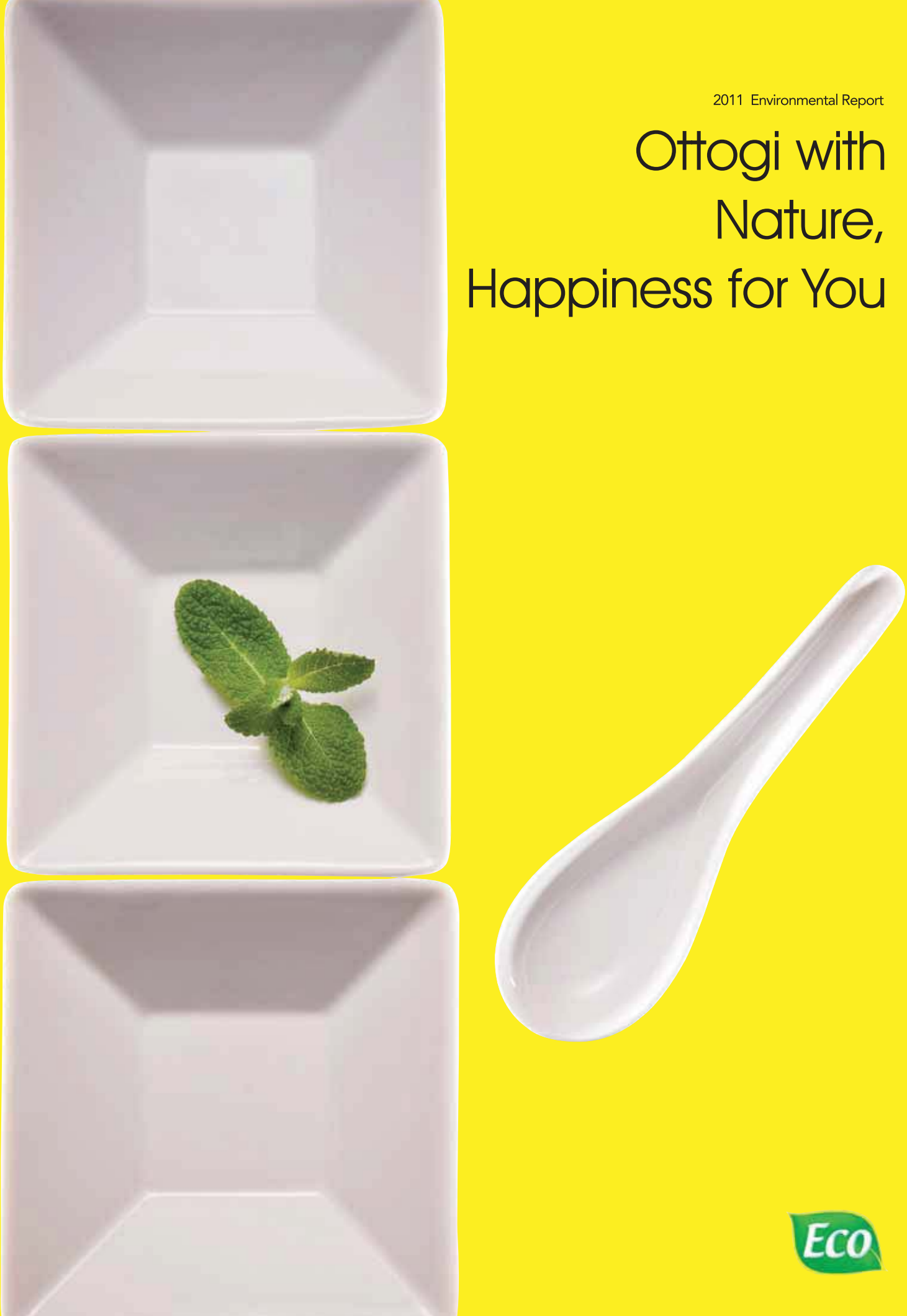
2011 Environmental Report

Ottogi with Nature, Happiness for You



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Report Overview

Objective

This report is the first environmental report by Ottogi, a company that cares deeply about environmental issues and has been taking action to tackle them. It is also a record of Ottogi's achievements and a statement of our future commitment. We sincerely hope the report serves as a channel of communication with our stakeholders and encourages the readers to join us in tackling environmental problems. We plan to publish environmental reports on an annual basis.

Reporting Period and Scope

This report is based on Ottogi's quantitative and qualitative environmental performance data over the past three years between January 1, 2008 and December 31, 2010. The report also contains some qualitative data up to March 2011 which is beyond the reporting period. The reporting scope includes Ottogi headquarters, the Ottogi R&D Center, and processing plants in Anyang, Daepung and Samnam. The report also contains information on several subsidiaries.

Reporting Principle

The Ottogi Environmental Report was compiled using the G3 GRI (third generation of the Global Reporting Initiative) guidelines and Environmental Report guidelines. Financial data, standards and terms used were selected using domestic financial reporting guidelines.

Third Party Assurance

The report was subjected to an assurance process by a third party assurance service provider, Korea Standard Institute. The assurance report is included on page 61 of the report.

Contact for Additional Information 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.

Staff in Charge Jung, Yong-Mok / Gang, Goo-Man, Manager,
Environmental Task Force
Address Ottogi Center, 1009-1 Daechi-dong, Gangnam-gu Seoul,
Republic of Korea
Fax 82. 2. 2010. 0799 **Tel** 82. 2. 2010. 0715 **Email** kang_guman@ottogi.co.kr

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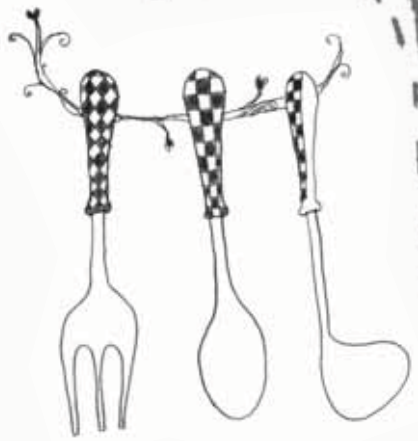

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A Vision of a Happier World with Tastier Food and a Cleaner Environment

There are things that we take for granted and often forget to appreciate. I think love of one's parents is one of those things. We know that our parents will always be there to support us and we never thank them enough. Clean air and water are yet another of the things that we often take for granted despite their vital importance to the wellbeing of everyone and everything alive. Since the beginning, we have done our best to uphold our respect for a clean environment. Yet, we recently revamped our environmental management practices by expanding its scope at the corporate level through a more systematic approach. In this report, I would like to share for the first time what we have been able to achieve as a result of our revamped environmental management efforts.

I participated in many Eco meetings, and I was pleasantly surprised to witness how attitudes and actions of participants changed over time as their awareness on the environment increased. I also witnessed progress made in the five areas of our environmental initiatives including 'Eco Cook', 'Eco Factory', 'Eco Office', 'Eco Drive', and 'Eco Partner' through the leadership of the respective employees in charge of each. We are yet to accomplished any revolutionary achievements, but we are confident that such accomplishment can be done if the small changes we make today become standard practice for all.

At Ottogi, we have always strived to ensure that all our food products are produced using the most environmentally-friendly materials available, which range from base food materials to packaging. Furthermore, we are endeavoring to ensure that our products are manufactured at ultimate eco-factories which emit far less air pollutants and waste water compared to today's standard. Recently, I was pleasantly surprised to learn about the great amount of effort that the leading companies were making in order to improve their environmental performance. Ottogi's environmental initiative has just been launched, so we are currently well behind the competition. However, we plan to leapfrog that progress by setting ambitious targets and achieving them For instance, we set a 10% reduction target in electricity use, fuel consumption, and waste-water emissions at all plants by end of 2011. Much to our surprise, many plants have already achieved this goal in the 1st quarter and others are making a strong effort to meet the target. We plan to set even more ambitious targets next year and move forward to realize our Eco Factory vision.

Eco Cook is yet another important initiative designed to reduce the environmental impact associated with use of our products at home and in restaurants. The first Eco Cook project was targeted at reducing energy use and CO_2 emissions associated with warming of our ready meal products. We are also looking for ways to motivate our employees in offices to actively participate in environmental protection activities and dramatically reduce consumption of energy and resources while maintaining high productivity. Another important environmental initiative is 'Eco Drive' classes for the hundreds of drivers who deliver our products to stores all over the country. The classes are not only designed to educate drivers about fuel conservation techniques but also to build a sense of pride in what they can do to contribute. Lastly, we are also working with our suppliers to turn each into 'Eco Partners'. We are sharing our successes and experiences to help them improve their environmental performance while creating many other mutual benefits.

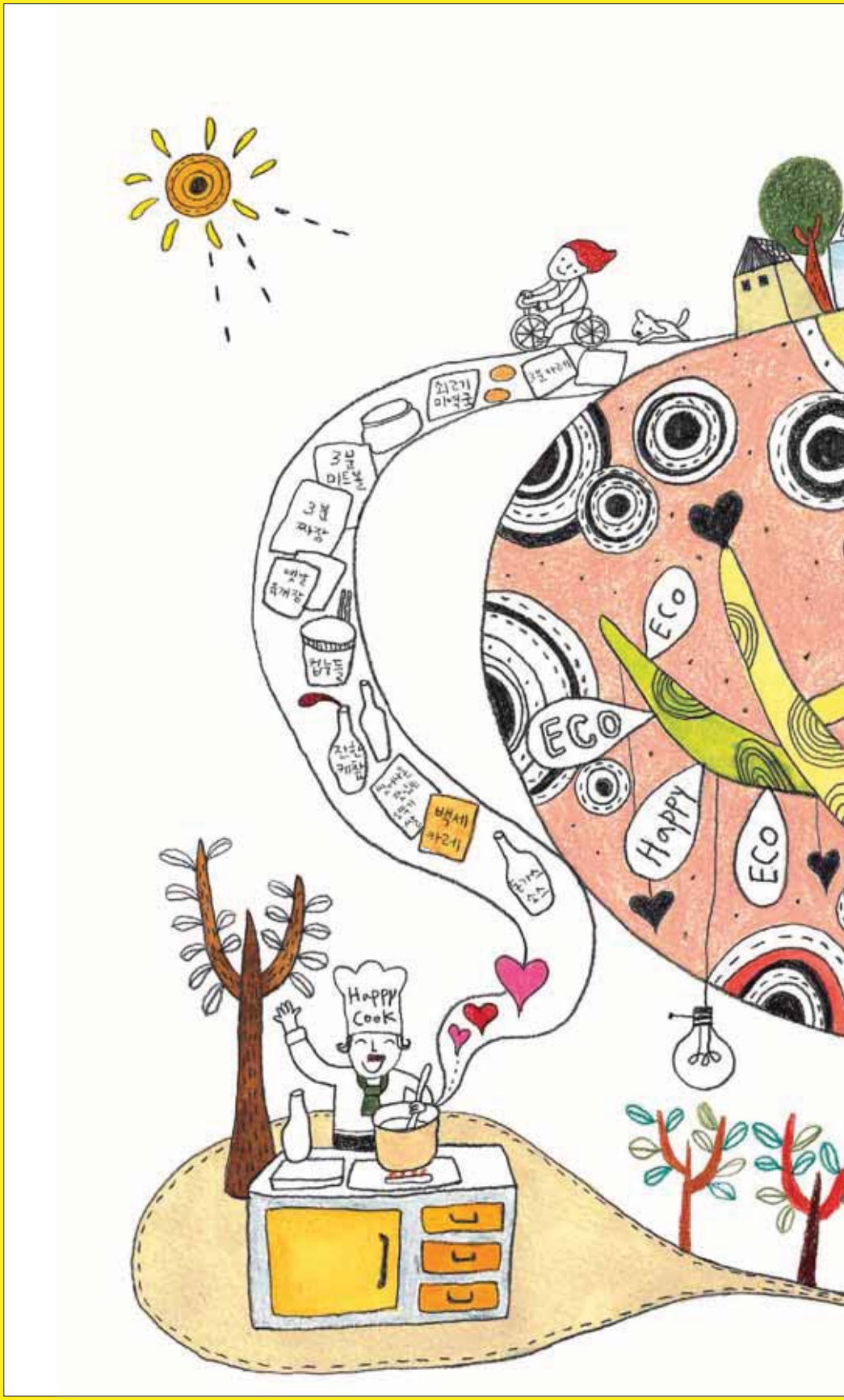
Ottogi will always stay committed to our vision of realizing a 'happier world with tastier food and a cleaner environment'. We will continue to work with other members of the society and never neglect our responsibilities no matter how small they might be in order to make Ottogi a true role model for others to follow.

Sincerely,

Ham, Young-Joon
Chairman & CEO

Company Overview

Ottogi aims to contribute to the good health and happiness of humanity with its food products as a cultivator of a healthy dietary life.



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Ottogi, a Cultivator of Healthy Dietary Life

Since its establishment in 1969, Ottogi has endeavored to improve dietary life of our consumers with advanced food products of the highest quality and nutritional contents. We dream of a happier future for our customers and the members of the Ottogi Corporation in a cleaner environment. We firmly believe that our dedication and support of our customers will enable us to realize such dream.

Management Philosophy of Ottogi

Ottogi has strived to stay true to its management philosophy during its growth over the past four decades. Our mission has been to make a 'contribution to satisfying the dietary needs of people,' and all employees of Ottogi will continue to make a strong effort to stay true to that objective for years to come.

Better Quality

Better quality is the first among management principles of Ottogi because quality is the most essential requirement of any food product. Quality is an important general requirement of any product. However, quality takes a far more solemn meaning when it comes to food products. Simply put, food is essential for maintaining health and life of all people, so food products can only serve their purpose when they are of good quality. Therefore, employees of food product companies like Ottogi must strive to produce products of higher quality with a strong sense of duty and responsibility. Ottogi is well aware of the importance of good quality and we are working hard to improve quality of our products at this very moment.

Good Nutrition Contents

Ensuring excellent nutritional content is a factor of fundamental importance in any food product. People need to eat nutritious food on a regular basis in order to lead a healthy and satisfying life. Staying true to the philosophy of Ottogi' s founder, we strive to make great food products with better nutritional contents in order to help our consumers lead a healthier life.

Advanced Food

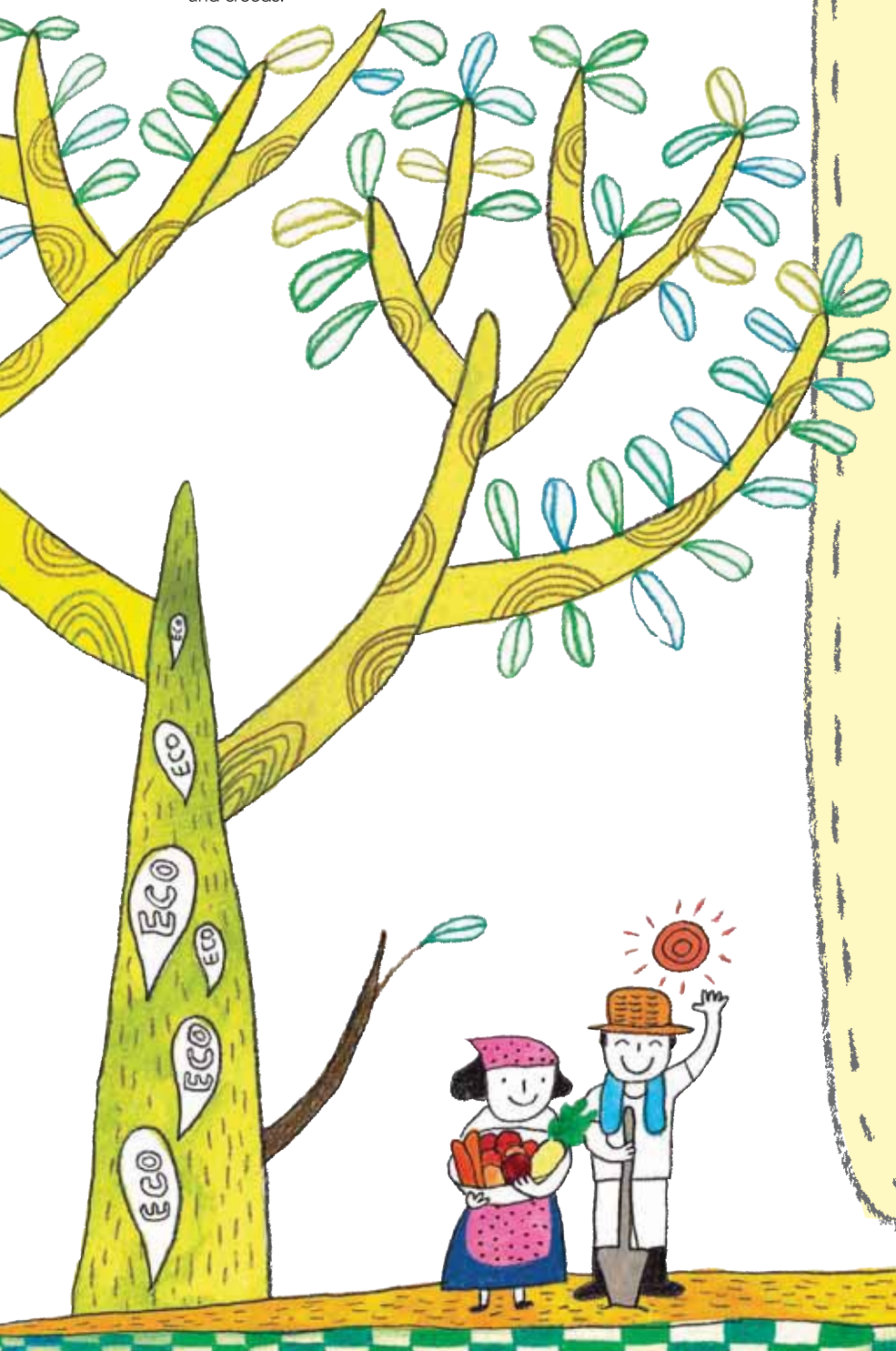
We strive to be the first company to create more advanced food products. In our definition, advanced food products need to be not just the first of its kind but advanced in terms of quality, customer convenience and in the way they are produced and sold. Creation of new and advanced products is a challenge but such endeavors involved in the creation of more advanced products using creative new methods also allow us to experience great joy. Ottogi' s management philosophy encourage us to strive to be the first company to provide more advanced products to customers for joy of creation and a sense of fulfillment.

Positive Contribution to Satisfying the Dietary Needs of All Citizens

South Korea was one of the least developed countries in the world with a low GDP and insufficient food resources, so improving the dietary life of its citizens was a national priority in the time of Ottogi' s foundation. Therefore, it was the duty of food companies including Ottogi to provide food products of adequate quality and high nutritional content at affordable prices. There was a clear emphasis on the provision of adequate amounts of food but Ottogi placed a strong emphasis on quality as well because we believed in positive role that high quality food can play in nurturing not only physical health but the healthier mental state of people.

The Growth of Ottogi

Ottogi has pursued its goal of 'positive contribution to satisfying the dietary needs of all citizens' since its establishment in 1969. The company is now preparing to open a new era of growth. In this new era, Ottogi will be heading toward a new higher goal but Ottogi will always remain true to its unique culture of respect for strong principles and creeds.



1969. 05	Establishment of Pung-Lim Company, the first company to produce curry products in Korea
1971. 08	Production of the first ketchup product in Korea
1972. 06	Completion of Anyang Factory, the first facility to produce mayonnaise in Korea
1977. 07	Completion of vinegar production plant
1977. 10	Completion of oil product production plant
1977. 12	Production of the first vegetable oil-based margarine in Korea
1980. 06	Change of company name to Ottogi Foods Industries Ltd.
1981. 04	Production of the first ready meal product in Korea
1983. 06	Establishment of Research Center
1989. 04	Completion of automated warehouse
1992. 07	Completion of Samnam plant
1992. 07	Launched support program for operations for children with inherent heart disease
1994. 06	Launched business in China with establishment of Lianyungang Condiment Limited Public Corporation
1994. 08	Initial Public Offering
1996. 05	Change of company name to Ottogi Corporation
1996. 10	Establishment of the Ottogi Foundation
1997. 05	Completion of the first Ottogi plant in New Zealand
1998. 11	Received Ten Million Dollar Exporter's Award
1999. 07	Certification of ISO 9002 Quality Management System
2001. 08	Completion of Daepoong plant
2002. 02	Ottogi R&D Center qualified for KOLAS(Korea Laboratory Accreditation Scheme) certification
2003. 10	Launched ERP system
2004. 05	Completion of Daepoong Ready meal Plant
2004. 11	Completion of rice processing plant
2004. 11	Completion of sterilized cooked rice product production plant
2005. 05	Establishment of 'Ottogi America'
2005. 11	Received Thirty Million Dollar Exporter's Award on the 42nd Exporter's day and Suktop Medal of Industrial Achievement
2006. 03	Received Suktop Medal of Industrial Achievement on 33rd Commerce day
2006. 05	Completion of Daepoong Logistics Center
2006. 11	Received Fifty Million Dollar Exporter's Award on the 43rd Exporter's day
2007. 05	Provision of support for the 2,000th child with inherent heart disease for surgery
2008. 02	Ottogi Cooked Rice qualified as a space food
2009. 05	Commemoration of 40th year in operation
2009. 09	Completion of Granular Curry product plant
2009. 12	Establishment of Ottogi Vietnam and local production plant
2010. 03	Relocated to the Ottogi Center
2010. 06	Establishment of Ottogi Beijing
2010. 12	Received 2010 Presidential Award as one of the top one hundred companies with outstanding contribution to job creation

Ottogi Product Line-up

Since its establishment in 1969, Ottogi has been making original products of the highest quality and will continue to produce safe food products of the highest quality which consumers can choose with confidence.

Since its incorporation in 1969, Ottogi has introduced a large number of innovative products which are still beloved by many consumers. For example, we introduced curry products in 1969, soup products in 1970, tomato ketchup in 1971 and mayonnaise in 1972. We pioneered the market while ensuring great product quality. Although more than 40 years have passed, the products we launched in the late 60's and 70's are still sold today in large volume. They are an now important part of the diet in Korea and many other countries as best selling quality food products with proven longevity.

While competitors struggle to have one top selling product in the market, Ottogi has more than 30 top selling products. Our curry products have always been top sellers. We are also proud to have top market share in mayonnaise and ketchup sales despite tough competition from multinational competitors. Our soup products, which were first to be marketed using a public tasting event in Korea, have also been top sellers since their launch.

Our products are also popular in overseas. For instance, we are selling more than 50 billion KRW worth of mayonnaise to Russia and a large volume of cooked rice and ramen products in countries including the U.S., China and Japan. Overall, annual sales overseas exceeds 80 million U.S. dollars.

Ottogi Curry

Curry, full of unique flavors and rich tastes was first introduced to Korea in the 1940's and has become a popular national dish as Ottogi began production of a range of curry products starting in the late 1960's. In fact, Ottogi's first product was curry powder which was released in 1969. The company founders judged that curry products had great potential in Korea because rice had always been a staple food of the Koreans and they have a penchant for spicy food. Ottogi's judgment turned out to be just right.

The unique flavor and taste of curry and the growing interest of consumers in healthy foods has been contributing to the steady growth of curry product market in Korea. The Ottogi curry products have always been on the forefront of the market. Easy to cook, healthy and full of savory flavor, curry has become a national dish.The secrets to success of Ottogi's curry products are as follows. First, consumers have great faith in Ottogi, which has been making high quality products for more than 40 years. Second, curry dishes are nutritious with vegetable, meat and tumeric in good balance. Third, curry dishes are easy to prepare yet exotic, providing a 'dining-out' feel for Korean families. Lastly, scientific research is revealing that curry has high nutritional value that is good for health and interest in healthy living is growing stronger than ever.

Ottogi Mayonnaise

Ottogi released Mayonnaise for mainstream consumption in Korea in June 1972 because its market potential was growing as the Korean diet became increasingly westernized creating a demand for mayonnaise for consumption with western style foods such as salads. It was produced using Ottogi's self-developed method, and we paid dearly as our early batches of mayonnaise products were vulnerable to changes in temperature both high and low as well as vibration during transport, storage environment and exposure to sunlight. As a result, more than half of the product was returned as defective causing significant problems. We were able to improve it through a painful process of trial and errors. We learned a great lesson and more importantly learned important production technologies that allowed us to produce a wide range of high quality mayonnaise products as a market leader, using our own hard-earned propriety techniques.

Steady investment in R&D and creative marketing efforts are Ottogi's secret to maintaining top market share in the Korean mayonnaise market against multinational food companies such as Knorr. We have been dominating with market with more than an 80% share as the clear mayonnaise market leader. We continue to produce new products in order to meet the changing needs of our customers and will continue to do so in order to maintain our strong leadership in the market.

Ottogi Ready Meal Products

The Ottogi ready meal products were first introduced in 1981. The products still enjoy great popularity in Korea. The products come in special plastic pouches and are prepared by heating in boiling water.

The Ottogi ready meal products were the first of their kind in Korea. The first product was instant curry and it was launched in 1981. Other products, such as 'Ottogi Jjajang', 'Hamburg Steak' and 'Meat Balls,' followed. In early 2000, Ottogi released the 'Bekse Curry' which contains premium quality ingredients carefully selected to boost the health of its consumers. We also produced new products including 'Cool Curry' and 'Cool Jjajang' which, for added convenience, do not require any preparation including heating up in a microwave oven or in boiling water. Since its release in 1981, the Ottogi ready meal products which cost around one thousand Korean won each (Approximately one US dollar) allow the consumers to have a quality meal at low cost. A national dish in its own right, consumption of the Ottogi ready meal products has been growing steadily regardless of the recent economic slowdown.

Prepared with quality ingredients, our ready meal products are especially popular among young children, college students and bachelors who want to have a quality meal without having to spend significant time cooking. As a long-time steady seller sold at an affordable price, the Ottogi ready meal products continue to maintain their popularity as food products that fulfill dietary and nutrition needs of all members of the family.

Ottogi Sesame Oil

The 'Ottogi Sesame Oil' is a market leading product made of 100% whole sesame seeds. Ottogi entered the sesame oil market in 1983 and quickly dominated the market by using high-quality sesame seeds prepared with a unique roasting technique. The 'Ottogi Sesame Oil' quickly became the brand that defined the market out competing its rivals which often suffered in quality and which is often disregarded as a product unfit for human consumption. However, our sesame oil product removed such doubts about mass produced sesame oil essentially creating a new market for other mass producers as well. The secret to our sesame oil product is a three-stage sesame seed pre-screening process to weed out all but whole sesame seeds, a well controlled optimal roasting process, and a three-stage filtering process to screen out all impurities but pure sesame oil. We have also been maintaining our principle of using whole sesame seeds instead of cheaper sesame seed powder to ensure the best quality. According to the analysis by the market research company AC Nielsen, we have maintained our leadership in the sesame oil market ever since 1990. Our secret to success is simple, the production of high quality sesame oil with great flavor.

Ottogi Ramen

Ottogi Ramen, well recognized with its most popular brand 'Jin Ramen', is sold in the market in more than 50 different types, either in packaged or bowl-type, in order to reflect the diverse tastes of our customers. Jin Ramen has been Ottogi's flagship and best-selling brand for decades with both hot and mild flavors. Since its first sale in 1988, the popularity of Jin Ramen has not abated one bit. For the past 20 years, the product has been successful in attracting avid followers and its annual sales have reached more than 60 billion KRW. Its noodles are chewy and soft. Its flavoring spices are nicely mixed with tasty ingredients. Vegetables, eggs and other ingredients can be added to create a complete soup dish. Mild taste flavor Jin Ramen is popular among kids and moms in their 30's. In particular, for the first time in the ramen manufacturing industry, Ottogi uses high oleic sunflower seed oil in the manufacture of all lines of small-sized cup ramen products (including a ramen snack 'Ppushu-ppushu'), which are popular among kids, in order to strengthen the quality and safety of the product.

Ottogi Tomato Ketchup

Ottogi started Korea's first tomato ketchup production in 1971. For more than 42 years, Ottogi has lead the market with a market share of more than 80% competing successfully against well known foreign companies (Heinz, etc). Tomatoes have been selected by Time Magazine as one of the world's top 10 healthiest foods. There is an old European saying that "when tomatoes ripen red, doctors turn pale" which suggests the health benefits of tomatoes. Tomato ketchup contains more lycopene than tomatoes. The product is made by boiling, filtering, adding sugar, salt, vinegar and other spices to fruits and vegetables. Ketchup has become an essential sauce used in all kinds of dishes equaling the status of the Korean hot pepper paste called Kochujang. Setting tomato ketchup as its basic product, Ottogi continues to be the number one company by satisfying the demands of customers with our diverse products such as organic ketchup, fruit and vegetable ketchups, and half-calorie ketchup.

Pre-Washed Rice

When rice is soaked in water, which it starts to absorb, the surface layer of the rice gets weak. When the rice is then washed by rubbing with hands, the surface of the rice is scarred and causes cracks on the surface layer. This is a major cause for decreases in shininess and the softness of the rice. Ottogi's Pre-washed Rice is produced by carefully adjusting the pressure of the water so that there is no cracking during the process of washing the rice. Also, during the drying stage, drying temperatures and speed are optimized to remove only residues and the aleurone layer so that the taste of the rice is fully maximized. Specifically, Ottogi's strictly conducts a screening process for selecting high quality rice from all over the country combined with Ottogi's unique technology. Rice washed at home can either still contain rice bran or can peel off the original tasty layer resulting in degradation of quality such as loss of shininess, whiteness, and taste. Ottogi's Pre-washed Rice adopts the SJR (Super Jiff Rice) technique that preserves original tasty layers and peels off rice bran which guarantees the best taste to the last grain of rice.

Ottogi Soup

Ottogi is the founder of the instant soup industry in Korea and has contributed significantly in raising the standards of dietary life of people. Along with five current product lines of soups (beef cream soup, cream soup, vegetable soup and etc), there are a total of 10 different types of soup products including recently introduced cup soups. High quality ingredients such as New Zealand beef, where cattle are raised in clean environment, mushrooms, corn, carrots and onions are used to make richly-flavored soups. Since the first sales of Ottogi soup in 1970, Korea's soup manufacturing industry has grown steadily. In the 2000's, several companies have introduced instant microwave soups packaged in a bowl or pouch. However, Ottogi powder soup products still dominate the market with more than an 80% market share.

Ottogi Cooked Rice

'Ottogi Cooked Rice' has three types to meet the demands of customers: 'Cooked Ottogi Rice', 'Ottogi Cooked Rice with Sauce', and 'Ottogi Cooked Risotto'. Ottogi prides itself in having the number one products in the market such as curry, mayonnaise, soup, ready meals, sesame oil, vinegar and many others. Ottogi is also a leader in producing rice served with toppings and ready meal by applying Ottogi's unique techniques in making diverse types of sauces.

'Ottogi Cooked Rice' has gone through rigorous processing procedures such as selection, storage, cooking and sanitization of the rice. Ottogi's relentless pursuit for high quality has been well recognized in the market, and Ottogi was selected as the provider of the space meal for Korea's first astronaut So-Yeaon Lee. Furthermore, Ottogi has earned the trust of customers by using clean natural bedrock water in processing all lines of our products. Ottogi firmly believed rice, which is Koreans' staple food, could qualify for a space meal and has participated in the development of the Korean space meal project. Ottogi has earned an official space meal certificate from the IBMP (Institute of Biomedical Problems) going through a strict two-stage certification process.

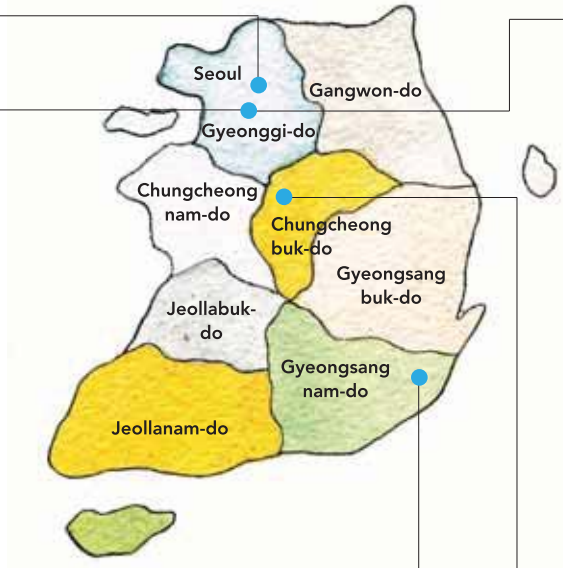
Ottogi Noodles

'Ottogi Noodles' are available in varying thickness (3 levels), noodles for U-don and chopped noodles dishes. Furthermore, they are produced using wheat flour free of any coloring agents and providing a rich taste and pleasant aroma. Ottogi Noodles are also well known for their softness and chewiness. Ottogi noodles are produced by using 'Nobe' Noodle making methods. A suitable amount of salt is added to wheat flour and kneading is performed until the dough becomes smooth and elastic. Then the dough is stretched into ten meter long fine strands of noodles. Repeating this procedure, more than 5,000 strands of noodles are produced in 10 to 20 hours. Noodles produced using this procedure have an optimal level of softness and moisture. The noodles are long, thin and elastic. After boiling the noodles, they have special features of not becoming easily soggy or bloated. Today, the domestic noodle market is worth more than 110 billion KRW. In the 1980's, Saemphyo and other medium-sized companies competed in the noodle market. In the 1990's, Ottogi and other conglomerates such as Daesang, CJ and others have entered the market fuelling fierce competition. Ottogi dominates the market with the market share of more than 60%.

Overview of Domestic Business Sites

Ottogi Center

Ottogi center is the new company headquarter where coordination with subsidiaries and formation of future strategies take place (In operation since March 2010).



Ottogi R&D Center

It is the central research center of the Ottogi Corporation. It is equipped with a full range of lab facilities and office equipment including 5,000 food research books, sterilization devices for ready meals and emulsification and homogenization devices for effective food product research. The Ottogi R&D center has received KOLAS (Korea Laboratory Accreditation Scheme) certification which is recognized as an International Laboratory Accreditation Cooperation.

*Korea Laboratory Accreditation Scheme: Institutions certified with KOLAS are qualified to conduct tests and issue reports, which are then recognized with high validity worldwide.

Anyang Plant

The Anyang plant is where a number of Ottogi' s top selling products are produced. It is a flagship plant where products of the highest quality are produced. The Pyeongtaek production department located in Pyeongtaek and the Anyang plant is managed as a single unit.

Samnam Plant

Located in a strategic location in the South West Korea, the Samnam plant is where ketchup, mayonnaise, vinegar, starch syrup and similar products are produced. It also serves as a logistics center for export of Ottogi products to Russia.

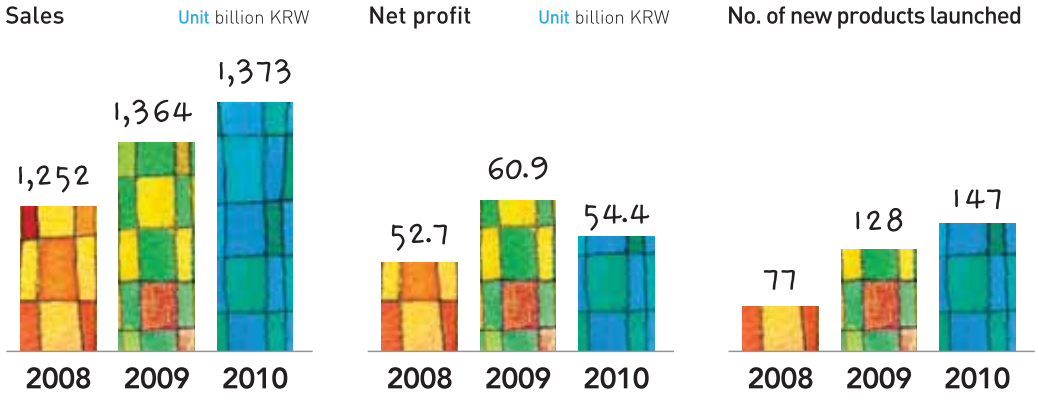
Daepoong Plant

The Daepoong plant is an advanced plant built by incorporating cutting-edge technologies ready to meet HACCP (Hazard Analysis and Critical Control Points) standards. Equipped with all computerized control systems and other cutting-edge technologies, its assembly line and logistics flow is carefully optimized for the most efficient operation.

Business Management Status

Business Achievements

Ottogi sold 1,373 billion KRW worth of product in 2010 which is a 0.7 percent increase over 2009 sales. Net profit for year 2010 was 54 billion KRW. The sales increased and profits decreased compared to 2009. Many external factors such as a slow Korean economy and an increase in raw material costs contributed to slower sale growth. However, there were also a significant number of internal management issues that contributed to the slow-down in sales growth. We will strive to better manage company resources and respond to the changing business environment in order to achieve dual goals of sales growth and increased profits.



Source Audit Report(2008~2010)

Board of Directors Status

As directed by law on the composition of the board of directors, Ottogi has a board of directors as well as 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. An 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 external directors.

Ottogi Employee Profile (as of 31 Dec. 2010)

Total number of employees 3,158 **Male** 871 **Female** 2,287

Ottogi Subsidiaries

- **Ottogi Ramyon Co. Ltd.**
  (Established in November 1987)
  Ramen and various oil products
- **Ottogi Sesame Mills Co. Ltd.**
  (Established in December 1980)
  Sesame oil and Seupayiseuryu products
- **Ottogi Logistics Service Co. Ltd.**
  (Established in October 1995)
  Logistics services
- **Choheung Co. Ltd.**
  (Established in February 1959)
  Various food products including yeast and additives
- **Ottogi Frozen Foods Co. Ltd.**
  (Established in May 1972)
  Various frozen foods including dumplings
- **Ottogi SF Co. Ltd.**
  (Established in November 1998)
  Canned tuna
- **Ottogi Samhwa Foods Co. Ltd.**
  (Established in November 1993)
  Tea
- **Richwood P&P Co. Ltd.**
  (Established in February 1988)
  Packaging materials

Overview of Oversea Subsidiaries

CHINA

Jiangsu Ottogi Foods Co., Ltd. (Established in June 1994)

- Located in Jiangsu province, China, the company processes agricultural products using various methods including drying, concentrating, freezing and more. It also produces sesame oil. It was created as a result of Ottogi's first overseas investment.

Jiangsu Tae Dong Foods Co., Ltd. (Established in April 2002)

- Located in Jiangsu province, China, the company produces glass noodles

Ottogi Beijing (Established in September 2010)

RUSSIA

Ottogi Russia (Established in September 2007)

- Located in Vladivostok, Russia, the company trades mayonnaise, ketchup, ramen and curry products.

VIETNAM

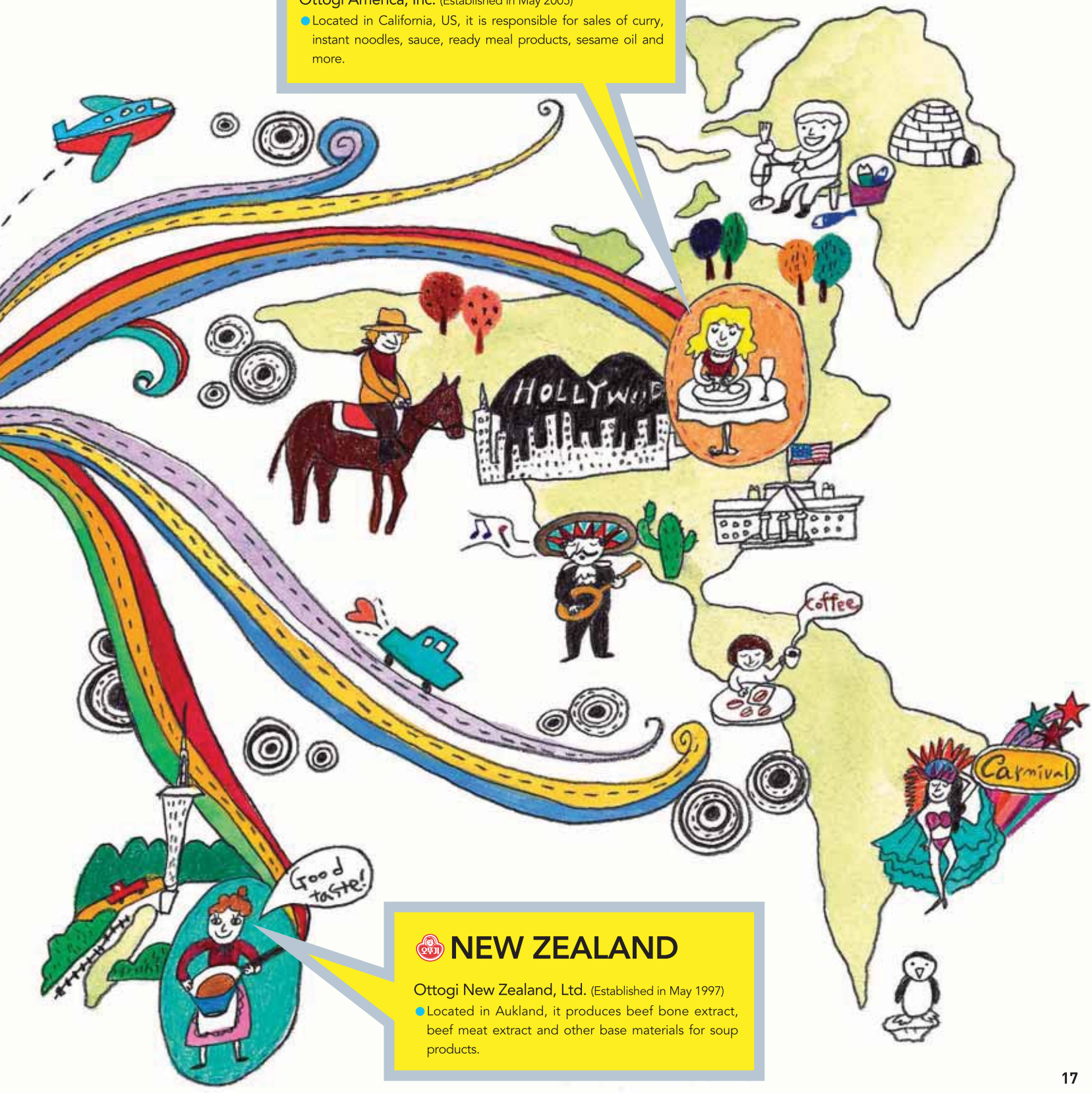
Ottogi Vietnam Co., Ltd. (Established in January 2010)

- Located in Ho Chi Minh city in Vietnam, the company is responsible for the production of ketchup, mayonnaise, sauces, dressings, and jams (mango & pineapple).

AMERICA

Ottogi America, Inc. (Established in May 2005)

- Located in California, US, it is responsible for sales of curry, instant noodles, sauce, ready meal products, sesame oil and more.



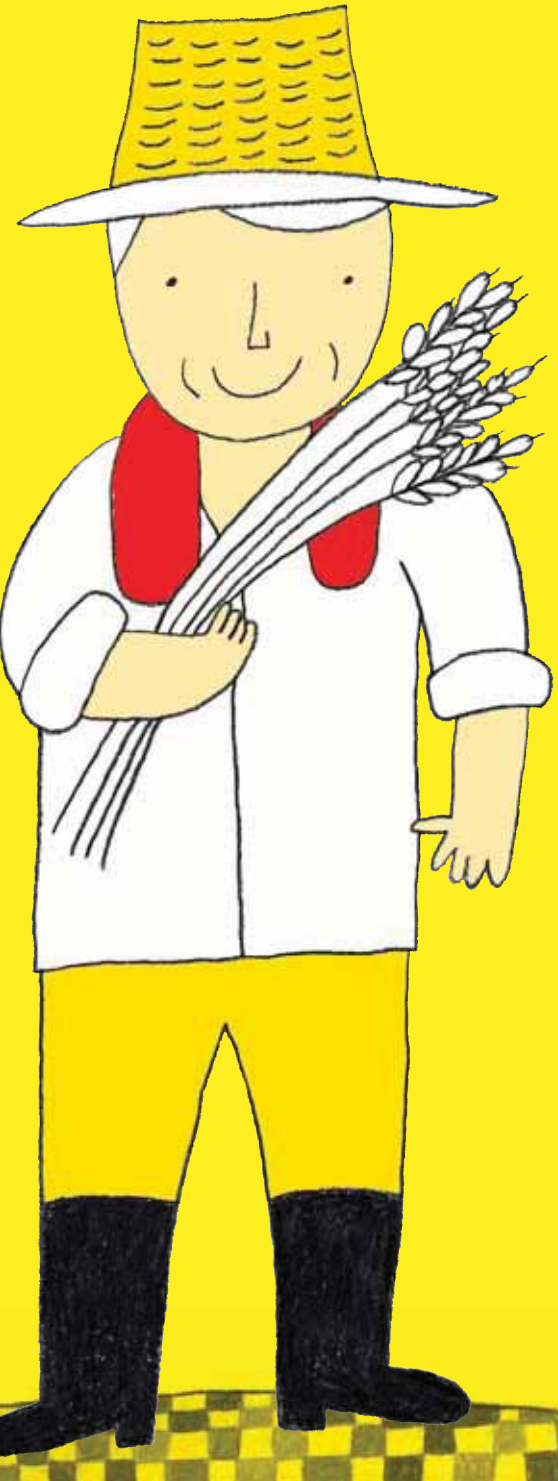
NEW ZEALAND

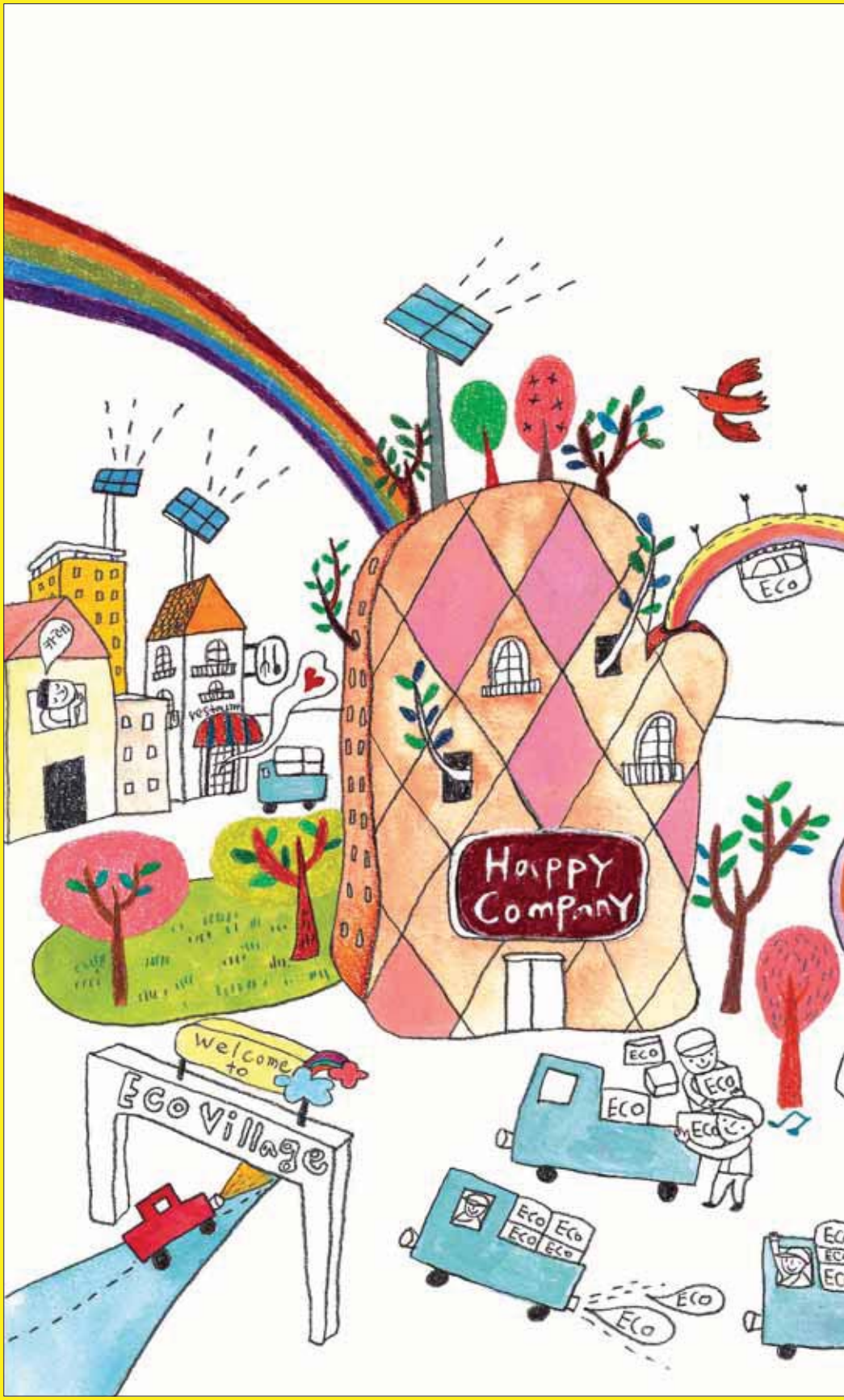
Ottogi New Zealand, Ltd. (Established in May 1997)

- Located in Aukland, it produces beef bone extract, beef meat extract and other base materials for soup products.

Ottogi's Environmental Protection Initiatives

Ottogi devoted itself for improving the dietary life of people over the past forty years. Ottogi will expand its role as a supporter of environmental protection.





Ottogi with
Nature,
Happiness for You

Ottogi's Pursuit of a Happier World with Tastier Food and a Cleaner Environment

We established the 2010 environmental strategies and began to promote corporate environmental management in a much more structured manner. We also launched various environmental initiatives to implement stronger environmental management internally and also with stakeholder participation. It is Ottogi's firm belief that we must achieve stable balance between people and the natural environment in order to realize our vision of a happier world.

Eco Story

Ottogi cares for the environment and strives to make it better.

Ottogi's Environmental Slogan

'Happier World with Tastier Food and a Cleaner Environment'

All employees of Ottogi are dedicating themselves in order to provide advanced food with better nutritional content of highest quality. Using the corporate objective as a basis, we established corporate environmental management strategies and began corporate-wide environmental management initiatives in 2010. We also publicly announced our will to strengthen our environmental management practices and changed our company slogan from a 'Happier world with tastier food' to a 'Happier world with tastier food and a cleaner environment' to quickly spread our strong will to reduce the negative impact with all Ottogi employees on board. Our core objective to make a positive contribution to satisfying the dietary needs of all consumers has remained the same for more than forty years. However, changes in consumer expectations and stakeholder demands are asking us to operate in a new paradigm. Basically, it is necessary to find a way for humans to peacefully co-exist with the natural environment in order to realize a 'Happier world'. Therefore, we incorporated 'with a cleaner environment' in our long-standing slogan of 'Happier world with tastier food'.

Ottogi already began a campaign to realize a 'Happier world with tastier food and a cleaner environment'. In order to raise awareness, we have placed signs and stickers of the slogan everywhere including in company elevators, on office computers, on the company webpage, in corporate newspapers and in many more places.

Ottogi's Environmental Philosophy

Modern economic developments made possible during the post-industrial revolution brought affluence to the society, opening a new culture of mass production and consumption. This new culture has brought great prosperity to many but it also brought degradation of the natural environment, which could take excessive amounts of time to recover. In some cases, full recovery is simply impossible no matter how much time and resources are invested.

Today, humanity faces a formidable challenge of sustainable development. Sustainable development is also a challenge for a food product company like us who are specialized in the process, storage, transport and production of food products available for consumers in the forms that they desire. As a food product company, we grew in the culture of mass production and consumption and now face the dual challenge of achieving economic growth and while tackling environmental issues. In short, we are well aware of our social responsibilities of achieving balanced growth.

As is true for all industries in general. environmental issues associated with the food product industry are not limited to processing plants but all stages of our business activities including agricultural activities for production of raw materials, processing and manufacture of products, food waste management, and food packaging processing. Therefore, it is important to focus on the reduction of the overall environmental impact of product lifecycle. Conventionally speaking, Ottogi's management responsibility is limited to the management of its plants. However, we understand that it is necessary to take responsibility beyond our traditional management scope and strive to reduce the environmental impact beyond what happens at our plants.

Such understanding is the basis for our environmental management. We are fully aware that we must take strategic decisions and actions with a life- cycle view in order to effectively reduce our environmental impact to a minimum. This also requires close collaboration with our stakeholders in addition to our own efforts because its our stakeholders who largely govern production of raw materials, transport, consumption and disposal of our products and packaging materials. We must all work together. Since its foundation in 1969, Ottogi has made a conscious effort to stay true to our business management philosophy of 'abiding to principles that guide us to do the right thing'. Better environmental management can lead to improvement in corporate image and cost savings, but it can also require significant investment, leading to a management dilemma. Our management philosophy provides clear guidance on what we should do faced with such a dilemma. Our management philosophy tells us that environmental management is something that we must pursue with objectives beyond cost reduction and corporate image boosting. Therefore we must strive to reduce degradation of the environment, make the most efficient use of natural resources to achieve balanced growth in the business and environmental performance improvement, and ultimately contribute to sustainable development. In this light, we believe understanding of the full lifecycle management approach and commitment to take action together with stakeholders are most important principles in promotion of environmental management. Ottogi is striving to improve its environmental management in consideration of product lifecycles and to get all stakeholders and employee on board to move toward a more sustainable business model. Our new environmental emblems represent our view of environmental management well. There are five types of environmental emblems each representing what Ottogi has done to reduce its overall environmental impacts associated with the products and Ottogi's commitment to work with its stakeholders. Strong voluntary participation by all Ottogi employees is the key to the success of our environmental management initiative. This can only happen through common understanding among all employees is imperative of better environmental management and incorporating environmental philosophy into our corporate management strategies. We firmly believe that the spirit of voluntary participation will lead our employees to come up with creative solutions to environmental challenges and serve as a source of energy for future environmental management endeavors. The corporate managers and executives are ready to show leadership and provide support for all employees engaged in the effort. Environmental management is not a one-time task, it is a long-term initiative that requires continued interest and investment. However, Ottogi has an action oriented corporate culture which will lead to active participation by employees and strong incorporation of environmental management objectives in corporate strategy.

Stakeholder involvement is yet another very important key to successful environmental management of Ottogi. By stakeholder involvement, we want to go beyond communication with stakeholders and reflect their opinions into our management strategy but also to have them actively involved in Ottogi's environmental impact reduction effort. 'Eco Cook' and 'Eco Partner' are two initiatives that show our ambition for active stakeholder involvement.

We firmly believe that our model of active stakeholder involvement will help us achieve more and help us realize a 'Happier world with a cleaner environment'.

Environmental Management Initiative Announcement Ceremony

Ottogi held a corporate-wide environmental management kickoff ceremony and environmental strategy finalization meeting on September 1, 2010. All employees participated in the ceremony which was held simultaneously at each business site. The CEO emphasized the importance of environmental management as Ottogi prepares to operate as a global player and the imperative for actions beyond slogans and campaigns. The ceremony marked the meaningful first step toward realizing its vision of achieving a 'Happier world with tastier food and a cleaner environment'.

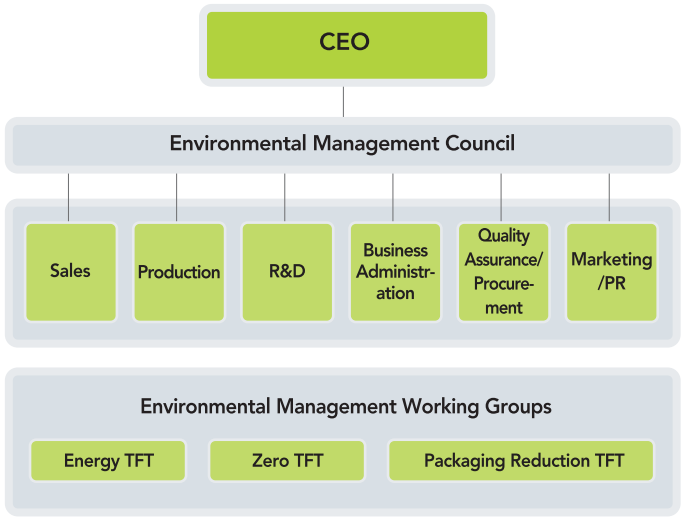
| The environmental management strategy announcement ceremony |

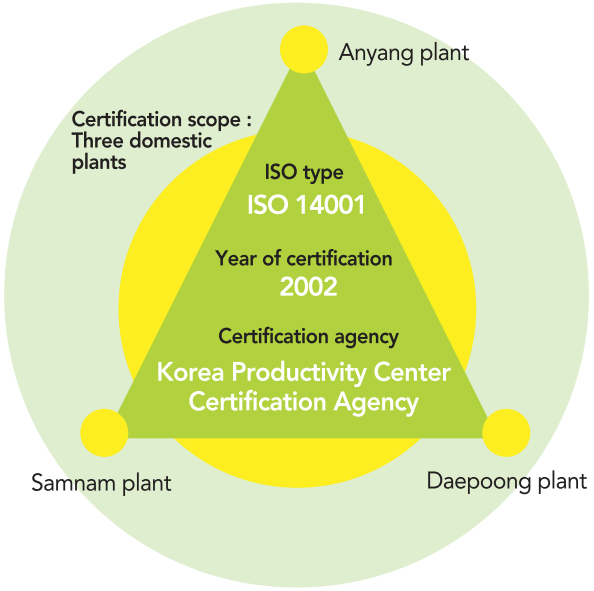
Environmental Management Implementation Guidelines

The scope of Ottogi's environmental policy includes the reduction of environmental impact, regulation compliance, the integration of environmental consideration in the work process, stakeholder participation, and facility management. Our environmental slogan was not created to be only shown on billboards on in fancy frames.
Our corporate policies, based on the Ottogi management philosophy, guided us through forty years of growth and development. Therefore, we carefully designed our new environmental guidelines to make it clear which area we need to concentrate on in order to make a difference. The Environmental Management Implementation Guidelines were announced on September 1, 2010 and uploaded on the company website for easy access by all employees.

| Environmental Management Implementation Guidelines |

1. We shall reduce energy use, remove factors that lead to energy inefficiency and reduce all range of emission gases including greenhouse gas.
2. We shall take preventive measures to prevent and minimize pollution associated with all processes from the development of the product to its final disposal, in order to meet customer demand.
3. We shall comply with all environmental regulations as well as more stringent internal environmental standard set by our organization.
4. We shall improve environmental performance by carefully analyzing all facilities and work processes and taking the measures to improve each.
5. We shall take measures that lead to reduction in environmental impact and request our suppliers and business partners to do the same.
6. We shall consider the environmental impact associated with all our facilities and the operation of facilities.
7. We shall create a record of our environmental management activities, share it with our stakeholders, tackle all challenges and achieve all strategic goals
8. We shall take responsibility for environmental protection with full sincerity and actively participate in environmental management programs in local communities.
9. We shall develop a clear understanding of the environmental impacts and corresponding regulations relevant to our operation, products and services.
10. We shall secure adequate data and provide necessary training in order to continuously meet all environmental goals in the future.





Environmental Management Organization

A Green Society Task Force was created on July 1, 2010 with a mission of implementing environmental management company-wide. The Green Society Task Force is headed by Chairman Ham Young Joon. The team consists of twelve members who belong to departments including production, sales, R&D, administration and more. The thirteen members hold 'Eco-meetings' on a monthly basis. The members check the progress of Ottogi's green initiative programs and share best practice examples in corporate environmental management during Eco-meetings. The members also share news on government environmental policy changes, environmental literature and documentary programs, and ideas on new green initiatives and green life-style. Eco-meetings also provide an opportunity for discussion of environmental issues. Each member of Green Society TF members has been actively sharing up-to-date information relevant to environmental management in their specialty areas and will continue to lead Ottogi' s sustainable management efforts. The Green Society is an environmental management council which consists of executive members including the CEO. It's main function is monitoring progress on environmental management strategy implementation and discussion of various environmental issues on company as well as societal level. Environmental management working groups, consists of working level specialists, are responsible for implementation programs for improved management of energy, waste and packaging materials. The targets, implementation programs and achievements discussed within the working groups are reported to the Green Society for review.

Environmental Management System - ISO 14001

Environmental management has long been an important part of Ottogi's business management since it received ISO 14001 environmental management certification in 2002. We have been endeavoring to reduce negative environmental impacts associated with our business activities and to build up on our environmental achievements, using our ISO 14001 certified environmental management system as a basis.

Environmental Regulation Compliance

Environmental regulation compliance is an important social obligation. It is also an important prerequisite for achieving sustainable management. Ottogi was in full compliance with all environmental regulation on release of pollutants during the reporting period. Ottogi is committed to environmental protection and will strive to meet all environmental standards in its business conduct.

| Eco meetings |

Ottogi's Environmental Management Strategy

We devised our first corporate environmental strategies in order to promote environmental management and realize our vision of 'Happier world with tastier food a cleaner environment'. Ottogi's environmental strategies are designed to incorporate environmental considerations in management of whole value chains of our business, reduce business risk associated with environmental regulation compliance, and the creation of new value via improved environmental and economical efficiency.

Happier World with Tastier Food and a Cleaner Environment

▼

Strategic Direction : Life Cycle Thinking

Eco Cook — R&D/Sales/Marketing

Products with the Eco Cook Emblem is designed and produced with greater consideration of environmental impact. More importantly, the Eco Cook Emblem is designed to encourage consumers to choose more environmentally friendly products and think more carefully about the environmental impact associated with consumption of a product and disposal of its associated waste.

Eco

Shape of a leaf, which symbolizes eco-friendliness, was used as a basis of the emblem design. The yellow border, which is Ottogi's corporate color, around the leaf symbolizes Ottogi's commitment to protect the environment.

Eco Office — Management Support

The Eco Office Emblem is designed to encourage a reduction of the negative impact caused by the business activities of Ottogi employees and the operation of Ottogi's business facilities.

Eco Factory — Manufacturing

The Eco Factory Emblem symbolizes Ottogi's strategy to prevent pollution generation to the lowest possible level by maximizing eco-efficiency using more resource efficient production methods.

Eco Partner — Purchasing

The Eco Partner Emblem symbolizes Ottogi's stakeholder involvement strategy to encourage business partners within Ottogi's sphere of influence and stakeholders including government, local communities and NGOs to tackle environmental issues in partnership with Ottogi.

Eco Drive — Transport and Delivery

The Eco Drive Emblem is designed to encourage a reduction of the negative impact associated with the transport of raw materials and products through monitoring and overall improvement in Ottogi's logistics operation.

Ottogi's Environmental Emblems with Life Cycle Thinking

Incorporation of a life-cycle approach is essential in ensuring effective environmental management. Life-cycle analysis allows decision makers to identify environmental impact associated with not just core production activities but in all stage of the product lifecycle from production of raw materials to the disposal of the products. Decision makers can also identify priority areas where the most significant savings and improvements can be made.

In light of this, we developed Eco Emblems (Eco) to encourage our employees and stakeholders to consider a life-cycle approach in their activities and decision making.

The Ottogi's Eco Emblem scheme has five types of emblems. Each emblem has a direct relevance to our environmental strategies, as well as the ultimate objective of our environmental management initiatives. Each Eco Emblem also emphasizes the importance of involvement by all relevant stakeholders.

For example, the Eco Cook Emblem is designed to effectively communicate with consumers and help consumers identify environmentally better products and reduce the environmental impact associated through the consumption of Ottogi products and disposal of its waste. This strategy elevates environmental management beyond a manufacturing- and sales-oriented environmental management scope and allows us to tackle environmental issues using a life-cycle approach.

Eco Emblems can now be found in all sorts of places. First, we placed the emblems at our plants, R&D center, offices and other relevant places where our employees can see in order to cultivate strong environmental management culture. Eco Emblems were also placed on packaging of relevant products to communicate the environmental quality of the product and enhance communication with stakeholders. As of March 2011, the Eco Emblem is displayed on a limited range of products. However, more products will carry the Eco Emblem in the future.

Materiality Test

We conducted materiality testing in order to identify high priority environmental issues that are likely to have the greatest impact on Ottogi's operations and issues that are of the highest social interest. Ottogi's 2011 Environmental Report is organized with an emphasis on environmental issues that are identified as high priority issues by our stakeholders.

01 Step1 Issue Identification
02 Step2 Social Concerns
03 Step3 Business Impacts
04 Step4 Materiality Issues

Materiality Test Procedure

Issue Identification Stakeholder opinions, international standards, and media surveys were taken into account to identify 25 issue categories and themes.

Social Concerns Analysis of international standards, competitor activities, media surveys and stakeholders interview results were used to identify the priority areas of Ottogi's key stakeholders including media, customers, local communities, government and environmental experts. Analysis was made to assess the current status of environmental management activities of the food industry.

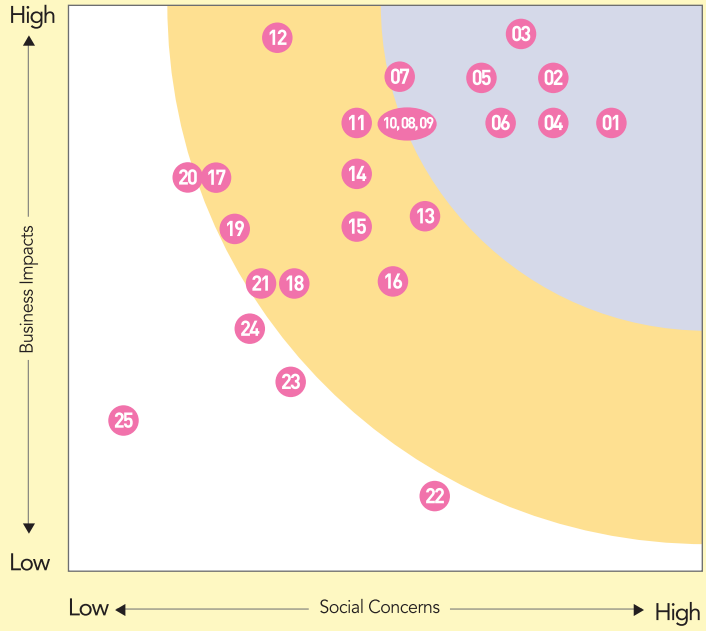
Business Impacts Analysis with focus on relevance between issues and the Ottogi environmental management strategies was conducted to assess the potential financial and non-financial impacts of each issue.

Materiality Issues A list of high priority issues was created using the level of societal interest and the potential impact on Ottogi's business operation as guidelines.

Materiality Test Result

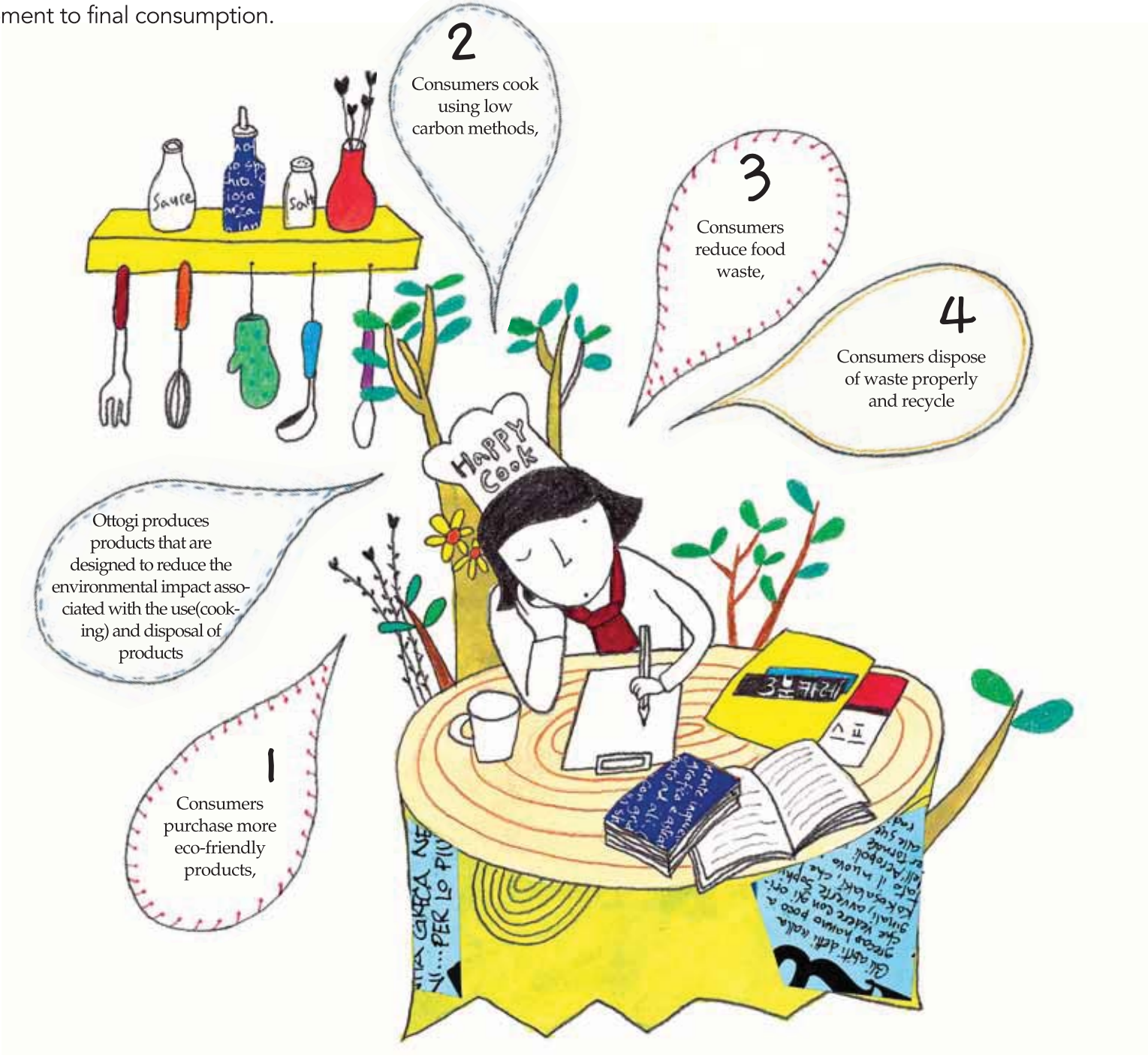
The materiality test results indicated that energy savings, action on climate change with a focus on greenhouse gas reductions, water savings, waste water management, and waste management were high priority issues. Therefore, we concentrated on publishing detailed information on the efforts and achievements made on the high priority issues in the report, while including minimal information on issues that have been identified as low priority issues.

01 GHG/climate change response
02 Public relations activities
03 Energy saving
04 Waste water management
05 Environmental regulation compliance
06 Solid waste management
07 Water saving
08 ESH/Environmental management structure (strategy, organization)
09 Product environmental footprint reduction
10 Eco-packaging development
11 Consumer environmental communication
12 Raw material saving
13 Eco-product labelling
14 Eco-consumption campaign
15 Supplier environmental management support
16 Air emission management
17 Environmental management cost
18 Environmentally friendly material purchase
19 Transport efficiency
20 Environmental activities impact assessment
21 Environmental community service activities
22 Biodiversity
23 Hazardous material management
24 Organic product development
25 Identification of energy/water source



Eco Cook

Environmental protection effort of Ottogi knows no boundary from product development to final consumption.



A Cook who Cares for the Environment (Ottogi and Consumers)

'Life-Cycle Thinking' is a methodology that encompasses all environmental aspects of an organization's economic activities, products and services among total life cycles that include extraction of raw materials, manufacturing processes, energy utilization, product use, waste processing and recycling.

The 'Life-Cycle Thinking' methodology requires designing environmental factors at the initial stage of product development. Much effort is needed at the production stage and it is important to effectively deliver a product's environmental-related information to customers. In other words, consumers should be able to discover the magnitude of the impact the product they are purchasing has made on the environment. It is important to provide product disposal information to consumers so that they know what actions need to be taken to minimize any adverse effects on the environment. Such measures through 'Life-Cycle Thinking' can help consumers change their behavioral patterns to be more environmentally-friendly.

Ottogi is well aware that it is our responsibility to monitor and take necessary measures to minimize the negative impacts on the environment in all life cycle stages including sales, use and disposal of Ottogi products. Furthermore, Ottogi is committed to assisting consumers in taking responsible action to save the environment. Ottogi's fundamental philosophy on the environment is also visible in the product R&D stage, and 'Life-Cycle Thinking' has played an important role in establishing corporate strategy. In other words, Ottogi's Eco Cook strategy enables consumers to compare products' environment-related information and aims to motivate consumers to change their behavioral patterns to be more environmentally-friendly. Therefore, Ottogi's Eco Cook strategy is not only an outcome of Ottogi's relentless efforts to protect the environment, but it also reflects the views of the consumers as well.

Eco Cook Activities

Ottogi's effort to minimize the environmental impact associated with cooking and waste disposal

● Low carbon cooking methods

With the goal of identifying cooking methods with the least environmental impact, we analyzed greenhouse gas emissions associated with heating of our products using various methods including microwave ovens and gas stoves. For preparation methods using gas stoves, we also analyzed the difference in greenhouse gas emissions depending on when the Ottogi product was inserted into the water; either prior to turning on the stove or after the water is brought to a boil. We identified a energy saving method for the beef bone stock product and we have a plan to make it the recommended preparation method starting in 2011. For ready meal products with multiple preparation methods, we will place the Eco Cook emblem on the more environmentally-friendly preparation method to encourage consumers to use it. We expect the Eco Cook initiative to increase the environmental awareness of our consumers and lead to significant environmental improvement.

Below is a detailed example of how much more energy efficient method of heating the Ottogi beef bone stock pouch by inserting it into the pot of water prior to turning on the gas stove. Our test indicated that this Eco Cook method can reduce preparation time of a 500 gram of the stock by one minute, leading to a reduction of 25% in CO_2 emissions, compared to the previously suggested method of placing the product in the pot once the water starts to boil. Since 5.6 million units of beef bone stock are sold each year, up to 79 tons of CO_2 reduction can be achieved if all are prepared using the new 'Eco Cook' method.

● Research for food waste minimization

Food waste can be the cause various negative environmental impacts. The waste can be processed as fertilizers and also fed to livestock. However, such recycling methods can also lead to other environmental impacts. Food waste must be processed carefully, otherwise it can cause degradation of water sources by causing eutrophication and ultimately threaten sustainable use of water resources.

The Ottogi R&D Center recently began researching ways to reduce food waste and chose to focus on methods to make use the sweet syrups in canned peaches and the pickling sauce of Ottogi's pickle products. The research was focused on developing recipes that utilize the syrup and vinegar as ingredients, and dishes developed by the R&D center received positive responses from consumer sensory test. The recipes will be displayed on relevant products starting this year. The Center is also researching food waste reduction by using improved packaging.

● Building environmental impact database

The Ottogi R&D Center began researching methods to reduce CO_2 emissions associated with the cooking process of Ottogi products. The test was conducted on one hundred thirty ready meal products such as beef bone stock, instant rice with sauce, frozen rice and porridge products.

The research results confirmed that there is significant potential to reduce environmental impact at the cooking stage. We will increase our R&D activities associated with the environmental impact to provide more eco-friendly products.

| Food cooked using sweet syrups in canned peaches or leftover vinegar in pickled food |

Name of Food	Photo	Recipe
Fruit salad		Syrup from canned yellow or white peach 50%, Mango juice 25%, Sprite 25%
Rice wine cocktail		Syrup from canned yellow or white peach 50%, Raw rice wine 25%, Sprite 25%

Name of Food	Photo	Recipe
Cold seaweed soup		200 grams of leftover pickling sauce Ottogi dried seaweed chopped, 1/3 of a cucumber (Sliced), 2 teaspoons soy sauce, 2 grams garlic chopped, Ottogi sesame oil, Ottogi roasted sesame seeds
Sweet and sour pork sauce		50 grams of leftover pickling sauce, 95 grams of sugar, 35 grams of Ottogi ketchup, 20 grams of starch, 20 grams of soy sauce, assorted fruit bits, 280 grams of water

| Comparison of CO_2 emission and preparation time required for a 500 gram package of beef bone stock packaged in a pouch |

Cooking method	Time required for preparation	LNG (m^3)	CO_2 emission (gram-CO_2)
Conventional	4 minutes	0.0253	56.7
Eco Cook	3 minutes	0.0190	42.6

* For the new Eco Cook method, the stock pouch is inserted into the pot of water before turning on the gas stove. *CO_2 emission was calculated using LNG consumption data and the IPCC emission conversion unit.

Eco Cook Communications

Ottogi's Eco Cook has a potential to make a meaningful difference but this can only be realized when it leads to changes in consumer behavior. Therefore, we created and printed the Eco Cook emblem on our products in order to increase consumer awareness of our new initiative. Some Eco Cook emblems are used to encourage consumers to employ low carbon cooking methods, while others are used to encourage consumers to help reduce environmental impacts associated with product disposal.

'Prewashed Ottogi Rice' is one of the products that employs an Eco Cook emblem. Ottogi's prewashed rice is cleaned without damaging the surface of each rice grain, which allows for long-term storage without degradation in taste. Since it is prewashed, there is no need to wash the rice again once it reaches the con-sumer' s home, which in turn leads to a reduction in water use. Also, the water used for rice washing may cause eutrophication if discharged into sources of water. At Ottogi's rice washing plant, the debris from the rice grains in the water are removed and used as animal feed.

However, we learned that many consumers continue to wash our 'prewashed' rice, following tradition or because they want to have extra clean rice prior to cooking. This causes addition water use and a negative impact on the environmental. We used to only communicate the added convenience of using our prewashed rice. However, we learned the importance of better communication with consumers and began to print the Eco Cook emblem on our prewashed rice products in order to communicate the environmental benefits of using our prewashed rice when used without washing at home.

| Products with Eco Cook Emblem |

Eco cook emblem is placed where low carbon cooking method is written. More details on low carbon cooking method can be found on the company web sites.

The Story of Prewashed Rice

12 billion KRW spent daily on processing water used for washing rice

In Korean households, most people wash rice three to four times before cooking. In the Korean language, the used water from washing rice has many names but it is commonly referred as 'rice-wash water' . The water is rich in vitamin B1, B2, starch and other nutrients, which have been washed from the rice grains.

The rice-wash water is usually dumped directly into the sewer. When this nutrient rich rice-wash water reaches a body of water, the oxygen in the water is quickly reduced making it difficult for fish and other aquatic life to survive. For instance, starch in the water is consumed by plankton and leads to quick growth of the plankton which consumes oxygen in the process. Also, phosphorous in the rice-wash water leads to eutrophication in the water. In scientific terms, Biological Oxygen Demand (BOD) is 2,200 ppm which requires 440 times of fresh water in order to reduce BOD to 5 ppm which is the minimum level for fish survival. According to the National Statistics Office, the average Korean citizen consumes 207.7grams of rice per day. Since there are approximately 49 million people in Korea, about 57 thousand tons of rice- wash water is generated each day. This, in turn, requires 25 million tons of clean water to clean it enough for fish, which could require up to 12 billion KRW per day.

Prewashed rice for great taste and environmental protection

Ottogi's prewashed rice received significant attention as a product of great taste and environmental benefits when it was released in October 2004. Ottogi employed custom made rice washer and used pristine ground water pumped from bedrock 150 meters below the surface which is capable of removing dust and rice bran off the grains without damaging the surface of the rice grains in fifteen seconds. Because our prewashed rice does not require a labor intensive process of washing, it quickly became popular among many rice cake makers, school cafeterias and large restaurant owners who wanted to save on labor costs.

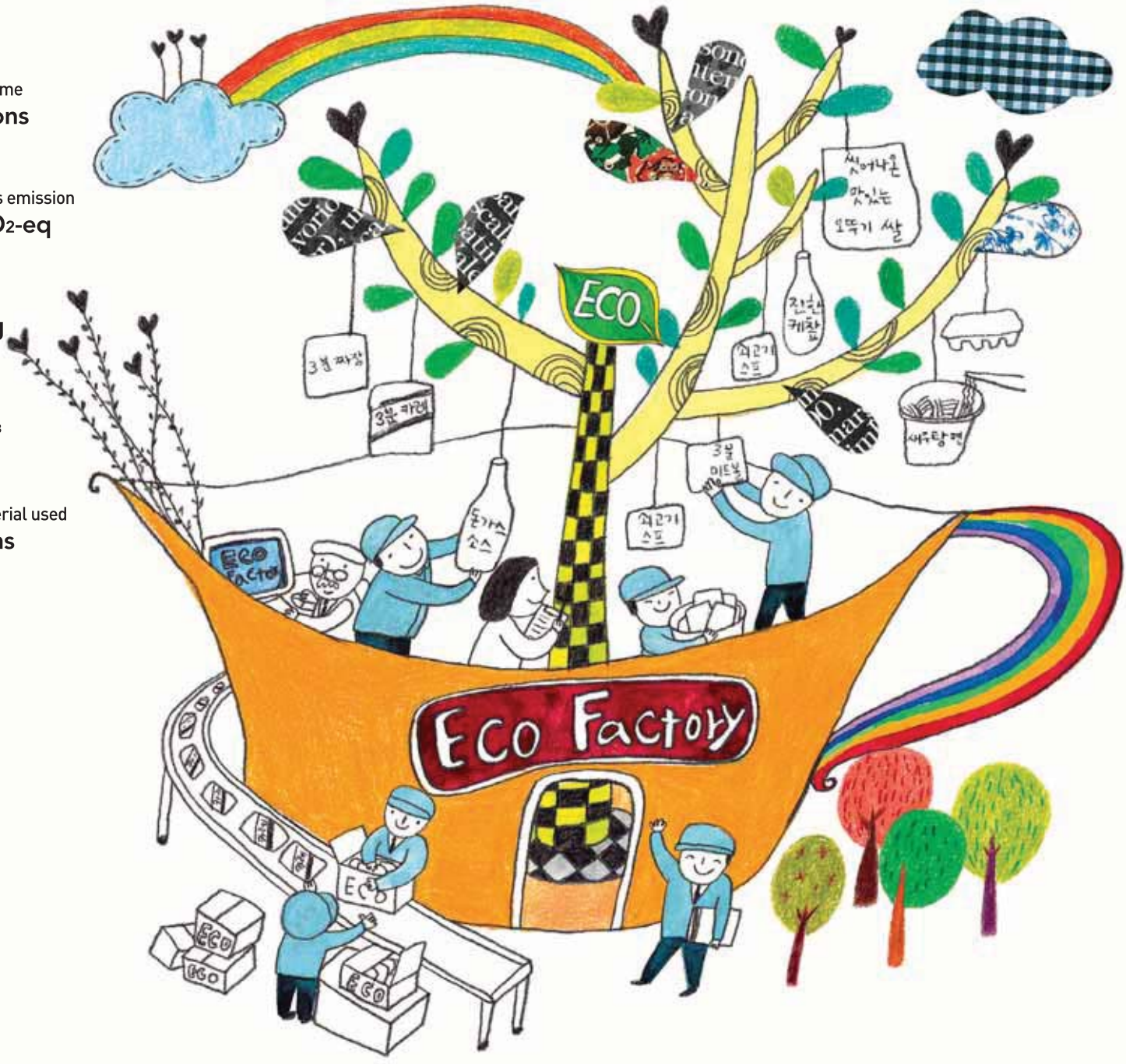
Rice grains can be cracked and the outer surface of grains can be damaged if they are not washed properly. Such damaged rice is yellowish in color when cooked and less tasteful. Ottogi takes great care to remove rice bran, which makes rice less tasty, but maintains the outer layer of rice grain intact to ensure it tastes great when cooked. Great looking and tasting rice starts from well processed rice grains, and Ottogi's prewashed rice is a fine example of such. It should also be noted that it is possible to eliminate loss of rice grains which often happens when people wash rice at home. According to the Ottogi R&D center, rice grains lost due to damage and mishandling can be as high as 4.3%. Since Ottogi prewashed rice can be used 100% without loss, consumers can have 860 grams more of rice when purchasing 20 kg of prewashed rice, compared to 20kg of conventional rice. Translated in rice servings, 860 grams of rice is enough to make nine more bowls of rice or about ten long sushi rolls.

Moreover, rice bran, minerals and nutritional elements coming from rice grains in rice-wash water is removed and dried into powder. This byproduct is then used as livestock feed, preventing water contamination due to rice-wash water. Excerpt from Donga Daily, April 21st 2009

Eco Factory

Ottogi is focusing on the prevention of environmental damage by promoting more efficient use resources.

- Production volume
  275,229 tons
- Greenhouse gas emission
  37,181tCO2-eq
- Energy used
  711,328GJ
- Water used
  573,298m³
- Packaging material used
  24,953 tons



Eco Factory Strategy

Energy use, greenhouse gas emissions, water use and packaging materials are four major environmental issues associated with the food product manufacturing industry. Researchers suggest that eutrophication is the foremost environmental issue associated with the industry. However, the overall impact on eutrophication can be lowered more than the research suggests because manufactured food products can simplify the cooking process which reduces the environmental impact caused by home cooking. We also believe that it is possible to reduce the overall environmental impact associated with food preparation through highly efficient manufacturing processes compared to individual food preparation at home using raw ingredients.

Today, the term 'environmentally-friendly food' is reserved for organic foods and farm products produced without pesticides. However, we believe that manufacturing food products can also qualify as an 'environmentally-friendly' food if it is produced using sustainable farming practices and processed using environmentally-friendly methods. Ottogi is determined to make our product environmentally-friendly by using less energy, water and packaging.

A company could face a dilemma when the cost of reducing the adverse impact on the environment escalates and reduces the financial performance of the company. Indeed, it is a complex problem because minimizing environmental effects involves multiple factors and converting environment values into economic values is an important input in reaching a corporate decision, but it is only one of many decision variables. In resolving environmental problems, sometimes it is most effective to make a decision based on very a simple principle. To minimize the effects on the environment, Ottogi focuses on making improvements at the very initial stage rather than at the processing or final stages. Improvements made at the initial stage have positive impacts on every stage of the cycle.

Ottogi's Response to Climate Change

There is a high level of consensus that the increased concentration of carbon dioxide (CO_2) and methane (CH_4) are accelerating unprecedented climate change which presents a serious threat to stability of the natural environment and the prosperity of mankind. There are increasingly many reports stating that increases in global temperatures are intensifying water shortages, abrupt changing agriculture and fisheries, causing sea levels to rise and a myriad of negative ecological changes. Worse yet, these problems are intensifying more than ever, making it increasingly difficult for us to cope.

There are some scientists and experts who claim that man-made greenhouse gases are not the main causes of the climate change we are experiencing today. However, we believe that industry should make a serious effort to reduce greenhouse gases following Principle No. 15 of the Rio Declaration which states: 'In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.' Ottogi is well aware of the limits in the ecosystem's capacity to deal with the man-made impacts and ecological capacity, and we are determined to take appropriate action.

We are seeing an increased international effort to tackle climate change together. The Bali roadmap, adopted at the 14th UNFCCC COP, was a meaningful step toward designing a global framework to tackle climate change in the post-Kyoto period starting in 2013 for both developed and developing countries.

We expect to see developed nations committing to stronger targets and some developing countries such as South Korea and even China to take on commitments for binding greenhouse gas reduction targets in the post-Kyoto period. Domestically, the Korean government has introduced the Energy and Greenhouse gas Target Management System requiring a large number of companies to report greenhouse gas emissions data and take on reduction targets on an annual basis. The government has also introduced a bill on an emission trading scheme as well.

Greenhouse gas emissions reduction is an important corporate social responsibility. More importantly, it is an important risk that could lead to significant damage to agricultural output and fisheries, which are directly linked to two main sources of food. Ottogi is well aware that climate change can be a long term threat to the food industry.

Overall, climate change is a matter of corporate ethics as well as business risk management. Therefore, we are making an earnest effort to respond to the need for greenhouse gas reduction and an expected change in climate in a systematic fashion, in order to fulfill another important social responsibility of maintaining healthy business growth.

| GHG emission reduction method |

- Energy saving and improved production processes to reduce energy use
- Introduction of low carbon energy sources as replacements to fossil fuels

Ottogi's Approach in Climate Change Response

GHG emissions associated with Ottogi's production activities are solely due to energy use. Therefore, there are two different ways to reduce GHG associated with our production activities.

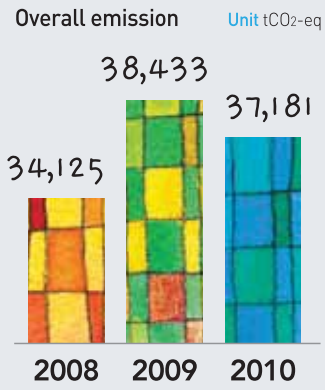
Greenhouse Gas Emission

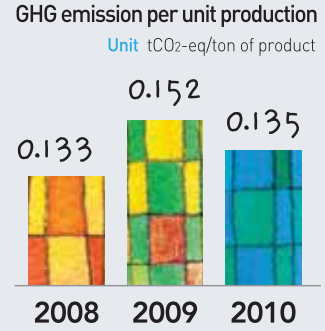
In 2010, a total of 37,181 tCO2-eq of GHG was released and 92.5% of total, 34,411 tCO2-eq is accountable for by release from production plants. GHG emissions increased by 12.6% in 2009 compared to 2008 due to increases in production volume. However, we were able to reduce GHG emissions by 3.3% by implementing measures including a fuel switch from bunker C oil to liquefied natural gas, and the replacement of diesel and gasoline vehicles to vehicles that run on liquefied petroleum gas. Some efficiency improvement measures also contributed to our achievement in GHG reduction.

GHG emissions per unit production also increased in 2009 compared to 2008. However, GHG emissions

| Registration of GHG Reduction Project |

| Greenhouse gas emission |





Note The scope of energy use data includes the Ottogi Center, Production plants, R&D Center, Mobile sources (vehicles). The energy use data from the Ottogi Center since March 2010 is included because the center became operational in March 2010. GHG emissions per unit production are calculated by dividing total energy use by weight of products manufactured per year.

per unit production were reduced by 11% to 0.135 tCO_2-eq per ton of Ottogi product. As a result, environmental production efficiency was lowered to the 2008 level.

Greenhouse Gas Emissions Reduction Case Studies

● Replacement of bunker C oil to lower carbon liquefied natural gas

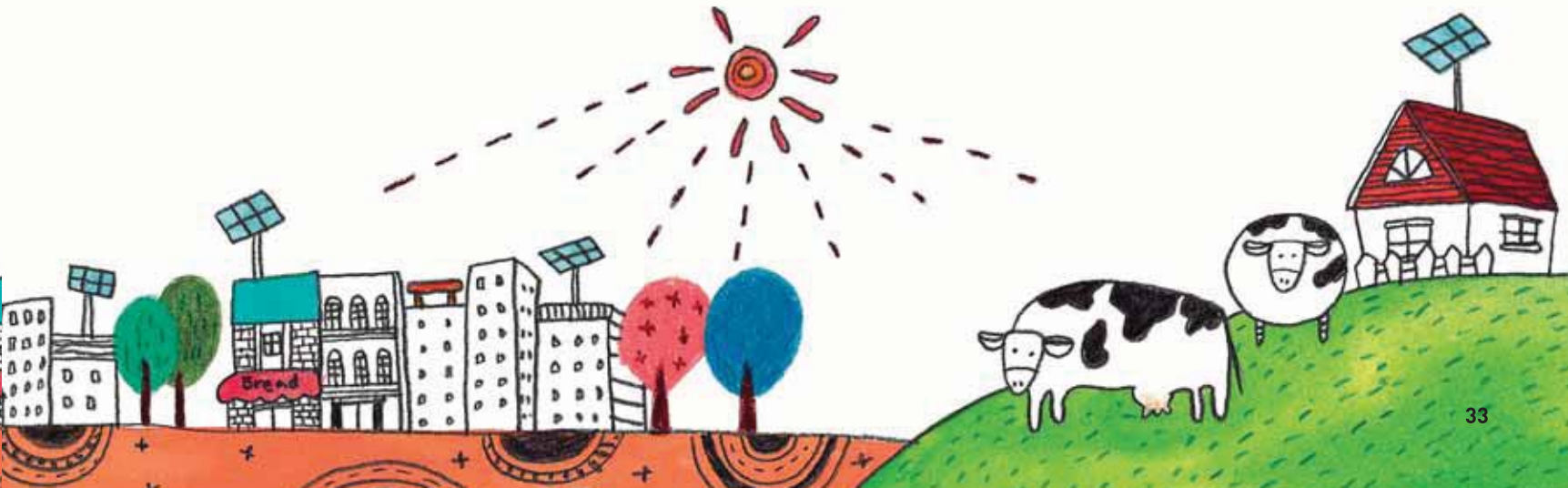
Switching to low carbon fuels is one of the most effective ways to reduce GHG emissions. Ottogi changed its main fuel for the Daepoong plant from bunker C oil to LNG, which generates significantly less CO_2 for equivalent heat production. The fuel switch to LNG was part of Ottogi's voluntary GHG emissions reduction effort, and we expect to reduce GHG emissions by 2,562 tons per year as a result.

● Improving energy efficiency to realize GHG emission reductions

Improving energy efficiency is one of the most effective ways to achieve GHG emissions reduction both directly and indirectly. A number of energy efficiency improvement measures were made at Ottogi. For example, a steam-type sterilizer used at the Pyeongtaek production line at the Anyang production plant was replaced with a hot-water sterilizer with higher heat transfer efficiency. Kerosene consumption associated with the sterilizer was significantly reduced since the change was made contributing to 147 tons of CO_2 reduction. Similarly, improvement of equipment and operational efficiency with measures including installation of inverters for a pressurized air blower for boilers, prevention of scale in boilers with installation of new water softener, and the operation of a 75HP air compressor are leading to a reduction in energy use and greenhouse gas emissions. A wide range of energy saving measures will be introduced as they are found in order to achieve further GHG emissions reduction, and Ottogi is committed to continue the effort.

| Installation of hot water-type sterilizer - Before |

| Installation of hot water-type sterilizer - After |



Energy Saving Activities

Ottogi has been taking measures to reduce use of non-renewable energy resources such as fossil fuels with an understanding how it can make a positive contribution in sustainable development and reduction of GHG emissions. For example, we have been capturing waste heat from the rice cooking process for reuse and we have also reduced operation of freezers during winter. We are also making progress in other energy saving measures including the installation of heat exchangers, reduction of LNG use with improved burners, and the collection and reuse of waste heat at the deodorization tower.

In 2010, Ottogi consumed 711,651 giga-joules of energy, which is a 6.9% increase from 2009. The energy use increase was largely due to an increase in production. Energy use per unit production in 2010 was 2.584 GJ/ton, which is an improvement of 1.6%.

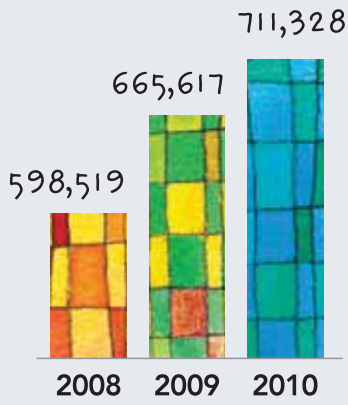
Energy Savings Case Studies

● Reuse of waste heat from rice cooking

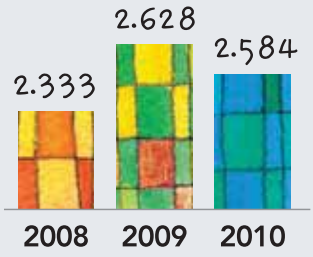
In November 2010, we installed a heat exchanger on the rice cooking production line to collect waste heat. The heat was then used to make hot water which is in turn used for cleaning curry powder granulator filters and other processes involving the use of hot water such as the sterilization processes for production of ready meals. It is also used for heating of production facilities. We expect to achieve significant energy savings, GHG emissions reductions, and reduced production time required per production.

| Energy Use |

Total energy consumption Unit GJ



Energy use per production Unit GJ/ton



Note The scope of energy use data includes the Ottogi Center, Production plants, R&D Center, Mobile sources (vehicles). The energy use data from the Ottogi Center since March 2010 is included because the center became operational in March 2010. GHG emissions per unit production are calculated by dividing total energy use by weight of products manufactured per year.

| Waste heat exchanger |

● Readjustment of freezer operation conditions during winter

Significant energy savings can be achieved by readjusting the freezer operation cycle during winter according to ambient air temperatures. Such adjustments need to be made very carefully because less than perfect adjustment may negatively affect product quality. We recently fine-tuned the operation cycle of the freezers coupled with granulators between December and February, and achieved a reduction in electricity use. The amount of electricity savings per freezer over the three month period is expected to be 77,760 kWh.

Water

Water is an essential resource required for all living organisms including humans. Many countries are suffering from a lack of an adequate fresh water supply and growing evidence suggests that the situation is growing worse in many areas due to climate change and population increases. Generally speaking, water scarcity is a local environmental issue. Since the food product manufacturing businesses require large amount of water through its manufacturing processes, there is potential for them to aggravate water scarcity or cause water pollution. Supply of clean fresh water is also crucial for operation of the food industry. Realizing this link, Ottogi is making a conscious effort to manage issues related to water management.

Ottogi utilizes both municipal water and ground water for its production processes. In 2010, 573,298m³ was used at Ottogi production plants and ground water accounted for 46.4% of the total water supply. Water consumption at Ottogi plants gradually increased between 2008 and 2010. In 2009, water use per production was 2.16m³/tons, which was a slight increase from 2008 levels. Water use per production unit decreased to 2.08m³/tons in 2010.

Waste Water

Ottogi processes all water used in its manufacturing process before release. All Ottogi plants are in full compliance with local regulation standard enforced by local authorities. The total waste water discharged at Ottogi plant in 2010 was 246,488 tons. Waste water discharge per unit production was 0.90m³/tons in 2010, indicating a steady increase over the past three years. We will improve management efficiency to reverse this trend and reduce waste water generation associated with production processes.

Treating Waste Water before Release

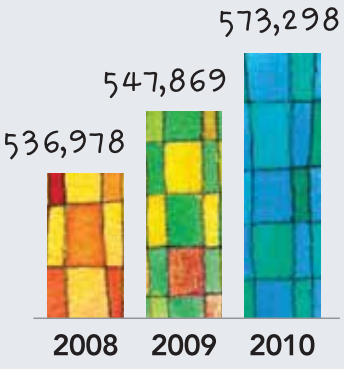
It is equally important to treat waste water to a clean enough level in addition to reducing waste water discharge volume. All operation sites at Ottogi are committed to manage water quality indicators including BOD, COD, SS, n-Hexane (mineral oil, organic oil), T-N, T-P and pH. Water quality is measured by external experts on a regular basis to monitor compliance, and we are also endeavoring to protect local water resources where waste water is discharged after treatment at our processing facilities. Water quality indicator data at each Ottogi plant can be found on the environmental achievement data page of the report.

| Waste water processing facility |

| Water Used |

Total energy consumption

Unit ㎥



Water use per unit production

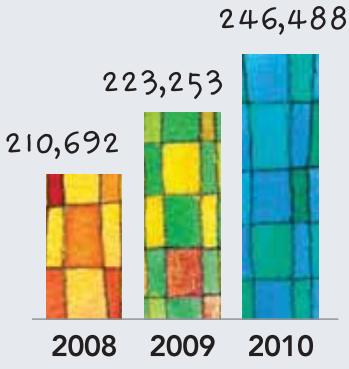
Unit ㎥/ton

Note The water use data from Ottogi Center since March 2010 is included because the center became operational in March 2010. Water use by non-Ottogi occupants was calculated by size of office space occupied by each and was subtracted from the total water use amount.

| Energy Used |

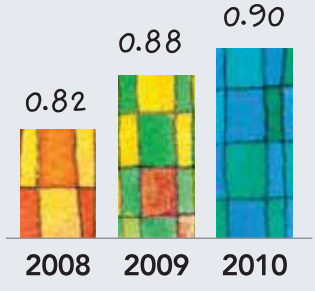
Total energy consumption

Unit ㎥



Discharge per unit production

Unit ㎥/ton



Note Waste water discharge data from the Ottogi Center and R&D Center is not included.

Packaging Materials

Depletion of natural resources is a serious long-term environmental issue that needs to be resolved in order to achieve sustainable development. In the short run, inadequate supply of natural resources is leading to a rise in manufacturing costs. We believe that all corporations must take the necessary step forward to realize a recycling-based society and therefore, make a strong effort to reduce the use of non-renewable resources, reduce waste generation, and promote recycling in our business practices.

Use of Packaging Materials

Packaging materials are designed to protect products to ensure each is delivered to the consumer in intact condition. Packaging materials have a greater importance in food products than in other products because it must help maintain the quality of the product in addition to protecting products from physical damage. This presents additional constraints on the reduction and replacement of packaging materials in the food product industry. Packaging materials that Ottogi employ includes paper, polymers, metallic cans, PET bottles and glass bottles. In 2010, we used 24,994tons of packaging materials. Boxes used for bulk packaging are made out of recycled paper materials produced by one of Ottogi's suppliers.

Reducing Environmental Impacts associated with Packaging Materials

There are two ways to reduce the environmental impact associated with packaging material use: 1) the reduction of packaging and 2) the substitution of nonrenewable packaging materials with more environmentally-friendly materials such as renewable materials. Ottogi is employing various methods of reducing packaging materials including the optimization of packaging size, the reduction of the thickness of packaging materials, better design of packaging, change of packaging materials, and the use of better printing methods. Some solutions for the reduction of packaging materials such as design change can lead to additional benefits such as improved shipping efficiency and a reduction of energy use associated with the transport of products.

Improvements made in Packaging Use

The most notable improvement made in packaging use is the reduction of materials used in vinegar and Mayonnaise bottles. Packaging for Ottogi vinegar consists of a bottle and wrapping for the bottle. We began to use less wrapping materials and reduced packaging materials by 22,538kilograms(kg), which accounts for a reduction of 5% in packaging.

We also achieved a meaningful reduction in materials used for Ottogi Mayonnaise, which is one of our flagship products. We reduced materials used for each mayonnaise bottle in 2008 and reduced material use by 66,724kg, which is equivalent to 0.5% of total material used for mayonnaise bottles. We also made an effort to change the design of oil cans, produce lighter PE bottles, change packaging of ready meal products in order to reduce the negative environmental impacts associated with our packaging material use.

| Products with improved packaging |

| Ottogi Design Contest for University Students |

Ottogi held its 8th Design Contest for College Students in October 2010. The grand prize was awarded to a student who presented a new ketchup bottle designed to reduce pollution.
The design theme was 'Enable us to enjoy the last bit of ketchup,' and thus the bottle was designed to make it more convenient for its user to squeeze out every bit of ketchup unlike conventional containers which require the user to make a considerable effort to extract that last bit of ketchup out of the bottle. The new design scored high for encouraging full consumption, making recycling of bottles easier, and preventing environmental impact due to leftover ketchup in the bottles. The winning design was not immediately applicable but it shed light on a possible future direction for food packaging design.

The grand award winner
Prevention of pollution by enabling us to enjoy the last bit of ketchup and making recycling of the empty ketchup bottle easier
By Kim, Jung-Woong, Graduate School Student of Media Design at Hansung University

Solid Waste

Solid wastes generated throughout the production process can be classified into general waste and designated waste. General waste includes used paper, bottles, metals, polymers, waste water sludge, and used absorbent materials. Used liquid absorbent, waste oils and used alkaline materials are classified as designated waste. Designated wastes are sent to professional management companies for incineration, landfilling or recycling for treatment. The amount of total waste generated in 2010 amounted to 5,806 tons. General waste accounted for 5,247 tons, while designated waste accounted for 559 tons.

Air Pollution

Air pollution emitted from Ottogi plants consist of particulate matter (PM) and dust. The Daepoong plant used to emit NOx and SOx but it no longer emits either since 2010. Dust emission has also decreased significantly as half of the four chimneys were closed down. PM and dust emissions from the plant are well within legal limits. The Anyang plant emits some dust, but it is also well within legal standards. The Samnam plant and the Pyeongtaek production facilities do not emit any air pollutants. Detailed air pollution data can be found on the environmental achievement data page of the report.

Environmental Expenditures

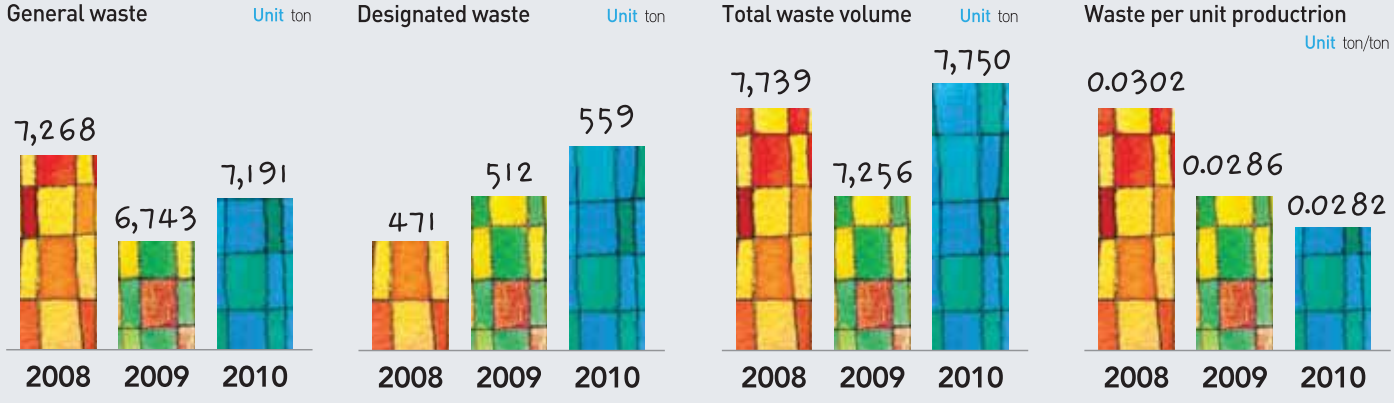
Ottogi's environmental management expenses for 2010 were 320.8 million KRW. Waste processing fees accounted for 97.4 million KRW while pollution prevention measures accounted for 223.4 million KRW.

| Environmental Expenditure |

Unit million KRW

Area	Item	2008	2009	2010
Pollution/waste management cost	Waste treatment	117.4	109.3	97.4
Environmental prevention / management expenditure	ISO 14001 Environmental Management System Certification	9.8	9.7	9.7
	Environmental management service fee (water quality monitoring)	28.5	27.2	12.1
	Labor fees for general environmental management activities	121.0	94.2	93.5
	Misc. Environmental expenses	333.4	34.4	108.1
	Sub total	492.7	165.5	223.4
Total		**610.1**	**274.8**	**320.8**

| Waste Generation |



Note Waste water discharge data from the Ottogi Center and R&D Center is not included

Eco Partner

Ottogi will set goals for key environmental management areas through communication with all relevant stakeholders and strive to meet them in collaboration with the stakeholders.

Eco Partner Strategy

Collaboration with stakeholders and consideration of social demands for responsible caretaking of the environment are two important principles in corporate environmental management. We firmly believe in the value of close collaboration with our key stakeholders including business partners (subsidiary companies and suppliers), local communities, government, academia, and NGOs.

So, we decided to define our key stakeholders as our Eco Partners. We will actively communicate our environmental goals, discuss environmental issues, and work together to tackle environmental problems.

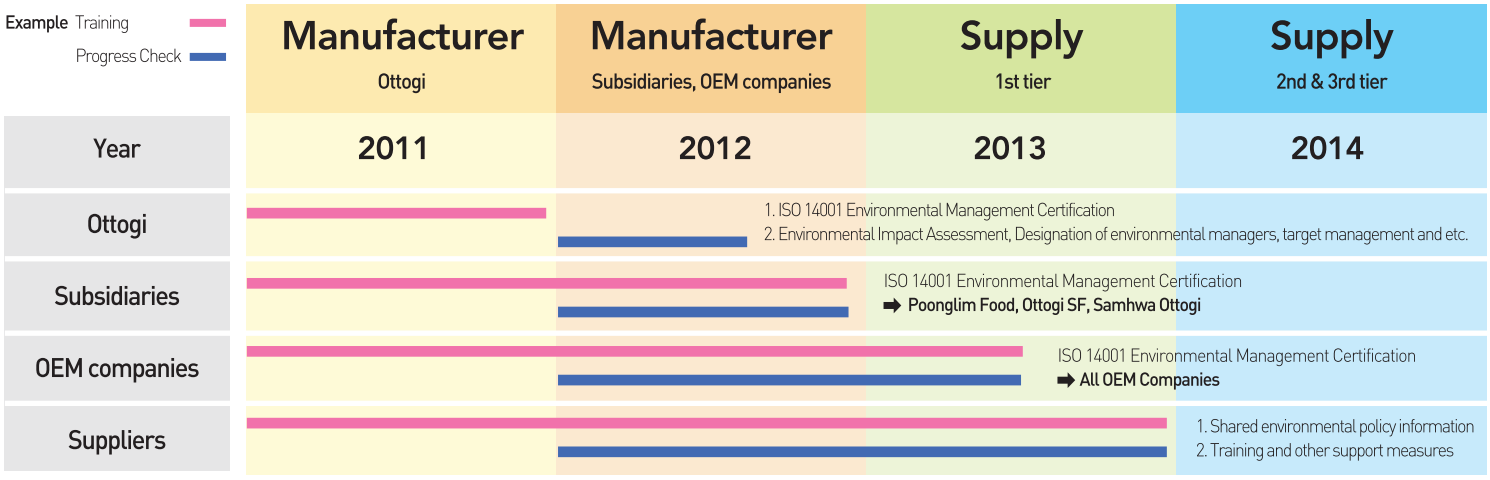
Establishment of an environmentally-friendly supply chain is a key requirement in effective environmental management. We are actively encouraging all Ottogi suppliers to fully comply with all environmental standards and eliminate release of hazardous substances by establishing clean production systems. For instance, we share Ottogi's best practice in environmental management with our business partners.

Environmentally-friendly Supply Chain Development Roadmap

We have many suppliers with wide ranging characteristics from small businesses with fewer than 50 employees to mid-size companies with annual revenues exceeding 100 billion KRW. As a result, the level of environmental awareness varies significantly among the suppliers, requiring different approaches for each.

Ottogi established a roadmap for dissemination of stronger environmental management practices for 1st tier suppliers, subsidiaries and OEM companies by the end of 2013.

| Environmentally-friendly supply chain development plan |



● Supplier Training

We have identified an increased environmental awareness by suppliers as a key first step in the successful establishment of an environmentally-friendly supply chain. So, we established a detailed multi-year environmental training program for suppliers in order to effectively share Ottogi's environmental vision and objectives.

First, we added an module on environmental regulation and environmental impact assessment methods as a part of quarterly supplier quality management program. Best practice examples will also be shared during the training. We will also regularly upload environmental management information to our web site for supplier management (http://pop.ottogi.co.kr) Ottogi will invest to strengthen our suppliers with a firm belief in the advancement of Ottogi in partnership with strong partners.

Key Activities in 2010

Ottogi recognizes climate change, one of the most discussed global issues, as a significant new risk in business management. In October 2010, we hosted a lecture on climate change with an expert from the Ministry of Environment at our training center located at the Daepoong production plant. Top managers from key Ottogi suppliers and production plant managers attended the lecture on climate change and the Korean government's green growth strategies.

Recently, one of Ottogi subsidiaries, the Ottogi Ramyon Co. Ltd. became subjected to the government' s greenhouse gas emissions management scheme. We also expect Ottogi's Daepoong plant to be subjected to a similar government program. As a response to that changing landscape, we held an internal seminar on efficient energy data management practices and the government's green growth laws and policies.

● Environmental Audits

In 2010, Ottogi established a plan to strengthen supply chain management by including environmental impact assessment as a part of Ottogi' s existing supplier evaluation and management standards. In September 2010, Ottogi expanded its supplier assessment checklist by adding new items including energy savings, waste management, waste water management and air pollution management. The expanded checklist is designed to ensure regulation compliance and encourage improved internal environmental management. We plan to communicate Ottogi's environmental management and the new checklist to suppliers in 2011 and provide training and other support measures to help each prepare for our quarterly check up with the new list starting in 2012.

Systematic environmental management by suppliers is an important part of ensuring production of environmentally-friendly products. Therefore, we made ISO 14001 certification a part of our checklist. As of March 2011, 5 partner companies including Ottogi Ramyon, Sangmi Food and Joheung have received ISO 14001 certification. We plan to make an assessment for our key suppliers' need for ISO 14001 certification and request relevant suppliers to strengthen their environmental management systems accordingly. There will be a strong follow-up measures to ensure that relevant suppliers incorporate measures to meet our standards. We will also conduct internal assessment on the progress made by suppliers who have already received ISO 14001 certification to ensure steady improvement in their environmental achievements.

Key Activities in 2010

In 2010, the Ottogi Production Process Improvement team conducted an assessment on quality, cleanliness, and environmental management status of the Ottogi subsidiaries and OEM companies. The team also conducted activities to tackle issues identified in the assessment process.

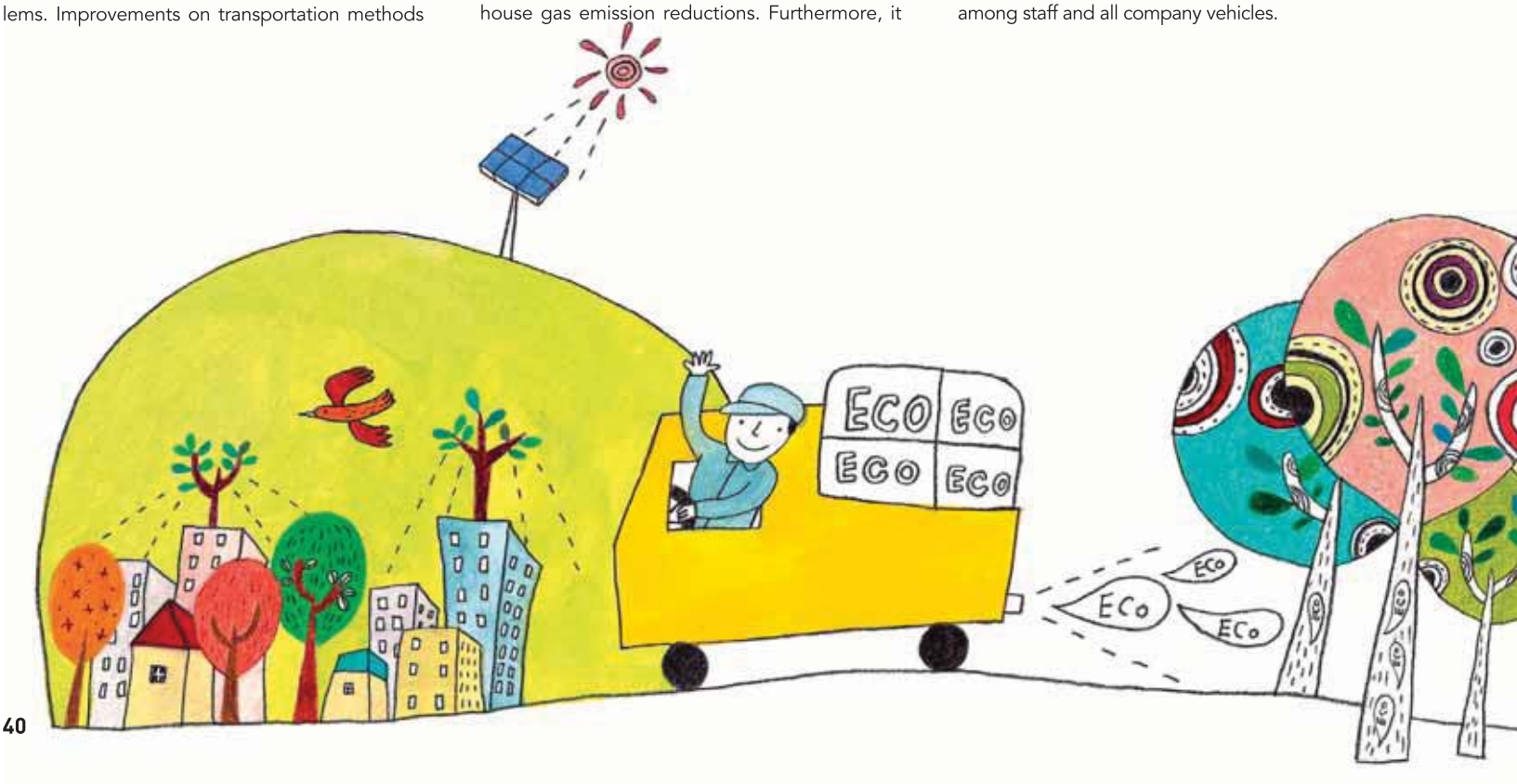
Eco Drive

Starting with Eco Drive initiative, Ottogi will reduce environmental impact associated with transport of its products, contribute to tackling climate change and raise environmental awareness.

Eco Drive Strategies and Main Activities

Environmental effects encountered at the distribution stage include recent emerging issues of greenhouse gas emissions and emissions of air pollutants such as NOx, and PM(Particulate Matter) affecting the environment at a regional level. While greenhouse gas emissions create climate change problems, air pollutants create not only regional environmental problems, but they are also the main cause of various health problems. Improvements on transportation methods and transportation efficiencies are necessary at every stage of the transportation cycle from the factory to consumers in order to minimize the impact on the environment. Ottogi has started to replace all gasoline-fueled vehicles with LPG-fueled vehicles and has launched the Eco Drive movement to minimize adverse effects on the environment due to driving. Eco Drive starts with a firm belief that our drivers should be conscious of environmentally-friendly driving, safe driving and economic driving. Based on these principles, drivers can voluntarily improve their driving habits. Therefore, the success of this Eco Drive movement heavily depends on the active participation of drivers. We expect that expansion and sustainable acceptance of Eco Drive culture could lead to significant energy savings and greenhouse gas emission reductions. Furthermore, it will extend the average life of automobiles and reduce the number of car accidents

All of Ottogi's logistic-related tasks are subcontracted to OLS(Ottogi Logistics Service), an independent company spun off from Ottogi in 1995. OLS operates 15 warehouses and annually handles more than 68,199 thousand boxes of more than 3,000 different types of products. As mentioned above, the company takes environmental problems seriously because responsibility for the environment is either directly or indirectly within the boundaries of company business. Therefore, along with OLS, the company is determined to pursue the Eco Drive movement and to make improvements in logistics efficiency during the transportation of Ottogi products. In addition, we will strive to realize the Eco Drive movement among staff and all company vehicles.

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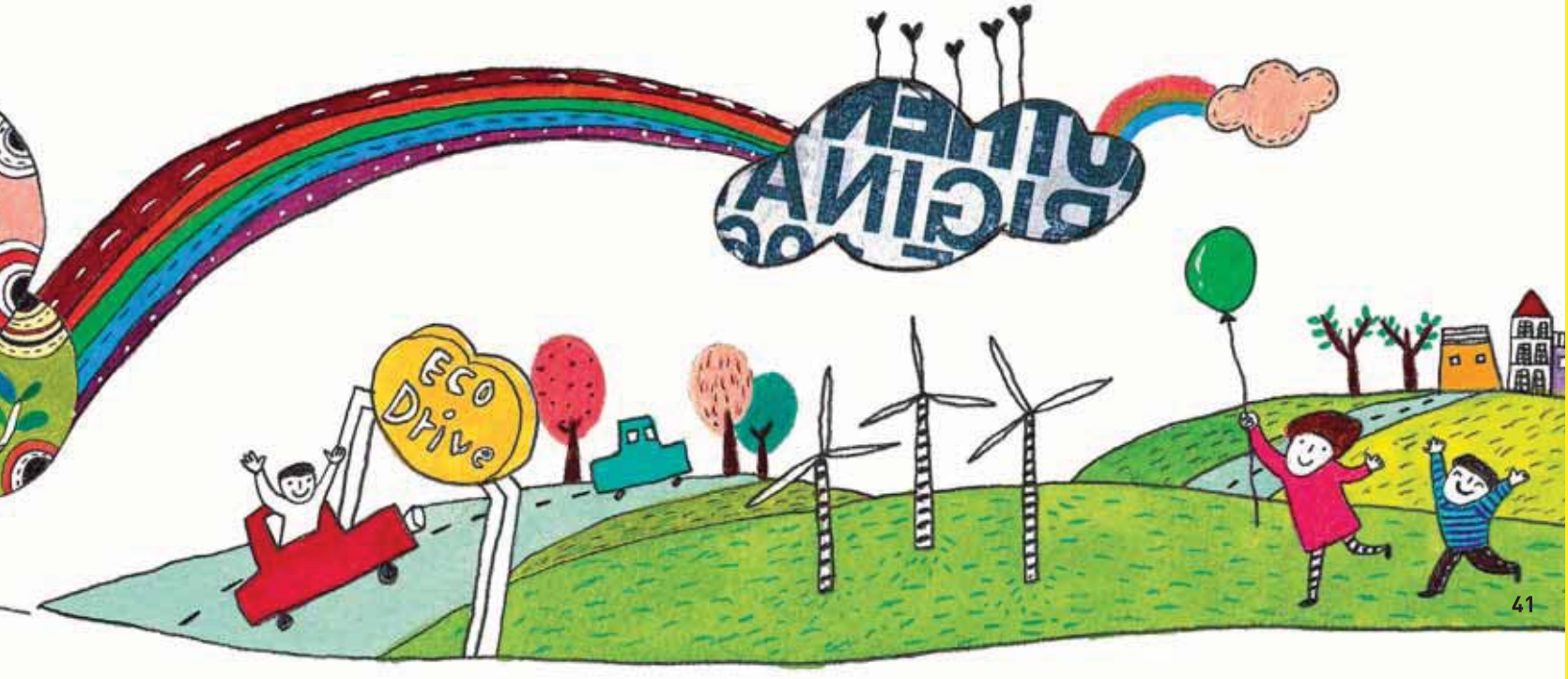

ECO Drive

Ottogi Eco Drive Guidelines

The Ottogi Supply Chain Management Team published eight Eco Drive tips and attached Eco Drive emblems on all vehicles operated by Ottogi and OLS. A sticker with Eight Eco Drive tips including slower acceleration, less idling and so on, and benefits of each driving behavior was created and attached on all vehicles as a reminder to all drivers on significant difference they can make. The standard protocol for vehicle operation, which was designed for maximum logistics efficiency, was changed to incorporate eco-driving principles.

Eco Drive Training

The first Eco Drive training session for Ottogi drivers and OLS took place in December 2010. The participants were introduced to background on Ottogi's environmental management initiatives and why strengthened environmental management is needed. The participants were also trained on the positive impact they can make by practicing Eco Drive behaviors. The training session also focused on promoting shared understanding for the need to embrace eco driving behaviors and encourage drivers to participate in the initiative.

| Eco Drive training |

Establishing Environmental Impact Reduction Management for Transport and Warehousing operations

In addition to the Eco Drive initiative, we ran a pilot program with ten transport vehicles at the Anyang logistics center in order to obtain the necessary data for the creation of a more efficient management system that would enable further reductions in the negative environmental impact associated with transport and warehousing of our products.

The drivers participating in the pilot program completed daily records of fuel purchases, operation distances, and the amount of products shipped for a three-month period. GHG emissions for each vehicle were calculated using the data. Then, we conducted Eco Drive training for the drivers and attached the Eco Drive emblem and Eco Driving guideline stickers in the vehicles they operate, in order to assess the change in driver behavior and corresponding environmental impacts.

The test result analysis indicated that lighter vehicles were more fuel efficient and thus, emitted fewer GHG. Total GHG emissions associated with the ten vehicles was 57.5 tons during the test period. A comparison was made between fuel consumption in months before the Eco Drive training and after the training. According to the log data, total CO_2 emissions increased as volume of product transport increased in order to meet high demand during the New Year holiday seasons. However, the fuel efficiency of each vehicle showed some improvement in general after the training.

Due to the short data collection period, the effectiveness of a simple month to month comparison was not possible. However, the impact of the Eco Drive training on driver awareness was relatively significant. Although the pilot program was conducted with limited scope and time span, the results suggested that Eco Drive has the potential to bring strong economic and environmental benefits.

Ottogi will make a more accurate assessment of GHG emissions associated with transport of our products and achieve emission reductions by conducting Eco Drive training on a regular basis and by expanding the number of vehicles in our GHG management scope.

| Ottogi's Eight Eco Drive Tips |

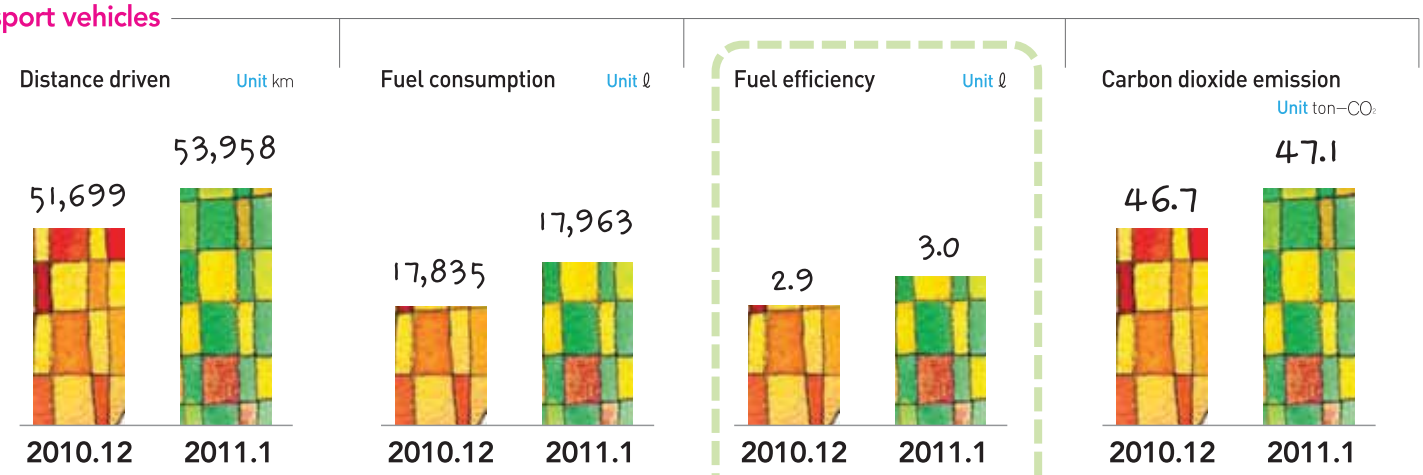
Eco Drive Tips	Note
Accelerate slowly	Additional fuel in amount of 30cc used per each quick acceleration operation
Reduce idling	Additional fuel in amount of 30cc used per each minute of idling
Observe eco-speed limit	Additional fuel in amount of 1,400cc used when driven 20km/hour faster than recommended speed limit
Reduce overloading	Additional fuel in amount of 50cc used with 30kilogram of additional load beyond recommended maximum load
Minimize A/C use	Twenty percent of additional fuel used with A/C on
Check tire air pressure	Additional fuel consumption by one percent with tire air pressure ten percent lower than optimal level
Use eco-tires	Low rolling resistance tires should be used to conserve fuel
Check vehicle on regular basis	Prevent extra fuel consumption by replacing service parts on timely manner

| Ottogi delivery vehicle with eco emblem |

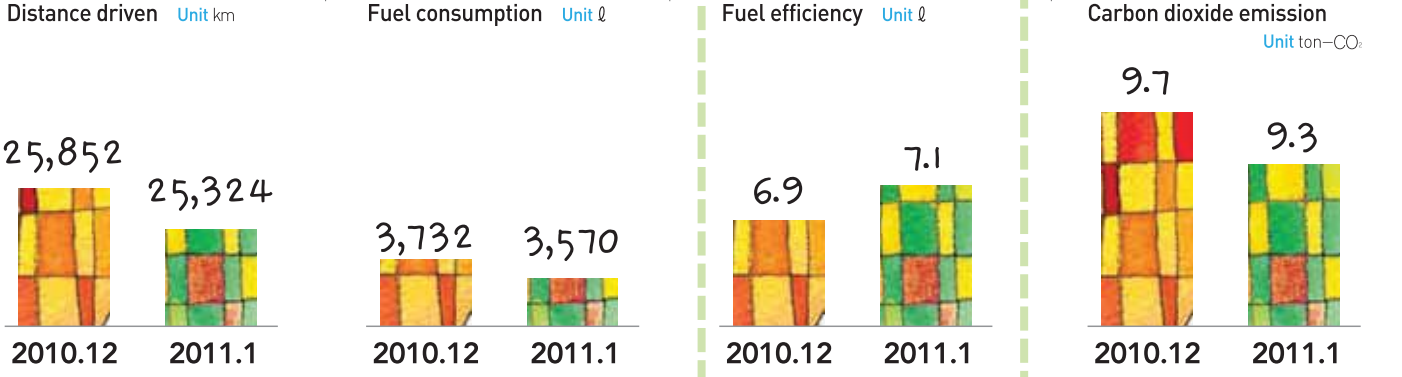
Eco Drive

"Ottogi is committed to eco driving"

Transport vehicles



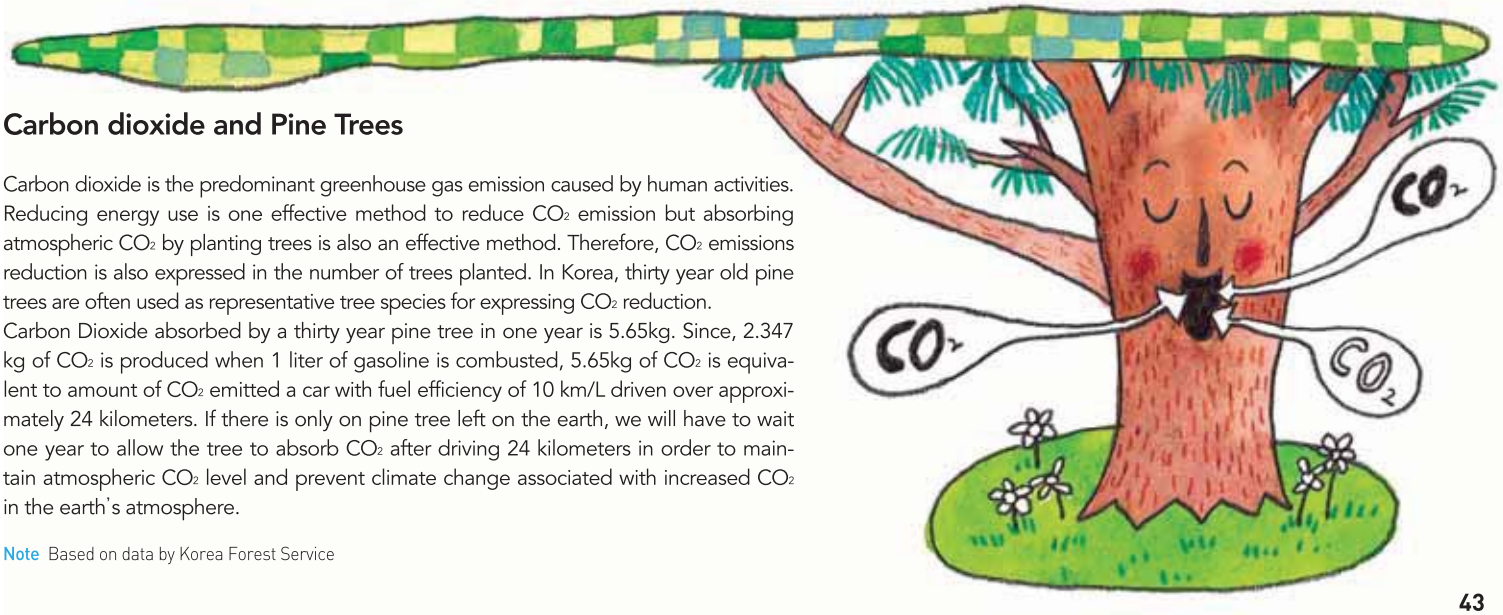
Delivery vehicles



Carbon dioxide and Pine Trees

Carbon dioxide is the predominant greenhouse gas emission caused by human activities. Reducing energy use is one effective method to reduce CO_2 emission but absorbing atmospheric CO_2 by planting trees is also an effective method. Therefore, CO_2 emissions reduction is also expressed in the number of trees planted. In Korea, thirty year old pine trees are often used as representative tree species for expressing CO_2 reduction.

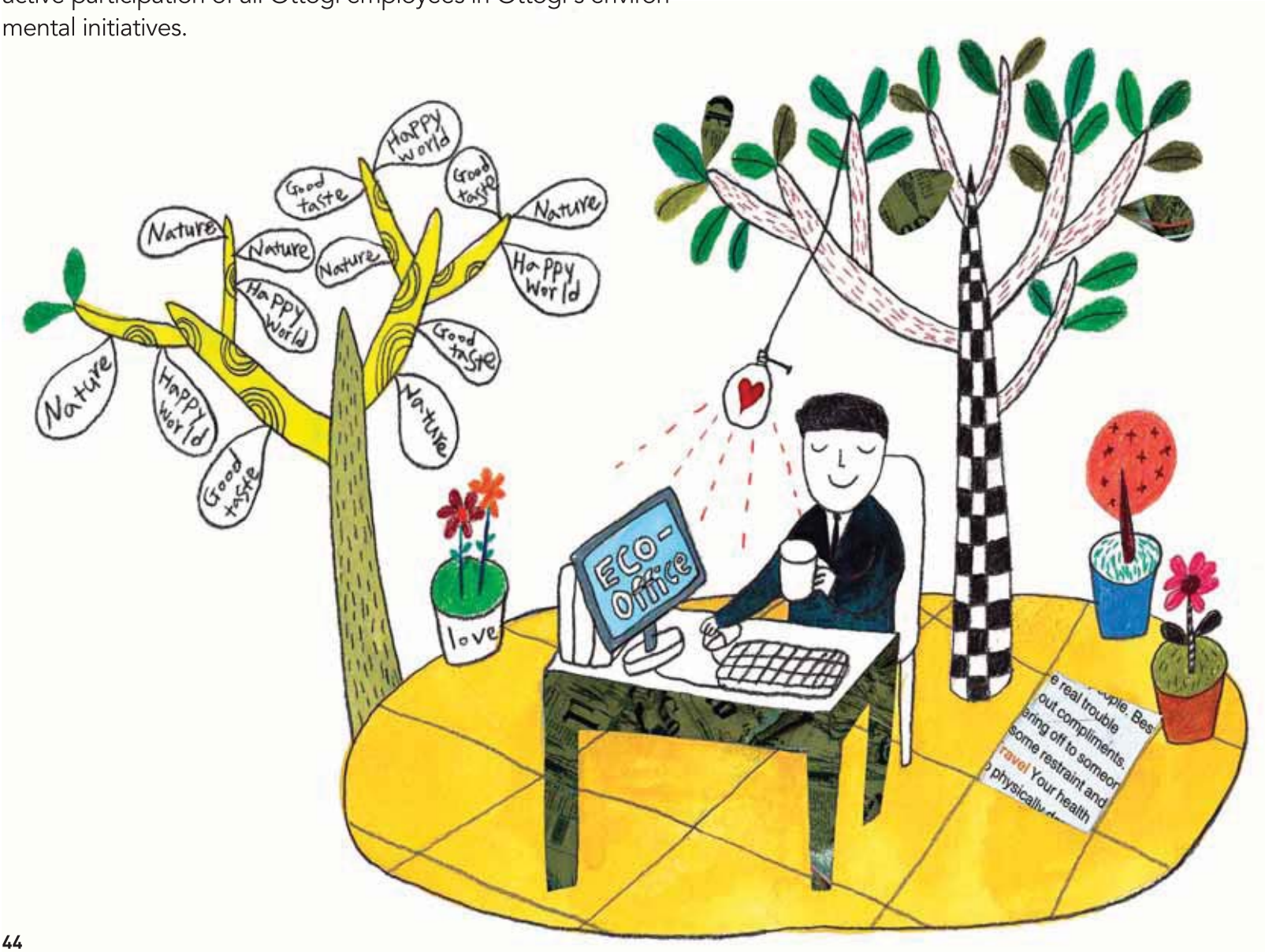
Carbon Dioxide absorbed by a thirty year pine tree in one year is 5.65kg. Since, 2.347 kg of CO_2 is produced when 1 liter of gasoline is combusted, 5.65kg of CO_2 is equivalent to amount of CO_2 emitted a car with fuel efficiency of 10 km/L driven over approximately 24 kilometers. If there is only on pine tree left on the earth, we will have to wait one year to allow the tree to absorb CO_2 after driving 24 kilometers in order to maintain atmospheric CO_2 level and prevent climate change associated with increased CO_2 in the earth's atmosphere.



Note Based on data by Korea Forest Service

Eco Office

Ottogi is making active effort to foster a new corporate culture with heightened environmental awareness in order to ensure active participation of all Ottogi employees in Ottogi's environmental initiatives.



Eco Office Initiatives

Eco Office is a strategic initiative designed to reduce both direct and indirect environmental impact associated with operation of Ottogi's office facilities. It is aimed at improving environmental awareness of all members of Ottogi and fostering a new corporate culture with strong environmental values.

Ottogi is making a multi-pronged effort to create a corporate culture which would raise environmental awareness of its employees and induce strong participation. On September 1, 2010, we held the Ottogi Environmental Management Initiative Announcement Ceremony. All Ottogi employees participated in the event and took an oath to take part in improving the environmental performance of the company. An emphasis was made that environmental management is not something for a few specialist groups but a crucial matter that requires attention and participation of all Ottogi employees regardless of what department they belong. We did not want to make the ceremony a one-time PR stunt. So, we placed our new Eco emblems, with the new corporate slogan of 'Happier world with tastier food and a cleaner environment,' in locations well exposed to our employees as a reminder of Ottogi's strong will to achieve its environmental objectives. The emblem and new slogan was incorporated in the employee pocketbook, websites and company newspapers.

We also created environmental guidelines for Ottogi facilities including offices, R&D centers, and production plants. Ottogi employees are sharing information on best practice case studies and recent developments in environmental management practices at offline Eco meetings and the online Green Society cafe on the company intranet. Some employees are more actively participating by making various Eco ideas for improving Ottogi' s environmental performance. We also encouraged all employees to participate in the low carbon household credit scheme designed by the Ministry of Environment in order to encourage them to manage environmental impacts associated with their personal life style and family activities. As of February 2011, thirty four employees have signed up to participate in the scheme.

Eco Office Activities and Achievements

The Eco Office Initiative aims to raise the environmental awareness of Ottogi employees by reducing the environmental impact caused by operation of office facilities and what Ottogi employees do in the offices. Specifically, it aims to achieve energy savings, reduction of water use and waste generation, increased recycling and so on.

Energy Saving Activities

We have set temperature guidelines for summer and winter, as well as improved insulation to reduce heat loss in order to save energy use associated with office buildings. We plan to implement more measures to further reduce energy use, for example, by improving operational efficiency of lighting fixtures.

| Green society cafe |

1 Elevator 2 Automatic doors at R&D Center 3 LED lights

Ottogi Center

- Located surge protector on the desk to make it more convenient to shut off power and reduce standby power consumption in non-use hours.
- Installed power timer on the water dispenser plug and set the timer to off between 22:00 and 06:00 to reduce electricity consumed for heating and cooling.
- Replacement of light bulbs with more efficient lights including LED
- Adjustment of operation hour of parking lot gate sign lights

R&D Center

- Switch off 20 % of office and corridor lights during daylight hours
- Reduction of heat loss with installation of weather stripping on windows and doors
- Set winter temperature guideline to 18 degree Celsius (64.4 degree Fahrenheit)

Production plants

- Turn off lights of advertisement bill boards on vending machine
- Installation of 'Eco touch' devices designed to reduce standby power consumption of personal computers (installed at the Anyang production plant offices to test effectiveness)

Water Saving Initiatives

According to a recent UN report, South Korea faces the risk of water shortages in the future. As a response, Ottogi has implemented measures to save water in the operation of all facilities including company cafeterias, bathrooms and the R&D center. Our key water savings initiative in 2010 was the installation of water saving taps. The new taps have potential to save up to 20% of water consumption by preventing excessive flow of water from the taps.

| Installation of water saving taps |

Ottogi Center/R&D Center/Production Plants

- Placed bricks in toilet water tanks to reduce amount of water used per flush
- Installed water saving taps

R&D Center

- Recycling of water used in pilot production facilities

Waste Reduction and Recycling Activities

Some visible changes were made at Ottogi offices after the launch of the Eco Office initiative. Since October 2010, employees began to use personal cups instead of disposable paper cups. Some paper cups were still provided for guests, but use of personal cups by Ottogi staffs lead to a meaningful savings. Assuming two paper cups per day by three hundred staff members, 600 paper cups were consumed, which amounts to 12,000 cups per month assuming twenty working days per month. In terms of annual savings, this program can lead to a savings of 1.4 million KRW and an CO_2 absorption equivalent to what a nine mature pine trees absorb per year.

Also, personal trash bins were removed and recycling bins and a single common waste bin were installed on each floor, in order to discourage waste generation and encourage recycling.

Ottogi Center/R&D Center/Production Plants

- Installation of common waste bin and recycling bins on each office floor
- Use your own cup campaign (ban use of disposable cups)

| One recycle bin per floor |

| Employee Interview |

Eco Interview

Sales Planning Division
Ho-joon Gang, Assistant Manager

Quality Assurance Team
Joo-young Lee, Associate

What has changed at Ottogi since the announcement of the corporate environmental management initiative last August?

Joo-young My colleagues now use their personal cups instead of using disposable paper cups. Oh, my personal trash bin disappeared. And I hear the word 'eco' a lot more often than I used to since the announcement. It has caused some inconvenience to be honest, but I am participating nevertheless because it is for a good cause.

Ho-joon I am also experiencing noticeable changes in the office. I personally feel that Ottogi is very serious about environmental management, and many changes have happened already, but it seems like it is only a beginning of a fundamental change. My responsibilities have not changed significantly but I am definitely thinking about the environmental impact of what I do and the way I do things, which I believe is a meaningful change.

Have you felt a need for stronger environmental management while carrying out your work?

Ho-joon I have heard a lot about environmental issues, but I never thought about the link between the issues and my work. However, newly recruited employees have much stronger awareness of environmental issues compared to mid-level managers and senior staff. Regardless of the link between our work, I think Ottogi should promote stronger management to stay on track with the interest of the younger generation.

Joo-young Since a few years ago, the environment has become a major management issue in almost all companies including food product companies. The environmental performance of products seems to have become a especially important issue. There are many new government policies on the environment and external training opportunities on the issue. In addition to changes in the business environment, I believe that the rise of environmental issues can bring a positive change to the company. For instance, the company requires steady improvement in its operations, and environmental management initiatives seem to provide motivation for employees to improve the way things are done.

How did your responsibility change since the environmental management initiative were launched?

Joo-young My responsibilities have not changed significantly yet, but I have become more interested in the adoption of the environmental marking scheme in the food product industry. I have seen Eco Cook emblems on some of our products. The concept of Eco Cook is quite a new concept, but I think there is value in communicating low carbon cooking methods to our consumers. I think the presentation can be improved to make it easier for consumers to understand. I also think it can use more publicity or even some training sessions to help consumers understand the Eco Cook initiative.

Ho-joon I work in an office and mostly perform my duties at my desk, so I have not seen many changes yet. But I expect significant changes. It is essential for food companies like us to produce and deliver tasty and healthy products. At the same time, it is equally important to minimize environmental impacts associated with production and transport of our products. Consumer awareness on environmental issues is increasing. In this light, environmental management is no longer a matter of choice but a new social obligation.

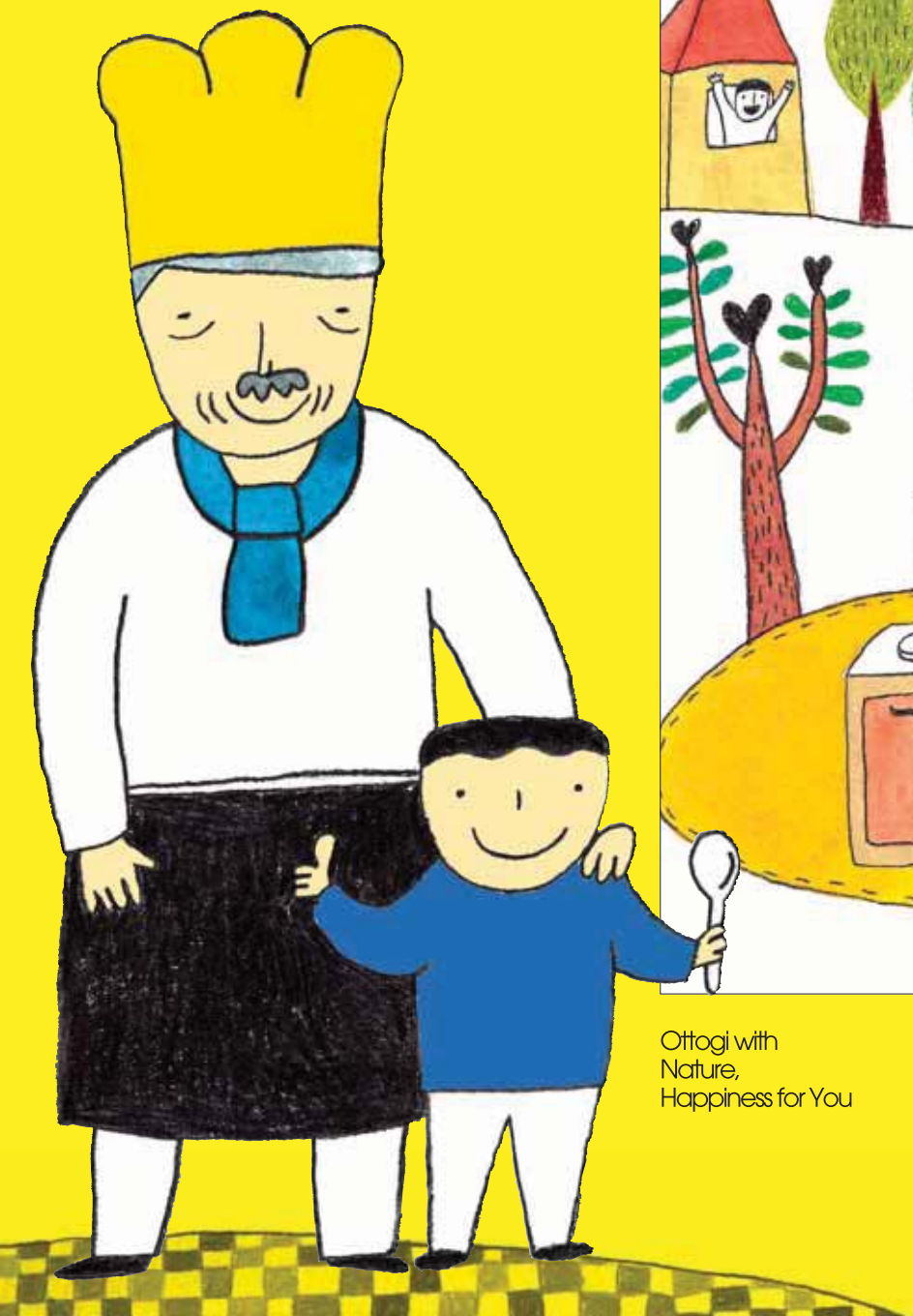
What advice can you give to help Ottogi achieve strong environmental management results?

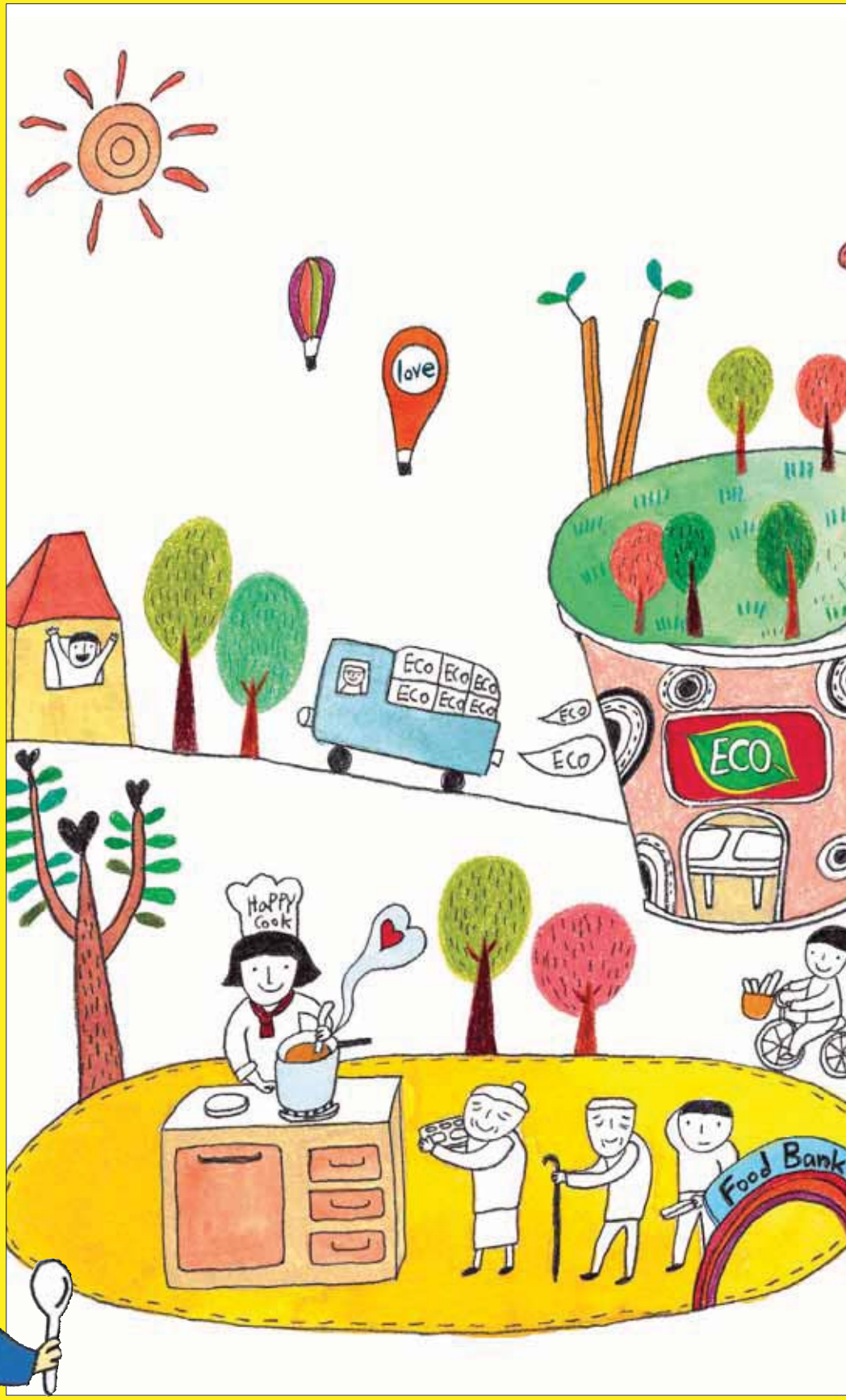
Joo-young Allow me to share my suggestion on what I believe is a way to foster a corporate culture with stronger awareness. I think it will be helpful if the company can provide support for employees who engage in environmentally-friendly activities away from work. Perhaps the company can provide some kind of incentive for employees who use more environmentally-friendly modes of transportation.

Ho-joon Many environmental initiatives seem to fade away all too quickly. I certainly want Ottogi to succeed, and I see active feedback on what impacts have been made due to the efforts made by the employees as a key to success. Employees will quickly become tired of environmental activities and start considering them a meaningless chore unless they receive positive feedback on the difference they are making.

Ottogi's Contribution to the Making of a Happier World

Ottogi's social contribution activities are designed to contribute to the creation of a happier world and a strengthened spirit of sharing. Ottogi has conducted social contribution activities for many years and will continued to do so with a firm belief that what we do will make a positive difference and inspire others to do the same.





Ottogi with
Nature,
Happiness for You

Making a better Ottogi through supporting others

Ottogi has been supporting free surgeries for children born with heart problems since 1992 in collaboration with the Korea Heart Foundation. As of end of 2010, a total of 2,869 children were able to receive surgical treatment through Ottogi's support. We are committed in supporting members of society who needs our help.

Ottogi understands that social contribution activities have priceless value.

Creating a happier world with tastier food is an important corporate objective that Ottogi is pursuing. However, we also understand the value of social contribution activities as a responsible member of society. Ottogi has been making social contributions for many years in its own way, albeit relatively small in scale, to help not just people in local communities we operate in but all humanity.
Ottogi has been leading on initiatives including a support program for children born with heart problems in collaboration with the Korea Welfare Foundation, support for food banks, a scholarship program, and art and culture programs through the Ottogi Foundation. A total of 1,118 million KRW has been spent on social contribution activities.

| Social Contribution Spending |

unit KRW

Support Areas	2008	2009	2010
Food Bank	609,683	548,885	631,349
Children with heart problems	144,000	192,000	192,000
Culture/Arts/Sports/Education	232,564	223,000	163,461
Ottogi Foundation	100,000	100,000	0
Welfare fund for employees	100,000	200,000	0
Others	31,490	331,840	132,611
Total	**1,217,737**	**1,595,725**	**1,119,421**

Number of children living a new life with stronger hearts between 1992 and 2010:2,869

Ottogi has been supporting free surgeries for children born with heart problems since July 1992 in collaboration with the Korea Heart Foundation. There were approximately 40,000 children suffering from heart problems and half of them were at the absolute poverty level.
Children born with heart problems may lose their life unless they are treated surgically before they reach the age of ten. In 1992, we provided heart surgery for five children on the eighth of each month. We gradually expanded our support program and twenty one children receive our support for surgery each month now
As we maintained support, we were able to help 1,000 children live a new life with a stronger heart in 2001. On February 2007, the number increased to 2,000. As of end of 2010, a total of 2,869 children were able to receive surgical treatment through Ottogi's support. In addition to surgical treatment support, Ottogi also regularly invites parents and children who received our support for entertainment events such as children's musical shows. We also invite them to the annual Ottogi Family Cook-out Festivals, as a gesture of sustained support for the families who overcame great challenges together with Ottogi.
Ottogi firmly believes that children are the hope for a better tomorrow. Smile, tenderness and the caring heart of young children are what Ottogi strives to resemble and our efforts have helped us grow. We will continue to provide support for children with heart problems, so that they can live with hope and realize their dreams.

Ottogi Foundation Scholarship Support Program

The Ottogi Foundation, established in 1996, has been providing scholarships for students with outstanding potential each year. The foundation has been also giving the Ottogi Award of Academic Excellence to researchers who have made significant contributions to advancements in food and nutrition science.

The Ottogi Foundation has provided scholarships to 643 students between 1996 and 2010. The number of beneficiaries per year has increased steadily. The Ottogi Award of Academic Excellence is relatively new, and it has been awarded to two researchers since its establishment in 2009.

The Dream Baseball Park

A popular TV program <The Invincible Baseball Team> showed the passion for amateur baseball teams in Korea and how they needed more baseball parks in which to play. Since the program aired, Ottogi decided to donate five percent of its profits from the sales of our popular Jin Ramen product for construction of the 'Dream Baseball Ground' for use by amateur baseball games. Baseball is a highly popular sport in Korea and many families go to watch baseball together. There are many amateur teams as well. Despite that fact, there are only a small number of baseball parks. Although they are as many as 3,341 amateur baseball teams in Korea, there are only 140 baseball parks including commercial baseball stadiums for professional players according to a baseball white paper published on 2009.

The quality and maintenance of existing baseball grounds is often inadequate as well, increasing risk of injury. Construction of 'Dream Basball Park' is a win-win proposition for Ottogi and also for Icheon city which agreed to provide the land for the park. Ottogi can get positive publicity and use the support program for marketing purposes while providing practical support for amateur baseball players. It will also benefit a number of other stakeholders involved. The 'Dream Baseball Park' is not just another baseball park. It will serve as the foundation for advancement of the amateur baseball culture. The groundbreaking ceremony for the park took place on August 18, 2010, and it is currently under construction.

Sharing Food with Our Neighbors towards a Happier World

Social contribution activities using its products have the potential to make a positive impact beyond what financial donations can achieve. Ottogi has been donating food products to the Korea Food Bank and welfare organizations in local communities where Ottogi production plants are located.

Ottogi began donating its product to the Gyeonggi Food Bank starting in December 1999. We then started to donate our products to the Jeju Food Bank in 2006 and to the Seoul and Woolsan Food Banks in 2007. We also began sponsoring Food Banks in Gangwon, Gyeongbuk, Jeonbuk, Incheon, Daegu and Daejon starting on January 2010. Overall, we are currently supporting citizens in need in partnership with eleven Food Banks which cover most of the major cities and provinces in Korea.

Food Bank is a center designed for sharing food by collecting donated food from individuals and companies and distributing it to children who do not get enough to eat and elderly who are living alone without other family members. The donated food is also sent to soup kitchens, homeless shelters and welfare centers. Not only does the Food Bank system alleviate hunger, but it can also lead to the prevention of waste of food products lessening a further cause of environmental impact.

Ottogi concluded that helping senior citizens in local communities where Ottogi production plants are located should be the top priority in our support programs. In this light, we have been donating food products to the Anyang Senior Citizen Welfare Center, the Buheung Social Welfare Center, the Bisan Social Welfare Center, the Eumseong Rehabilitation Center for the Disabled located in Eunseong-gun in Chungbuk province, the Haejin-Won and Woori Welfare Foundation located in Ulju-gun in Gyeongnam province, and the Gunpo Sungminwon in Gunpo city. Ottogi will continue to pay attention to the needs of citizens in need and share with local communities as a responsible corporate citizen.

Sponsoring 'Helping North Korean Children with Tuberculosis'

On November 28, 2007, Ottogi and staff voluntarily donated more than 4,329 million KRW to the Peoples' Movement Headquarters for 'Helping North Korean Children with Tuberculosis' campaign. The company contributed 3,000 million KRW and the staff collectively contributed 1,329 million KRW. This financial donation could save the lives of 1,443 North Korean children suffering from tuberculosis. The Peoples' Movement Headquarters purchased necessary medicines for tuberculosis and delivered it to North Korea.

Farming Community Develop-ment Support

Ottogi launched the 'Nongchon-Sarang' initiative designed to help the development of local farming communities in 2004. For example, Ottogi has been supporting the annual Hwachun Hwa-ak-san Tomato Festival. The festival is designed to publicize the tomatoes produced in the Hwa-ak-san mountain area, a place where some of the finest tomatoes in Korea are produced. Recognizing the struggles of farmers in rural areas, Ottogi is actively supporting other festivals to help farming communities to sustain themselves.

One Company for One River Care Program and Tanchun River Cleanup Activities

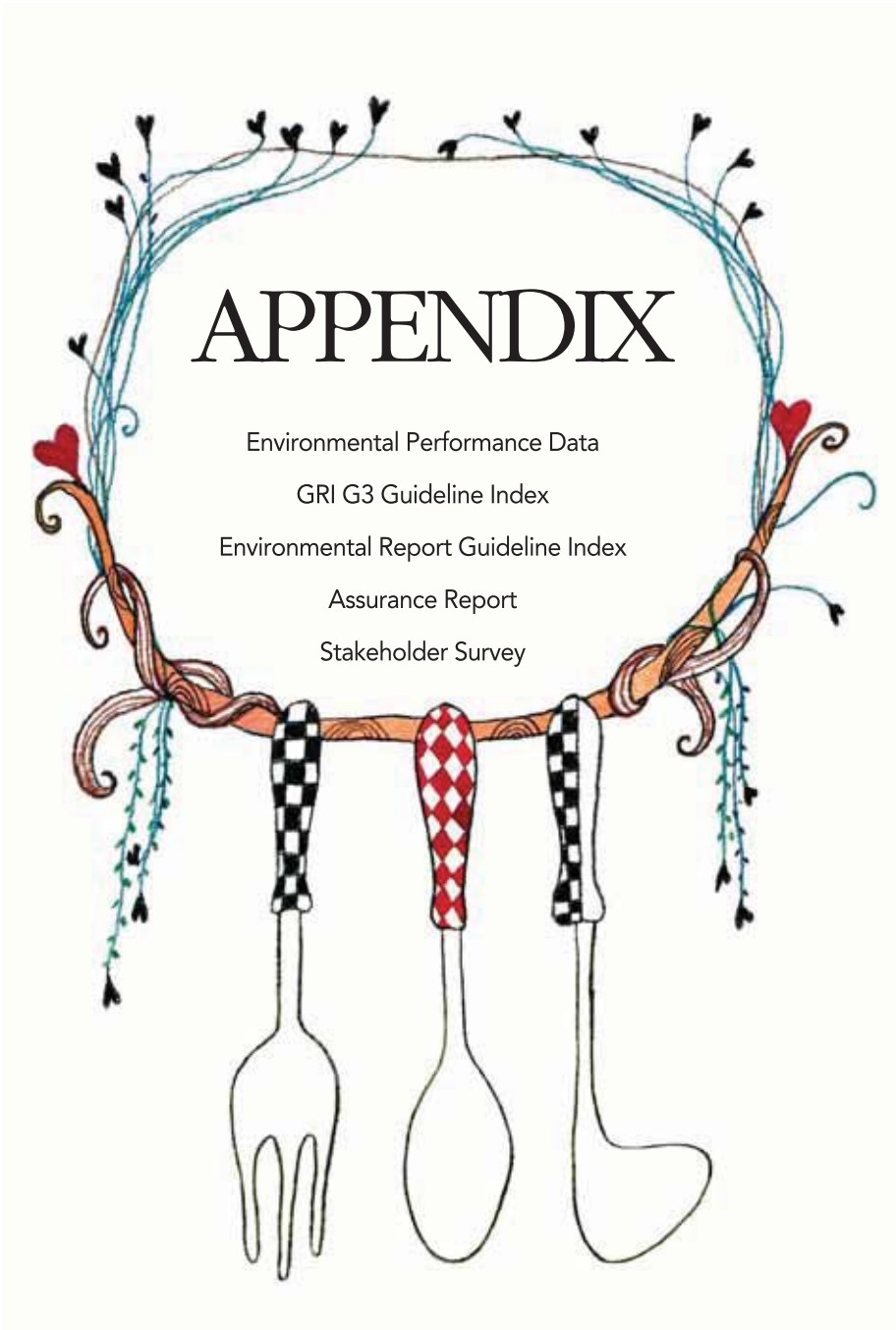
Ottogi has been actively participating in the One Company for One River Care Program since 1992. For instance, employees of the Anyang production plant have performed cleanup activities on the nearby Hakeuichun River. More than one hundred employees have participated in the cleanup on each occasion, removing trash and performing other management activities to make the river cleaner for the neighborhood. In 1994, Ottogi received recognition from the Anyang Mayor as the most exemplary company to participate in the River Care Program. The employees working at the Ottogi Center have been conducting cleanup activities during lunch hours on a monthly basis since October 2010.

Hosting Family Cooking Festivals

Ottogi has been hosting the annual 'Sweet Home Ottogi Family Cooking Festival' on the second Sunday in May since 1996. It is the largest event of its kind designed to provide a quality experience for families as they cook together. The fifteenth festival was held on 2010 and families from all over the country participated, making it not only the biggest event of its kind but the best one as well.

Sponsoring Olympic Weightlifter Ms. Mi-ran Jang

Since November 2007, Ottogi has been sponsoring weightlifter Ms. Mi-ran Jang. Ottogi believes that it is important that Ms Jang receives stable and systematic training to grow into a world class athlete bringing hope to the Korean people and making her country proud. Ottogi awarded additional prize money for her excellent performance at the 2008 Beijing Olympics (gold medalist), the 2009 World Weightlifting Championship in Goyang city (gold medalist), and the 2010 16th Guangzhou Asian Games (gold medalist).



APPENDIX

Environmental Performance Data

GRI G3 Guideline Index

Environmental Report Guideline Index

Assurance Report

Stakeholder Survey

Input

Energy Used

Unit GJ

Operation Site		Daepoong	2008	2009	2010
Anyang		Fossil Fuel	125,974	122,655	121,073
		Electricity	132,773	128,875	122,427
	Pyeongtaek (Production department)	Fossil Fuel	9,992	10,685	13,453
		Electricity	9,130	9,595	10,001
Daepoong		Fossil Fuel	123,338	154,625	177,554
		Renewable(Photovoltaics)	32	26	19
		Electricity	121,164	153,917	180,723
Samnam		Fossil Fuel	8,819	7,722	8,755
		Electricity	22,895	21,838	23,016
R&D Center		Fossil Fuel	2,118	1,848	2,329
		Electricity	6,373	6,654	6,851
Ottogi Center		Electricity	-	-	5,917
Mobile sources (Vehicles)		Fossil Fuel	35,911	47,177	39,208
Total			598,519	665,617	711,328

Note For the energy use data for Ottogi Center, data since March 2010 is included because the center became operational on March 2010.

Water Used

Unit m^3

Operation Site		2008	2009	2010
Anyang		287,390	238,184	232,344
	Pyeongtaek(Production department)	9,311	10,934	9,401
Daepoong		192,844	254,100	232,344
Samnam		40,946	39,094	41,098
R&D Center		6,487	5,557	6,539
Ottogi Center		-	-	7,471
Total		536,978	547,869	573,298

Note For the water use data for Ottogi Center, data since March 2010 is included because the center became operational on March 2010.

Amount of Packaging Materials Used

Unit ton

Type	2008	2009	2010
Glass bottle	6,824	7,155	8,002
Metal cans	8,022	7,961	7,348
PET	1,857	1,676	1,980
Polymers	6,731	6,910	7,537
Box	-	-	86
Total	23,434	23,702	24,953

Note The scope of data include all packaging materials including polymers, metal cans, PET bottles and glass bottles with exception of paper materials. The data is based on the data reported for calculation of allotted charges for waste management associated with packaging materials used on Ottogi products, products by subsidiary companies, OEM products and imported products.

Amount of Miscellaneous Supplies Used

Unit ton

Operation Site		2008	2009	2010
Anyang		14.4	11.4	15.3
	Pyeongtaek(Production department)	4.8	6.1	6.8
Daepoong		17.1	17.0	19.0
Samnam		4.3	5.3	4.6
Total		40.6	39.8	45.7

Note Consumable supplies include lubricant oil, chemicals (chlorine and cleaning agents), ink, thinner, CIP cleaner.

Output

Greenhouse Gas Emission

Unit tCO_2-eq

Operation Site		Type	2008	2009	2010
Anyang		Direct concentration	6,410	6,240	6,159
		Indirect concentration	6,878	6,676	6,342
	Pyeongtaek (Production department)	Direct concentration	669	714	896
		Indirect concentration	473	497	51
Daepoong		Direct concentration	9,008	11,303	9,023
		Indirect concentration	6,277	7,974	9,362
Samnam		Direct concentration	450	394	446
		Indirect concentration	1,186	1,131	1,192
R&D Center		Direct concentration	108	94	118
		Indirect concentration	330	345	355
Ottogi Center		Indirect concentration	-	-	307
Mobile sources		Direct concentration	2,336	3,065	2,463
Total		**Direct concentration**	**18,981**	**21,810**	**19,105**
		Indirect concentration	**15,144**	**16,623**	**18,076**
Total			**34,125**	**38,433**	**37,181**

Note For the GHG emission data for Ottogi Center, data since March 2010 is included because the center became operational on March 2010.

Waste Water Volume

Unit m^3

Operation Site		2008	2009	2010
Anyang		105,351	108,621	110,478
	Pyeongtaek(Production department)	4,156	4,998	4,987
Daepoong		100,090	108,192	129,517
Samnam		1,095	1,442	1,506
Total		210,692	223,253	246,488

Waste Water Concentration Profile

Daepoong Production Plant

Unit mg/l, pH

Type	Regulation Standard	Concentration		
		2008	2009	2010
BOD	20	3.68	4.54	4.58
COD	40	8.47	11.46	11.42
SS	20	4.67	9.77	6.80
N-H(mineral oil)	5	0.04	0.16	0.00
N-H(organic oil)	30	0.36	0.87	1.07
T-N	40	3.62	3.18	3.09
T-P	4	2.25	1.62	1.66
pH	5.80-8.60	8.37	8.02	8.09

Anyang Production Plant

Unit mg/l,pH

Type	Regulation Standard	Concentration		
		2008	2009	2010
BOD	120	24.45	10.25	22.31
COD	130	49.16	28.68	19.90
SS	120	41.33	13.25	10.48
N-H(mineral oil)	5	0.15	0.00	0.07
N-H(organic oil)	30	2.33	1.44	1.74
T-N	60	6.64	2.65	2.26
T-P	8	0.25	0.15	0.06
pH	5.80-8.60	7.98	7.89	7.71

Pyeongtaek Production department

Unit mg/l,pH

Type	Regulation Standard	Concentration		
		2008	2009	2010
BOD	80	10.36	5.61	2.16
COD	90	21.25	9.30	14.97
SS	80	20.00	5.50	2.33
N-H(mineral oil)	5	0.30	0.25	0.20
N-H(organic oil)	30	1.10	0.85	0.90
T-N	60	14.33	12.80	17.20
T-P	8	4.90	2.38	1.04
pH	5.80-8.60	7.30	7.50	7.00

Samnam Production Plant

Unit mg/l,pH

Type	Regulation Standard	Concentration		
		2008	2009	2010
BOD	80	10.83	16.89	26.31
COD	90	17.67	27.14	19.35
SS	80	7.00	4.50	5.50
N-H(mineral oil)	5	0.02	0.01	0.00
N-H(organic oil)	30	4.48	3.18	2.09
T-N	60	19.18	14.46	8.71
T-P	8	0.23	0.18	0.38
pH	5.80-8.60	6.75	7.13	7.19

Solid Waste Volume

Unit ton

Operation Site		Type	2008	2009	2010
Anyang		General	4,605.3	3,988.9	1,697.1
		Designated	471.0	512.2	557.9
	Pyeongtaek(Production department)	General	169.3	118.6	132.7
		Designated	-	-	-
Daepoong		General	1,120.0	1,230.8	1,697.1
		Designated	0.3	0.2	0.7
Samnam		General	1,373.0	1,404.8	1,319.9
		Designated	-	-	-
Total		**General**	**7,267.6**	**6,743.1**	**7,191.3**
		Designated	**471.3**	**512.4**	**558.6**
Total			**7,738.9**	**7,255.5**	**7,749.9**

Note Sewer sludge generated due to Daepoong produvtion plant operation is hot included.

Waste volume by processing method

Unit ton

Processing method	2008	2009	2010
Incineration	2,756.0	2,338.8	2,044.4
Landfilling	2.9	3.8	0.0
Recycling	3,025.9	3,188.1	3,855.9
Neutralization	20.5	23.2	25.0
Composting	78.6	283.2	63.5
Ocean disposal	1,855.0	1,418.4	1,761.1
Total	**7,738.9**	**7,255.5**	**7,749.9**

Air Pollutant Emission Concentration Profile

Daepoong Production Plant

Pollutant type	Unit	Regulation Standard	2008	2009	2010
NOx(Chimney #1)	ppm	250	147.03	206.36	closed down
NOx(Chimney #2)	ppm	250	147.88	201.34	closed down
SOx(Chimney #1)	ppm	540	195.90	215.03	closed down
SOx(Chimney #2)	ppm	540	199.89	225.17	closed down
Dust(Chimney #1)	mg/Sm^3	50	13.72	13.25	closed down
Dust(Chimney #2)	mg/Sm^3	50	14.12	14.51	closed down
Dust(Chimney #3)	mg/Sm^3	50	15.12	13.23	13.86
Dust(Chimney #4)	mg/Sm^3	50	16.12	11.74	12.04
Smoke	No.	2	1	1	1

Note NOx, SOx Regulation Standard 2009

Anyang Production Plant

Pollutant type	Unit	Regulation Standard	2008	2009	2010
NOx(Chimney #1)	mg/Sm^3	100	7.10	5.30	-
NOx(Chimney #2)	mg/Sm^3	100	9.65	7.70	7.02
Dust(Chimney #3)	mg/Sm^3	100	4.05	6.80	-
Dust(Chimney #4)	mg/Sm^3	100	7.20	5.70	-

Note Samnam plant, Anyang plant and Pyeongtaek Production plant does not emit air pollutants subjected to environmental regulatory standard.

| GRI G3 Guideline Index |

● Fully Reported ◑ Partially Reported ○ Not Reported - Not Applicable

Type	Indicaticators		Reporting Status	Page
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization and its strategy	●	5
	1.2	Description of key impacts, risks, and opportunities	●	21, 24, 27, 31, 32, 38, 40, 48
Organizational Profile	2.1	Name of the organization	●	2
	2.2	Primary brands, products, and/or services	●	10~13
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	15
	2.4	Location of organization' s headquarters	●	14
	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.	●	16~17
	2.6	Nature of ownership and legal form	●	15
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	16~17
	2.8	Scale of the reporting organization.	●	14~17
	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 (e.g., fiscal/calendar year) for information provided	●	2
	3.2	Date of most recent previous report (if any)	●	2
	3.3	Reporting cycle (annual, biennial, etc.)	●	2
	3.4	Contact point for questions regarding the report or its contents	●	2
	3.5	Process for defining report content	●	25
	3.6	Boundary of the report	●	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	●	15~17
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	●	–
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports	N/A	–
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods	N/A	–
	3.12	Table identifying the location of the Standard Disclosures in the report	●	58~59
	3.13	Policy and current practice with regard to seeking external assurance for the report	●	61~63
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	◑	15
	4.2	Indicate whether the Chair of the highest governance body(HGB) is also an executive officer	○	–
	4.3	Number of members of the HGB that are independent and/or non-executive members	●	15
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the HGB	●	15
	4.5	Linkage between compensation for members of the HGB, senior managers, and executives	○	–
	4.6	Processes in place for the HGB to ensure conflicts of interest are avoided	○	–
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	○	–
	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.	●	22
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities	○	–
	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.	●	24
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives	○	–
	4.13	Memberships in 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	○	–

Type	Indicaticators		Reporting Status	Page
	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.	○	20~24
Materials	EN1	Materials used by weight or volume	◑	Environmental Performance Data
	EN2	Percentage of materials used that are recycled input materials	○	–
Energy	EN3	Direct energy consumption by primary energy source	●	Environmental Performance Data
	EN4	Indirect energy consumption by primary energy source	●	Environmental Performance Data
	EN5	Energy saved due to conservation and efficiency improvements	◑	34
	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiative	N/A	– –
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	○	35,Environmental Performance Data
Water	EN8	Total water withdrawal by source	●	35
	EN9	Water sources significantly affect by withdrawal of water	◑	–
	EN10	Percentage and total volume of water recycled and reused	○	–
Biodiversity	EN11	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	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected area	N/A	– –
	EN13	Habitats protected or restored	N/A	
	EN14	Strategies, current actions, future plans for managing impacts on biodiversity	○	–
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○	–
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	●	32,Environmental Performance Data
	EN17	Other relevant indirect greenhouse gas emissions by weight	○	–
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	32~33
	EN19	Emissions of ozone-depleting substances by weight	○	–
	EN20	NOx, SOx and other significant air emissions by type and weight	●	37,Environmental Performance Data
	EN21	Total water discharge by quality and destination	●	35,Environmental Performance Data
	EN22	Total weight of waste by type and disposal method	●	37,Environmental Performance Data
	EN23	Total number and volume of significant spills	●	23
	EN24	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	–
	EN25	Identity, size, protection status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and run off	N/A	–
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	26~29
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	○	–
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	◑ ◑	23
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organizations operations, and transporting members of the workforce	●	40~43
Overall	EN30	Total environmental protection expenditures and investments by type	●	37

| Environmental Report Guideline(2007) Index |

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	1.2	Corporate overview	8~17
	1.3	Environmental report overview	2
	1.4	Summary	–
2. Environmental Visoin and Strategy	2.1	Environmental policy	22
	2.2	Mid to long-term environmental goal	–
	2.3	Environmental goal and performance in current year	–
	2.4	Environmental goal for following year	–
3. Environmental Management System	3.1	Environmental management system	23
	3.2	Environmental risk management	–
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	3.4	Environmental education	39
	3.5	Environmental performance evaluation	–
	3.6	Environmental accounting	37
	3.7	External environmental investment (new)	–
4. Environmental Impact and erformance	4.1	Resource use	Environmental Performance Data
	4.2	Water use	Environmental Performance Data
	4.3	Energy use	Environmental Performance Data
	4.4	Response to climate change (change)	32~33
	4.5	Emissions of ozone-depleting substances	–
	4.6	Significant air emissions by type and weight	Environmental Performance Data
	4.7	Water discharge by quality and destination	Environmental Performance Data
	4.8	Waste generation and recycle	Environmental Performance Data
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	5.5	Environmental communication	38~43, 54
	5.6	Response to international environmental regulations (new)	N/A
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	6.2	Third party assurance	61~63
	6.3	Glossary	–
	6.4	Reader Feedback Survey	64
	6.5	Survey results and analysis	–
	6.6	Environmental data per business site	Environmental Performance Data

Introduction

The Korean Standards Association ("Assurance Provider") has received a request for independent assurance on the "2011 Ottogi Environmental Report ("Report") from Ottogi Co., Ltd. The Assurance Provider presents an independent assurance statement on the report drawn up by Ottogi after identifying the data, performances, and sufficient relevant system evidence included in the report.
Ottogi is responsible for the collection, analyses, and arrangement of information to draw up the report and for all assertions contained in therein.

Independence

The Assurance Provider has no profit-making interest throughout Ottogi' s business activities other than offering third-party assurance on the report. We also do not have any biased opinion on any stakeholders.

Assurance Standards and Level

The Assurance Provider has carried out assurance by applying the AA1000AS 2008 Assurance Standards (AA1000 AS) and GRI G3 Guidelines. We have set the following assurance principles of the AA1000AS 2008 Assurance Standards as the criteria for the assessment of the report: foundation principle of inclusivity, principle of materiality, and principle of responsiveness.
The reliability of the information in the 2011 Ottogi Environmental Report has been assured at the moderate level of assurance.

Assurance Type and Scope

The Assurance Provider has undertaken type 2 assurance in accordance with the AA1000 Assurance Standards (AA1000 AS). Type 2 assurance means that the accuracy and quality of the environmental performance information contained in the report -- as well as Ottogi' s assertions -- have been assessed based on AccoutAbility Principles of the AA1000 Assurance Standards (AA1000 AS) 2008.
The Assurance Provider has carried out assurance focusing on Ottogi' s environment-related systems and activities along with site check during the period of the 2011 Ottogi Environmental Report from Jan. 1, 2008 through Dec. 31, 2010 by sampling the Ottogi Center, Central Research Center, and production sites based on fiscal year 2010.

Assurance Methods

The Assurance Provider has collected the necessary information, data, and evidence related to the assurance scope and has performed assurance using the following methods:

- Investigation of the press/media and Internet data concerning Ottogi and environmental aspect of the food industry during the reporting period
- Site visit including the Ottogi Center
- Review of the management system and process used to improve the environmental management performance and draw up the report
- Review of internal documents and basic data by tracking them
- Interviews with the management, personnel in charge of environmental management, and issue managers

Assurance Results and Opinion

The Assurance Provider has found that the report presents Ottogi's environmental management activities without significant errors or biases through its assurance activities. All significant assurance results are contained in the assurance statement, and we have presented additional details on the following assurance results and recommendations to Ottogi:

● Inclusivity

Ottogi recognizes that it has a responsibility to report to the stakeholders affecting it or it affects. Ottogi actually needs to diversify and specify the key stakeholders' participation process as well as systematize the identification and participation of various stakeholders in the future.

● Materiality

Ottogi has established a process of drawing up issues wherein stakeholders are interested by identifying the issues in the environment field through the benchmarking of a business model in the industry, media/press research, and interviews with internal stakeholders. The company has also included material issues in the report. Ottogi should ideally establish a process of continually monitoring and improving performances relevant to these issues.

● Responsiveness

Ottogi reflects the key environmental management issues in the organization' s policy and activities and responds to stakeholders' interest. It is important for Ottogi to make efforts constantly so that its environmental management activities are consistent with the stakeholders' interest and can be delivered to the stakeholders.

Opinion in Each Field and Recommendations for Improvement

Ottogi has laid down the foundation for responding to environmental issues by establishing company-wide environmental management strategies; it induces stakeholders' participation by developing the environmental emblem, Eco. Ottogi actively makes efforts for environmental management in developing products considering the product life cycle and inducing stakeholders' participation in coping with environmental issues along with self-environmental declaration through five Eco emblems.

● Eco Cook

Ottogi also endeavors to minimize environmental impacts in the cooking and disposal stages to take the environment into account from the perspective of life cycle and to ensure effectiveness. By attaching an Eco Cook emblem, which can serve as a self-environmental declaration, Ottogi induces change in consumer behavior. In the future, we expect Ottogi to consider eco-raw materials and auxiliary materials as one of the important stages in the life cycle.

● Eco Factory

Ottogi actively strives to reduce greenhouse gas emissions, i.e., reducing energy and resource use through process efficiency enhancement and recycling of resources and replacing fuels and facilities with energy sources with less CO_2 emissions.

● Eco Partner

Ottogi encourages partner firms to comply with environmental laws and regulations and build an eco-production system. It is actively engaged in sharing its best practices in environmental management. Ottogi also plans to establish an eco-supply chain through training and environmental audit for partner firms. In the future, Ottogi needs to describe quantitatively performances related to eco-supply chain establishment including the scope of training and audit.

● Eco Drive

Ottogi wages an Eco Drive campaign and makes an effort to build a systematic warehousing/delivery control system to minimize the environmental impacts of the logistics segment.

● Eco Office

Ottogi shares the need for employees' constant interest and participation by holding an environmental management declaration ceremony wherein all employees pledge to put environmental management into practice. By setting everyday life rules suitable for each working environment, such as office, research center, and factory, Ottogi improves the implementation rate and lets all employees voluntarily participate in environmental management. All these make for remarkable implementation.

● Ottogi's Social Contribution

Ottogi is actively engaged in various social contribution activities including sponsoring food banks, helping cardiac patients, patronizing cultural and artistic fields, and providing scholarships through the Ottogi Foundation. It also takes part in activities to improve the environment such as river cleaning and tidying up, sponsors the development of rural communities, and builds the "Dream Arena," a public benefit project jointly implemented with a variety of stakeholders.

GRI Reporting

We have confirmed that the report contains the GRI indices reported in the GRI Index (Appendix) in full or in part.

April 1, 2011

Chairman, Korean Standards Association Chang Ryong Kim

AA1000
Licensed Assurance Provider
000-70

| Stakeholder Survey |

Thank you for your interest in Ottogi's environmental management initiative.
We humbly ask for your feedback on our 2011 Environmental Report. Your feedback will make a real difference in improving our environmental management practice, environmental report writing and environmental communications.

How would you evaluate the Ottogi Environmental Report 2010?	☐ Very satisfactory ☐ Satisfactory ☐ Average ☐ Unsatisfactory ☐ Very unsatisfactory
What is section of this report you find most interesting?	☐ Company Overview ☐ Eco Cook ☐ Eco Factory ☐ Eco Partner ☐ Eco Drive ☐ Eco Office ☐ Social Contribution Activities
Please answer following questions regarding attribute of the report.	Do you find contents of report easy to understand? ☐ Very easy ☐ Easy ☐ Average ☐ Difficult ☐ Very difficult Do you find the report informative? ☐ Very easy ☐ Easy ☐ Average ☐ Difficult ☐ Very difficult Do you find design and lay out of the report helpful in understanding the report? ☐ Very easy ☐ Easy ☐ Average ☐ Difficult ☐ Very difficult
What are your main areas of interest? (You may choose multiple answers)	☐ Company Overview ☐ Environmental Management System ☐ Climate Change/GHG/Energy ☐ Water/Waste Water ☐ Packaging ☐ Solid Waste ☐ Biodiversity ☐ Air Pollutant ☐ Hazardous Waste ☐ Subsidiaries/supplier environmental performance ☐ Product environmental performance information ☐ Organic/pestcide-free produce ☐ Environmental communication with consumers ☐ Environmental regulation compliance ☐ Social contribution activities ☐ Others( )
What are the areas that you find that needs more information on your report? (You may choose multiple answers)	☐ Company Overview ☐ Environmental Management System ☐ Climate Change/GHG/Energy ☐ Water/Waste Water ☐ Packaging ☐ Solid Waste ☐ Biodiversity ☐ Air Pollutant ☐ Hazardous Waste ☐ Subsidiaries/supplier environmental performance ☐ Product environmental performance information ☐ Organic/pestcide-free produce ☐ Environmental communication with consumers ☐ Environmental regulation compliance ☐ Social contribution activities ☐ Others( )
Please share your suggestion on ways to improve Ottogi's environmental management practice and environmental reporting.	
What stakeholder group do you belong to?	☐ Consumers ☐ Shareholders ☐ Employees ☐ Government employees ☐ Supplier company employees ☐ Subsidiary company employees ☐ Environmental/sustainability expert group ☐ Academics ☐ Civil Society ☐ Press ☐ Local community residents ☐ Students ☐ Others( )

Green Society

Choi, Sung-young Jung, Yong-mok Kang, Gu-man Chae, Jong-soo Han,
Tae-jun Lee, Yong-gab Jeon, Jin-bae Lee, Soon-ho Lee, Jun-Hyuk Hwang,
Doh-yeon Hong, Seong-min

Ottogi Public Relations Office, 1009-1 Daechi-dong Gangnam-gu Seoul 135-280

Tel 82. 2. 2010. 0715 **Fax** 82. 2. 2010. 0799 **Email** kang_guman @ottogi.co.kr

Ottogi with Nature, Happiness for You

2011 Environmental Report

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This report was printed with soy ink and on environment friendly paper certified by the Forest Stewardship Council.