Environmental volunteering
- 30 Biodiversity

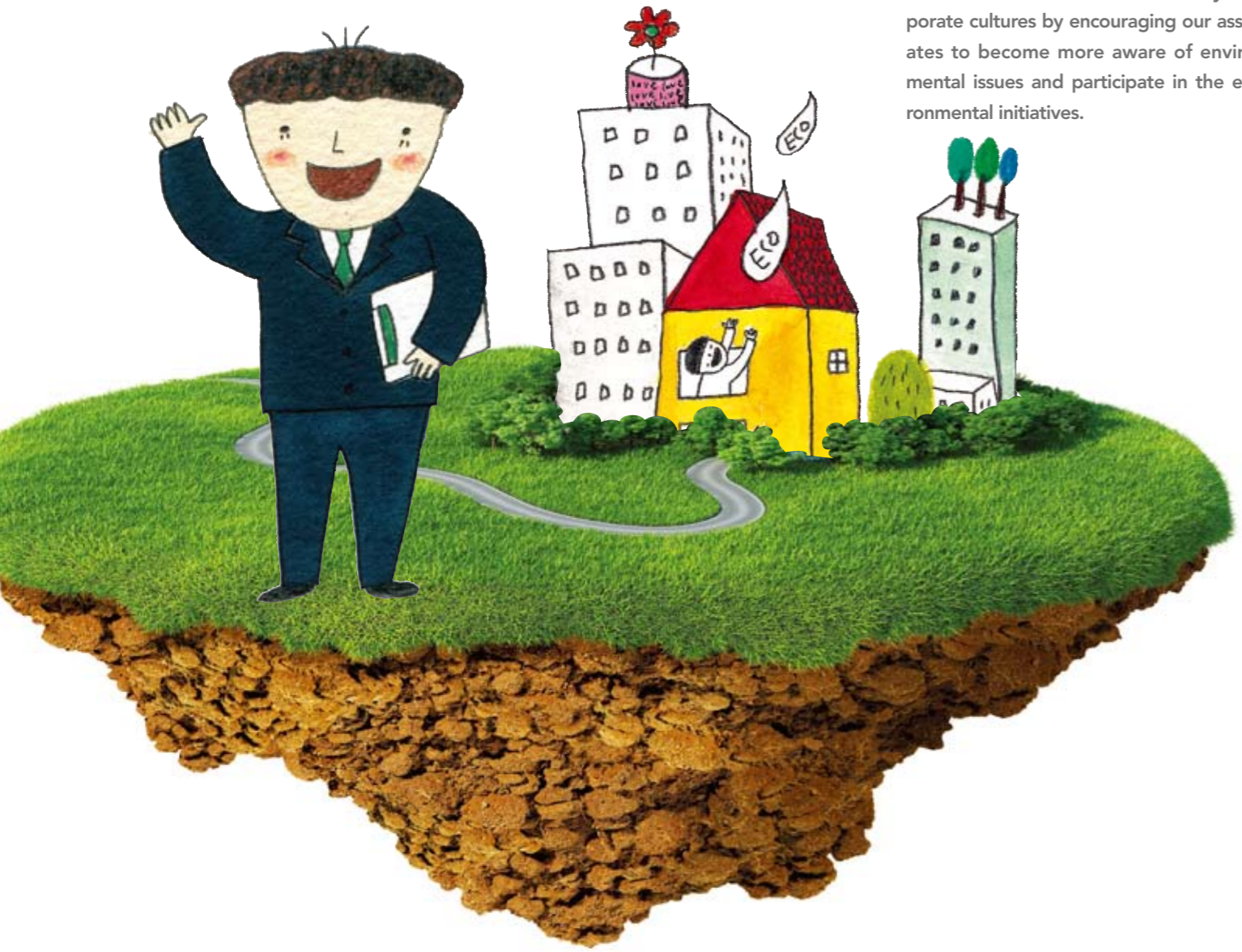


Very Critical	Important	Normal
01 Energy conservation	12 Eco-friendly packaging research	21 Environmental report
02 Environmental management system (strategy, organization)	11 Water conservation	23 Promotion of eco-friendly consumption
03 Hazardous material control	16 Environmental response to globalization	24 Environmental cost
05 Safety of product and service	17 Consumer environmental communication	22 Identification of energy/water sources
07 Environmental regulation compliance	10 Reduction of product's environmental impact	28 Sustainable development with partners
04 Wastewater control	15 GHG/Climate change response	26 Environmental activity impact assessment
06 Waste management	20 Eco-friendly product labeling	25 Support to supplier's environmental management
09 Transport efficiency	14 Air pollutant control	27 Development of organic products
08 Reduction in raw material consumption	18 Carbon emission labeling	29 Environmental volunteering
13 Public relations activities	19 Purchasing of eco-friendly materials	30 Biodiversity



Eco Office

Ottogi's Corporate Culture with the Nature



About Eco Office



Eco Office is our environmental strategic initiative to add more eco-friendliness to our daily operations in an effort to lower the direct and indirect environmental impacts caused by the working processes of associates and the operations of Ottogi's facilities. Ottogi is spearheading the initiative to foster "eco-friendly" corporate cultures by encouraging our associates to become more aware of environmental issues and participate in the environmental initiatives.



Eco Office Strategy

Ottogi has made consistent efforts to foster environmental practices in daily operations in 2011 to spread the Eco Office initiative throughout our organizational culture. We began to campaign for replacing disposable cups with mug cups, growing personal pots on office tables, and using a single trash bin on each floor in 2010, which was more widely adopted by the company's associates in 2011. Based on such positive advances, we have launched a variety of associate involvement programs ("No Food Waste" campaign, "Wear Long Underwear in Winter" campaign, etc.) in 2011 as well. We have also visited other companies and organizations that are considered leaders in the environmental management drives and started more proactive Eco Office activities to establish a medium for long-term strategy and expand our environmental management influences in 2011 in addition to our short-term improvements.

Eco Office Activities

Energy Conservation Activities

A wide-scale blackout occurred in 2011, which prompted nationwide concern about the energy supply. Ottogi has established eco-friendly IT infrastructures through the virtualization of servers, revamped utilities, and carried out enterprise-wide campaigns to cope with national power crunches and save energy.

Major Achievements in 2011

Ottogi Center

- Established the virtualization of servers, which allows us to run only 3 out of 32 servers among the 48 servers in the system. We plan to complete the virtualization of 16 other servers as well (to reduce power consumption and air-conditioning expenses)
- Carried out the "Wear Long Underwear in Winter" campaign (Maintain the indoor temperature below 20° in winter)
- Replace light bulbs in offices with energy-efficient models (32W▶29W)
- Maintain the proper lighting level in elevator lobbies (Remove redundant lamps and install LED lamps)
- Divide a meeting room into two discrete spaces (Minimize power and space usage)

- Carried out the "Place Power Extension on Table" campaign (Save standby power consumption)
- Replace light bulbs at branches with energy-efficient models (32W▶29W)

R&D Center

- Reduce elevator usage and place calorie consumption information for stair usage (Daily environmental promotion)
- Install timers on water purifiers at R&D center (Turn off water purifiers automatically at night)
- Semi-automate the heating system and boiler for experimental devices (Running only when required)

Plant

- Run air conditioners and fans at the same time in cafeteria and visitor's passage (Increase air-conditioning efficiency)
- Install timers on water purifiers in offices and cafeteria (Turn off water purifiers automatically at night)

Water Conservation Activities

Although two thirds of the earth is covered with water, 97.5% of water on the earth is seawater that is unavailable for use due to its saline content. Therefore, only a limited amount of water resources is available for our use. About 3 billion people are expected to suffer from water shortages in 2025 because of the growing population. Many experts predict that the blue gold (water) will become a more important resource than black gold (oil) in the 21st century. Aware of such an upcoming water crisis, Ottogi has continued its efforts to promote its water saving activities at Ottogi Center, R&D Center, and sales branches across the country in 2011 to reduce our water consumption.

Major Achievements in 2011

Ottogi Center

- Install sensor-activated water supply systems at the (28) restrooms of the Ottogi Center (Save 290 tons of water annually)

Sales Branches

- Place empty plastic bottles in the (16) water tanks of toilet stools at Sales Division and branches

R&D Center

- Install 83 water-saving devices at the facility (Save water by 20%)



Install more energy-efficient lamps



Install timers on water purifiers at the R&D center



Launch the "Wear Long Underwear in Winter" campaign



Insertion of plastic bottles into toilet bowls



Installation of sensors at wash-room faucets

Paper and Ink Saving Activities

Paper and ink are the most easily identifiable environmental impact elements in office environments. Although many printers and copying machines have been removed from offices, we still produce a lot of printing waste and print materials.

Ottogi took on various initiatives by revamping printing procedures and carrying out an eco-printing campaign to minimize such wastes and save printing supplies.

Major Achievements in 2011

Ottogi Center-Sales Branch-R&D Center-Plant

- Promote the use of ink-saving fonts (Save ink and cartridges)
- Promote double-sided printing practices
- Simplify parking ticket printing procedures
- Revamp the printing procedures (Printing after identification▶Minimize printing losses)



Promote the use of ink-saving fonts



Change of Printing Procedures

Food Waste Reduction Initiatives

Ottogi campaigns for minimizing food waste as we value the importance of foods.

We have been continuing our efforts to produce zero food waste by implementing a more accurate drinking water management program and encouraging associates to maintain proper diets. Such efforts will help reduce carbon emissions and raise the associate's awareness of the importance of resources to build footings for a "Ottogi with Nature, Happiness for You."

Major Achievements in 2011

Ottogi Center-Plant

- Carry out the "No Food Waste" campaign
- Post slogans and promotional notices for the food waste reduction campaign every month
- Post guidelines on proper diets in front of food distribution counters
- Post the food waste data and graphs
- Downsize food distribution tools such as ladles and rice paddles (Large▶Small)

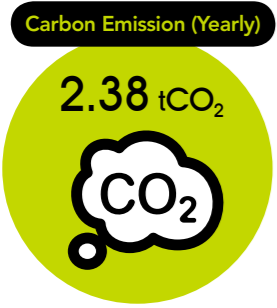
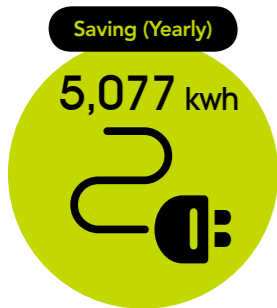
Through the 2011 Eco Office initiatives, we have reduced energy consumption, saved water, reduced printing, minimized food waste, and made other valuable environmental achievements in progress by applying fresh perspectives to the office environments and identifying new environmental impact elements. Ottogi will continue efforts to encourage its associates to pay more attention to their surroundings and tap into solutions from new perspectives to build eco-friendlier office environments in 2012.





• Hydrogenated Palm Oil for Business Use •

Reduce power consumption by shortening pump operation for hydrogenation processes by 11%



Efforts to Minimize Environmental Impact in Production Process

Ottogi produces not only consumer products for household use, but also the raw material supplies for restaurants, catering service companies, and the manufacturers of snacks, bread, beverages, and other processed food products.

Such products belong to the business product category. As these business products are not directly exposed to consumers, the consumer's environmental awareness is not considered in the production of such products. We are developing and examining measures to ensure food safety and reduce the environmental impacts over the entire product life cycle, from material procurements to production and packaging processes, even though our brand is not directly exposed to consumers.

We have revamped the manufacturing process for hydrogenated palm oil for business use, which effectively represents our efforts to minimize the environmental impacts in the production cycle. We are currently selling palm oil products to the manufacturers of baby powder and beverages. Our research associates have studied the measures to reduce the consumption of energy and utilities for production, which have led to shortening the oil hydrogenation process while ensuring the quality, specifications, and safety of the product.

Ottogi will make further efforts to lower environmental impacts through optimizing the manufacturing process in the product development phase and develop more cost-competitive products for business-use. This initiative aims to implement our environmental management strategy to produce products for consumers in harmony with nature.

Reduction of Environmental Impacts from Packaging Materials

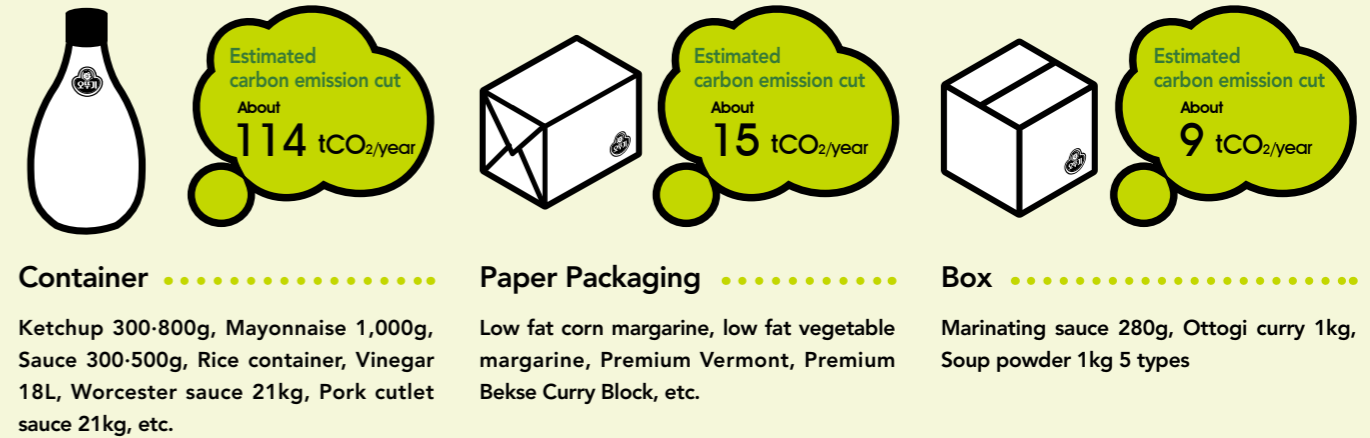
Human beings are obligated to efficiently use resources for sustainable development, which is critical for controlling manufacturing costs and providing reasonably priced products to consumers. Ottogi is seeking measures to eliminate redundancy in packaging processes to use resources for manufacturing processes more effectively. The packaging materials for food products are designed to store and deliver foods safely to consumers. Therefore, a variety of considerations is required to change the packaging materials or reduce the applications of materials. In this respect, it is clearly challenging for us to reduce the use of packaging materials.

We are reviewing measures to optimize the size and thickness, redesign packages, change materials, and modify the printing methods to minimize the environmental impacts caused by the use of packaging materials. The reduction of packaging material uses and design improvements can also allow us to reduce the environmental impacts from the logistic process by helping improve fuel and loading efficiency. As we have reviewed such approaches more proactively in 2011, we reduced environmental impacts from 34 types of packaging materials, including 17 containers, 10 paper cases, and seven box packaging materials.

These notable improvements with respect to the reduction of packaging material use came from the 18L container for business-use vinegar and seasoning products and the 21kg container for meat-marinating sauce (Worcester, pork cutlet, steak). These improvements led to reduced consumption of high-density polyethylene by 24,964kg annually. This is a result of our consistent efforts to improve the quality of large-size products for business use, raise convenience for consumers, and reduce environmental impact. We are also making various efforts to lower the environmental impacts from packaging materials by resizing containers and changing the box packaging materials.

We are currently using recycled paper supplies to produce large-size boxes for food products. We are also tapping into new measures to replace non-recyclable materials or packaging materials with large environmental impact with recyclable materials or packaging materials with limited impact. Based on such efforts, we plan to provide more eco-friendly products to consumers.

• Environmental Impact Reductions in Packaging Materials •



The carbon emission cuts above were estimated according to the material and energy production parameters among the Carbon emission label emission parameters set by the Korea Environmental Industry & Technology Institute and the annual packaging uses by product.

Environmental Impact Reductions on Ingredient Integration

Ottogi sells a wide range of food products. The ingredients contained in each product are examined and selected to enrich the taste and flavor and ensure the quality and safety of the product. We are procuring some ingredients from import agencies instead of direct imports. We usually opt for this indirect purchasing when the ingredients are hard to come by domestically, the local ingredients are so expensive that they may raise the prices of final products, or only a limited amount of such ingredients are required for production.

Some import ingredients, however, sometimes suffer from price volatilities and supply crunches in the wake of the abrupt occurrence of global risks, causing difficulties in maintaining the stability of production. Some ingredients are managed under different categories, even though they have similar or equivalent contents so that they do not cause any differences in the final products. Such redundancy leads to an increase in the utilities for the storage of refrigerated or frozen materials, gasoline uses for the transport of redundant materials, and unnecessary human resource investments to manage such ingredients. We have been reviewing initiatives to integrate the ingredient supplies since 2010 to improve the product quality and raise the environmental and economic competitiveness. Such efforts have enabled us to simplify ingredient supplies for curry, jjajang, porridge, soup, Korean miso soup, seasoning/sauce, and dressing by removing 10 redundant ingredients since January 2011.

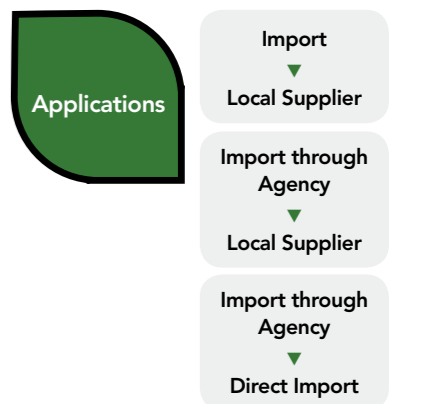
Our efforts have been focusing on localizing ingredient supplies by procuring the ingredients, which have been supplied by import agencies, from local vendors or importing such ingredients from the original vendors. These changes have stabilized the ingredient supply and raised the plant operations of suppliers, lowering the ingredient manufacturing cost and stabilizing the pricing of final products. Accordingly, we became better able to supply reasonably priced products to consumers.

As we started procuring ingredients from local vendors or directly from overseas sources, we have cut carbon emissions caused by air, ocean, and ground transport for material supplies. These transitional moves also enabled us to optimize our inventory to reduce utilities for refrigerating or freezing the ingredients. Ottogi will continue our efforts to integrate ingredient supplies to lower environmental impacts while ensuring the supply of high quality tasty products at reasonable prices.

• Ingredient Supply Integration •

Products for Ingredient Supply Integration

Curry powder, curry block, porridge powder, soup powder, 3-Minute Beef Jjajang, 3-Minute meat dishes, jjajang powder, beef noodle broth, non-spicy rice cake sauce, beef marinating sauce, dressing, pork cutlet sauce, etc.



Environmental Efforts through Carbon Emission Labeling

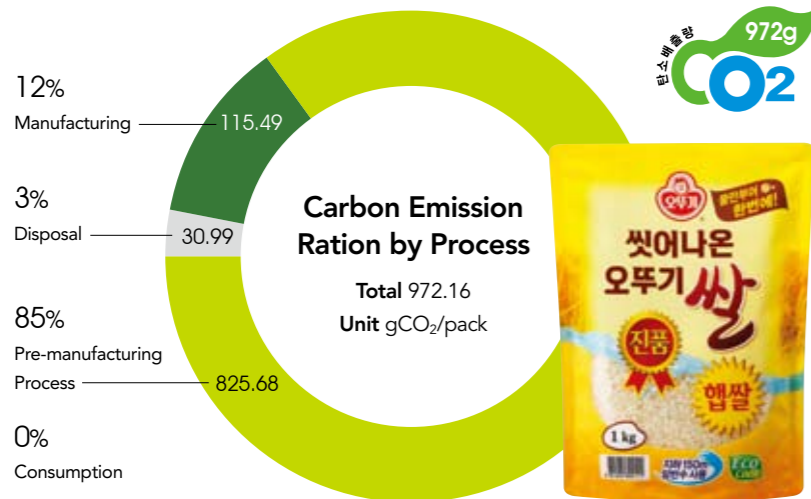
The environmental consideration for the entire product life cycle from material procurements to the production, use, disposal, and recycling is aimed at assessing the comprehensive environmental impacts of products to develop new products with less environmental impact. The Ministry of Environment launched the Carbon Emission Labeling program in April 2009 as part of its low carbon and green growth strategy. Under this program, the carbon emission from the entire product life cycle, including material procurements, production, consumption, and disposal, is labeled on the product package. We have assessed the carbon emission for "Pre-Washed Ottogi Rice 1kg" and acquired a Carbon emission label for the product in April 2012. It is Ottogi's first product to indicate the total carbon emissions for the entire product life cycle. We plan to expand the labeling program to other products in 2012, aiming to acquire a low carbon emission certificate through further lowering the carbon footprints of our products.

Carbon Emission Label



Under the Carbon Emission Labeling program, the total carbon emissions caused by the production, transport, consumption, and disposal of a specific product are specified on its package to raise the consumer's awareness that the product is produced through proactive approaches in response to climate change. By applying the carbon labels to the product packages, companies fulfill their responsibilities of protecting the environment while consumers gain environmental information about products in purchasing. The program is expected to promote low carbon consumption trends and help protect our environment

Carbon Emission Breakdown
Single pack of Pre-Washed Ottogi Rice [1kg]



Stories and Information



Eco package - Ottogi Ramen

Secret in Thinner Ottogi Ramen Packaging

70 packs per year! As Koreans eat 70 packs of ramen on average every year, we are clearly the biggest fan of ramen in the world. Ramen products are available at small mom-and-pop stores and large discount retailers in Korea. Did you know that the packaging materials for Ottogi ramen products have a little secret?

As part of the company's all-out efforts to reduce environmental waste and contaminants and lower carbon emissions, Ottogi has been applying thinner multi-packaging materials to ramen products since 2006. As a result, the packaging materials used for each multi-pack of ramen have been downsized from 12g to 8g, which enables Ottogi to reduce the consumption of PE by 200 tons every year.

The production of 200 tons of PE causes 372 tons of carbon dioxide. We have clearly cut a huge amount of carbon emissions. All of Ottogi's ramen multi-pack products are also made of thin eco-friendly packaging materials.

Do you want to check our stories for yourself? Please check the back of Ottogi ramen multi-packs! You can find a green message on the back.



Ottogi Ramen uses eco-friendly packaging materials with low carbon emissions. (Reduces 372 tons of carbons annually.)

Ottogi will apply this to our products through assessing environmental impacts from a variety of perspectives. We will continue to concentrate our environmental efforts on developing high quality and tasty products for consumers.

About PE | PE stands for polyethylene, one of the plastic materials used to produce regular packaging materials.

Foods and Carbon Emissions

How much GHG is usually created in the entire life cycle of food products? According to the data of the Ministry of Environment, a single dinner for a family of four causes 4.8kg CO₂ of GHG and consumes 4.7kwh of energy. We usually dump 1/7 of our meals in trash bins, which amounts to GHG emissions of 8.88 million tons in CO₂ and annual expenditures of 18 trillion won. This food waste is cause for both economic and environmental concern. Such food wastes are usually created as described below. About 57% of food wastes is produced through logistic and cooking procedures while 30% of food waste comes from the remnants of our meals. 9% comes from the disposal of ingredients, and 4% comes from the disposal of non-served meals. The data suggests that we can greatly reduce food waste by focusing on controlling the food wastes produced through the cooking, eating, and storage procedures at homes and small restaurants.



What should we do to reduce food wastes?

It is important to make meal plans at homes. The disposal of unused food ingredients accounts for 1/10 of total wastes due to unplanned buying habits. It is also important to cook a proper amount of meals. Restaurant owners can reduce food wastes by simplifying the side dish service and using small-size plates. The self side dish service is a great way to help reduce food wastes. Food processing companies like Ottogi must develop properly sized products in consideration of the average diet of consumers to minimize food wastes and further utilize the byproducts of materials to obtain functional ingredients to create greater product value. It is also critical to revamp material-processing techniques to reduce wastes from pre-manufacturing processes.

Source | "Secrets on Our Dining Table," Ministry of Environment





Ottogi

Eco Factory

Ottogi is working to promote the efficient use of resources and reduce contaminants and waste.



About Eco Factory

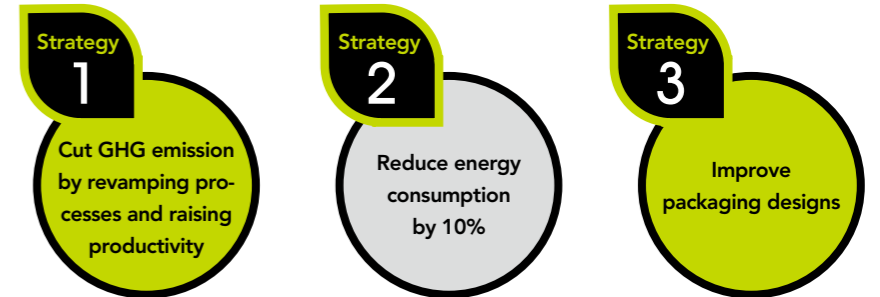


We will continue our efforts to enhance productivity and energy efficiency to reduce carbon emissions and fulfill our social responsibilities for healthier manufacturing environments.

- ▼ Production Volume
282,088 tons
- ▼ Raw Materials Use
193,156 tons
- ▼ Packaging Materials Use
24,314 tons
- ▼ GHG Emissions
37,049 tCO₂-eq
- ▼ Energy Use
707,419 GJ
- ▼ Water Use
518,720 m³

Eco Factory Strategy

Even several years ago, companies have focused on installing better facilities, purchasing materials at low cost, developing new production technologies, and enhancing other direct production factors to expand growth potential. Corporate growth, however, is not sustainable without considerations of environmental issues such as global warming, energy conservation, and environmental impacts. Consumers are also increasingly conscious about the environmental aspects of their consumption.



The world's industrial and political leaders are working on measures to cope with environmental issues, which are quickly emerging amidst the industrialization and globalization trends. Ottogi should also be part of such environmental initiatives. We are making our best efforts to develop eco-friendly material procurements, technologies, production processes, fueling, facilities, recipes, and recycling methods to raise the brand's reliability and fulfill our social responsibilities. Ottogi will value even minor environmental issues, adhere to our principles, establish a long-term plan for innovations, and promote the engagements of our affiliates and stakeholders to further expand our environmental management initiatives and practices.



3kg Pouch
Mayonnaise

Group Contest Award Ceremony

Disposable Ketchup Production

GHG Reductions on Process/Productivity Improvements

In 2011, we have clarified the roles and responsibilities of departments and associates, determined new objectives, and taken actions to achieve accomplishments under our company's "Stick to Basics" policy. Our Manufacturing Division has also identified the fundamental aspects in our human resources, facilities, and operations and made improvements in those areas. The productivity improvements are considered to be in compliance with our basic facility operation guidelines. The enhancements in facility utilizations are above the minimum standards over the unique production capacity, major functions and energy consumption of facilities. Increases in production capacity and operating efficiency also reduce the operation of direct production facilities such as motors and pumps and indirect facilities such as boilers, lightings, and air conditioning systems, which will eventually lead to lower GHG emissions. Ottogi has formed several groups in charge of developing and enacting improvement measures at plants. We have also been implementing TPM (Total Productive Maintenance) activities since 1995. A total of 93 groups of Ottogi, its affiliates, and OEM partners have held annual group contests since 1999, in which they have presented their improvement activities performed over a year and shared new measures for benchmarking with other groups. We are deeply aware that such activities allow us to listen to the voices of field associates and enhance productivity through making small investments in education and benchmarking. We are also revamping production processes and raising productivity by tapping into new businesses, expanding production capacity, and investing in facility upgrades and new installations.



Process
Improvements

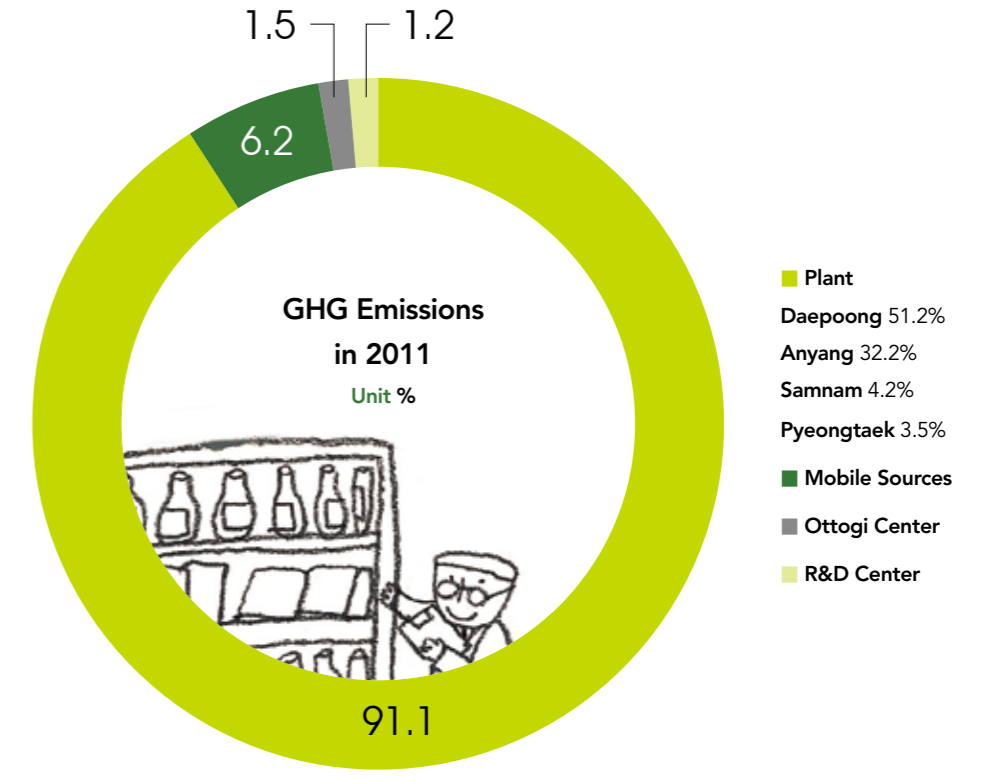
As Ottogi has improved temperature controls for the deposition process (soaking rice in water) for the production of Ottogi Rice, the company has reduced the LNG used to heat the water supply. These savings have cut GHG emissions by about 78 tCO₂-eq and helped prevent occurrences of bacteria. The retort production line has also revamped the branching process, which led to a reduction in GHG emissions by about 15 tCO₂-eq and a shortening of the processing cycle. The liquid dressing production line also increased its productivity by 25% by automating the shrinkage process. Such outcomes resulted from the efforts to responsibly resolve minor loopholes and actively apply the solutions to field operations to upgrade the production process and eliminate redundancies.

We have also upgraded the production pace of major production lines in 2011. As the first in Korea to adopt 12-row filler, the disposable ketchup pouch production line has expanded its production capacity by 200%. The quick filling device has also been applied to the production lines for curry powder and 1.8L vinegar, raising production capacity by 100% and 108% respectively. Such advances helped lower the unit energy cost. The 3kg pouch mayonnaise production line has also seen its production capacity rise by 233%.

As we have expanded the vinegar fermenter's capacity at Daepoong Plant last November, the vinegar produced at the Anyang Plant is not required to be transported to our logistic centers in the Chungcheong and South Gyeongsang Provinces. These simplified logistic operations cut GHG emissions caused by transports and logistic expenditures as well.



Note Total GHG emissions include the emissions from production plants, R&D center, Ottogi Center, training center, and mobile sources (vehicles). Only the data regarding the emissions from Ottogi Center dated on March 2010 or later are available for inclusion.



GHG Reductions on 10% Savings in Energy Use

GHG, including carbon dioxide, methane, and nitrous oxide, have greatly increased since the Industrial Revolution led to the increase in the use of fossil fuel and massive deforestation. These emissions are growing faster than ever. Accordingly, the greenhouse effect has raised temperatures on earth, melting the glaciers in the polar areas, raising the sea level. It is causing heavy rainfalls worldwide, desertification in Africa, ecological changes, and other various environmental disasters. Climate change is also a serious threat to the health of human beings as it causes natural disasters and epidemics. As the Kyoto Protocol took effects, many countries are now obligated to make investments in reducing GHG emissions and suffer trade disadvantages from the restrictions on GHG emissions. Such changes have a great economic influence in our lives.

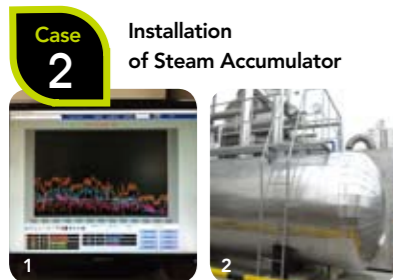
Ottogi adopts highly productive eco-friendly facilities and increases its dependence on low carbon alternative energy to minimize the impacts from GHG emissions and climate changes, eliminate redundancy in energy uses, and raise the utilization of recycled energy.

Although our total output has increased 2.5% in 2011 from a year earlier, GHG emissions have declined by 312 tCO₂-eq (0.8%) to 37,049 tCO₂-eq. The unit emission has also decreased 3.7%. 91.1% of total emissions was found out to come from plant operations, which was followed by 6.2% from mobile sources, 1.5% from Ottogi Center, and 1.2% from R&D Center.

As the Anyang Plant has expanded the waste heat-based water heating supply and installed control devices on the large power-guzzling facilities to manage energy efficiency, the plant's GHG emissions have decreased by 567 tCO₂-eq (4.5%) on a year-on-year basis. 71 gasoline-powered and 35 diesel-powered vehicles were replaced by LPG-powered vehicles. As we have also taken further initiatives on Eco Driving, GHG emissions from mobile sources have also decreased by 177 tCO₂-eq (7.2%) from a year earlier.



Installation of indirect sunlighting system



1 Steam monitoring system 2 Steam accumulator



Recycling of Waste Heat

Energy Conservation Cases

Indirect Sunlighting

Korea's electricity reserve has been on the decline over the years because of the oil price hikes and rising power demands, which caused a nationwide blackout in September 2011. The government finally placed restrictions on electric uses between December 2011 and February 2012 and initiated pricing differentiations by time to control power demands. Given such circumstances, many eco-friendly buildings are being built across the country to utilize sunlight, solar heat, geothermal heat, rainwater, and other renewable resources.

We have installed a sun lighting system last October at Anyang Plant. The system collects sunlight through the rooftop skylight and delivers it through optical ducts to indoors. Certified with HACCP, the plant has all the sanitation spaces sectionalized. The system applies to the manufacturing area, sanitation room, and pickle production line to reduce power usage in the daytime and GHG emissions of about 5 tCO₂-eq.

In addition to the sunlighting system, we also plan to adopt geothermal air conditioning and a rainwater recycling system to new facilities to provide better work environments for employees, reduce costs, and build eco-friendly manufacturing plants.

Installation of Steam Accumulator

We have established a real-time steam consumption monitoring system to better monitor the steam supply and identify redundancies in the system. With this new system, we are monitoring the hourly steam consumption, pressures, blockage of steam main valves, redundant steam supplies, and daily maximum and minimum demands to prevent energy waste caused by the oversupply of steam or delay in manufacturing processes due to insufficient supply.

Due to our steam monitoring system, we have installed steam accumulators. We have rearranged our production lines in line with similar product groups in an effort to raise the productivity of plant operations since the second half of 2011. As we expanded the vinegar sterilizer capacity and relocated the spaghetti sauce production line at the Anyang Plant, we have also considered installing a 1.5 ton boiler. We have found out, however, that the steam demands are expected to be inconsistent and to show spikes intermittently based on the monitoring results. Therefore, we have installed a steam accumulator instead of expanding our boiler capacity. As a result, we have maintained a stable steam supply after the relocation of facilities and reduced unit energy expenditures. The steam accumulation also increased the efficiency of boiler operations, cutting GHG emissions by about 101 tCO₂-eq and expenditures in fuel by about 36 million won.

Recycling of Waste Heat

The recycling of energy is as crucial in cutting GHG emission as the reduction of energy consumption. We have recycled the waste heat for the water and facility heating systems at our plants as we have in the previous year to reduce wasting of energy.

We have recycled the waste heat to heat the water supply for shower facilities and boilers, which allowed us to reduce our steam use at Anyang Plant. We started recycling the steam heat from the Ottogi Rice production line to heat the water supply to plant offices in February 2010 and expanded the recycling system to manufacturing areas in November. In September 2011, we have added two heat exchangers to supply heating and hot water to our training center (Poonglimwon).

Thanks to such renovations, we could save fuel expenditures and cut GHG emissions by about 49 tCO₂-eq annually.

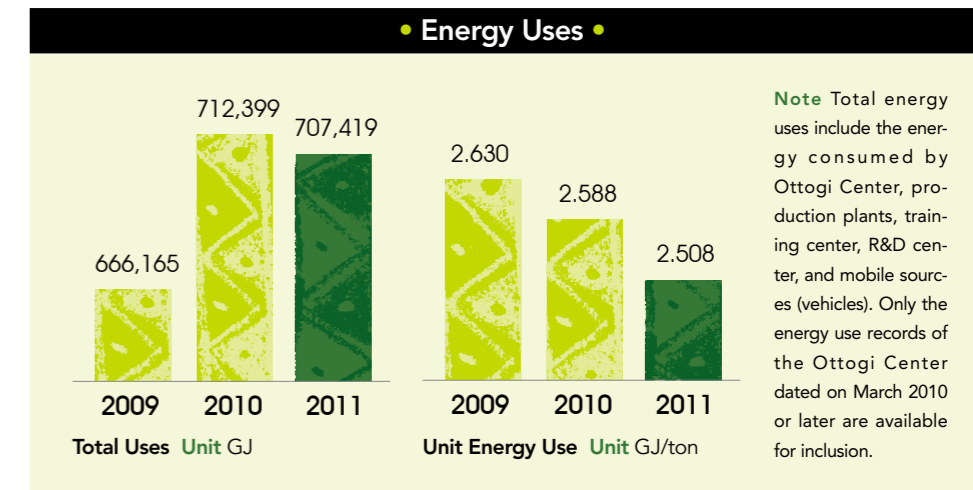


Replacement of boiler fuel

Other Cases

The Pyeongtaek Production Department began to fuel its boiler with LPG instead of Hi-sene No.1 in December 2011. As LPG causes less carbon emissions but shows higher energy efficiency than Hi-sene, we can reduce GHG emissions by about 137 tCO₂-eq and save 50 million won in energy costs every year. We have also reinforced our insulations on the doors and ceilings of the dairy pasteurization room at the Anyang Plant, which reduced the demands for the air conditioning system and cut GHG emissions by about 8.2 tCO₂-eq annually.

We have installed inverters to control the rotations of the constantly running facilities such as wastewater basin blowers, ventilation fans, and boiler ventilation fans, and large-size motors to reduce electricity usage and cut GHG emissions by about 185 tCO₂-eq annually.



Improvements in Packaging

Like the tableware on a dining table at home, the packaging materials for food products protect and preserve the quality of products and safely deliver foods to consumers. Ottogi endeavors to develop more sanitary and safe packaging materials than regular tableware with the full awareness of the environmental impact of such packaging materials on climate change. We have been consistently committed to restraining environment impact by reducing the waste from packaging materials, using eco-friendly packaging materials, and recycling waste.

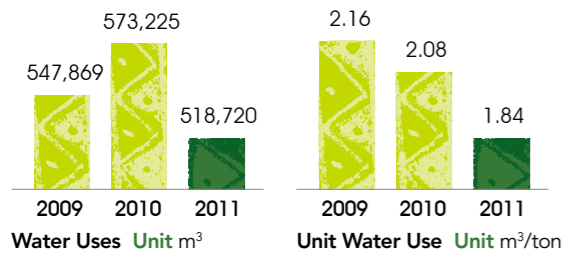
Package Downsizing and Material Improvements

We have reduced the uses of packaging materials for the production of 210g Ottogi Rice and 18L vinegar by 32 tons and 15 tons, respectively, on an annual basis by downsizing the net weight of containers to cut GHG emissions from the production of raw materials. We have also changed the packaging materials for several products. For instance, we have replaced the polyethylene packages for 10kg and 20kg Ottogi Rice products with paper to lower the use of plastic. The paper packaging also helped us conserve electricity that would normally be used to seal plastic packages. As we can carry these products more safely because paper packages are less slippery, we can add two stack layers (8 packs) to each pallet. The larger loading capacity has reduced our truck trips and carbon emissions as well.



We usually say, "You are spending money like water" when we talk about a spendthrift. This expression, however, will not be valid any more as the world is increasingly suffering from water shortages. Although the growing population, industrialization, and global warming are increasing water demands, water is still priced less than other resources. The low cost of water is one of the reasons why people squander it. Korea is also facing growing uncertainties in water supply because a large portion of rainfall is not available for use due to the seasonal volatilities in rainfall. Korea's annual average rainfall is 1,245mm, about 1.4 times higher than the world average, but the per capita annual rainfall volume amounts to 2,591m³, only 1/8 of the global average of 19,635m³, because of the high population density.* The government also plans to levy utility taxes on underground water starting 2012, which is expected to add a cost burden to industries. We have reduced water use by 100m³ on a monthly average and wastewater as well by recycling the cooling water supply for the business-use ketchup cooling process at Daepoong Plant. We have also improved cleaning methods, started using water saving devices, and taken other measures, allowing us to lower the unit water uses by 3.7% in 2010 and by 11.7% in 2011 on a year-to-year basis.

* Source | "Water and Future," Korea Water Resources Corporation data for the 2011 World Water Day



Note The water consumption data for the Ottogi Center only includes the records dated March 2010 or later.

Water

Resources and Environmental Impacts



Air pollutants can damage the health of factory workers, residents near the plants, and the ecological system. Therefore, many local and international regulations are applied to restrain the emission of air pollutants, which can deteriorate the air quality, acidify the ecological system, and cause sanitation problems. As we have changed our fuels for boilers, we have not produced any NOx and SOx since 2010. We are also controlling air pollutants to improve the environmental conditions for employees and communities to raise business sustainability and social trust. The details about air pollutants are available in the Environmental Performance Data section below in this report.

Air Pollutants



Removal of Chimney at Anyang Plant

Solid Wastes

The solid wastes generated throughout the production process are classified as general wastes from raw and packaging materials and designated wastes from the analysis and maintenance procedures. Our solid waste production totaled 9,881 tons in 2011, and the unit solid waste production shrank 1.5% from a year earlier. 5,854 tons of solid wastes were recycled. We have recycled 59.2% of our wastes, up 2.8% from a year earlier, thanks to our extended efforts to reduce waste production and recycle waste. All solid waste was recycled, incinerated, composted, or buried by waste management service providers safely and legally. We have achieved the following in reducing and recycling wastes. We adopted lighter box designs for gift packages for tuna, sesame oil, and cooking oil products and narrowed the roll packages for disposable pouches to reduce our resin waste. We also recycled the tube necks for mayonnaise to the operations of Ottogi and affiliates, which helped reduce GHG emissions caused by the raw material processing procedures.



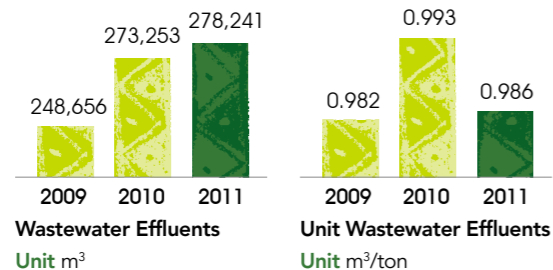
1,2 Gift package box
3 Recycled tube necks

Note The wastes produced at the R&D Center and Ottogi Center are not included.



Waste water

The Anyang Plant (including Pyeongtaek Production Department) and Samnam Plant have in-house wastewater treatment facilities. The Daepoong Plant outsources wastewater treatment services to contractors. We are periodically assessing water quality through assessments on regulated items such as BOD and COD by outside agencies and controlling the water quality pursuant to applicable regulations to prevent water pollution from damaging the ecological system. Our wastewater effluents totaled 278,241m³ in 2011, and the unit effluent declined 0.7% from a year earlier. As we have revamped our heating system for the wastewater treatment facility at the Samnam Plant in July, we could increase the content of microorganisms and reduce the use of chemicals. The respective wastewater effluent data of each operation site is available in the Environmental Performance Data section below in this report.



Installation of Tent for Wastewater Facility at the Samnam Plant

Note The wastewater effluents from R&D Center and Ottogi Center are not included.

Environmental Expenditures



Since Ottogi has obtained ISO14001 in 2002 as part of our environmental management initiative, we have been strictly complying with the standards to manage our plant facilities. Since the Pyeongtaek Production Department has earned the certificate in 2011, our entire production system has undergone systematic control and planning for environmental management. We have spent a total of approximately 805 million won for environmental protection/management in 2011, up 76 million won (10.4%) from the previous year.

Area	Item	Unit 1 million won		
		2009	2010	2011
Pollutant/Waste Management	Waste Disposal	547.1	505.3	520.9
	Certification of Management System (ISO14001)	9.8	9.8	8.8
	Environmental Management Outsourcings (water quality assessment)	27.2	12.1	12.0
Environmental Protection Management Cost	Human Resource Expenditures for Regular Environmental Management Activities	94.2	93.6	91.4
	Other Environmental Management Costs (facility improvements, etc.)	34.4	108.2	171.4
Subtotal		165.6	223.6	283.6
Total		712.7	728.9	804.5



Eco Drive Ottogi is committed to eco-friendly driving.

Higher Awareness of Eight Eco Drive Guidelines and Safe Drive Management

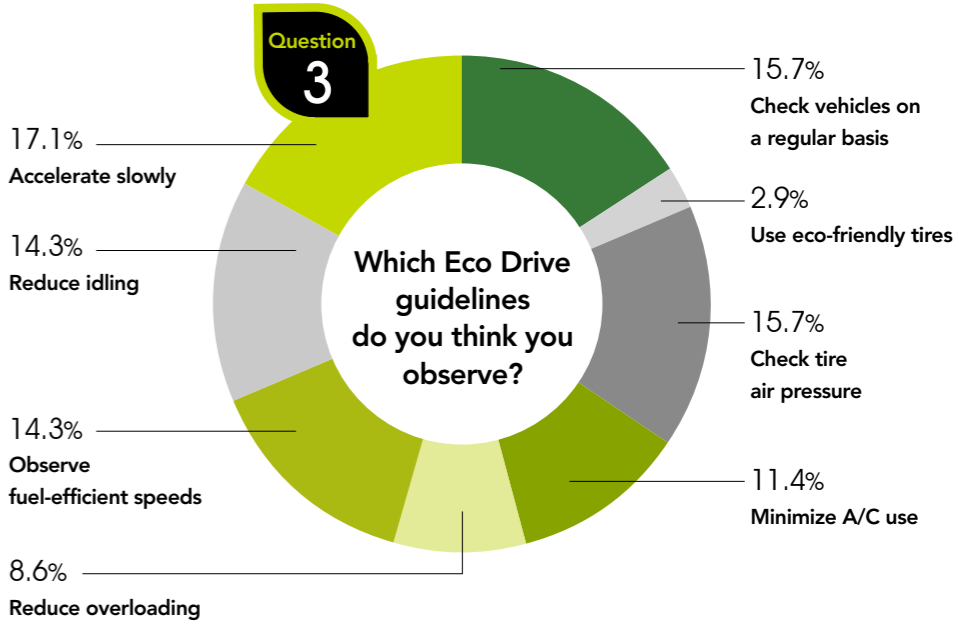
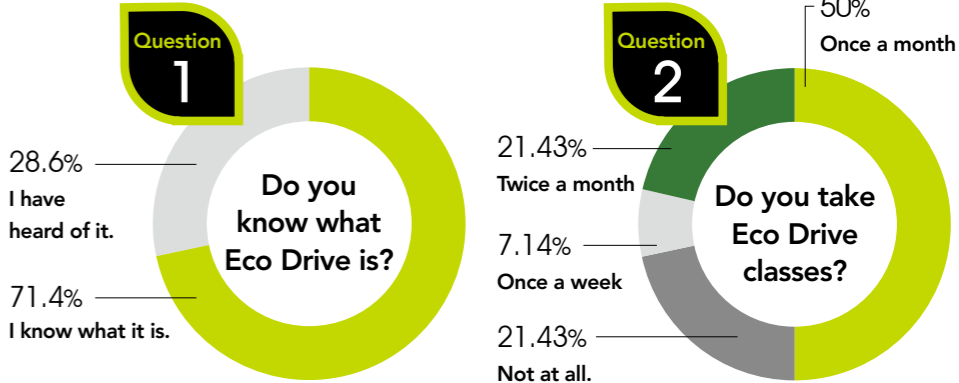


Ottogi has announced the Eight Eco Drive Guidelines and started using Eco Drive emblem labels for the company and the Ottogi Logistics Service (OLS) in 2010 to encourage our drivers to participate in the initiative. We continued our efforts to raise awareness of the Eight Eco Drive Guidelines and more systematically extend the Eco Drive initiatives in 2011.

- **Eight Eco Drive Guidelines** •
- 1 Accelerate slowly
- 2 Reduce idling
- 3 Observe fuel-efficient speeds
- 4 Reduce overloading
- 5 Minimize A/C use
- 6 Check tire air pressures
- 7 Use eco-friendly tires
- 8 Check vehicles on a regular basis

Survey on Ottogi's Eight Eco Drive Guidelines

As part of our efforts to promote compliance with the Eight Eco Drive Guidelines and the involvement of drivers, we performed a survey on the awareness of Eco Drive initiatives among OLS drivers in September 2011. Most drivers were found to have an understanding of Eco Drive initiatives and took Eco Drive training sessions once or more every month. They were also found to comply with the guidelines on slow acceleration, no idling, fuel-efficient speed observance, tire pressure inspections and maintenance, but they did not observe the guidelines on overloading and eco-friendly tire use well.



Addition of Eco Inspection Items to OLS Vehicle Checklist

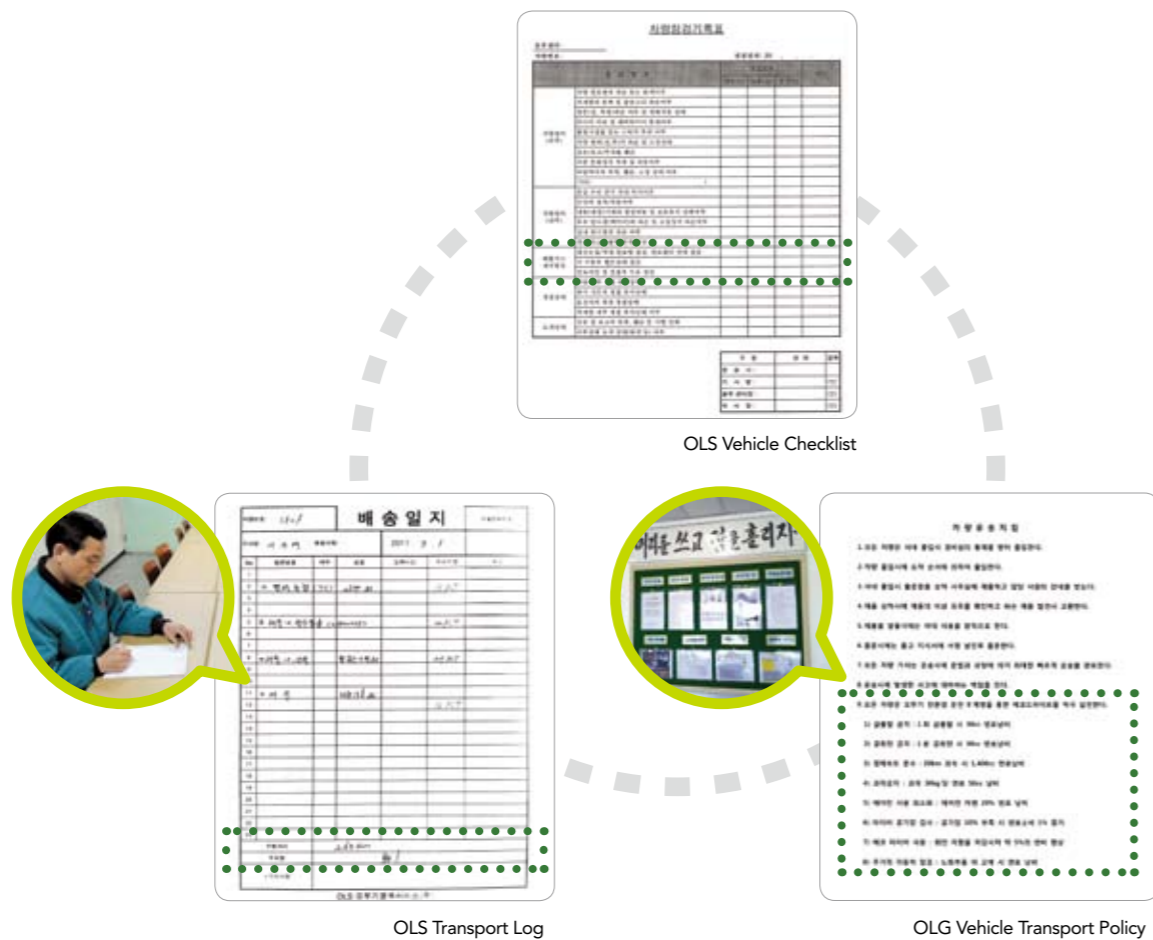
We have added the inspection items on exhaust controls (inspection of engine oil and oil filter, fuel gauge check, powertrain belt check, inspection of fuel supply system, and leaks on connection) to the vehicle checklist for 21 items, including the hardware (exterior and interior), sanitation, and painting for bimonthly vehicle checkups at logistic centers as part of our efforts to help reduce carbon emissions.

Addition of Mileage and Fuel Data to OLS Transport Log

We have added the mileage (km) and refueling volume (ℓ) to the transport log for the daily recording of transport service details and any special notes in an effort to encourage drivers to get more involved in Eco Drive initiatives.

Addition of Eco Drive Guidelines to OLS Transport Policy

We have added the Eight Eco Drive Guidelines to OLS's vehicle transport policies at their logistic centers to encourage drivers to observe the Eco Drive guidelines in the delivery of materials and products.

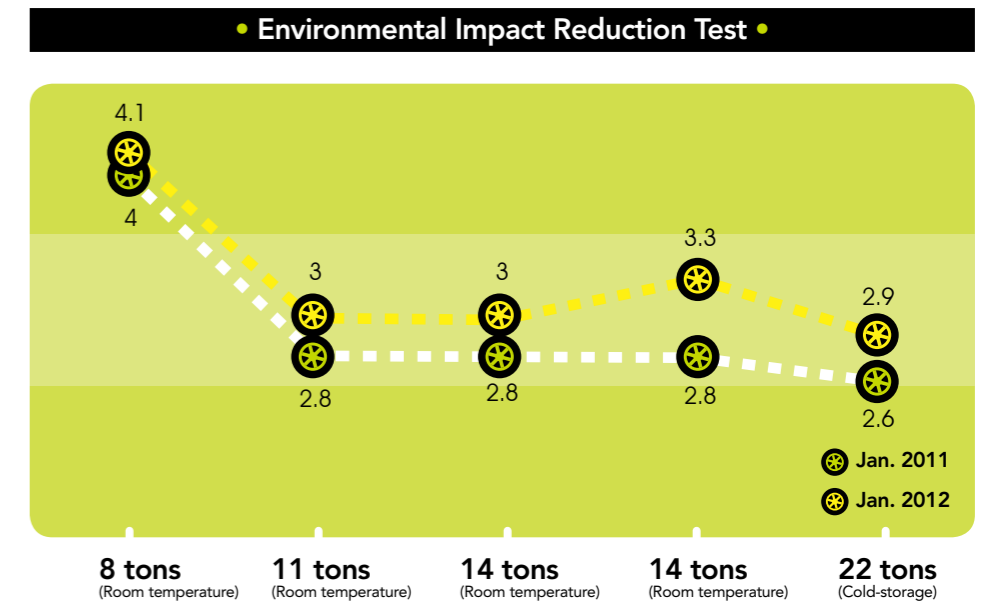


Environmental Impact Reduction Test in Logistics

We have performed a test to assess the effects of the Eco Drive program on the reduction of environmental impacts. We have compared the fuel consumption, mileage, and transport volumes of five different transport vehicles that began to be subject to the Eco Drive initiative early (January 2011) and later (January 2012). The test results showed that the Eco Drive practices have helped raise fuel efficiency by 0.3 km/ℓ and reduce carbon emissions by 7.7 tons.

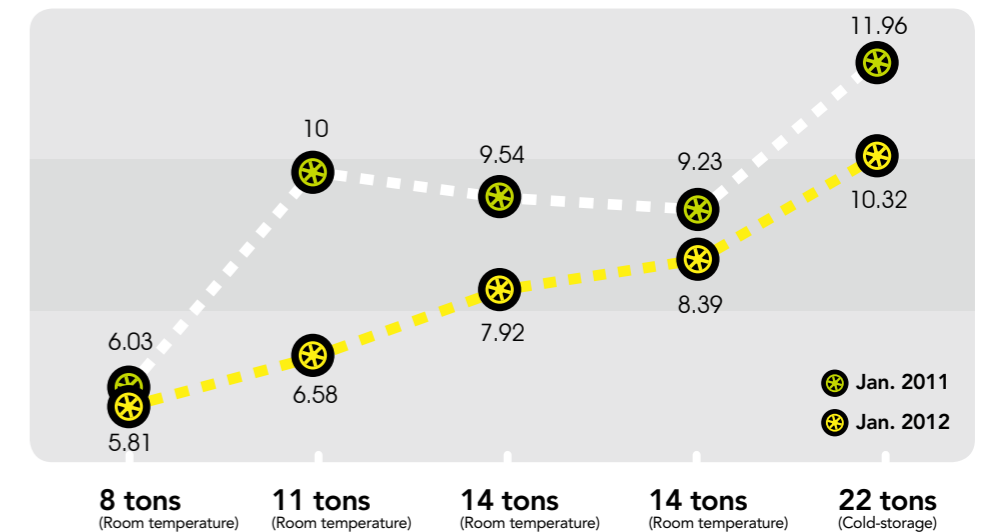
Fuel Efficiency
Unit km/ℓ

km/ℓ



Carbon Emissions
Unit tCO₂

tCO₂



Eco Logistics through Restructuring Supply and Delivery System



Ottogi's SCM Team has established a direct delivery chain from Daepoong Plant to discount retailers in 2011 to simplify delivery processes. We have also restructured the delivery system from the Anyang and Daepoong Plants to minor logistic centers to shorten truck trips and reduce carbon emissions.

More Direct Delivery from Plant to Discount Retailers

The products used to go from the Daepoong Plant through the Anyang Logistics Center to discount retailers when the products from the Daepoong Plant were delivered to discount stores. We have streamlined the process and started delivering the products directly from the Daepoong Plant to discount stores, achieving a reduction of 0.47 tons of carbon dioxide and 0.48 tons of carbon emission.



Carbon Emission Cuts on Restructuring System of Minor Logistic Centers

The products used to go through the Daepoong Plant (Anyang Plant ▶ Daepoong Plant ▶ Jeongju and Jeju Logistics) when the products from Anyang or Daepoong Plant were delivered to the Jeongju and Jeju Logistics Centers. We have expanded the logistic capacity, achieving a reduction of 0.3 tons of carbon dioxide and 0.3 tons of carbon emissions by each delivery.

Category	From	To	Mileage (km/day)	Fuel Consumption (ℓ/day)	Carbon Emission (tCO ₂ -eq/day)
Previously	Anyang	Jeonju	200	57	0.1521
	Anyang	Jeju	380	109	0.2909
	Daepoong	Jeonju	160	46	0.1228
	Daepoong	Jeju	320	91	0.2429
	Total		1,060	303	0.8087
Now	Anyang ▶ Daepoong ▶ Jeonju		245	70	0.1868
	Anyang ▶ Daepoong ▶ Jeju		410	117	0.3123
	Total		655	187	0.4991
Changes			-405	-116	-0.3096



Category	From	To	Mileage (km/day)	Fuel Consumption (ℓ/day)	Carbon Emission (tCO ₂ -eq/day)
Previously	Daepoong	Anyang	95	38	0.1014
	Anyang	E-Mart Yeoju	85	34	0.0907
	Total		180	72	0.1921
Now	Daepoong ▶ E-Mart Yeoju		65	26	0.0694
	Total		65	26	0.0694
Changes			-115	-46	-0.1227

Category	From	To	Mileage (km/day)	Fuel Consumption (ℓ/day)	Carbon Emission (tCO ₂ -eq/day)
Previously	Daepoong	Anyang	95	38	0.1014
	Anyang	Nonghyup Pyeongtaek Logistics	57	26	0.0694
	Total		152	64	0.1708
Now	Daepoong ▶ Nonghyup Pyeongtaek Logistics		48	22	0.0587
	Total		48	22	0.0587
Changes			-104	-42	-0.1121

Category	From	To	Mileage (km/day)	Fuel Consumption (ℓ/day)	Carbon Emission (tCO ₂ -eq/day)
Previously	Daepoong	Anyang	95	38	0.1014
	Anyang	Lotte Mart Osan	45	18	0.0480
	Total		140	56	0.1494
Now	Daepoong ▶ Lotte Mart Osan		60	24	0.0641
	Total		60	24	0.0641
Changes			-80	-32	-0.0853



Category	From	To	Mileage (km/day)	Fuel Consumption (ℓ/day)	Carbon Emission (tCO ₂ -eq/day)
Previously	Daepoong	Anyang	95	38	0.1014
	Anyang	Samsung Mokcheon Logistics Center	100	46	0.1228
	Total		195	84	0.2242
Now	Daepoong ▶ Samsung Mokcheon Logistics Center		50	23	0.0614
	Total		50	23	0.0614
Changes			-145	-61	-0.1628



Best Eco Driver

Kim Seung-cheol,
Associate of Logistics
Control Department 1
Team 3

Vehicle Number 58HEO7324
Registration Date August 2010
Fuel Efficiency 13km/ℓ
Mileage 1,699km
Total Mileage 31,498km

I always put the gears in neutral and do not accelerate downhill. I try to minimize the use of brakes. I always monitor the RPM gauge while driving and avoid making quick starts or unnecessarily changing lanes. I usually fill up only 2/3 of tank rather than filling it up and try to remove redundant items from the vehicle to reduce weight. The ECO lamp on the vehicle helps me raise my fuel efficiency. I think we should get accustomed to good driving practices. If we keep observing small rules, then we will be able to drive our vehicles more efficiently.

Best Eco Driver

Choi Seong-woo,
Associate of Sales 2
Branch 1

Vehicle Number: 52HEO4969
Registration Date: July 2011
Fuel Efficiency: 15km/ℓ
Mileage: 3,363km
Total Mileage: 14,203km

I think a more relaxed attitude is required to become an eco driver. Sudden braking and starting are clearly not part of the Eco Drive practices. Fast driving can also cause large accidents. Sales team associates must not drive fast because we spend a large portion of our working hours in the driver seats. Be relaxed! Safety first! These are easy rules to be eco drivers. I will continue to stick to my eco driving principles.

Best Eco Driver

Chung Dae-hwan,
Assistant Manager of
Suwon Branch 1

Vehicle Number 52HEO4983
Registration Date July 2011
Fuel Efficiency 14km/ℓ
Mileage 2,272km
Total Mileage 8,590km

When I read an article about the Eco Driver program in a previous newsletter, I thought it would be great to be an eco driver. I am greatly honored to be nominated as an eco driver and appreciate the award. I always observed speed limits and avoided quick braking and starting. I also tried to minimize idling. I will continue to keep my safe driving principles to raise fuel efficiency and help promote the company's Eco Drive initiatives.

Best Eco Driver



About Best Eco Driver Program

The Sales Division of our company has launched the Best Eco Driver program in September 2011, selected the most fuel-efficient drivers from five departments, and nominated them as "Eco Drivers" every month. The Best Eco Driver program was initiated to raise efficiency in vehicle operations, encourage drivers to get more involved in the company's Eco Drive practices, and save energy. We have awarded gas coupons to the eco drivers of the Sales Division. The Sales Support team has also received the driving reports of the prizewinners to share with other sales associates to promote greater involvement. We plan to continue the Best Eco Driver program to extend our Eco Drive initiatives more strategically. We will also provide bimonthly vehicle safety and eco drive training sessions to the employees to encourage them to drive safely and fuel-efficiently. We have also scrapped three decrepit vans and sixteen minivans, which were overused in less than seven years, earlier than planned to expand Eco Drive practices and reduce the emissions of GHG and air pollutants. By taking such efforts, we aim to fulfill our environmental responsibilities and ensure safe driving practices. We have also established a rule that all the Sales Division associates must read the "Safe Driving Principles" postings attached to the desks of branch chiefs and management team leaders before using vehicles to remind them of the safe eco driving guidelines.

1 An associate reads the "Safe Driving Principles" before using a vehicle for work.
2 The associates of Busan Branch 2 take safe driving sessions on "Safe Driving Principles."



Changes in Mileage to Fuel Usage during Best Eco Driver Program

Month	Morning		
	Fuel Usage (ℓ)	Mileage (km)	Mileage to Fuel Usage (%)
Before the program starts (January to August)	394,991	4,013,829	9.8
September	60,382	598,697	10.1
October	51,790	562,315	9.2
November	61,212	654,622	9.4
December	62,774	654,137	9.6
Total	236,158	2,469,771	9.6

We have 324 Morning vehicles, 72.3%, out of 448 vehicles for the Sales Division as of the end of 2011. The non-Morning drivers also participated in the Eco Drive program, which helped lower the mileage to fuel usage ratio from 11.0% to 10.2%. We are expecting even more positive effects from the program.



Safe Driving Principles

- 01 I will check the overall status of the vehicle and any risk factors in tires, damages, and rear obstacles before starting the engine.
- 02 I will observe traffic signals.
- 03 I will observe the speed limits.
- 04 I will not drive my car recklessly.
- 05 I will drive my car in a good manner.
- 06 I will always yield to pedestrians at a crosswalk before turning right.
- 07 I will not take risks and will pay attention to the front when turning left.
- 08 I will not drive the opposite way on a one-way street under any circumstances.
- 09 I will drive slowly in alleys and child zones under any circumstances.
- 10 I will observe parking regulations.
- 11 I will wash my car with the mileage points that I earned at gas stations.
- 12 I will clean the interiors of the vehicle every month to keep myself healthy and maintain a sanitary driving environment.
- 13 I will remove unnecessary items from the trunk.
- 14 I will not commute by using a corporate vehicle for non-business purposes.

Best Eco Driver

Kang Jong-koo,
Manager of
Gwangju Branch 1

Vehicle Number 56HEO2145
Registration Date June 2009
Fuel Efficiency 15km/ℓ
Mileage 4,481km
Total Mileage 90,491km

We usually spend the greater portion of our daily schedule in the driver seat. Therefore, safe driving is very crucial to us. Above all, I value a sanitary driving environment more than good driving skills. I believe that the Eco Drive practice for both corporate and personal vehicles starts with clean interiors and exteriors. Regardless of the size, people usually take better care of their objects when the objects are clean. I feel more comfortable in clean vehicles, and I believe that sanitation will help raise fuel efficiency. Although this is a minor accomplishment, I am really honored to be nominated as an eco-driver. I will continue to keep my eco driving principles every day.

Best Eco Driver

Seong Baek-nam,
Assistant Manager
of Business 4 Gumi
Team 3

Vehicle Number 06HEO3824
Registration Date July 2011
Fuel Efficiency 14km/ℓ
Mileage 3,543km
Total Mileage 17,456km

I am currently responsible for managing school catering services in the central and northern areas of North Gyeongsang Province and promoting these services to regional schools. I am in charge of the largest district within Ottogi. Although I have to drive long distances on highways in busy schedules, I try to observe the traffic regulations and Eco Drive guidelines. I usually visit child safety zones for work, I observe the speed limits and drive safely. I think my vehicle represents the company. I will continue to represent Ottogi by safe and law-abiding driving in the North Gyeongsang areas.



Eco Partner
Ottogi will share environmental objectives and cope with new challenges through communicating with our partners.

About Eco Partner



Since environmental problems are global concerns, it is important to truthfully communicate with a variety of stakeholders and cope with the problems through joint efforts. Ottogi is currently cooperating with our stakeholders, including our business partners (affiliates and OEM suppliers), raw and subsidiary material vendors, and communities, in our consistent environmental management practices to build "Ottogi with Nature, Happiness for You."

More Communication with Business Partners



1 Meetings with Raw and Subsidiary Material Vendors
2 Group Activity Contest

Ottogi works to vitalize various communication channels (Offline: quality meetings, plant tours, etc. Online: Ottogi Partner Management System) to share our environmental visions and objectives with our business partners. Based on such communications, we are sharing our environmental management practices and field improvements. We also study the best cases to expand common interests for both sides.

Activities in 2011

- We have shared Ottogi's environmental visions, objectives, and management practices with 83 executives and employees of 57 business partners in meetings with raw and subsidiary material vendors.
- We have made presentations of our environmental management practices to over 100 executives and employees in an in-house group contest to raise the environmental awareness of our associates.
- We have shared information about the new labeling regulations and applications with business partners to ensure legitimacy in business operations and reduce environmental impacts from the redundancy and disposal of inapplicable resources.

Date	Description	Partners
Jan. 2011	Share information about the amended product labeling regulation over product origins	Supplied Factory
Jun. 2011	Share information about the amended recycling labeling regulation	Packaging material vendors
Nov. 2011	Share information about the amended labeling regulation over the origin of alcoholic ingredients	Supplied Factory
Regularly	Share information about the amended labeling regulations over ingredient names and proportion data	Supplied Factory

Establishment of Eco-Friendly Supply Chain



1,2 Activities of Process Improvement Team

Aiming to strengthen the joint environmental management competences with the business partners, Ottogi has been improving the environmental control of supply chains by evaluating the environmental management of OEM suppliers since 2010. We have visited the partner's operation sites in 2011 to examine their environmental regulation compliance and management and identify problems and complaints. We have also cooperated with partners in resolving such problems to build more reliable partnerships and apply environmental management to the entire product life cycle. We began to recommend environmental management practices to our raw and subsidiary material vendors and examined their environmental management systems. We also shared our environmental management visions, objectives, and activities to help establish an eco-friendly supply chain.



Ottogi's ISO14001 Certificate

Activities in 2011

- Process Improvement Team has helped 31 plants of affiliates and OEM suppliers reduce utilities and redundancy.
- Ottogi's Pyeongtaek Production Department has obtained the ISO14001 certificate in 2011 to ensure consistent environmental management practices. All operations carried out under Ottogi are certified under the environmental management system. We have also encouraged non-certified partners to participate in these efforts.

Stakeholder Interview

I am proud of our involvement in environmental protection.



Last June, I received a letter from Ottogi, which requested us to manage the container inventories before the recycling label guideline was amended. I was impressed because, at the time, we still had more than a year before the new labeling regulation would take effect. It was also impressive that the buyer proactively acted to observe the new regulations and save resources. We will also proactively cope with any changes to minimize unnecessary disposals and protect the environment.

- Shin Dong-woo, Manager of R&D Department, Daiyang Chemical Co., Ltd.

Stakeholder Interview

We could raise our heating efficiency thanks to the inspection and management aid.



When the Process Improvement Team of Ottogi visited our company, we were recommended to manage the condensate in the boiler to improve heating efficiency. Low heating efficiency causes an increase in fuel consumption; After we have applied an inspection and management procedure to the system as recommended, we found that the boiler's heating efficiency has increased. We could save fuel, thanks to these improvements. I also felt proud that we have contributed to environmental protection.

- Kim Woong, Deputy Director of Management Department, Namyoung Foods Co., Ltd.

Sincere Communication with Stakeholders in Environmental Management



We had interviews with our main stakeholders to share their sincere opinions regarding environmental management.

Q Do you usually find the environmental management necessary when you are working?

A Chun Eung-joo

Society is becoming increasingly aware of environmental value thanks to the growing media coverage. I was not very conscious about environmental management or protection in the past. As I consider more about the environmental impacts of energy uses (electricity, power, etc.) for plant management, however, I feel more responsible for the environmental management.

A Chang Choong-seok

As social awareness of eco-friendly packaging materials grows, I find it important to reduce wastes and recycle resources. I think we can build an environmental reputation for our corporate image, and that having such a reputation will help improve our corporate competitiveness.

A Park Cheol-jin

I was often told that global warming causes climate changes and disasters, and I also realized that the climate has clearly been changing in recent years because the seasonal changes have become blurrier. I think it is important to reduce energy uses for environmental protection. Therefore, I am trying various efforts (reduce paper uses, commuting on bus, using carpool programs, etc.) to save costs and energy.

Q What do you suggest for a better environmental management by Ottogi?

A Chun Eung-joo

I think consistency is crucial to this issue. You can announce environmental management performances on a monthly or quarterly basis to keep the entire staff involved in the environmental management practices. Merit-based incentives will be also helpful to motivate the associates.

A Chang Choong-seok

As environmental issues are critical concerns for our daily lives, both corporations and individuals should assume more responsibilities. The company should provide support and ensure environments for employees to implement principles to extend the environmental management practices into daily operations.

A Park Cheol-jin

Ottogi must promote the environmental management initiative further and provide more support. For instance, the company should set up a system to share the environmental management initiatives and methodologies with affiliates, OEM suppliers, and material vendors to promote their involvement in the practices. The environmental issue is critical for both Ottogi and its partners. Therefore, we need to tap into new approaches to expand cooperation.

Park Cheol-jin,
Executive Director
of Dong Myung Foods Corp.

Chun Eung-joo,
Director of Ottogi Frozen
Foods Co. Ltd.

Chang Choong-seok,
Deputy Director of
Poonglim P&P Co., Ltd.

Eco Interview

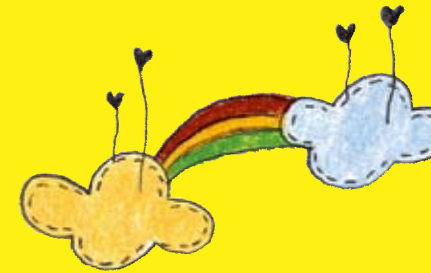




Ottogi
with Nature
Happiness
for You

Build a Happier World with Ottogi

Ottogi's social responsibility programs are aimed at building a happier society by sharing, promoting, and implementing the values of social services with many people. We hope that our social responsibility programs will make more people happier and encourage many people to enjoy sharing.



Social Accountability in Community Supports

.....
Ottogi has been financing surgeries for children with inherent heart diseases since 1992 in collaboration with the Korea Heart Foundation. We have sponsored the surgical treatments for a total of 3,124 children until 2011. We are committed to providing support to the people who need our aid.



Ottogi believes in the value of our social contributions.



Building a better world with tasty foods is one of Ottogi's important corporate objectives, but we also believe in the value of social contribution activities as a responsible member of our society. Ottogi has been continuing its social responsibility initiatives for many years to make contributions, albeit relatively small in scale, to our local communities, the country, and humanity.

Expenditures in Social Responsibility Programs in Recent 3 Years

Unit 1,000 won

Areas	2009	2010	2011
Food Bank (in wholesale prices)	548,885	631,349	542,956
Child heart disease patients	192,000	192,000	192,000
Culture/Arts/Sports/Education programs	223,000	163,461	182,000
Corporate Welfare Fund	200,000	-	-
Others	431,840	132,611	150,000
Total	1,595,725	1,119,421	1,066,956

- The expenditures in Culture/Arts/Sports/Education programs include the sponsorship for Ms. Jang Mi-ran and the construction of the Dream Baseball Park.
- Other expenditures include the year-end donations for the Community Chest of Korea and the Red Cross fund for the Japanese earthquake victims.

Starting with the sponsorship to the Korea Welfare Foundation in 1980, Ottogi has been carrying out a variety of social responsibility programs, including the aid for child heart disease patients, food bank support, and cultural and artistic sponsorships. We have spent a total of 1,066 million won in social contributions in 2011 alone.



We have helped 3,124* children regain survive heart disease between 1992 and 2011.


* Including support from Ottogi and its affiliates

Ottogi has been supporting surgeries for children with inherent heart problems since July 1992 in collaboration with the Korea Heart Foundation. Approximately 40,000 children were suffering from heart disease, and half of them came from low-income households when we started the program. Children born with heart problems may die unless they are surgically treated before they reach the age of 10. Starting with the monthly financial sponsorship for the surgical operations of five children, we have gradually expanded our support program. Currently, we are financing surgeries for 21 children every month. Thanks to consistent support, we were able to provide support to the 1,000th and 2,000th program beneficiaries in 2001 and February 2007, respectively. The 3,000th child patient has received our aid and recovered in July 2011. As of the end of 2011, a total of 3,124 patients have received surgical treatments through Ottogi's support program. In addition to media aid, Ottogi has also invited the children, who received our supports, and their parents to entertainment events such as child musicals and family cooking festivals to provide consistent care and support to them. Ottogi firmly believes that children are our future. Ottogi has been growing on the friendliness and care for our customers, similarly to how happy, healthy children grow when they receive the care they need. We will continue to provide support to child heart disease patients to help them build toward their dreams and live better futures.





Ottogi has been sponsoring Food Bank to share food with the underprivileged.

 Strategic social contribution activities that use corporate outputs have great potential to create positive effects beyond what regular volunteering services can achieve. Ottogi has been donating food products to the Korea Food Bank and welfare organizations in local communities where Ottogi's plants are located.

Ottogi works to build a happier world in local communities.

We believe our top priority in the social responsibility programs is to give aid to the underprivileged people in the local communities where Ottogi's plants are located: we have been donating our products to the Anyang Senior Welfare Center, Buheung Social Welfare Center, Bisan Social Welfare Center, Eumseong Rehabilitation Center for the Disabled located in Eumseong, North Chungcheong Province, Haejinwon and Woori Welfare Foundation located in Ulju-gun in South Gyeongsang Province, and Gunpo Sungminwon in Gunpo City since September 2006. Ottogi will continue to be a socially accountable enterprise that serves our communities.




Ottogi shares food through Food Bank

Starting with the Gyeonggi Food Bank in December 1999, Ottogi began to donate our products to the Jeju and Gwangju Food Banks in 2006 and to the Seoul and Ulsan Food Banks in 2007. We have extended our donation reaches to the food banks in Gangwon, North Gyeongsang, North Jeolla, Incheon, Daegu, and Daejeon in January 2010. Currently, we are supporting 11 regional food banks to give aid to low income households. As Ottogi has donated a total of about 500 million won worth of food products for five years since 2007, we have received an appreciation plaque at the "2011 Seoul Food Bank Market Sponsor's Night." Food banks are institutions established to collect food donations from individuals and corporations so that food is shared with children who are forced to skip meals, seniors who live alone, soup kitchens, homeless shelters, and welfare facilities. Ottogi donates our food products to food banks to alleviate hunger problems, reduce the waste of food, and prevent environmental damage from disposals.



Donation to East Timor Embassy

 In addition to the donation of 1,270 ramen boxes and 2,320 stationery items to the Embassy of East Timor in March 2010, Ottogi has also donated 1,100 ramen boxes, 100 ramen snack boxes, anthelmintics, and soap to the embassy in April 2011. East Timor became independent from Indonesia in 2002, and its per capita GDP stands at USD 2,500. Ottogi is looking to expand its social responsibility programs overseas as our operations are globalizing.



**Sponsorship for Olympic Weightlifter
Jang Mi-ran**

Ottogi has been sponsoring Ms. Jang Mi-ran, a female Olympic weightlifter since November 2007. This sponsorship aims to ensure stable training environments for her to become a world-class athlete and enhance our national prestige through international competitions. We have given grants to her, and she has won gold medals at the 2008 Beijing Olympics, 2009 World Weightlifting Championship in Goyang, and 2010 Guangzhou Asian Games.



Dream Baseball Park

Ottogi has donated 5% of the sales proceeds of Jin Ramen to provide support to the "Dream Baseball Park" project along with <The Invincible Baseball Team> of KBS. Although baseball is a highly popular sport in Korea, the sports infrastructures are relatively poor. There are 3,341 officially registered amateur baseball teams in Korea (as of 2009), but only 140 ballparks (including professional baseball stadiums according to the 2009 Baseball Park Report) are available across the country. As we participated in the baseball park project, we can use the sponsorship for our advertising and marketing programs and contribute to the development of amateur baseball. Icheon City Government, which has donated the site for the park project, is also expected to benefit from the community's economic stimulation. The groundbreaking ceremony for the park was held on August 18, 2010, and it is currently under construction.



Family Cooking Festival

Ottogi has been hosting the annual "Sweet Home Ottogi Family Cooking Festival" on the second Sunday in May since 1996. The festival, the largest event of its kind, has been held to offer great experiences for families to share their love and happiness with each other by cooking meals together. The 16th festival was held in 2011 and attended by many family contestants from across the country, making it the country's largest and most popular family cooking festival.



Supporting Local Communities

Ottogi has launched the "Community Love" program in 2004 to provide support to the development of local communities, for which the company has been sponsoring the annual "Hwachun Hwa-ak Mountain Tomato Festival" held in Hwachun, Gangwon Province. The festival is designed to promote the region's tomato products in the mountain area. Considering the ongoing hardships of many farmers and local communities, we plan to expand our sponsorships to other festivals to promote the development of local communities.







River Cleaning Campaign and Tan River Cleanup Activities

Ottogi has been actively participating in the One Company for One River Campaign since 1992. In line with the initiative, the associates of the Anyang Plant have performed cleanup activities along Hakeui River around the plant. More than one hundred associates have been participating in the activities to remove trash and clean the areas to create cleaner and better environments for the community. Ottogi has received an award from the mayor of Anyang City thanks to its contribution to the river cleaning campaign in 1994. The associates of the Ottogi Center have also been performing cleanup activities around Tan River during lunch hours on a monthly basis since October 2010.

APPENDIX



-  Environmental Performance Data
-  GRI G3 Guideline Index
-  Independent Assurance Statement
-  Stakeholder Survey

Environmental Performance Data

Input

Energy Consumption

Note
The energy consumption data for the Ottogi Center only includes the records dated March 2010 or later.

Operation Sites	Unit	2009	2010	2011
Anyang	GJ	251,530	243,500	232,389
Pyeongtaek (Production Department)	GJ	20,022	23,081	21,173
Daepoong	GJ	309,373	359,148	369,336
Samnam	GJ	29,560	31,772	30,359
R&D Center	GJ	8,502	9,180	9,005
Ottogi Center	GJ	-	6,509	7,819
Mobile sources (Vehicles)	GJ	47,178	39,209	37,338
Total	GJ	666,165	712,399	707,419

Water Consumption

Note
The water consumption data for the Ottogi Center only includes the records dated March 2010 or later.

Operation Sites	Unit	2009	2010	2011
Anyang	m ³	238,184	232,344	211,441
Pyeongtaek (Production Department)	m ³	10,934	9,253	10,731
Daepoong	m ³	254,100	276,395	242,703
Samnam	m ³	39,094	41,098	40,088
R&D Center	m ³	5,557	6,359	5,283
Ottogi Center	m ³	-	7,776	8,474
Total	m³	547,869	573,225	518,720

Packaging Material

Note
Packaging materials covered in the data include polymers, cans, plastic bottles, glass, and paper packs (paper excluded). The data was constructed on the basis of Ottogi's plant production, the production of our affiliates, OEM production, and the reporting of import waste management charges.

Category	Unit	2009	2010	2011
Glass bottle	ton	7,155	8,002	7,936
Metal cans	ton	7,961	7,348	6,824
PET	ton	1,676	1,980	2,052
Polymers	ton	6,910	7,562	7,414
Paper packs	ton	-	86	88
Total	ton	23,702	24,978	24,314

Raw Materials

Note
Raw materials include domestic and import materials and OLP. Purified water is excluded.

Operation Sites	Unit	2009	2010	2011
Anyang	ton	60,928	55,404	57,910
Pyeongtaek (Production Department)	ton	2,574	2,323	2,218
Daepoong	ton	76,787	99,248	99,796
Samnam	ton	32,465	34,483	33,232
Total	ton	172,754	191,458	193,156

Environmental Performance Data

Output

GHG Emissions

Note

The GHG emission data for the Ottogi Center only includes the records dated March 2010 or later.

Operation Sites	Unit	2009	2010	2011
Anyang	tCO ₂ -eq	12,916	12,501	11,934
Pyeongtaek (Production Department)	tCO ₂ -eq	1,204	1,402	1,287
Daepoong	tCO ₂ -eq	19,332	18,443	18,963
Samnam	tCO ₂ -eq	1,525	1,638	1,566
R&D Center	tCO ₂ -eq	439	473	464
Ottogi Center	tCO ₂ -eq	-	441	549
Mobile sources (Vehicles)	tCO ₂ -eq	3,065	2,463	2,286
Total	tCO₂-eq	38,481	37,361	37,049

Wastewater Effluents

Note

The wastewater effluents from R&D Center and Ottogi Center are not included.

Wastewater				
Operation Sites	Unit	2009	2010	2011
Anyang	m ³	108,621	110,478	108,577
Pyeongtaek (Production Department)	m ³	4,998	4,981	5,527
Daepoong	m ³	108,192	129,517	136,494
Samnam	m ³	26,845	28,277	27,643
Total	m³	248,656	273,253	278,241

Contaminants in Wastewater Anyang Plant					
Category	Regulatory Standard	Unit	Densities		
			2009	2010	2011
BOD	120	mg/l	10.25	22.31	7.74
COD	130	mg/l	28.68	19.90	26.68
SS	120	mg/l	13.25	10.48	13.95
N-H(Mineral oil)	5	mg/l	-	0.07	0.15
N-H(Organic oil)	30	mg/l	1.44	1.74	1.52
T-N	60	mg/l	2.65	2.26	2.27
T-P	8	mg/l	0.15	0.06	0.06
pH	5.8-8.6	-	7.89	7.71	7.38

Contaminants in Wastewater Pyeongtaek Production Department					
Category	Regulatory Standard	Unit	Densities		
			2009	2010	2011
BOD	80	mg/l	5.61	2.16	1.66
COD	90	mg/l	9.30	14.97	3.74
SS	80	mg/l	5.50	2.33	2.40
N-H(Mineral oil)	5	mg/l	0.25	0.20	0.30
N-H(Organic oil)	30	mg/l	0.85	0.90	0.90
T-N	60	mg/l	12.80	17.20	17.74
T-P	8	mg/l	2.38	1.04	1.05
pH	5.8-8.6	-	7.50	7.00	7.00

Contaminants in Wastewater Daepoong Plant					
Category	Regulatory Standard	Unit	Densities		
			2009	2010	2011
BOD	20	mg/l	4.54	4.58	3.18
COD	40	mg/l	11.46	11.42	11.19
SS	20	mg/l	9.77	6.80	6.70
N-H(Mineral oil)	5	mg/l	0.16	-	-
N-H(Organic oil)	30	mg/l	0.87	1.07	0.99
T-N	40	mg/l	3.18	3.09	4.12
T-P	4	mg/l	1.62	1.66	0.77
pH	5.8-8.6	-	8.02	8.09	8.02

Note

Daepoong Plant's data was subject to the records from the wastewater treatment plant at Daepoong Industrial Complex.

Note

The wastewater standards for Samnam Plant were changed in 2011.

Contaminants in Wastewater Samnam Plant					
Category	Regulatory Standard	Unit	Densities		
			2009	2010	2011
BOD	120	mg/l	16.89	26.31	43.59
COD	130	mg/l	27.14	19.35	26.00
SS	120	mg/l	4.50	5.50	13.50
N-H(Mineral oil)	5	mg/l	0.01	-	0.01
N-H(Organic oil)	30	mg/l	3.18	2.09	2.94
T-N	60	mg/l	14.46	8.71	9.99
T-P	8	mg/l	0.18	0.38	0.30
pH	5.8-8.6	-	7.13	7.19	7.94

Solid Wastes

Note

The solid waste output of the Daepoong Plant has increased as the curry production was relocated to the plant.

Operation Sites	Type	Unit	2009	2010	2011
Anyang	General	ton	3,989.0	4,041.7	3,915.8
	Designated	ton	512.2	557.9	401.2
Pyeongtaek (Production Department)	General	ton	118.7	132.7	124.7
	Designated	ton	-	-	-
Daepoong	General	ton	3,110.8	3,736.5	4,124.3
	Designated	ton	0.3	0.8	7.4
Samnam	General	ton	1,404.9	1,320.0	1,307.5
	Designated	ton	-	-	-
Subtotal	General	ton	8,623.4	9,230.9	9,472.3
	Designated	ton	512.5	558.7	408.6
Total		ton	9,135.9	9,789.6	9,880.9

Air Pollutant Density

Note

The Samnam Plant and Anyang Plant Pyeongtaek Production Department have no applicable data. The Daepoong Plant began to change its boiler fuel supplies from B-C to LNG in 2010.

Anyang Plant					
Air Pollutants	Unit	Regulatory Standard	2009	2010	2011
Dust	mg/Sm ³	100	6.38	7.02	3.34

Daepoong Plant					
Air Pollutants	Unit	Regulatory Standard	2009	2010	2011
NOx	ppm	250	203.85	N/A	N/A
SOx	ppm	540	220.10	N/A	N/A
Dust	mg/Sm ³	50	14.61	12.61	12.33
Smoke	Grade	2	1	N/A	N/A

GRI G3 Guideline Index

Profile ● Fully Reported ● Partially Reported ○ Not Reported N/A Not Applicable

Category	Indicators	Reporting Status	Page
Strategy and Analysis	1.1 Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	●	5
	1.2 Description of key impacts, risks, and opportunities	●	5, 35
Organizational Profile	2.1 Name of the organization	●	3
	2.2 Primary brands, products, and/or services	●	10-14
	2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	17
	2.4 Location of organization's headquarters	●	16
	2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	17
	2.6 Nature of ownership and legal form	●	15
	2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	17
	2.8 Scale of the reporting organization (number of employees, revenue/net profit, etc.)	●	15
	2.9 Significant changes during the reporting period regarding size, structure, or ownership	N/A	-
	2.10 Awards received in the reporting period	●	9
Report Parameters	3.1 Reporting period for information provided	●	2
	3.2 Date of most recent previous report	●	2
	3.3 Reporting cycle	○	-
	3.4 Contact point for questions regarding the report or its contents	●	3, 75
	3.5 Process for defining report content (Determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expects to use the report)	●	25
	3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	●	2
	3.7 State any specific limitations on the scope or boundary of the report	●	2
	3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	○	-
	3.9 Data measurement techniques and the bases of calculations	●	33, 39, 41, 42, 50
	3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	●	2
	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	○	-
	3.12 Table identifying the location of the Standard Disclosures in the report	●	68-69
	3.13 Policy and current practice with regard to seeking external assurance for the report	●	70-73
Governance, Commitments, and Engagement	4.1 Governance structure of the organization (including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight)	●	15
	4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	○	-
	4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	15
	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	15
	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	○	-
	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	○	-
	4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees	○	-
	4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	21-22
	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	○	-
	4.10 Processes for evaluating the highest governance body's own performance (particularly with respect to economic, environmental, and social performance)	○	-
	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization	○	-
	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	○	-

Category	Indicators	Reporting Status	Page
Governance, Commitments, and Engagement	4.13 Memberships in associations such as industry associations and/or national/international advocacy organizations	○	-
	4.14 List of stakeholder groups engaged by the organization	○	-
	4.15 Basis for identification and selection of stakeholders with whom to engage	○	-
	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	○	-
	4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	○	-

Environment ● Fully Reported ● Partially Reported ○ Not Reported N/A Not Applicable

Category	Indicators	Reporting Status	Page
Materials	EN01 Core Materials used by weight or volume	●	37, 65
	EN02 Core Percentage of materials used that are recycled input materials	○	-
Energy	EN03 Core Direct energy consumption by primary energy source	○	65
	EN04 Core Indirect energy consumption by primary source	●	65
	EN05 Additional Energy saved due to conservation and efficiency improvements	○	-
	EN06 Additional Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	○	-
	EN07 Additional Initiatives to reduce indirect energy consumption and reductions achieved	●	39
Water	EN08 Core Total water withdrawal by source	●	42, 65
	EN09 Additional Water sources significantly affected by withdrawal of water	●	42
	EN10 Additional Percentage and total volume of water recycled and reused	○	-
Biodiversity	EN11 Core Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	-
	EN12 Core Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N/A	-
	EN13 Additional Habitats protected or restored	N/A	-
	EN14 Additional Strategies, current actions, and future plans for managing impacts on biodiversity	○	-
	EN15 Additional Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations according to level of extinction risk	○	-
1 Emissions, Effluents, and Waste	EN16 Core Total direct and indirect GHG emissions by weight	●	37, 65
	EN17 Core Other relevant indirect GHG emissions by weight	●	37, 65
	EN18 Additional Initiatives to reduce GHG emissions and reductions achieved	●	39-41, 48, 49
	EN19 Core Emissions of ozone-depleting substances by weight	N/A	-
	EN20 Core NO, SO, and other significant air emissions by type and weight	●	67
	EN21 Core Total water discharge by quality and destination	●	66
	EN22 Core Total weight of waste by type and disposal method	●	67
	EN23 Core Total number and volume of significant spills	●	No spills
	EN24 Additional Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	N/A	-
Products and Services	EN25 Additional Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	N/A	-
	EN26 Core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	33, 34
Compliance	EN27 Core Percentage of products sold and their packaging materials that are reclaimed by category	●	No reclaims of packaging materials
	EN28 Core Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	●	No files and sanctions
Transport	EN29 Additional Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	44-51
Overall	EN30 Additional Total environmental protection expenditures and investments by type	●	43

Independent Assurance Statement

We were engaged by Ottogi Co., Ltd. (hereinafter "Ottogi") to provide independent assurance on the information presented in the 2012 Ottogi Environmental Report (hereafter "the Report"). Ottogi is responsible for preparing the Report, including the identification of stakeholders and material issues. Our responsibility is to provide an opinion on the Report.

Context and scope

Our engagement was designed to provide limited assurance on whether:

1. Ottogi has applied the "AA1000 AccountAbility Principles Standard (2008)";
2. The information in the Report is fairly stated in all material respects, based on the reporting criteria set out on "About This Report".

The scope of our engagement conforms to the requirements of a Type 2 assurance engagement as set out in the AA1000AS (2008) of AccountAbility, including the aspect of "reliability".

With regard to the financial data on page 15, our procedures were limited to verifying that they were correctly derived from Ottogi's audited financial statements. To obtain a thorough understanding of Ottogi's business performance and financial status, the audited financial statements of Ottogi closing on December 31, 2011 should be consulted.

Criteria

Ottogi applies the criteria of the AA1000APS (2008) for the three principles of inclusivity, materiality and responsiveness. In preparing the report, Ottogi applies the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative (GRI).

Assurance standards

We conducted our engagement in accordance with the ISAE 3000^① and AA1000AS^②. Readers should note that limited assurance in ISAE 3000 is consistent with a moderate level of assurance as defined by AA1000AS (2008). Among other things, these standards contain requirements regarding the independence and competency of the assurance team.

① International Standard on Assurance Engagements 3000 : Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by International Auditing and Assurance Standards Board

② AA1000 Assurance Standard(2008), issued by AccountAbility

Independence, impartiality and competence

We conducted our engagement in compliance with the requirements of the IFAC (International Federation of Accountants) Code of Ethics for Professional Accountants which requires, among others, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence, due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

We conducted our engagement with a multidisciplinary team including specialists in AA1000APS/AS, stakeholder engagement, auditing, environmental, social and financial aspects, with experience in similar engagements in the sector.

Work undertaken

Our work included the following activities:

- An evaluation of the results of Ottogi's stakeholder consultation processes
- An evaluation of Ottogi's processes for determining the material issues for key stakeholder groups
- A media analysis and an internet search for references to Ottogi during the reporting period
- Interviews with a selection of Ottogi managers and key stakeholders to understand the current status of sustainability activities and progress made during the reporting period
- An evaluation of the design, existence and operation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Report
- Reviewing the internal documentation and intranet sources
- With regard to the financial data on page 15, verifying that they were correctly derived from Ottogi's 2011 audited financial statements

During our investigation, we discussed the necessary changes to the Report with Ottogi and verified that these changes were adequately incorporated into the final version.

Independent Assurance Statement

Conclusions

On the AA1000APS Principles of Inclusivity, Materiality and Responsiveness:

In relation to the principle of inclusivity:

- Ottogi properly identifies the stakeholders affecting the environmental management or affected by it. The company performs periodical surveys and operates relevant communication channels for the involvement of stakeholders.
- We are not aware of any material stakeholder groups that were excluded from the stakeholder involvement processes set forth in the Report.

In relation to the principle of materiality:

- Ottogi executes materiality test processes including industrial analysis, media analysis, and stakeholder surveys on an annual basis to implement its environmental management initiatives and draw up reports. The corresponding results are reflected in the Report.
- We are not aware of any material aspects concerning its environmental management performances which have been excluded from the Report.

In relation to the principle of responsiveness:

- Ottogi issues environmental reports covering its environmental management performance and schemes on an annual basis to properly respond to the demands of stakeholders. The company also maintains a variety of online and offline communication channels with stakeholders on a regular basis.
- With the exception of the issues highlighted in the Report in relation to materiality, we are not aware of any additional issues of stakeholder interest that are not currently being managed by Ottogi.

On the content of the Report:

Based on the above work, we conclude that the information in the Report does not appear to be unfairly stated in terms of materiality.

Comments

Without prejudice to our conclusions presented above, we believe the following matters can be considered for improved environmental reporting:

- Further efforts should be made in communicating Ottogi's environmental management philosophy and relevant performance data to various stakeholders. In particular, the company should raise social awareness through actively engaging not only its employees but also customer groups and local communities in the materiality test process for writing the Report.
- It is recommended that Ottogi enhances its responsiveness to product supply chain issues that are currently highlighted throughout the industry and continuously communicate relevant performance measures with stakeholders. To achieve this, the company should encourage overseas subsidiaries and suppliers to adopt its environmental management initiatives and jointly report relevant performance data in the Report.

We have discussed our observations regarding the reporting process and reported outside the scope of our assignment with Ottogi management. They were receptive to our comments.

Seoul, May 2012
Samjong KPMG Consulting Inc.
Representative Director **Kim, In Soo**



Stakeholder Survey

We appreciate your interest in Ottogi's environmental management initiatives. We humbly ask you to fill out the following questionnaire and return your response regarding our 2012 Environmental Report. Your feedback will be greatly helpful for Ottogi's environmental management practices and environmental communications, including our environmental reporting.

How do you evaluate Ottogi's Environmental Report?

Very satisfactory Satisfactory Average Unsatisfactory Very unsatisfactory

Which section of this report do you find most interesting?

Company Overview Eco Story Eco Office Eco Cook
 Eco Factory Eco Drive Eco Partner Corporate Social Responsibilities

Please answer the following questions.

- **Do you find the report easy to understand?**
 Very easy Easy Average Difficult Very difficult
- **Do you find the report informative?**
 Very satisfactory Satisfactory Average Unsatisfactory Very unsatisfactory
- **Do you find the design and layout of the report helpful in understanding its contents?**
 Very satisfactory Satisfactory Average Unsatisfactory Very unsatisfactory

What is our main area of interest? (Multiple choices available)

Company Overview Environmental Management System
 Climate Change/GHG/Energy Water/Water Pollutants
 Packaging Materials Solid Waste Biodiversit Air Pollutant
 Hazardous Chemicals Environmental Performances of Affiliates/Suppliers
 Environmental Information of Products Organic/Pesticide-free Products
 Environmental Communication with Consumers Environmental Regulation Compliance
 Corporate Social Responsibilities Others ()

Which part do you think lacks sufficient information among your areas of interest in this report?

Company Overview Environmental Management System
 Climate Change/GHG/Energy Water/Water Pollutants
 Packaging Materials Solid Waste Biodiversit Air Pollutant
 Hazardous Chemicals Environmental Performances of Affiliates/Suppliers
 Environmental Information of Products Organic/Pesticide-free Products
 Environmental Communication with Consumers Environmental Regulation Compliance
 Corporate Social Responsibilities Others ()

Please share your suggestions on the ways to improve Ottogi's environmental management practices and reporting.

To which stakeholder group do you belong?

Consumers Shareholders Executives and employees
 Government institution Associates of supplier
 Associates of affiliated company Environmental/Sustainability expert group
 Academics Civic group Media
 Community residents Students Others ()

We really appreciate your opinion. Please send your response to the address below.



Green Society

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Eco 2012 Environmental Report

Otogi with Nature, Happiness for You



This report was printed on eco-friendly paper using soybean ink.