

CJ CHEILJEDANG

SUSTAINABILITY REPORT 2017



ABOUT THIS REPORT

OVERVIEW

The CJ CheilJedang Sustainability Report 2017 has been prepared to transparently disclose the company's sustainability management goals and performances and utilize the report as a communication channel with our stakeholders. We will continue to provide sustainability reports in order to share with our stakeholders our process for creating social values.

REPORTING PERIOD AND SCOPE

This report covers activities and performance in the 2017 fiscal year (from January 1st to December 31st, 2017), and includes some information about the first three months of 2018 to better help our stakeholders to understand the data. The scope of the report encompasses all domestic and overseas business sites of CJ CheilJedang, except for the logistics business. The economic and social performances include the data of all domestic and overseas business sites, while the category of environmental performance is focused on domestic business sites that can be verified by an external agency. Some data include overseas performance with the scope of data specified in detail in the footnotes.

REPORTING PRINCIPLES

This report was prepared 'in accordance' with the GRI (Global Reporting Initiative) Standards' Core option.

EXTERNAL ASSURANCE

This report underwent third-party verification by the independent agency DNV GL to improve the accuracy and credibility of the contents herein. Please refer to pages 82-83 for details and the opinions of the assurance provider.

CONTACT

For further information or inquiries regarding this report, please contact us using the following information:

OTHER INFORMATION

Address | CJ CheilJedang, 330, Dongho-ro, Jung-gu, Seoul
Phone | +82-2-6740-1114
Email | sustainability@cj.net
Published Date | May, 2018



COVER STORY

The images of how CJ CheilJedang's Food and Bio business operates with consideration of the enhancement of global business capacity, win-win with stakeholders, and the impact on society and environment are illustrated by the company's unique colors and pictograms. Based on these core issues, the Report presents our will to lead a healthy Korean dietary culture and contribute to the sustainable growth of the society.

EXTERNAL EVALUATION OF SUSTAINABILITY MANAGEMENT

INCLUDED IN THE DJSI FOR THREE CONSECUTIVE YEARS

CJ CheilJedang was included in the DJSI (Dow Jones Sustainability Indices) Asia-Pacific Index, which was created jointly by international sustainability index provider S&P Dow Jones Indices and the Swiss-based RobecoSAM, for three consecutive years for the first time in the domestic food industry. In particular, as we recognized the significance of the SDGs (Sustainable Development Goals) adopted by the UN and emphasized the Goals within the company, CJ CheilJedang earned even greater appreciation than the previous year for its performance in water-related risk management (environment), corporate philanthropic practices (society), and the observance of the corporate code of ethics (economy). We will continue to take the initiative in generating creative economic values and promoting social value-based management, thereby facilitating the sustainable growth of the global food industry.

ATTAINED 'THE BEST' IN THE WIN-WIN INDEX

For two years in a row (2015, 2016) for the first time in the food industry, we earned 'The Best' grade in the Shared Growth Index, which was designed by the Fair Trade Commission and the Korea Commission for Corporate Partnership to evaluate the level of shared growth to establish fair trade practices between large companies and SMEs and facilitate shared growth. CJ CheilJedang will steadily expand support for SME suppliers and shared growth based on its management philosophy, thereby taking the lead in creating the industrial ecosystem for win-win growth with stakeholders.

04 CEO MESSAGE

OVERVIEW

- 08 OnlyOne CJ
- 10 CJ CheilJedang CSV
- 11 Global CJ
- 12 Approach to Creating Shared Values
- 13 Core Issues of Sustainability Management
- 14 SDGs Compass
- 15 Stakeholder Engagement
- 16 Our Business
- 20 Performance Overview

MATERIAL ISSUES IN SUSTAINABILITY

- 24 Secure Healthy Food and Leading Korea's Food Culture
- 32 Bio R&D to Move into the Global Arena
- 38 Protecting Environment through Responsible Consumption and Production
- 46 Develop a Win-win ecosystem through Shared Values
- 53 Contribution to Sustainable Social Development



24p

SECURE HEALTHY FOOD
AND LEADING KOREA'S
FOOD CULTURE



32p

BIO R&D TO MOVE INTO
THE GLOBAL ARENA



38p

PROTECTING
ENVIRONMENT
THROUGH RESPONSIBLE
CONSUMPTION AND
PRODUCTION



46p

DEVELOP A WIN-WIN
ECOSYSTEM THROUGH
SHARED VALUES



53p

CONTRIBUTION TO
SUSTAINABLE SOCIAL
DEVELOPMENT

STRUCTURE OF SUSTAINABILITY

- 60 Governance
- 62 Integrity Management
- 64 Risk Management
- 68 Human Resources Management

APPENDIX

- 73 Financial Information
- 74 ESG DATA
- 79 GRI Content Index
- 82 Independent Assurance Statement

CEO MESSAGE



**IN PURSUIT OF CJ'S MANAGEMENT PHILOSOPHY,
'PROVIDING THE BEST VALUE TO OUR CUSTOMERS WITH ONLY ONE PRODUCTS
AND SERVICES, WHILE CONTRIBUTING TO THE GROWTH OF OUR SOCIETY',
CJ CHEILJEDANG WILL FULFILL ITS SOCIAL RESPONSIBILITIES AND
GAIN THE RESPECT OF PEOPLE AROUND THE WORLD.**

Greetings to our valued stakeholders,

Established as a food company in 1953, CJ CheilJedang has evolved in line with national growth. Based on its founding philosophy, 'Business Patriotism (building a stronger nation through business prosperity)', the company has pursued the spirit of contributing to the growth of our society through our business and promoted sustainable growth.

Since the company proclaimed the CSV (Creating Shared Value) management celebrating its 60th anniversary in 2013, CJ CheilJedang has made company-wide efforts to create the most essential values for local communities. In Vietnam, for instance, we have implemented 'the Rural Development CSV in Vietnam' to bring change and lay the groundwork for eradicating poverty in poor rural villages. In Korea, we are working to achieve shared growth in the food industry through the 'Jeulgeoun Donghang (Happy Companion)' movement, the platform for win-win with SMEs.

Following the world's first production of fermentation-based 'L-Methionine', our continued bio-based, eco-friendly project has contributed to reducing waste water and waste gas with the development of 'Cysteine' based on the eco-friendly fermentation process in 2017.

An unfavorable management environment is expected in 2018 due to continuing uncertainty in the global economy with the proliferation of U.S. protectionism, the rise in interest rates and the unstable financial market, as well as the tough domestic economy with increased household debt and the slowdown in consumption and business investment. Nevertheless, CJ CheilJedang will not only continue our intrinsic business activities for profit generation and management by centering shareholders, we will also seek to grow as a global corporate citizen with our customers, partners, and local communities.

FIRST, WE WILL SECURE A BUSINESS STRUCTURE IN WHICH THE COMPANY CAN COMPETE WITH OTHER TOP GLOBAL COMPANIES.

For stronger global business competitiveness, we integrated four business categories into two divisions—Food and Bio—based on markets and customers. This change has enabled us to make swift decisions and increase synergy with relevant businesses. In the Food business division, we will lead the K-Food culture by establishing a global infrastructure and combining Korean and local food. In the Bio business division, we will expand the usage of specialties to develop new businesses and products, thereby accomplishing remarkable growth in the global market.

SECOND, WE WILL BECOME THE UNRIVALED TOP COMPANY THAT CAN LEAD THE MARKET WITH OUR ONLY ONE PHILOSOPHY.

We will reinforce the business foundation and future technologies and create a synergy between the Food and Bio divisions with our R&D hub 'CJ Blossom Park', thereby ensuring world-class R&D capacity and products and holding the top position unparalleled by any other company throughout the market.

THIRD, WE WILL FULFILL OUR SOCIAL RESPONSIBILITIES AND CONTRIBUTE TO NATIONAL AND SOCIAL GROWTH BY CONSISTENTLY COMMUNICATING WITH OUR SUPPLIERS BASED ON THE FOUNDING PHILOSOPHY OF 'BUSINESS PATRIOTISM' AND OUR CORPORATE CULTURE.

Along with the culture of developing competent human talent, we will set up CJ CheilJedang's unique CSV culture through 'Happy Companion', 'Win-win with farming households', and 'overseas rural development projects', thereby playing a role as a member of society and undertaking our social responsibilities across all business activities.

We hope you will continue to show your support and interest in CJ CheilJedang and watch our business activities and growth firsthand.

Thank you.

HYUN-JAE SHIN
CEO of CJ CheilJedang



OVERVIEW



CJ CHEILJEDANG AIMS TO HELP ALL PEOPLE IN THE WORLD LIVE HEALTHIER AND BETTER LIFE. WE HAVE MADE SAFE AND HEALTHY PRODUCTS AND RELIABLE BRANDS FOR CUSTOMERS THROUGH ENDLESS CHALLENGES AND INNOVATION, STRIVING TO BECOME A GLOBAL FOOD AND BIO COMPANY.

-
- 08 OnlyOne CJ
 - 10 CJ CheilJedang CSV
 - 11 Global CJ
 - 12 Approach to Creating Shared Values
 - 13 Core Issues of Sustainability Management
 - 14 SDGs Compass
 - 15 Stakeholder Engagement
 - 16 Our Business
 - 20 Performance Overview
-



ONLYONE CJ

CJ MANAGEMENT PHILOSOPHY

CJ has taken the initiative in spreading our culture to as many people as possible across the broader world. What CJ hopes to do is to create a world where all people feel pleasure in enjoying Korean culture and to enrich peoples' lives. To this end, CJ has contributed to the prosperity of the industrial ecosystem through creative diversification and made distinctive customer values based on its shared values of OnlyOne*, win-win and human resources development. CJ will grow as a global lifestyle company and create shared values for both enterprises and society with its core business capacity in the fields that need social interest, thereby contributing to the growth of our society.

* OnlyOne: One of the most important value pursued by CJ that aims to become the first, best, and most distinctive company from every aspect.

VISION AND MISSION

MISSION

PROVIDE THE BEST VALUE TO OUR CUSTOMERS WITH ONLYONE PRODUCTS AND SERVICES, WHILE CONTRIBUTING TO THE GROWTH OF OUR SOCIETY

VISION

A GLOBAL LIFESTYLE COMPANY CREATING HEALTHY, HAPPY AND CONVENIENT LIFESTYLES



INTRODUCTION OF CJ CHEILJEDANG

CJ CheilJedang was established in 1953 as the country’s first sugar manufacturer based on the founding philosophy ‘Business Patriotism’, believing that a company should contribute to national economic growth and the improvement of people’s lives, and eventually to human society, through its business. As the top general food company in Korea, we operate our business to enrich the health and well-being of our customers, while fulfilling our corporate responsibilities through sustainable environment-based management. We also aim to promote win-win with local communities to create social values and foster the mutual growth of the company and society.

COMPANY PROFILE

Company Name	CJ CheilJedang Corp	Employees	5,461 persons
Type of Business	Food, Bio	Total Asset	KRW 16.9 trillion
Address	CJ CheilJedang, 330, Dongho-ro, Jung-gu, Seoul, Korea	Sales	KRW 16.5 trillion
Foundation Date	Nov. 5, 1953	Total Equities	KRW 6.1 trillion
CEO	Hyun-jae Shin	Operating Profit	KRW 776.6 billion
		Credit Rating	Commercial paper: A1, Corporate bonds: AA

* Consolidated

BUSINESS OVERVIEW

As a global leader in propelling the growth of the food and bio industries, CJ CheilJedang consists of two business divisions—Food and Bio.

INTRODUCTION OF CJ BLOSSOM PARK

R&D VISION

CJ Blossom Park places a priority on R&D investment and performance to achieve the company’s goal to become the world’s best CJ. To this end, we keep up with market trends, analyze social and environmental impacts, and consider the results in designing medium- and long-term R&D strategies. We are also dedicated to reinforcing innovative ideas and technological capacities with professional R&D organizations in the fields of Food, Food Ingredients, Bio, and Feed & Livestock, as well as the company-wide future technology research organization. We will accomplish remarkable growth in our business and constantly explore new and promising businesses for the future.

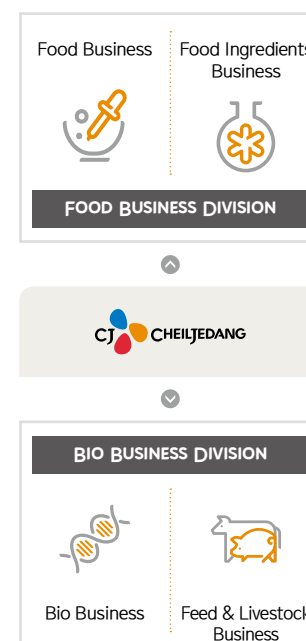
RESEARCH ORGANIZATION AND HUMAN RESOURCES

CJ CheilJedang has continued to support and expand the scale of R&D human resources to improve the company’s corporate brand values based on innovative R&D projects. With over 650 R&D staff specializing in the fields of Food, Food Ingredients, Bio, and Feed & Livestock, we are investing in facilities and equipment to achieve performance in R&D. We have also organized the R&D planning center to lay the groundwork for designing company-wide comprehensive R&D strategies.

R&D INFRASTRUCTURE

In 2015, an R&D complex called CJ Blossom Park was established to integrate multiple research centers for the divisions of Food, Food Ingredients, Bio, and Feed & Livestock, which were formerly dispersed across the country. Since then, CJ Blossom Park has strengthened the R&D of each business division, while creating synergy through convergence research projects between different divisions. In 2016, we opened CJ Research Center America in the U.S. to identify the global trend of new technologies in the food and bio sectors, explore new promising businesses, and establish the infrastructure for global growth of the company.

Our Business



CJ CHEILJEDANG CREATING SHARED VALUE (CSV)

CJ CHEILJEDANG CSV MANAGEMENT SYSTEM

CJ CheilJedang strives to strengthen the long-term competitiveness of its business and continues to create shared values for society under its unique CSV management system. Based on compliance with three principles—legal compliance, ethical management, and safety management, the company puts into practice CSV management. We approach business with the CSV mindset to grow into a global lifestyle company that creates healthy, happy and convenient lifestyles. Further, the company pursues sustainable growth based on its founding philosophy ‘Business Patriotism’ to contribute to enhance social economy and enable healthier lives of people.

CJ CheilJedang CSV Management System



CSV ORGANIZATIONS AND OPERATION

CJ CheilJedang proclaimed the implementation of CSV in 2013 to put into practice CSV that creates new social values by CJ’s core capacity based on its founding philosophy ‘Business Patriotism’, which has been newly defined according to the needs of the times. The CSV organization was formed to carry out business and social contribution activities that provide distinctive social values. Based on feedback from internal and external stakeholders, we check and improve the effectiveness of CSV each year.

CSV Management Organization

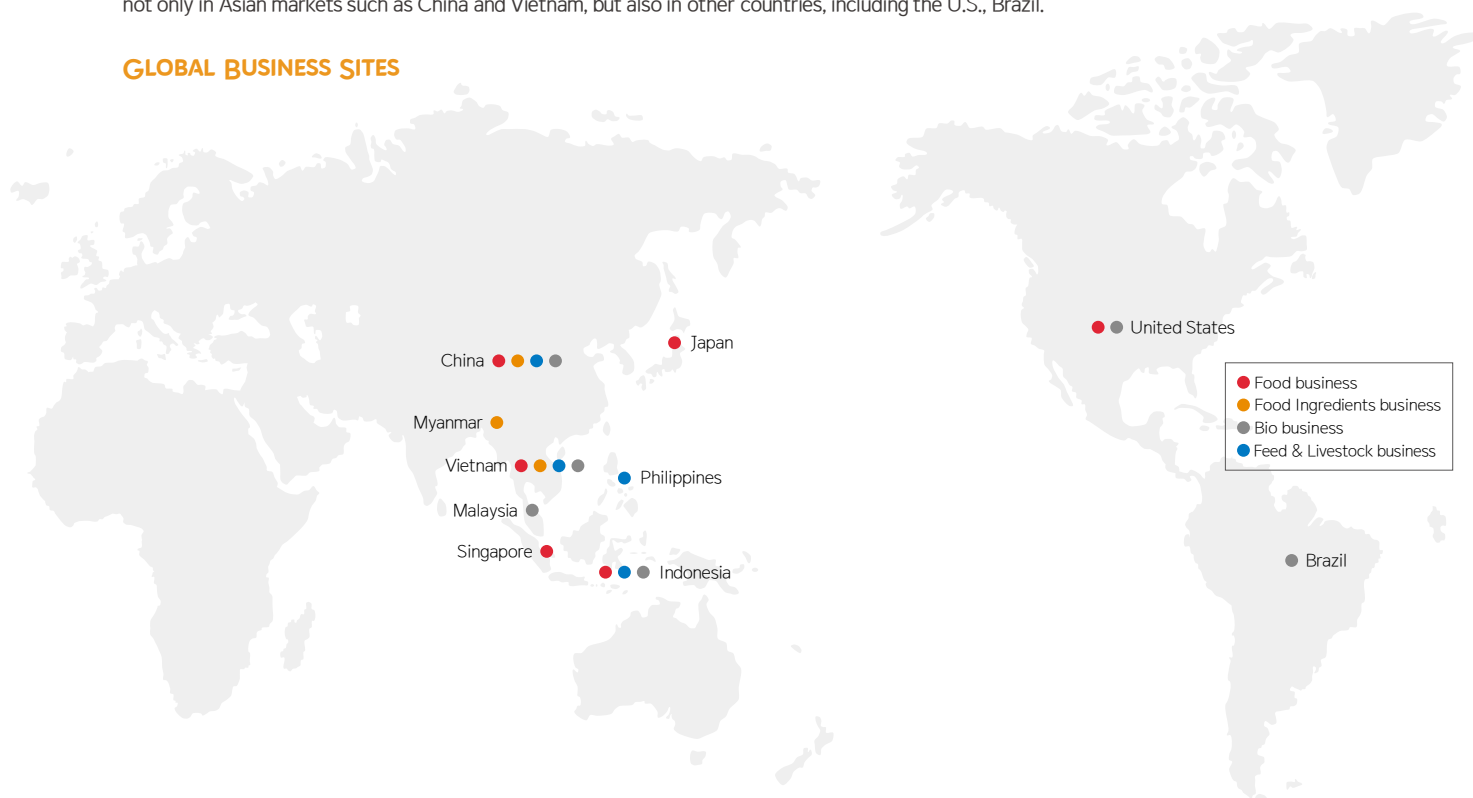


GLOBAL CJ

GLOBAL BUSINESS

CJ CheilJedang produces and sells its products in the overseas market beyond Korea. We have business offices not only in Asian markets such as China and Vietnam, but also in other countries, including the U.S., Brazil.

GLOBAL BUSINESS SITES



Regional Sales in 2017

CATEGORY	UNIT	DOMESTIC	ASIA	AMERICA	EUROPE	OTHERS	TOTAL
Sales	KRW 100 million	105,903	43,744	10,871	3,639	615	164,772
Proportion of each region in total sales	%	64.3	26.5	6.6	2.2	0.4	100

* Consolidated

Overseas Business Locations in 2017

CATEGORY	UNIT	FOOD	FOOD INGREDIENTS	BIO	FEED & LIVESTOCK
China	Number of locations	4	1	4	12
Malaysia		-	-	1	-
Indonesia		1	-	1	6
United States		2	-	2	-
Vietnam		3	1	1	5
Others		4	4	6	2
Total		14	6	15	25

Executives and Employees in Overseas Operations

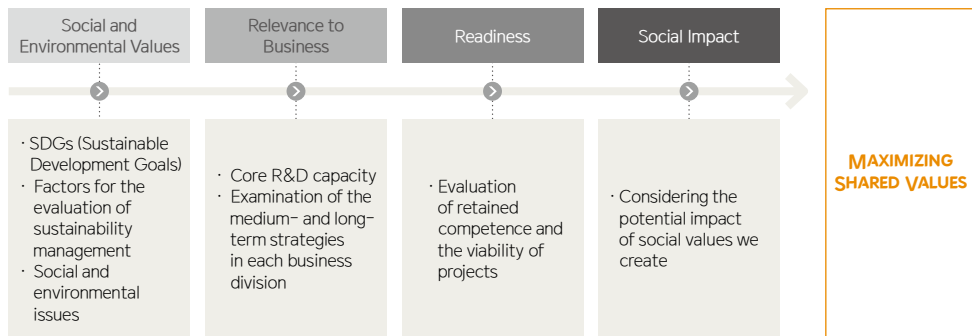
CATEGORY	UNIT	2015	2016	2017
Asia	Person	9,147	12,427	15,331
America		925	999	1,544
Europe		44	48	475
Others		28	3	0
Total		10,144	13,477	17,350

APPROACH TO CREATING SHARED VALUES

PROCESS TO MAXIMIZE SHARED VALUE

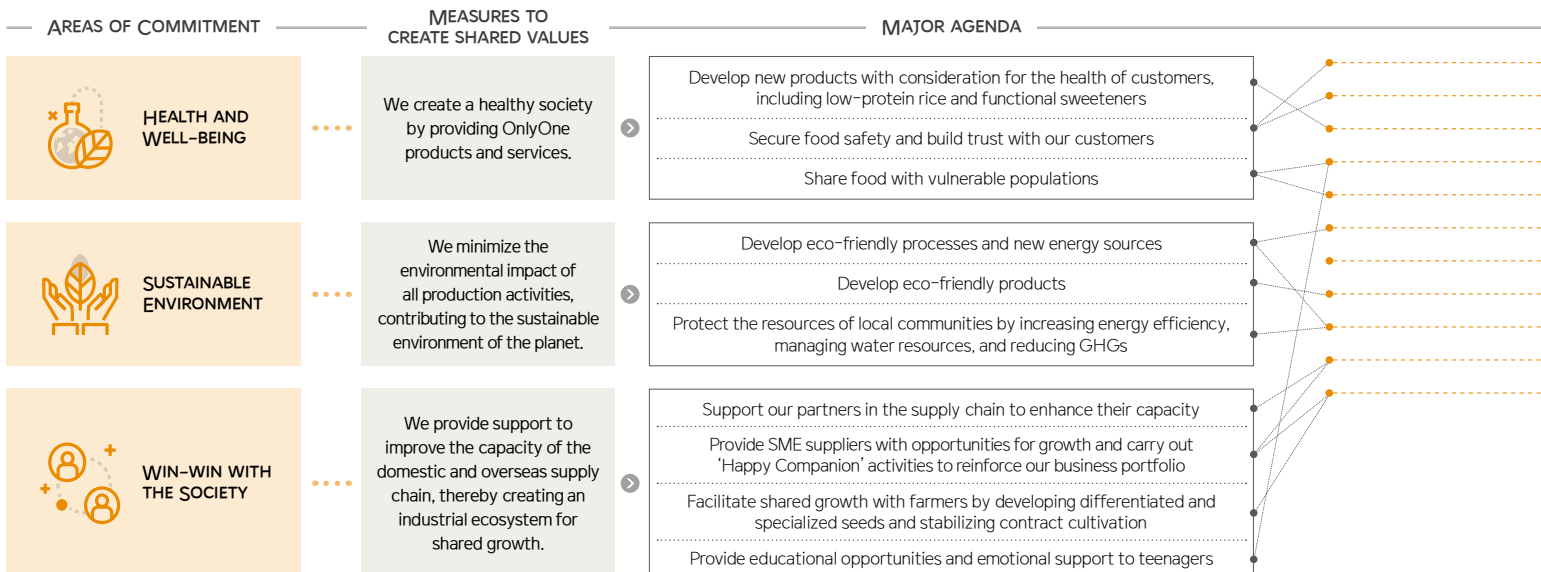
Beyond generating economic values, CJ CheilJedang creates distinctive shared values using the capability of its business. We frame our major agenda under the three CSV areas in connection with our issues for sustainability management.

CJ CheilJedang go through the following process to establish its own CSV, which align closely with social and environment values. We decide the fields of business where we have strength and make plans for relevant projects to achieve maximized sustainable result from creating shared values.



MEASURES TO CREATE SHARED VALUES AND AGENDA

CJ CheilJedang prioritizes a win-win with society and social values in its business operation. Based on these three CSV areas we identify ways to create shared values and detailed major agenda.



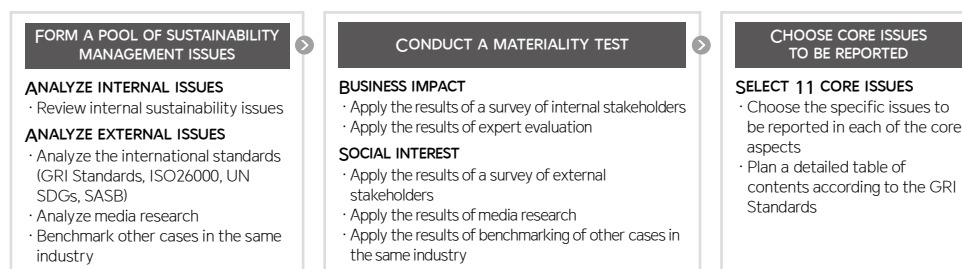
CORE ISSUES OF SUSTAINABILITY MANAGEMENT

IDENTIFYING CORE ISSUES OF SUSTAINABILITY MANAGEMENT

CJ CheilJedang established core issues of sustainability management by considering the management environment, internal and external stakeholders, and major issues within the industry. This report has been prepared based on these core issues, which provides details regarding each issue.

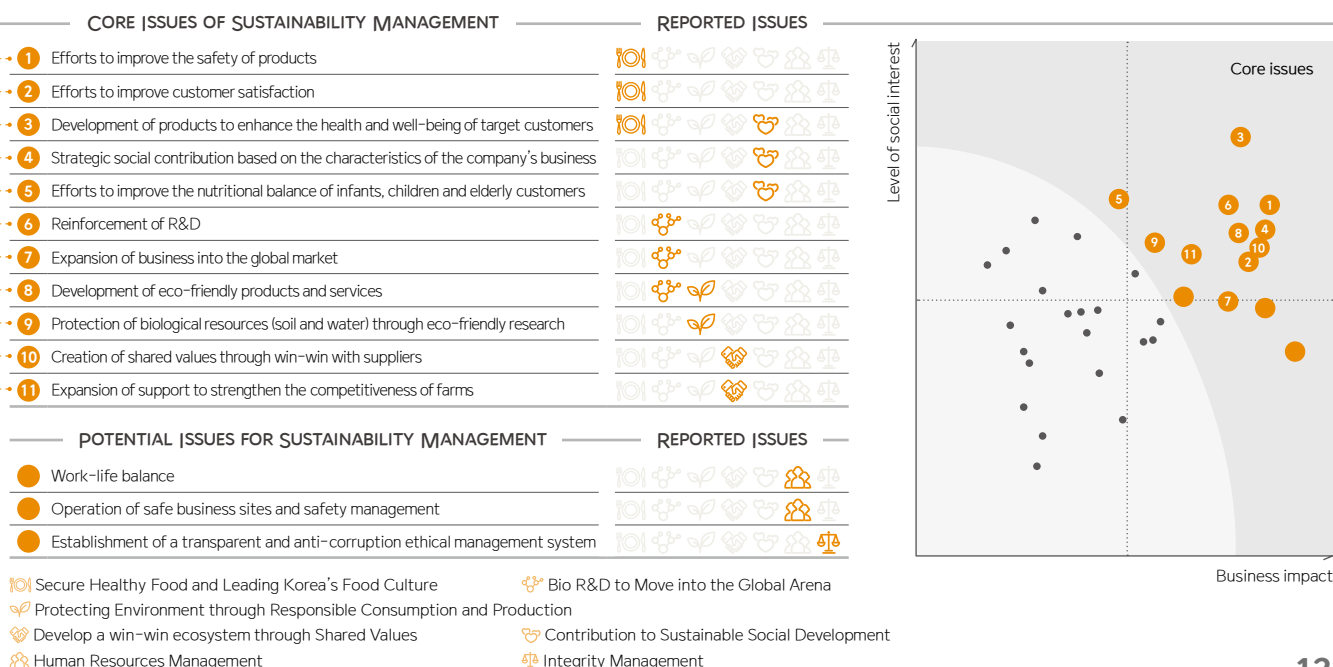
PROCESS OF IDENTIFYING CORE ISSUES OF SUSTAINABILITY MANAGEMENT

In order to identify core issues related to sustainability management, we analyzed the current conditions and issues inside and outside the company and then organized a pool of 36 sustainability management issues. After collecting opinions from internal and external stakeholders and conducting the expert evaluation, we determined the 11 core issues.



ANALYSIS OF CORE ISSUES AND REPORT COMPOSITION

The 11 core issues include those related to product safety and the health and nutritional balance of target customers as affected by major issues regarding the food industry and global environmental regulations. A majority of core issues are managed in connection with major challenges derived from the company's shared values. With this in mind, we selected core issues of sustainability management in this Report. Issues associated with safety management, human resources management, and integrity management was selected and managed as potential issues, and are illustrated in detail in the chapter on Structure of Sustainability.



SDGS COMPASS

EFFORTS TO FULFILL THE SDGS



Statement of Support for the SDGs

CJ CheilJedang fulfills the 17 goals of the SDGs through systematic social-value-based management following its basic business management activities. The SDGs indicate the sustainable development goals presented by the UN for the sustainable growth of the international community, regarding universal issues faced by mankind as well as environmental, economic and social issues. We have integrated CSV projects in connection with our core business strategies and SDGs within our value chain to find new growth opportunities and engage in addressing social issues. CJ CheilJedang will strive to achieve these goals and cooperate with global partners to tackle the challenges of the world.

CJ CSV-SDGS LINKAGE

1 NO POVERTY NO POVERTY ·CSV project for rural development in Vietnam ·Food Bank ·CJ Breeding Corp. ·CJ Donors Camp	2 ZERO HUNGER ZERO HUNGER ·CSV project for rural development in Vietnam ·Food Bank ·CJ Breeding Corp. ·CJ Donors Camp	3 GOOD HEALTH AND WELL-BEING GOOD HEALTH AND WELL-BEING ·CSV project for rural development in Vietnam ·Food Bank ·CJ Breeding Corp. ·Development of products for good health (Hetbahn low-protein rice, BYO) ·Healthy sweet food project	4 QUALITY EDUCATION QUALITY EDUCATION ·CSV project for rural development in Vietnam ·CJ-UNESCO Girl's Education	5 GENDER EQUALITY GENDER EQUALITY ·CJ-UNESCO Girl's Education	6 CLEAN WATER AND SANITATION CLEAN WATER AND SANITATION ·Minewater Barcordrop Campaign ·Development of low-carbon, highly-efficient feed ·CJ Breeding Corp.
7 AFFORDABLE AND CLEAN ENERGY AFFORDABLE AND CLEAN ENERGY ·Use of new and renewable energy (fermented soybean meal, woodchips, etc.)	8 DECENT WORK AND ECONOMIC GROWTH DECENT WORK AND ECONOMIC GROWTH ·CSV project for rural development in Vietnam ·Win-win Academy ·Naeil Chaeum Deduction System ·'Happy Companion' ·Mutual Cooperation Center for Food Safety	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE INDUSTRY, INNOVATION AND INFRASTRUCTURE ·CSV project for rural development in Vietnam ·Win-win Academy	10 REDUCED INEQUALITIES REDUCED INEQUALITIES ·Development of halal food	11 SUSTAINABLE CITIES AND COMMUNITIES SUSTAINABLE CITIES AND COMMUNITIES ·Cultural Heritage Carer activities	12 RESPONSIBLE CONSUMPTION AND PRODUCTION RESPONSIBLE CONSUMPTION AND PRODUCTION ·CSV project for rural development in Vietnam ·Mutual Cooperation Center for Food Safety ·Development of eco-friendly fermentation methods ·Use of sustainable packaging materials
13 CLIMATE ACTION CLIMATE ACTION ·Use of sustainable packaging materials ·Development of low-carbon, highly-efficient feed ·Use of new and renewable energy (fermented soybean meal, woodchips, etc.)	14 LIFE BELOW WATER LIFE BELOW WATER ·Development of low-carbon, highly-efficient feed ·Development of eco-friendly fermentation methods ·Minewater Barcordrop Campaign ·CJ Breeding Corp.	15 LIFE ON LAND LIFE ON LAND ·Development of low-carbon, highly-efficient feed ·Minewater Barcordrop Campaign ·CJ Breeding Corp.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS PEACE, JUSTICE, AND STRONG INSTITUTIONS ·Sustainability management education for employees and suppliers ·Joining the UNGC	17 PARTNERSHIPS FOR THE GOALS PARTNERSHIPS FOR THE GOALS ·CSV project for rural development in Vietnam ·CJ-UNESCO Girl's Education	

8

CASE OF FULFILLING THE SDGS – 'HAPPY COMPANION'

CJ CheilJedang runs a project called 'Happy Companion', a shared-growth platform that explores competitive SME suppliers. It supports SME suppliers with funds, capacity and sales channels, and provides opportunities for sustainable growth, thereby creating a healthy food industry ecosystem in Korea. To create shared values, CJ CheilJedang grants SME suppliers opportunities for growth while strengthening its product portfolio and sales. Mijung produces noodles and rice cakes and has achieved growth through the 'Happy Companion' platform. The company pioneered a new market beyond the existing one for low-priced rice cake products and built competitiveness to produce sauces with its own capacity, ensuring its market share and new revenue sources. As a successful win-win model between an SME and a large company, the platform is expanding by supporting the branding project for suppliers. In addition to supporting SME suppliers for their sales increase, CJ CheilJedang also contributes to local communities by creating quality jobs through the Naeil Chaeum (Brighter Future) Mutual Aid Program*.

* Naeil Chaeum (Brighter Future) Mutual Aid Program: A system that provides funding to companies and their employees for the long-term employment of core human resources.

Job Creation

54 persons
2016

44%

78 persons
2017

Funding

KRW
3.05 billion

5years
(2014~2018)

STAKEHOLDER ENGAGEMENT

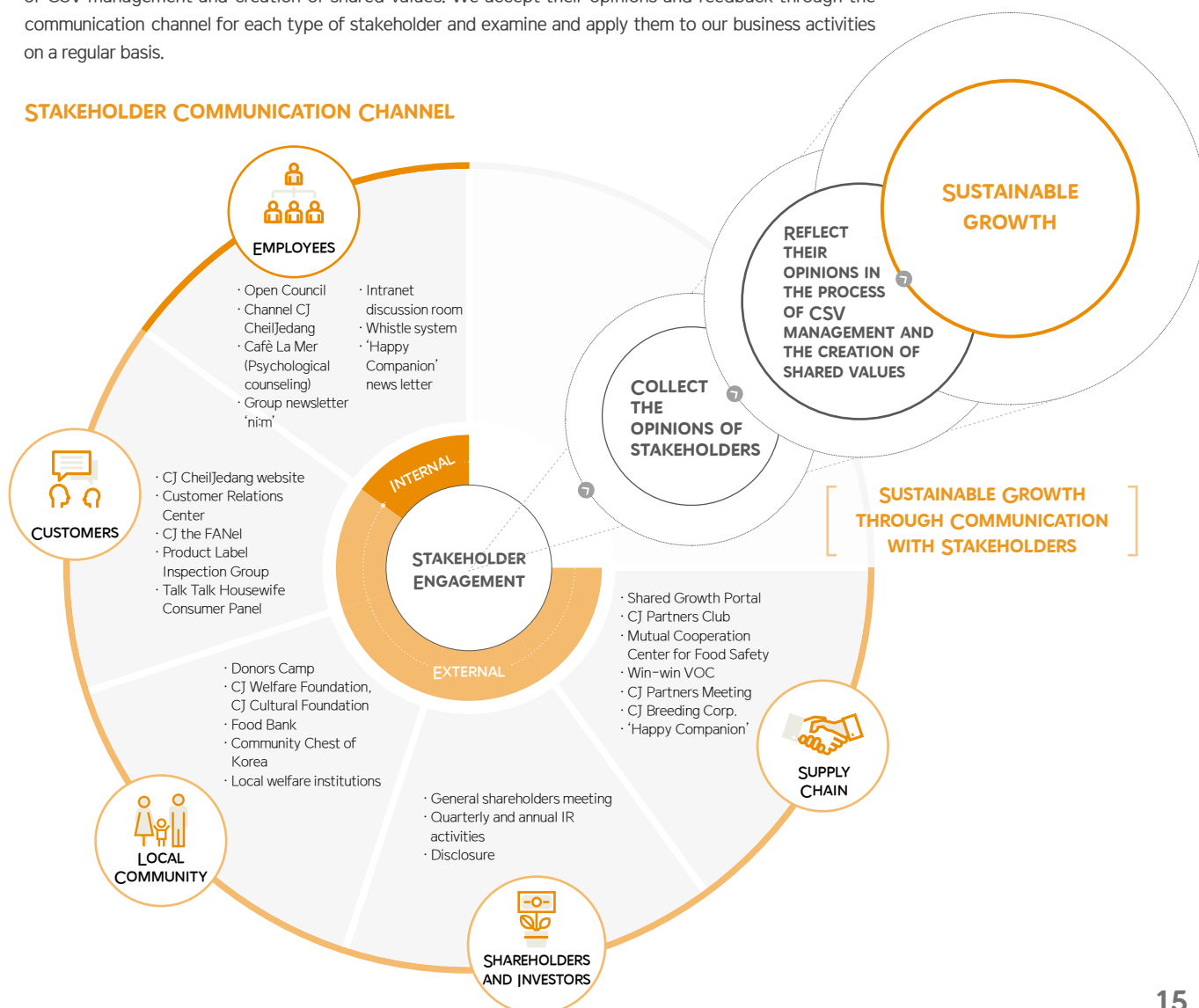
STAKEHOLDER PARTICIPATION SYSTEM

CJ CheilJedang identifies stakeholders according to the order of priority in pursuing sustainability management, and communicates and cooperates with these stakeholders to create shared values. Issues derived in the process from the selection of stakeholders to communication and cooperation with them are considered in CSV and risk management. By this management method, we will create distinctive values and reduce risks in sustainability management.

COMMUNICATION WITH STAKEHOLDERS

CJ CheilJedang takes into account the opinions of various stakeholders and reflects them in the process of CSV management and creation of shared values. We accept their opinions and feedback through the communication channel for each type of stakeholder and examine and apply them to our business activities on a regular basis.

STAKEHOLDER COMMUNICATION CHANNEL



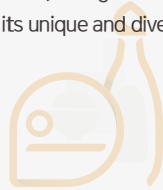
OUR BUSINESS

FOOD BUSINESS DIVISION

FOOD BUSINESS



Since the initial production of 'DASIDA' in 1975, CJ CheilJedang's Food business division has developed healthy and convenient food products and successfully launched a variety of brands, such as 'Bibigo', 'Hetbahn', 'The Healthy' and 'Gourmet', playing a key role in solidifying its position as the top general food company in Korea. Now the company is actively stepping into the global market by establishing local production bases outside the country and expanding its overseas subsidiaries to introduce and spread the Korean dietary culture across the world. Based on this expansion of business, CJ CheilJedang intends to reach customers with its unique and diversified OnlyOne products.



CJ CheilJedang's Food Ingredients business started with sugar manufacturing in 1953, and has extended its portfolio further with various functional ingredients beyond sugar, flour and cooking oil, utilizing the best basic ingredient production capacity in the country. Pursuing the health of customers as its brand value, CJ CheilJedang is growing as a global company that provides safer ingredients, and pioneering the basic ingredient markets around China, Vietnam and Myanmar.



OVERVIEW

PERFORMANCE AND PLANS

MAJOR PERFORMANCE IN 2017

- Promoted major HMR and Kimchi products
- Strengthened our market dominance through high growth in three major business categories, including 'Hetbahn', cooked meat, and frozen food products
- Secured a new scope of business in Russia and Vietnam

PLANS

- Expand four major brands ('Hetbahn', 'Gourmet', 'The Healthy' and 'Bibigo')
- Explore new businesses for future growth
- Expand the scope of business in new overseas markets, including Russia and Vietnam

Sales (Unit: KRW 100 million)



MAJOR PERFORMANCE IN 2017

- Stabilized the local sales structure for the edible oil business in Myanmar
- Found large clients and improved profitability for the premix business in China
- Developed raw materials for safe cosmetics using bio and refining technologies and established a foundation for production

PLANS

- Materialize and expand the R&D-based global novel sweetener business
- Turn a profit in overseas subsidiaries and expand business
- Enhance profitability by reducing production costs and improving the structure

Sales (Unit: KRW 100 million)





MAJOR BUSINESS



HMR (HOME MEAL REPLACEMENT)

CJ CheilJedang's HMR business, which provides products that customers can conveniently enjoy regardless of time, place and occasion (TPO), is responding to the rapidly changing food market, satisfying the needs of consumers, and creating new demands.



FRESH PRODUCTS (KIMCHI)

We promote the globalization of the Korean dietary culture by combining our Korean food brand 'Bibigo' with kimchi. 'Bibigo' Kimchi is made from carefully-selected ingredients for both taste and health, while reflecting the opinions of consumers in the product with a distinctive packaging method.



CONVENIENCE FOOD

Keeping up with changing trends such as an increase in single-person households and double-income households, we make convenience food products that are even more delicious than instant food, beyond simply providing convenience. 'Hetbahn', in particular, appeals to consumers with its strong brand power under the catch phrase 'Hetbahn, better than a home meal'.



MEAT PROCESSING (COOKED MEAT)

Our meat processing business produces safe food products with various flavors. We have strengthened our brand power and recognition, with 'SPAM®', which has been ranked first for 14 years in a row in the holiday gift set category, as well as 'The Healthy' and 'Maxbon (Cheese Seafood Sausage)'.



FROZEN FOOD

Our frozen food products reproduce the best taste and quality of food, so that you can "dine out" at home. In particular, our Korean food brand 'Bibigo' achieved the largest market share in the dumpling product market in the U.S.



FLAVOR ENHANCER

Starting with the fermentation and refining technology for sugar and flour manufacturing, our flavor enhancer business has provided various products that are widely used by Korean households for about five decades. Considering the needs of consumers, we make the products in small portions for convenience. Our new product 'DASIDA YORI' SHIN' released in 2017 delivers the joy of cooking to young consumers.



HEALTH FUNCTIONAL FOOD

We are establishing a new paradigm across the health functional food market based on our bio technology as well as know-how about the development of food and food ingredients. We promote a well-being life for consumers with products such as 'BYO', which originated from Kimchi fermentation technology, and 'H.O.P.E.', which makes up for the loss of nutrients in a busy modern life.



SWEETENERS

We are leading the functional sweetener market with a range of products, including 'Xylose Sugar' that not only serves as a sugar ingredient but also helps regulate the sugar level in your body; 'Tagatose' that is useful for controlling the blood sugar level after meals; and 'Allulose' that has zero calories. We are also extending our portfolio of ingredients for café food, utilizing our competitiveness in the field of sugar ingredients.



FLOUR

Keeping up with the trend of instant food, we launched the new brand 'Cookit' and various products, leading the meal kit market in Korea. We also create various values for consumers with healthy premium products such as organic 'Korean Pancake Mix' and 'Frying Mix' made from natural ingredients, as well as homemade cooking mix products.



NEW SWEETENER

Following the recent global trend of low-sugar products that pursue a 'healthy sweet flavor', we focus on pioneering overseas markets with our zero-calorie product, 'Allulose'. We will continue to expand our sweetener business across the globe with a focus on advanced countries, including the United States and Europe. 'Allulose' is widely used in new product development at large food companies in Korea.



EDIBLE OIL

We play a leading role in the cooking oil market that used to be focused on soybean oil, by launching trendy products such as olive oil, grape seed oil, and canola oil. In the B2B market, we introduced distinctive B2B-specific oil products customized for each client.



STARCH

We operate the starch business focusing on corn starch and fruit sugar, and have recently expanded the scope of business to the functional ingredient sector by applying our separation and refining technology for starch sugar to the new sweetener business, including 'Tagatose' and 'Allulose'.

OUR BUSINESS

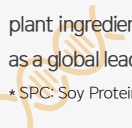
BIO BUSINESS DIVISION

BIO BUSINESS



We use microorganism resources to improve strains, and leverage fermentation technology to produce and sell amino acid and flavor-enhancing ingredients for feed and food, and high-protein plant ingredients. CJ CheilJedang has the largest share in the global market of lysine, tryptophan, nucleotide, valine, SPC* based on our 11 plants in six overseas countries and sales network in 18 countries across the globe. In 2015, with our technological capacity we developed the world's first fermentation-based L-Methionine. We expanded the amino acid business for food by acquiring Haide in 2016, while taking over Brazilian company Selecta in 2017 to expand the high-protein plant ingredient business. We will grow further as a global leading bio company.

* SPC: Soy Protein Concentrate



OVERVIEW

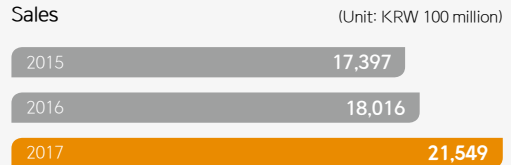
PERFORMANCE AND PLANS

MAJOR PERFORMANCE IN 2017

- Operated in the black across all subsidiaries and products (except for threonine)
- Maximized profitability by establishing the top supply basis for nucleotide and playing a leadership role in setting the selling price
- Produced more core specialty products at proper times and expanded the market
 - Achieved record high sales of tryptophan
 - Expanded the market for valine and arginine
- Laid the groundwork for the growth of the edible amino acid business

PLANS

- Strengthen market dominance by achieving unrivaled first place in the market with core products
- Reduce the production costs by improving the manufacturing cost structure of major products
- Maximize profits and initiate medium- and long-term innovative strategies



FEED & LIVESTOCK BUSINESS



Under the slogan 'Feed the World with the Best Nutrition & Care', we try to increase our technological capacity and systematize the business to expand it, focusing on Southeast Asian countries based on profitability. We maximize our capacity for innovative technologies and livestock management based on the development of the feed and livestock business, while systematizing our business by promoting a balance in the value chain based on competitiveness. We reinforce our global and local purchasing capacity by utilizing technological service capacity, sales capacity, and market condition predictions, while nurturing global capacity by developing human talents and local management.



MAJOR PERFORMANCE IN 2017

- Reached a sales volume of 3.72 million tons and sales of KRW 2.1 trillion (11% growth in three years)
- Accelerated growth in the global market (an increase in the proportion of overseas sales from 68% in 2015 to 72% in 2017)
- Expanded the business focusing on Southeast Asian countries (establishing bases in Mindanao in the Philippines and Hà Nam in Vietnam)
- Strengthened competitiveness in the value chain of relevant businesses

PLANS

- Accelerate growth focusing on Southeast Asia
- Lay the groundwork for further growth through large-scale M&As
- Improve and expand the systematization of the livestock business
- Improve the profit structure of the feed and livestock business to secure funds



OVERVIEW

OnlyOne CJ

CJ CheilJedang CSV

Global CJ

Approach to Creating Shared Values

Core Issues of Sustainability Management

SDGs Compass

Stakeholder Engagement

Our Business

Performance Overview



MAJOR BUSINESS



Methionine



Valine



Tryptophan



Threonine



Lysine

AMINO ACID

We produce five major amino acids for feed (methionine, valine, tryptophan, threonine, lysine) using an eco-friendly fermentation method, and develop new bio materials that keep up with future trends. In addition, we develop functional edible amino acids to step into the global market.



Arginine



GMP, I&G, IMP



MSG

NUCLEOTIDE

Nucleotide is an element for umami that exists in natural food, and serves as a major flavor enhancer that improves the taste. After the development of nucleotide in 1977, we established a microorganism-fermentation-based mass production system, achieving 57% of the market share and the No. 1 place in the global market.



Feed for fish farming



Feed for poultry farming



Feed for companion animals

FEED PRODUCTION

Since the first feed product was released by the Busan Plant in 1973, we have led the advancement of the Korean livestock industry with quality feed products. To achieve further growth in the global market, we moved into the Indonesian market in 1996 and now operate 27 feed plants in seven countries (Korea, Indonesia, the Philippines, Vietnam, China, Cambodia, Myanmar).



Feed for pig farming (domestic)



Feed for pig farming (overseas)



Feed for cattle farming

LIVESTOCK

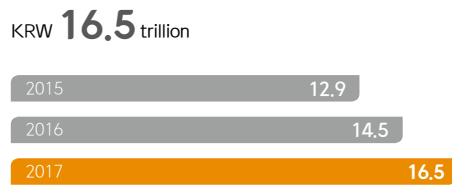
Through the systematization of the dissemination of high-quality breeding stock, farming management, and distribution, we provide stable income sources for farm households, while producing high-quality livestock products such as pork and chicken that are essential for safe food. We have boosted the systematization of our business in Southeast Asia to stabilize the food supply in developing countries.

PERFORMANCE OVERVIEW

CJ CheilJedang manages financial performance as well as social and environment performance associated with customers, employees, the supply chain, local communities and the environment, to pursue sustainable growth. To this end, we disclose the relevant performance data and report about how we can grow further.

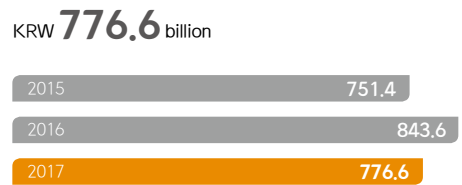
FINANCIAL PERFORMANCE

Sales (Unit: KRW trillion)



* Consolidated

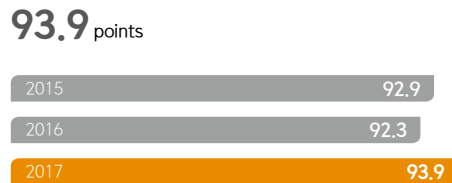
Business profit (Unit: KRW billion)



* Consolidated

CUSTOMERS

Customer satisfaction (Unit: point)



* Based on the satisfaction level survey conducted by the Korea Management Association Consulting (KMAC).

CCM (Consumer-Centered Management) Certification

RE-CERTIFICATION

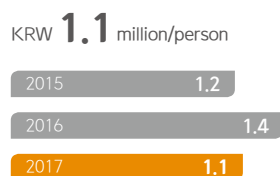


* CCM Certification: A system to organize all activities performed with a focus on the consumers' perspective, and to evaluate/certify any improvement of related management activities.

EMPLOYEES

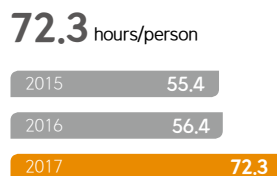
(Unit: KRW million/person)

Education cost (per employee)



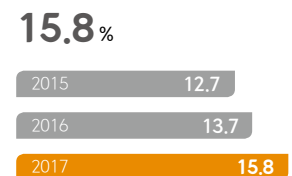
(Unit: hour/person)

Education hours (per employee)



(Unit: %)

Ratio of female executives/managers



* Manager level or above

 SUPPLY CHAIN

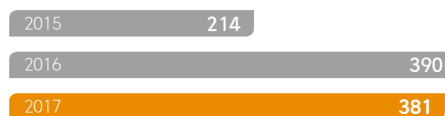
Technological support for SME suppliers (Unit: case)

313 cases



Area of contract cultivation with farms (Unit: ha)

381 ha

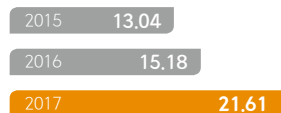


* Contract cultivation: As a method of cultivating farm produce through a contract to acquire produce at a certain condition, it can stabilize farm households' income, vegetable supplies and prices.

 LOCAL COMMUNITIES

(Unit: KRW billion)
 Corporate Citizenship and Philanthropy (total input)

KRW **21.61** billion



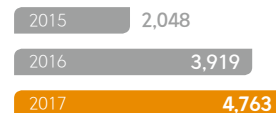
(Unit: hour/person)
 Average hours of volunteer activity participation

8 hours/person



(Unit: person)
 Number of volunteer activity participants

4,763 persons



 ENVIRONMENT

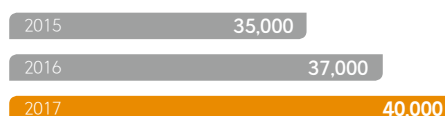
GHG (Green House Gas) emissions (Unit: tCO₂e)

363,943 tCO₂e



Use of recycled packaging materials (Unit: ton)

40,000 tons



* Based on domestic business sites (Scope 1 & Scope 2)

A photograph of three children playing soccer in a lush, green forest. One child in a green shirt is jumping high to reach a yellow soccer ball in the air. Two other children, one in a blue shirt and one in a red shirt, are also jumping and reaching towards the ball. The background is filled with tall, thin trees and dense foliage, creating a serene and natural setting.

MATERIAL ISSUES IN SUSTAINABILITY



-
- 24** Secure Healthy Food and Leading Korea's Food Culture
 - 32** Bio R&D to Move into the Global Arena
 - 38** Protecting Environment through Responsible Consumption and Production
 - 46** Develop a Win-win ecosystem through Shared Values
 - 53** Contribution to Sustainable Social Development
-

FOCUS

1



SECURE HEALTHY FOOD AND LEADING KOREA'S FOOD CULTURE

WHERE THE IMPACT OCCUR

ISSUE	FINANCE	OPERATION	STRATEGY	REPUTATION
Development of products to enhance the health and well-being of target customers			●	
Efforts to improve the safety of products		●		
Efforts to improve customer satisfaction				●

FOCUS ISSUE REVIEW

Why this Topic

In 2017, there were various issues regarding food safety in the domestic market, while the global market requires higher food safety standards, increasing the awareness of customers about the significance of this particular issue. With this shifting megatrend in the food industry, CJ CheilJedang, a company that provides food and food ingredients, must consider the safety of products and the health of customers as priorities. We respond to and tackle social issues, such as an increasing number of single-person households and respect for human rights, using the characteristics of our business.

How We Manage

CJ CheilJedang provides safe food through the entire process from development to distribution. The company also takes charge of the food safety of global customers by establishing a global food safety post. We have launched various products and brands aimed at improving the health of customers, while continuing to listen to their voices to make our products better. We are striving to reflect a range of social issues in our products by introducing halal food certification and facilitating the development of HMR food.

2017 KEY PERFORMANCES

KPIs	2017 OUTCOME	2018 GOAL
Sales based on the retail price of HMR	KRW 1.5 trillion	KRW 3.6 trillion
Establishment of the global safety post	Stabilization of the global safety post in China; additional establishments in Vietnam and the U.S.	Expansion of the quality HQ in China; stabilization in Vietnam and the U.S.
Remarkable growth in global business	Year-on-year growth of 42.6%	Achievement of global sales of KRW 5 trillion

REINFORCEMENT OF FOOD SAFETY AND QUALITY MANAGEMENT

SYSTEM AND INFRASTRUCTURE OF FOOD SAFETY AND QUALITY MANAGEMENT

CJ CheilJedang is prepared with a thorough food-safety system and infrastructure to provide safe products to customers and prevent food-safety-related risks.

QUALITY & SAFETY DIVISION

The Quality and Safety Center was established in 1997 as the nation's first corporate department specializing in food safety management. The center observes relevant regulations in Korea and responds to global food safety issues based on its own management rules which are stricter than the relevant law. In 2002, the center introduced FGMP (Food Good Manufacturer Practice) and HACCP (Hazard Analysis and Critical Control Point) systems for the first time in Korea. It runs a stringent food safety inspection process for domestic and overseas business sites and suppliers. The center also operates the safety inspection system for new products to ensure quality and safety in all procedures from the purchase of raw materials to the distribution of products.

ESTABLISHMENT OF CQMS (QUALITY MANAGEMENT SYSTEM) ICT

The prevention of accidents related to food safety and quality is more significant than ever with the accelerated growth of our global business and the increased expectations of consumers for the quality of products. In 2017, CJ CheilJedang established the CQMS IT system to create the 'OnlyOne quality and safety system' and fundamentally achieve the goal of becoming the 'Global No.1 company with the best quality and safety'. In this system, we can select and manage suppliers, inspect business sites, control defects, and handle issues related to regulations, markings and quality standards, thereby operating a preemptive prevention and management system in an efficient way.

AMS OPERATION TO PREVENT THE RECURRENCE OF QUALITY AND SAFETY ISSUES

CJ CheilJedang runs AMS (Accident Management System) to ensure both safety and best quality of products by analyzing each type of quality issue and managing them in a systematic method, thereby preventing the recurrence of the same issue.

GLOBAL FOOD SAFETY MANAGEMENT

CJ CheilJedang is a global food company that exports its products to over 40 countries, so it is essential for the company to respond to food safety regulations at home and abroad. Beyond simply managing food safety and responding to regulations, we take the initiative in ensuring the safety of our customers around the world.

GLOBAL FOOD SAFETY SYSTEM

In terms of products to be exported, we collect and analyze information about local regulations and food safety management in major overseas markets, including the U.S., China, Japan and Vietnam, and strengthen the safety of food products. In addition, we cooperate with relevant organizations, such as customs, in each country to swiftly transport and supply particular products that require management to remain fresh.

ESTABLISHMENT OF THE GLOBAL FOOD SAFETY POST

CJ CheilJedang has established and operates global food safety posts customized to local environments in each country to extend our capacity with CQMS to overseas markets and stabilize the continuity of business, while optimizing the food safety management system with consideration for local food business conditions. We set the safety post in China in 2007 and in Vietnam and the U.S. in 2017, and have plans to expand to other countries, including Russia, in 2019.

Current Status and Plans for the Global Food Safety Post

	2007	2017	2018	2019
China	Established the food safety post		Expand the functions of the quality HQ in China	
Vietnam and the U.S.		Establish and stabilize the food safety post		
Russia			Establish the food safety post	

AMS

STEP	PROCESS
1 Issue check	An issue occurs Identify the current status Come up with measures to handle the product in question
2 Issue report	Report the occurrence of the issue Check how the product has been handled
3 Recurrence prevention measures	Analyze the fundamental cause Establish recurrence prevention measures Examine the proposed measures
4 Application to the field	Implement the measures Report the completion of the implementation process
5 Effectiveness evaluation	Evaluate the effectiveness of the measures
6 Horizontal spread	Distribute the measures to other business sites
7 Completion	Finalize the process

FOOD SAFETY MANAGEMENT ACROSS ALL PROCESSES

CJ CheilJedang puts a priority on food safety across all production procedures from the R&D of products to the procurement of raw materials, manufacturing and distribution. As part of our efforts, we conduct a safety evaluation process in advance. We examine safety-related risks of products through three phases of DR* and prevent these issues.

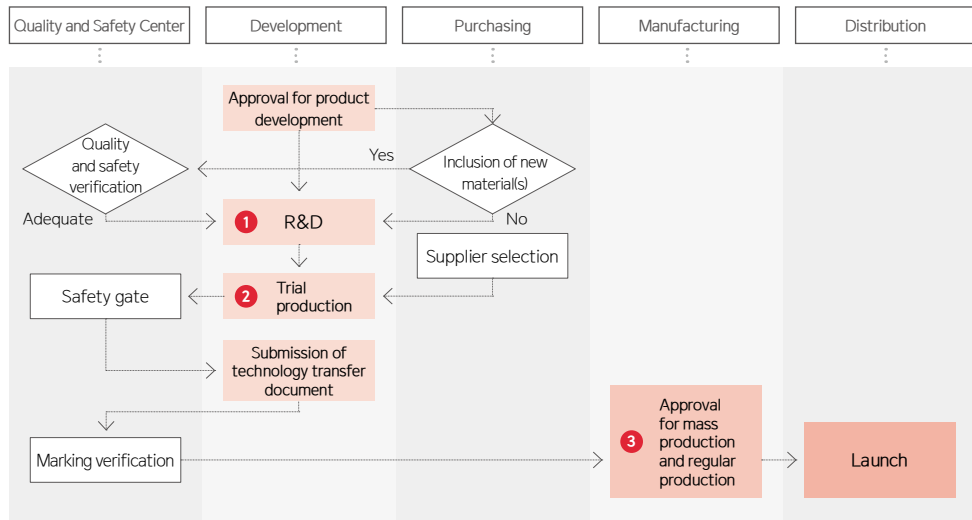
* This process reexamines factors that may cause a safety issue in the production process. CJ CheilJedang looks into potential food safety issues in each of the three phases: product development (DR1), design (DR2) and mass production (DR3).

- 1 DR1 (DEVELOPMENT EXAMINATION)**
 - Examine risks in the product development phase
 - Consider what to examine in the design process prior to DR2

- 2 DR2 (DESIGN VERIFICATION)**
 - Examine quality-related risks that may occur in the mass production phase
 - Check whether the examined issue has been reflected in the product design after DR1

- 3 DR3 (MASS PRODUCTION VERIFICATION)**
 - Finally check potential quality issues that may occur in the mass production stage
 - Check whether the issue identified in DR2 has been addressed

Safety Pre-Evaluation Process



CJ CheilJedang will expand the scope of the safety risk verification process to the process and plant design phases from a macroscopic aspect, strengthening the verification process to enhance the quality of products and prevent food safety risks.

CASE OF QUALITY AND SAFETY IMPROVEMENT THROUGH DR – ‘THE HEALTHY BRUNCH SLICED HAM’

After ‘The Healthy Brunch Sliced Ham’ was launched, we found out that one side of the product on display was becoming discolored due to fluorescent lights. We recognized the possibility of customer claims about this issue, so we examined the change in product quality depending on the lux. As a result, we discovered a significant difference in quality from the third day of storage, and figured out that the product could be discolored by light even with a meager amount of oxygen (0.001–0.004%), one of the key factors of changes in lux. With the need for technology to remove oxygen, we decided to include deoxidant in the product to avoid any discoloration and change in quality.



The Healthy Brunch Sliced Ham



Deoxidant included in the production process



ACTIVITIES CONSIDERING CUSTOMERS' HEALTH AND FOOD MARKET TRENDS

NUTRIENT RESEARCH

In order to secure the flavor of food products and the health of customers, CJ CheilJedang carries out research on the nutritional value of its food products and minimizes sensitive additives. Until 2020, our Food Research Center will continue to develop and integrate nutrient-related capacity and clinical strategies to design new nutritional solutions.

DEVELOPMENT OF HEALTHY PRODUCTS TO RESOLVE SOCIAL ISSUES

As a leading food company in Korea, CJ CheilJedang puts the health of customers first. We make and launch low-salt and low-sugar products and those for particular patients, regarding the nutritional balance of customers.

'HETBAHN' — LOW-PROTEIN RICE FOR CONGENITAL METABOLIC DISEASE PATIENTS

In 2009, CJ CheilJedang released 'Hetbahn Low-protein Rice', of which the protein content is only 10% of that in general 'Hetbahn' products, specially designed for congenital metabolic disease patients who need to control protein. The sales compared to investment are low since there are only a limited number of rare disease patients in Korea who need to control the consumption of protein. Nevertheless, we keep producing and selling this product, believing that we must do this since the product was developed thanks to people's love and support. We will sponsor various activities to help metabolic disease patients.



'Hetbahn'

'BEKSUL SWEETREE' — HEALTHY SWEET FLAVOR PROJECT

CJ CheilJedang started to produce sugar in 1953 for the first time in Korea, and has gone beyond that, evolving to produce a healthy sweet flavor. In 2011, we launched 'Xylose Sugar', a new kind of sugar that reduces the absorption of sugar, and 'Tagatose', a functional sweetener that controls blood sugar levels. We also released 'Allulose', a super low-calorie sweetener. This product has almost zero calories with a natural sweet flavor coming from figs and grapes, which was commercialized for the first time in the industry by using the company's unique enzyme technology. These products provide healthy sweet flavors to consumers, helping them to maintain a low blood sugar level and consume less calories.



'Beksul Cooking Oil for Health'



'Beksul Sweetree'



'The Healthy'

BYO (CJLP-243) — INTESTINE LACTOBACILLUS

In 2015, CJ CheilJedang launched the 'BYO Intestine Lactobacillus CJLP243' for the health of the intestine, which contains the 243 lactobacillus 'Lactobacillus Plantarum CJLP243' separated from Kimchi. The lactobacillus in this product has higher acid-resistance, bile-tolerance, attachment force to intestinal epithelial cells, and immunity-enhancing effects. When an animal model injected with ETEC* for causing diarrhea consumed this content, we saw the effect of alleviating the symptom by effectively controlling ETEC, increasing lactobacillus, and changing the total amount of lactobacillus in excrement. These effects were proved in a research paper, while the Korean Society of Food Science and Nutrition also released the result of research on 'the Effect of CJLP243 for Alleviating Stress Intestinal Pain'.



BYO (CJLP-243)



BYO (CJLP-133)

'BEKSUL COOKING OIL FOR HEALTH' — FOR THE BALANCE OF FATTY ACID

Considering that modern people consume more fat, affected by western dietary patterns, we released this product through a joint development project with the Korean Nutrition Society to help people maintain a balance of essential fatty acids. With the idea from the nutrition intake standard presented by the World Health Organization (WHO) and the Ministry of Health and Welfare, we set the ratio of unsaturated fatty acid Omega 6 to Omega 3 as 4:1 to 10:1, with consideration for an ideal fatty acid ratio for Korean people. This cooking oil maintains the ratio even after being used in cooking, helping consumers manage their health.

'THE HEALTHY' — EXPANSION OF ADDITIVE-FREE PROCESSED FOOD BRAND

In 2010, we launched 'The Healthy' ham brand by developing a ham product free of five additives (synthetic sodium nitrite, synthetic flavoring agent, starch, chemical preservative, and erythorbic acid sodium), which even children can enjoy without worries. In 2017, we increased the safety of the product with enhanced preservability by utilizing the antioxidant effect of lemons and pomegranates as well as the antibacterial effect of rosemary.

BYO (CJLP-133) — THE WORLD'S FIRST ATOPY LACTOBACILLUS

CJ CheilJedang initiated research into Kimchi lactobacillus in 2007 and released the 'BYO Skin Lactobacillus CJLP133' in 2013. The product, which contains a strain discovered in the analysis of 3,500 lactobacillus in Kimchi, is the first of its kind that was recognized by the Ministry of Food and Drug Safety for its effect of alleviating skin irritation caused by the immuno-hypersensitivity reaction. In a clinical efferent research, 76 children and teenagers aged 2-18 suffering from atopic dermatitis were asked to consume one portion of skin lactobacillus every day for 12 weeks. According to the result, their SCORAD* points decreased from 31.6 to 24. This result was released in a conference held in Helsinki, Finland in 2017.

* SCORAD (Scoring Atopic Dermatitis): The basic criteria to identify the degree of atopic dermatitis symptom. 40 points or higher indicates serious atopic dermatitis.

* ETEC : Enterotoxigenic Escherichia coli

PRODUCT DEVELOPMENT ALIGNING WITH GLOBAL FOOD TRENDS

CJ CheilJedang identifies domestic and overseas food trends to operate its business and satisfy the needs of consumers, while spurring the growth of the company.

RELIGIOUS DIVERSITY – PROMOTION OF HALAL KOREAN FOOD

The awareness of human rights and diversity is increasing around the world. As part of activities to respect religious diversity, CJ CheilJedang launched a halal product in 2013. We have increased the number of such products, exporting a total of 46 halal-certified products, including ‘Hetbahn’, seasoned seaweed, and kimchi, to Malaysia and Singapore. Halal food is becoming more popular as clean and safe food, even among non-Muslim consumers. In 2017, we held a halal Korean food cooking class with Muslim customers from Turkey, which served as an opportunity to show our respect for religious diversity and promote Korean food.



‘Halal Korean Food Cooking Class’ with Turkish customers

Halal-certified food brand of CJ CheilJedang



INCREASE IN SINGLE-PERSON HOUSEHOLDS – DEVELOPMENT OF HMR (HOME MEAL REPLACEMENT) PRODUCTS

According to the data provided by Statistics Korea, there are about 5.4 million single-person households in Korea as of 2016, which make up 27.2% of the total households in the country (19.84 million households). The number of single-person households is increasing, while the HMR market is also rapidly growing. Keeping up with this trend, CJ CheilJedang is spurring the development of HMR products by utilizing its unique R&D capacity. Our new technologies include special sterilization, conservation of the features of raw materials, maintaining the original texture of ingredients, and realization of nutritional balance. These technologies enable us to develop HMR products with maximized flavors as well as nutritional balance and health. In 2017, our sales of HMR products exceeded KRW 1.5 trillion based on the retail price.



- Bio R&D to Move into the Global Arena
- Protecting Environment through Responsible Consumption and Production
- Develop a Win-win ecosystem through Shared Values
- Contribution to Sustainable Social Development

CONSUMER SATISFACTION ACTIVITIES

CONSUMER-ORIENTED MANAGEMENT

In order to examine the overall consumer-oriented management system, we underwent and passed the CCM (Consumer-Centered Management) certification process conducted by the Free Trade Commission (FTC). We also carry out consumer VOC (Voice of Customer) experience activities with employees, while producing monthly training contents and posting them throughout the year to help our employees to keep a consumer-oriented mindset. We promote this mindset to our suppliers as well by encouraging them to achieve CCM certification, thereby solidifying the consumer-oriented management system across the entire value chain.

RECERTIFICATION OF CCM

CJ CheilJedang obtained the CCM certification granted by FTC in 2015 and achieved recertification in 2017 as it was selected as one of the best practices. We have also supported our suppliers, including Novarex and Maniker FNC, to help them receive CCM certification under mutual consultation, hoping that at least one supplier obtains the certification per year. We will continue to maintain a consumer-oriented management culture in 2018.



CCM recertification

EMPLOYEES PARTICIPATE IN LISTENING VOC

CJ CheilJedang has carried out the VOC experience activities since 2015, where its employees, including executives, can listen to the voices of customers and participate in customer counseling in person. The employees of non-CS departments can experience CS tasks and have an opportunity to actively empathize with the needs of customers, and then reflect the demands of consumers in their own field of work. The program, which used to operate focusing on offline field experience, has been expanded to the online system, enabling our employees to participate in this activity regardless of time and space.

CCM CONTENTS POSTING AND CCM-DAY

CJ CheilJedang distributes and uploads monthly CCM contents to instill the consumer-oriented mindset into its employees and encourages them to learn and share the information. On December 3rd, Consumer Rights Day*, we conduct an online quiz event for consumers and the 'Remind Training' for our employees, so that they can experience CJ CheilJedang's consumer-oriented management activities.

* Consumer Rights Day: The official anniversary in Korea to promote the awareness of consumers' rights and protect them under the guidance of the Fair Trade Commission.

ENCOURAGING CUSTOMER PARTICIPATION

HOME VISIT ACTIVITIES

CJ CheilJedang observes users' behaviors, focusing on its consumer panels or customers who have experienced any inconvenience when using its products and services. We carry out home-visit activities to address any inconveniences that we missed in the manufacturing process.



VOC experience activity for employees



CCM-DAY exhibition

CONSUMER PANELS

CJ CheilJedang operates a channel where consumers not only perform their role as panels to provide a review of its products, but even participate in the product development phase.

Consumer Panels in Details



CJ THE FANEL

CJ the FANel, meaning 'Fans that are enthusiastic about CJ CheilJedang's products and services', is a group of consumer panels of CJ CheilJedang. These panels provide opinions about the concept of products in the development phase, while checking the safety, quality and design of products from the aspect of consumers in the launching phase, preventing any potential claims of consumers that may occur after the products are released.



TALK TALK HOUSEWIFE CONSUMER PANEL

'Talk Talk Housewife Consumer Panel' is the customer participation program of CJ CheilJedang, which has operated for 15 years. In this program, we invite housewives, our company's key customers, as consumer panels and listen to their opinions in the product development stage. We also run a program where customers who want to participate in developing products and our researchers and marketers can share ideas and plan new products. After we selected the first group in 2010, we have developed a wide range of products that reflect the opinions of consumers. 'Bibigo Seasoned Thistle with Rice' is one such product. We achieve customer values thanks to the participation of and suggestions from consumers.

IMPROVED COMMUNICATION WITH CUSTOMERS


CJ CheilJedang operates the Customer Suggestions Responsibility System that provides feedback on the improvement ideas suggested by customers. We go far beyond typical customer management by pursuing interactive communication with our customers.

VOC MANAGEMENT

CJ CheilJedang collects and analyzes VOCs (Voice of Customers) to come up with challenges for improvement, applies improved features, and then provides feedback to customers who have submitted ideas for improvement. In 2017, we tackled complaints by customers regarding 'Gourmet Pizza' and chilled dressing products and applied the improved features to relevant products. In 2018, we will strengthen the feedback system to let customers who provide suggestions know how the relevant products have been improved.

Case of Improved Products based on Customer Opinions

'GOURMET PIZZA'



We received opinions from customers who said the dough could get hard, and even burn, when warmed up in a microwave.

We found out that the product could be overcooked when only part of it was warmed up for the indicated cooking time set for a whole pizza. We improved the product by specifying how to warm up a piece of pizza depending on the cooking appliance.

CHILLED DRESSING



We detected that the ring of the cap could come off.

The ring came off when the user opened the cap in the wrong direction. We increased the strength of the part connected to the ring by 1.4 times, making sure that the ring does not come off when opening the cap in any direction.

Secure Healthy Food and Leading Korea's Food Culture

Bio R&D to Move into the Global Arena

Protecting Environment through Responsible Consumption and Production

Develop a Win-win ecosystem through Shared Values

Contribution to Sustainable Social Development

ONLINE/OFFLINE CUSTOMER COMMUNICATION CHANNELS

CJ CheilJedang has various online and offline channels for communication with its customers, ranging from phone calls, a message board on the website, text messages, and SNS to a sign language service specifically for people with hearing loss. In terms of offline channels, we collect customer opinions through sales staff at stores and salespeople, while listening to opinions of customers who visit our stores in person.

CUSTOMER SATISFACTION MANAGEMENT

CJ CheilJedang undergoes an annual Customer Satisfaction Index (CSI) assessment to improve the quality of its customer service. In this process, we analyze customer complaints through the evaluation conducted by KMAC and CJ Telenix, a company that operates our customer center, and improve and manage the quality of our service. In particular, we simplified the ARS logic to address the issue of customer hold times in the call center. We continue to improve the customer satisfaction level by developing an index to reduce the lead time to provide feedback to customers.

Results of the Customer Satisfaction Survey (Unit: point)

EVALUATION AGENCY	2015	2016	2017
CJ Telenix	89.8	89.6	92.9
Korea Management Association Consulting (KMAC)	92.9	92.3	93.9

CUSTOMIZED COMMUNICATION THROUGH A COOKING PROGRAM

CJ CheilJedang has a customer service organization with expertise in each business division, providing optimal feedback to customers. Our call center employees participate in field trips to manufacturing facilities and a cooking program to better communicate with customers. Each month, we select a new product or one with many VOCs, understand what kind of inconvenience our customers could encounter during the cooking process, and come up with practical ideas for improvement.

ONLINE CUSTOMER MANAGEMENT

STRENGTHENED ONLINE MALL DELIVERY MANAGEMENT

CJ CheilJedang established the integrated logistics center to swiftly deliver online mall products to customers, strengthening its logistics competitiveness, managing stock, and improving the convenience of delivery. In 2017, we increased the ratio of customers who receive their order within two days from 60% to 80%, while managing the logistics center in a systematic method to secure a stable inventory and control defective products.

PRODUCT IMPROVEMENT BASED ON CUSTOMER COMPLAINTS

CJ CheilJedang monitors the VOCs of online channel customers, manages their complaints, and improves the relevant products, thereby stabilizing the service and enhancing convenience for customers. We inform our customers of the stage of delivery to enable them to easily track their order. We also upgraded the function, UI and UX of the product order page, making it easier to manage a shipping address and use bonus points. We checked VOCs and fixed a range of aspects such as errors in the sign-in page or the image uploading function in the 1:1 Q&A page.

KEY PERFORMANCE OF THE FOOD RESEARCH CENTER IN 2017



CJ CheilJedang's Food Research Center develops products associated with its key research fields, including instant food, fermented food, health-functional food, and food ingredients (basic, processed, specialty, etc.). The institute promotes the globalization of Korean food through innovative R&D and increases its capacity to develop materials for daily life as well as food ingredients, expanding the scope of the business.



* The figures of EM (Effective Microorganisms) TF are included in the categories of R&D human resources and investment.

FOCUS

2



BIO R&D TO MOVE INTO THE GLOBAL ARENA

WHERE THE IMPACT OCCUR

ISSUE	FINANCE	OPERATION	STRATEGY	REPUTATION
Reinforcement of R&D (food, eco-friendly bio, etc.)			●	
Expansion of business into the global market			●	
Development of eco-friendly products and services			●	

FOCUS ISSUE REVIEW

Why this Topic

All living creatures are comprised of protein, which consists of about 20 types of amino acid. Some of these are essential amino acids that you need to consume from sources outside of your body. The balanced consumption of amino acids by livestock is directly connected with themselves as well as the health of mankind, affecting future food security. We try to come up with measures to minimize the effect on the environment during R&D, and to observe environmental regulations as a global bio company to prevent further pollution.

How We Manage

CJ CheilJedang develops functional feed and additives to increase the efficiency of livestock feed, securing the competitiveness of farming households and alleviating their environmental impact. We also operate eco-friendly plants and develop green fermentation methods to reduce the environmental impact of the product manufacturing process. We develop eco-friendly substances and explore CSV product opportunities, fulfilling our environmental responsibilities in both direct and indirect ways.

2017 KEY PERFORMANCES

KPIs	2017 OUTCOME	2018 GOAL
R&D investment	KRW 60 billion	KRW 70 billion
Sales of specialty amino acids (improving the environment and reducing the stress experienced by livestock)	KRW 240 billion	KRW 330 billion
Sales of fermented Cysteine (using an eco-friendly fermentation method)	KRW 24 billion	KRW 34 billion

PURSuing SUSTAINABLE BIO

CJ CheilJedang's Bio business division provides the best-quality products and solutions following the demands of our customers, focusing on world-class eco-friendly bio technologies and global bases.

BUSINESS OVERVIEW

CJ CheilJedang leads the nutrition and health market with its best technologies and solutions in the Bio and Feed & Livestock business, evolving as the top eco-friendly company contributing to maintaining a healthy Earth.

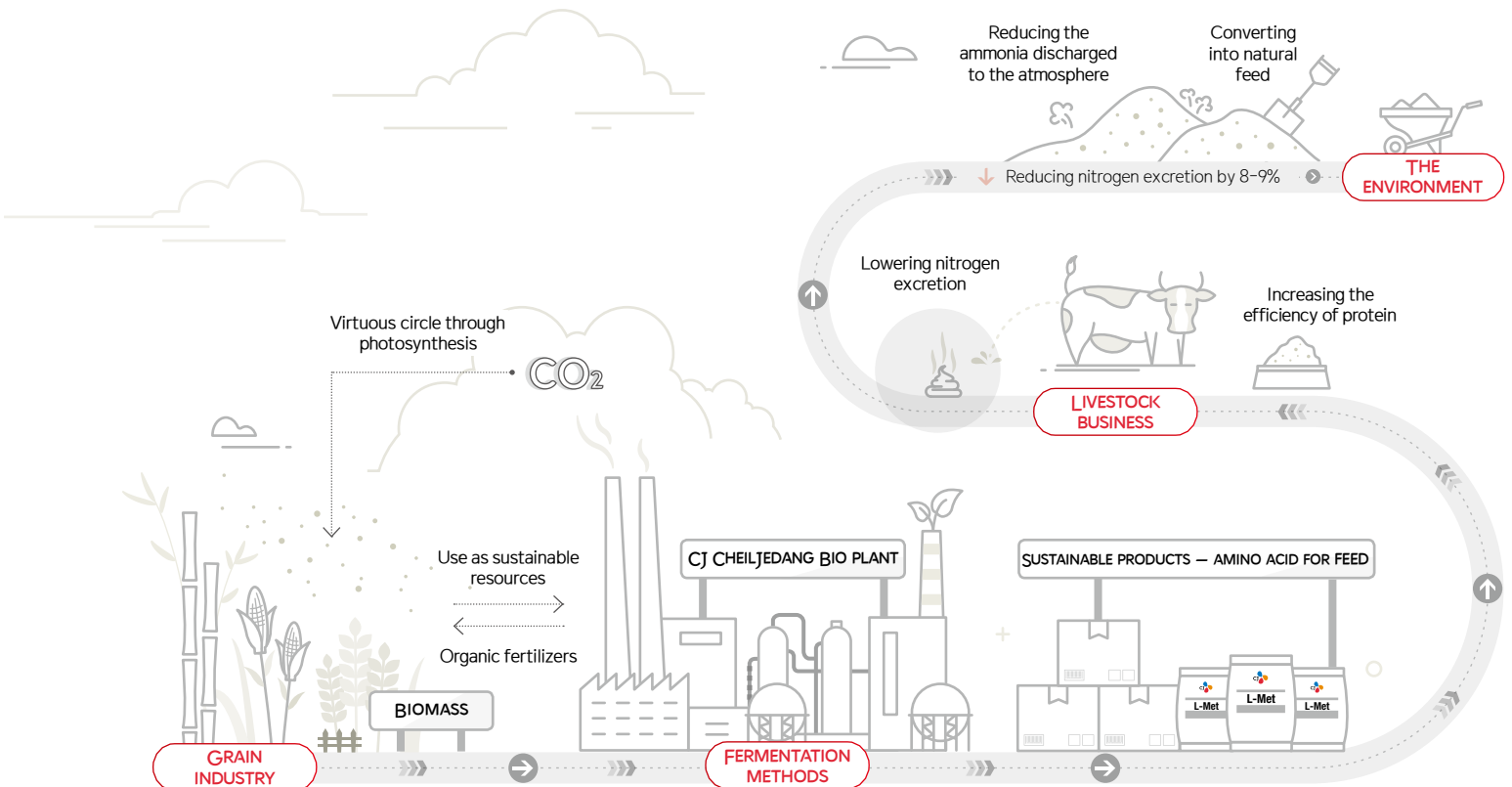
SUSTAINABLE BIO CYCLE

CJ CheilJedang's Bio division operates its business based on the philosophy that its technologies are obtained from, and used to repay, nature, pursuing sustainable life and Earth.

SUSTAINABLE BIO PRODUCTS

The field of amino acid for feed, one of CJ CheilJedang's key businesses, helps alleviate the financial burden on the livestock industry by increasing the efficiency of feed and reducing the cost of protein. The amino acid business also excels in preventing environmental pollution. With the use of amino acid, the livestock industry can lower the excessive amounts of protein that used to be applied to existing feed products, thereby reducing nitrogen excretion in livestock farms.

GLOBAL NO.1 BIO COMPANY THAT LEADS THE NUTRITION AND HEALTH MARKET WITH ITS BEST TECHNOLOGIES AND SOLUTIONS



LEADING GLOBAL BIO MARKET

CJ CheilJedang leads the global bio market with its best technologies. The company develops and produces products considering the nutritional balance and health of target customers. We also manage environmental aspects with preemptive measures beyond a simple response to stringent regulations, fulfilling our social and environmental responsibilities as a global company.

PROMOTION OF THE DEVELOPMENT OF NEW BIO MATERIALS

In order to move on to the next step as a global company, CJ CheilJedang develops new bio materials to keep up with future trends. We plan to upgrade our R&D technologies to develop specialized products ranging from new materials for feed to those for food and plants.

Fields of New Bio Material Development

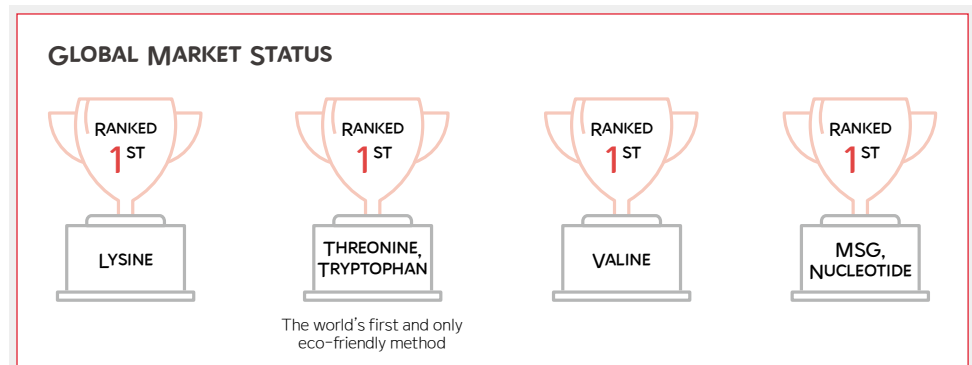


ECO-FRIENDLY PLANTS MANAGEMENT TO MEET ENVIRONMENTAL REGULATION IN CHINA

CJ CheilJedang deals with global trends for stricter environmental regulations by reducing the environmental impact with an eco-friendly bio-fermentation method. In January 2018, the Chinese government introduced the Environmental Protection Tax, which stipulates the standardized taxation criteria across the country. This is a tightened version of the existing restrictions on plant operation and tax imposed on a company that generates air and water pollutants, waste and noise. Since 2016, we have run the plant in Shenyang, China to produce amino acid materials based on natural materials, such as raw sugar and glucose rather than oil materials, by using an eco-friendly bio fermentation method. This serves as the driving force to preemptively deal with rapidly changing global environmental regulations.

DEVELOPMENT OF FUNCTIONAL EDIBLE AMINO ACIDS

CJ CheilJedang takes the initiative in developing edible amino acids, while competing to enter the global market. Arginine, citrulline and BCAA (Branched Chain Amino Acid) prevent cardiovascular diseases, enhance motor ability, and maintain the amount of muscle. With the recent aging of the population and an increase in leisure activities, the desire of customers for high-efficiency nutrients is growing. We are expanding our business in major markets in North America and Europe, while preparing to step into other markets, considering the growth potential in emerging markets such as China and India.



ECO-FRIENDLY R&D AND PRODUCTS

CJ CheilJedang carries out eco-friendly research, including the world's first system of five amino acids for feed, which was established using an environmentally friendly bio fermentation method. Our company also develops and releases products made from eco-friendly substances, thereby reducing their environmental impact.

ECO-FRIENDLY BIO PROJECT

In 2016, our eco-friendly bio business focusing on amino acids for feed, such as lysine, was included in the Partnerships for UN SDGs. Our business was highly appreciated for the reduced use of grain resources for livestock farming by replacing them with amino acids and the decreased amount of protein in feed to lower nitrogen excretion, preventing environmental pollution. Our potential to contribute to improving the environment around the world was proved by the UN SDGs as a consultative body of the UN in that our amino acid reduces nitrogen excretion in livestock farms by 8-9% and is able to lower it further by up to 20-30% in the future.

SUCCESS IN INDEPENDENT DEVELOPMENT OF 'CYSTEINE' WITH AN ECO-FRIENDLY FERMENTATION METHOD

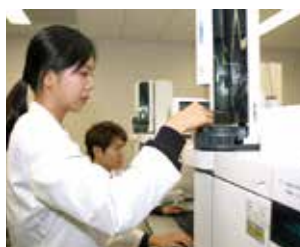
In 2017, CJ CheilJedang succeeded in developing cystine, a core material of 'Cysteine', utilizing an eco-friendly fermentation method, and established a business structure to produce the final product 'Cysteine'. Beyond an existing method that hydrolyzes duck down, swine bristles and human hairs to make acid, we tap into the eco-friendly fermentation method that we independently developed, using corn to mass-produce cystine in a green way. This method reduces wastewater and waste gas in the production process. Since the launch of the product in 2017, we planned to expand this business in a stable way to the global market, including North America, Europe and India.



'Cysteine'

WORLD'S FIRST CERTIFICATION AS AN ACCREDITED INTERNATIONAL TESTING AGENCY FOR NUCLEOTIDES

In 2017, CJ CheilJedang's Bio Research Center obtained a certification from KOLAS (Korea Laboratory Accreditation Scheme) as an accredited international testing agency in the field of testing of eco-friendly bio materials—nucleotides and amino acids for feed. As the world's first certification in the field of nucleotide testing, it creates for us an opportunity to achieve international credibility in the testing sector. In particular, our quality competitiveness was proven with distinctive nucleotides and amino acids for feed, our main items in the Bio business. We will continue to develop various testing methods and criteria and establish a range of testing systems, enhancing our quality competitiveness.



CJ CheilJedang Bio Research Center

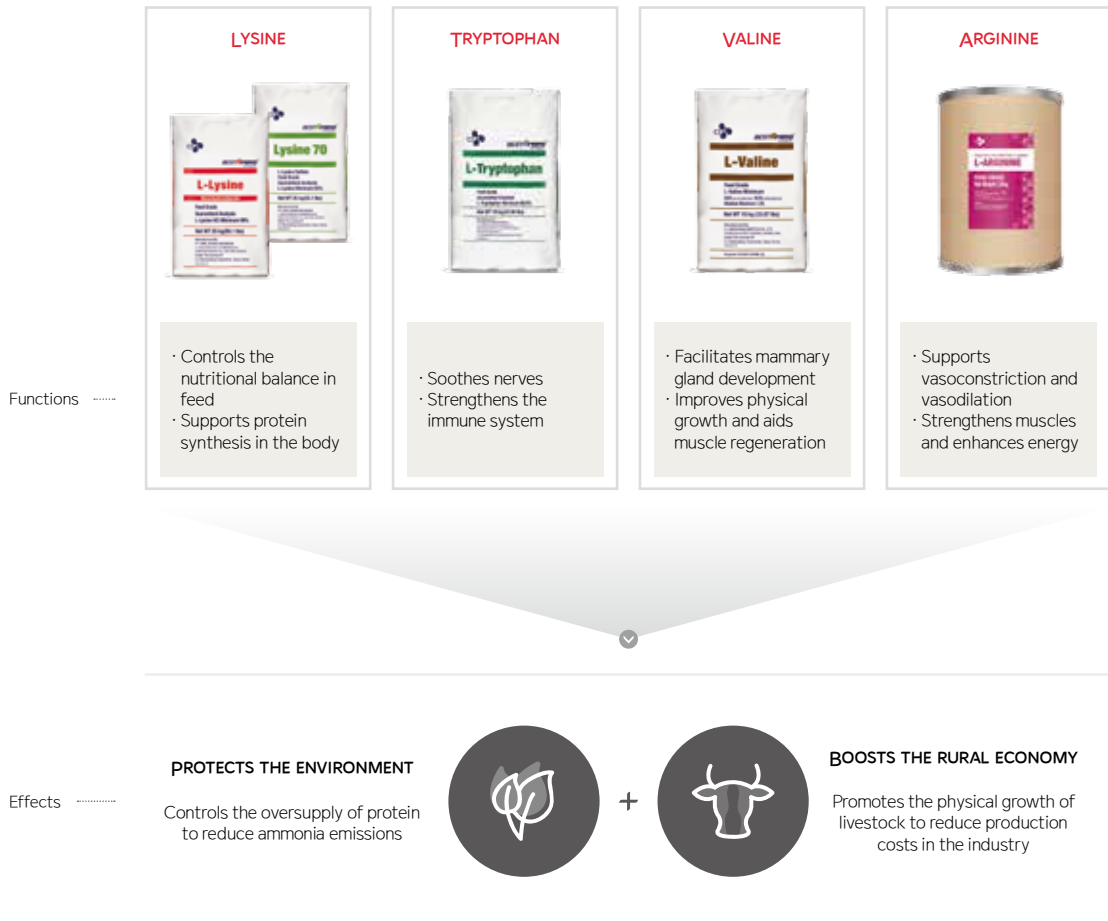
DEVELOPMENT OF DISTINCTIVE PRODUCTS TO ENHANCE THE HEALTH OF LIVESTOCK

As the only company that produces all five major amino acids for feed—lysine, methionine, threonine, tryptophan and valine—in the world, CJ CheilJedang plays a significant role in enhancing the health of livestock and reducing production costs in the livestock industry.

CJ CHEILJEDANG'S AMINO ACID PRODUCTS AND THEIR EFFECTS

CJ CheilJedang supplies various types of essential amino acids for feed to international feed companies. Lysine is widely used as an additive in feed for animals, increasing protein in the body of livestock and the level of immunity. We also produce health-enhancing amino acids for livestock, such as tryptophan, arginine and valine, contributing to facilitating the growth of livestock, reducing production costs in the livestock industry, and protecting the environment.

Functions and Effects of Major Products



DEVELOPMENT OF FUNCTIONAL FEED AND ADDITIVES

CJ CheilJedang continues research in the product development stage to enhance the health of livestock and improve customer satisfaction. The result of our research is applied to a wide range of products from additives to feed that can prevent diseases of livestock and strengthen immunity.

AMINO ACID FOR FEED

Protein, one of three major nutrients for the health of the human body, is comprised of various amino acids. Among them, an essential amino acid should be supplied in one's diet since it cannot be synthesized within the body. Histidine, a type of essential amino acid, is rich in red-flesh fish and blue-backed fish and essential for infants and preschool children. In order to maximize the effect of feed, CJ CheilJedang developed histidine to be added to feed for cultured fish, and can prevent cataracts in fish as well as help build muscles. It has contributed to improving the quality of feed products. In 2017, we completed the commercialization of histidine in our business site in Jombang, India.

PIGLET FEED FOR WEIGHT GAIN AND IMMUNITY – 'DONDONMYEONGJAK S'

Piglet feed is given to piglets aged 3-56 days. The health of piglets is a key factor that directly affects the profitability of farms. With growing demand from customers to address the issue of piglets' wet droppings and diarrhea, we developed and launched the feed product 'Dondonmyeongjak S' using key technology in 2017. This product contains microorganisms that help piglets gain weight and was developed by CJ CheilJedang. It has the effect of controlling pathogenic bacteria and helps increase useful bacteria. We also use the optimal ratio of vegetable fat, increasing the functional fat content and facilitating the consumption of feed and weight gain for piglets. Moreover, we increased the amino acid content of the product to prevent wet droppings and diarrhea in piglets, forming the optimal nutritional balance. As a result, the sales of this product for three months in 2017 reached KRW 770 million with 650 tons of sales volume.



BACTERIOPHAGE-CONTAINING POULTRY FEED FOR DISEASE PREVENTION – 'CJ BIOTECH'

CJ CheilJedang developed the world's first bacteriophage-containing poultry feed product that can prevent diseases. Bacteriophage is a living organism with substrate specificity, which works in particular bacteria, destroying pathogenic bacteria while maintaining useful ones. It can be developed as an antibiotic-replacing substance and thus can be applied to antibiotic-resistant bacteria such as super bacteria. 'CJ Biotech' containing bacteriophage prevents contagious infections and fowl typhoid to reduce the mortality rate of poultry. It also improves the intestinal microbiota of poultry and increases the spawning rate, enhancing the productivity of poultry farms.



KEY PERFORMANCE OF THE BIO RESEARCH CENTER IN 2017

CJ CheilJedang's Bio Research Center develops feed and food additives and biochemical products in the Bio sector, and feed for cattle, pig and poultry and feed specialties in the feed and livestock sector. We are leveraging our existing R&D capacity and expanding business to new fields to become a global bio company.



FOCUS

3



PROTECTING ENVIRONMENT THROUGH RESPONSIBLE CONSUMPTION AND PRODUCTION

WHERE THE IMPACT OCCUR

ISSUE	FINANCE	OPERATION	STRATEGY	REPUTATION
Development of eco-friendly products and services			●	
Protection of biological resources (soil and water) through eco-friendly research				●

FOCUS ISSUE REVIEW

Why this Topic

Greenhouse gases, waste resources, and wastewater caused by companies in their production and distribution processes affect the environment in various ways. Moreover, abnormal climate change such as heavy rain, cold and heat waves triggered by climate change lead to unexpected events in the ecosystem as well as countries and local communities. In this context, there are increasing roles and responsibilities of enterprises to minimize impacts on the environment, such as GHG (Green House Gas) reduction and recycling resources.

How We Manage

CJ CheilJedang has established long-term goals, a vision and annual strategies to minimize its impact on the environment, safety and GHG emissions, and conduct environmental safety activities. In the product and plant design process, we implement the preliminary environmental safety impact assessment system to identify and minimize the potential impact of corporate activities on environmental safety in advance. We also carry out regular diagnoses of environmental safety at domestic business sites to check if they follow environmental safety regulations and the internal rules of the company.

2017 KEY PERFORMANCES

KPIs	2017 OUTCOME	2018 GOAL
GHG emissions	363,943 tons	387,000 tons
Consumption of new and renewable energy	1,075 TJ	1,084 TJ
Waste discharge intensity	17.18 kg/ton	16.77 kg/ton

* The figures in 2017 include the key performance of domestic business sites only.

PROMOTION OF ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL MANAGEMENT ORGANIZATION

CJ CheilJedang has established and implemented the environmental safety and health strategies to manage domestic and overseas business sites, including the headquarters, as well as suppliers and other companies in the supply chain. In 2017, we strengthened our capacity to deal with environmental safety issues by organizing an environmental safety department at each business site. In addition, our shared growth support department provides education and assists our suppliers in improving their environmental safety level.

ENVIRONMENTAL MANAGEMENT CERTIFICATION

GREEN COMPANY* DESIGNATION

In 1996, our four business sites, including those in Incheon and Busan, received the Green Company Designation granted by the Ministry of Environment. Since then, we have retained the certification by continuously improving environmental management activities. Currently, four business sites have the Green Company Designation, and we will keep pursuing clean and safe environmental management through the environmental management system and continuous activities.

* Green Company: According to the Article 16.2 No.1 of the Act, "Green Company" refers to the company, which contribute significantly to the environmental improvement by noticeably reducing pollutants, saving resources and energy, improving environmental performances of products, and building green business system, etc.

ESTABLISHMENT OF A CERTIFICATION SYSTEM IN RESPONSE TO INTEGRATED ENVIRONMENTAL FOOTPRINT STANDARDS IN EUROPE

In 2016, CJ CheilJedang decided to cooperate with LCI DB's company SMaRT ECO to participate in the research project conducted by the Ministry of Agriculture, Food and Rural Affairs. This research project will take place over the span of three years. We will use this opportunity to upgrade our competitiveness in the European food market, while becoming a global food company that actively copes with environmental regulations.

ENGAGING IN THE CDP AND CDP WATER EVALUATIONS

CJ CheilJedang takes long-term measures in response to the CDP and CDP Water Evaluation—the Carbon Disclosure Project and Water Management Information Disclosure Project. This demonstrates that we have been recognized objectively for our environmental management and relevant performance achieved by adopting rapidly changing global environmental policies.



CDP, CDP Water

ENVIRONMENTAL SAFETY DIAGNOSIS

CJ CheilJedang conducts the environmental safety diagnosis in its domestic business sites on a regular basis to check if they abide by environmental safety regulations and relevant company rules. Our headquarters takes charge of diagnosis in the fields of environment, safety, electric safety and health. Aspects found to be inadequate in the diagnosis are managed by proper actions to prevent legal issues.

ACHIEVEMENT OF AN ENVIRONMENTAL MANAGEMENT AWARD

CJ CheilJedang was awarded the Medal of Honor in the 2017 Eco-Expo Korea for active promotion of eco-friendly technologies and consumption. As for our relevant social contribution activities, we have maintained the green purchasing agreement, promoted relevant performance, used eco-friendly packaging materials for new products, applied carbon labeling and the low-carbon certification mark, and conducted the environmental protection campaign with each business site taking charge of one mountain or one river.

COPING WITH CLIMATE CHANGE

ADVANCING CLIMATE CHANGE RESPONSE ORGANIZATION

CJ CheilJedang has the environmental safety team under the Food Production & Manufacturing Department that manages the overall production activities of the company, to respond to climate change. It selects the staff in charge of GHG (Green House Gas) emissions at each business site to control GHG emissions and report and take proper actions swiftly if any climate change issue occurs.

CLIMATE CHANGE RISK MANAGEMENT

DEFINITION OF CLIMATE CHANGE RISK

CJ CheilJedang defines and manages risks associated with climate change as follows to alleviate the impact of climate change risks on management conditions and the environment.

RISK	DEFINITION	ACTIVITIES AND PERFORMANCE
Domestic GHG emissions risk	Need to manage GHG emissions as the government has legislated the management of emissions credits	<ul style="list-style-type: none"> · Estimated and reported GHG emissions and the expected reduction in Korea · Traded 30,000 tons of GHG emissions credit and generated KRW 600 million of financial outcome
Storm and flood risk	Need to alleviate damage to crops caused by El Niño, cold waves, storms and floods to stabilize the demand and supply of raw materials	<ul style="list-style-type: none"> · Conducted an impact evaluation of heat wave and heavy rain · Achieved a zero-accident rate of storms and floods and reduced the insurance premium rate
GHG emissions risk of SME suppliers	Need to manage GHG emissions of suppliers as the emissions trading system has been implemented	<ul style="list-style-type: none"> · Estimated the emissions of over 30 SME suppliers and began monitoring · Identified the emission sources of suppliers

PERFORMANCE EVALUATION OF CLIMATE CHANGE MANAGEMENT

To minimize the negative effects of climate change management risks, we reflect the results of the relevant risk management performance in the performance evaluation and the subsequent promotion and incentive decision process for the employee in charge. In particular, the risk management performance takes up a significant share of the evaluation of the employee in charge of GHG and energy management at headquarters. Since it is also connected to the evaluation of the relevant employees at each business site, the climate change management performance is directly linked to the performance evaluation.

GHG EMISSIONS MANAGEMENT

CJ CheilJedang sets an annual target to manage GHG emissions at its business sites. In 2017, the total GHG emissions across our all business sites including headquarters were 363,943 tons, an increase of about 26,700 tons over 2016. An increase of 33,000 tons was attributed to the new construction and expansion of facilities. When considering the existing business sites alone, we reduced emissions by 6,200 tons in 2017.

RESPONSE TO THE GHG EMISSIONS TRADING SYSTEM

In February 2017, CJ CheilJedang was allocated new emissions credits amounting to 112,500 tons, as credited by the government for its performance in reducing GHG emissions in the early stages. As a result, our accumulated emissions credit has reached 418,500 tons as of 2017. To deal with the emissions trading system facilitated by the government, we traded 30,000 tons of emissions credits through the trading scheme, and created financial performance worth KRW 600 million. In response to the 2nd-round emissions trading system from 2018 to 2020, our surplus emissions credits amounting to 55,000 tons will be carried forward to 2018.

VERIFYING THE ACHIEVEMENT OF THE GHG EMISSIONS REDUCTION TARGET

At the end of March every year, all our business sites, including the headquarters building, undergo a regular GHG emissions verification process conducted by a government-designated agency. The result is disclosed through the government's Integrated GHG Information System. Since the first report in 2015, CJ CheilJedang has reported its progress in achieving the GHG reduction target set by the government, and fulfilled 100% of its responsibilities.

ENERGY EMISSIONS MANAGEMENT

ENERGY EFFICIENCY MANAGEMENT ORGANIZATION

CJ CheilJedang has organized and operated the Integrated Energy Innovation Committee with the participation of all employees in headquarters and domestic business sites, with the aim of reducing energy consumption. The energy management team in each business site sets the energy-saving target and checks the achievement level on a regular basis. Depending on the energy efficiency level of each business site, we solidify the cooperative system between departments to reduce energy consumption.

OPERATION OF THE ENERGY INNOVATION COMMITTEE

The Integrated Energy Innovation Committee spreads the energy-saving target set by the headquarters and the direction of relevant activities to the committee members at each business site, enabling consistent energy efficiency management between domestic business sites. The committee members visit every corner of the business sites, check the progress and achievement levels of the major targets, and report the results to the Integrated Energy Innovation Committee. Through this cycle, we share exemplary cases across the whole company and promote energy innovation.

ENERGY EFFICIENCY MANAGEMENT ROADMAP

CJ CheilJedang designed the roadmap for each stage of efficiency to enable advanced energy efficiency management. We underwent the optimization process to benchmark exemplary practices of leading global companies that implemented successful energy efficiency strategies, to apply them to our energy management system. To stabilize the energy efficiency management system successfully, we use the internal process and KPIs, managing energy efficiency in our regular work processes.

ENERGY SOURCE EFFICIENCY ANALYSIS

CJ CheilJedang conducts an energy intensity analysis to examine the efficiency of each energy source and explores avenues for improvement. We have also established the energy management target and carried out improvement activities in phases.

CONTINUOUS INVESTMENT AND IMPROVEMENT ACTIVITIES

CJ CheilJedang continues to extend the energy-saving performance by constructing additional energy-related facilities and increasing new investments. In expanding business into the global market, we installed the ecofriendly energy facilities first at our new overseas business sites. By maintaining both investment in facilities and improvement activities, we are saving energy in an innovative and consistent way.

INCREASE USAGE OF RENEWABLE ENERGY AT OVERSEAS BUSINESS SITES

CJ CheilJedang minimizes the impact of its overseas businesses on local environments. In 2017, we acquired Brazilian fermented soybean meal company Selecta. This company generates electricity and heat using sustainable wood chips as fuel, and the energy produced is utilized in all manufacturing processes. In 2017, we used 55 TJ of renewable energy at three business sites. We plan to produce more renewable energy in 2018, and are considering the renewable energy distribution business using fuel cells at our domestic business sites.

Introduction and Use of Renewable Energy in Domestic Business Sites

CATEGORY	UNIT	2015	2016	2017
Business sites where renewable energy has been introduced	Number of locations	3	3	3
Renewable energy consumption	TJ	951.3	1,038.2	1,075.2
Renewable energy consumption ratio	%	13.5	13.7	12.8

WATER RESOURCE MANAGEMENT

WATER RESOURCE MANAGEMENT POLICY

CJ CheilJedang's environmental management organization consists of the CEO, the Environment & Safety Council, and the Environmental Safety Team, dealing with environmental safety issues including water resources. The Energy Innovation Committee, with the participation of the Environment & Safety Council consisting of the plant managers in each business division and the representative of regions, is responsible for countermeasures against water management issues and supervision. Our water management inspection is conducted across all production processes, and the results are reported and shared through regular management meetings. Furthermore, we have been recognized for the results of our water management, as demonstrated by the A score we received in the CDP Water evaluation.

ADVANCED INTERNAL WATER MANAGEMENT

In addition to the management regulations of source water, we follow various relevant regulations and management rules regarding wastewater. Wastewater issues are likely to have a bigger negative impact on local communities, so we are well aware of the need to apply more stringent standards. Since the introduction of the green management system in 2011, we have set the internal management criteria to be stricter than the relevant law and regulations, systematizing the water resource management system. We monitor and analyze the water pollution data in real time, preventing potential issues and thoroughly treating pollutants to manage our wastewater levels below the legal threshold.

SUSTAINABLE USE OF WATER RESOURCES

Considering the characteristics of our food and beverage manufacturing business, we utilize water in the cleaning and sterilization process and thus reduce water consumption by increasing the use of reused and recycled water. This approach can prevent groundwater contamination and enhance food safety, contributing to improving the water consumption practices in Korea, a water-scarce country.

REUSE WATER RESOURCES AND ESTABLISH RELEVANT SYSTEMS

In case the upstream area of the region where the company wants to construct a plant is designated as a water resource protection zone, we reselect another safe region that is free from water pollution risk, bearing the increase in cost and difficulties in the logistics system. We also expand investment in the wastewater reutilization system in preparation for an increase in water costs and restrictions on the water supply as a government policy. As a leading global lifestyle company, we hope to minimize our business's environmental impact on local communities and pass on a cleaner environment to future generations through these efforts.

EXPANSION OF WATER RESOURCE MANAGEMENT ACTIVITIES IN THE SUPPLY CHAIN

CJ CheilJedang has employed and operates an internal risk assessment method to evaluate water quality risk factors within the supply chain. We also collect data about the use, discharge and collection of water resources and evaluate the impact of water-quality risk factors following each step. Considering that the EU 'Environmental Footprint Certification System' will be enforced in 2020, we have participated in the government research project since November 2016 to establish the LCI DB for raw and subsidiary materials of SME suppliers, focusing on products to be exported to Europe.

WASTE MANAGEMENT

INCREASE REUSE AND RECYCLING RATE OF WASTE

To minimize waste in the production process, CJ CheilJedang carries out activities to reduce waste and increase the recycling rate at the same time. We have set and manage the goal to reduce waste intensity by 30% from 2015 to 2020.

IMPROVE PACKAGING MATERIALS AND FORMATS

CJ CheilJedang continues to improve packaging material and formats to make them easier to recycle. In 2017, we changed the labels of two liquid sugar products, oligosaccharides and cooking syrup, to a water-separation adhesive type, upgrading the level evaluated by the Korea Packaging Recycling Cooperative from Level 3 to Level 1. We will apply for this improvement evaluation again in 2018 for products in which we reflect improved features.

USE OF BY-PRODUCTS AS RESOURCES

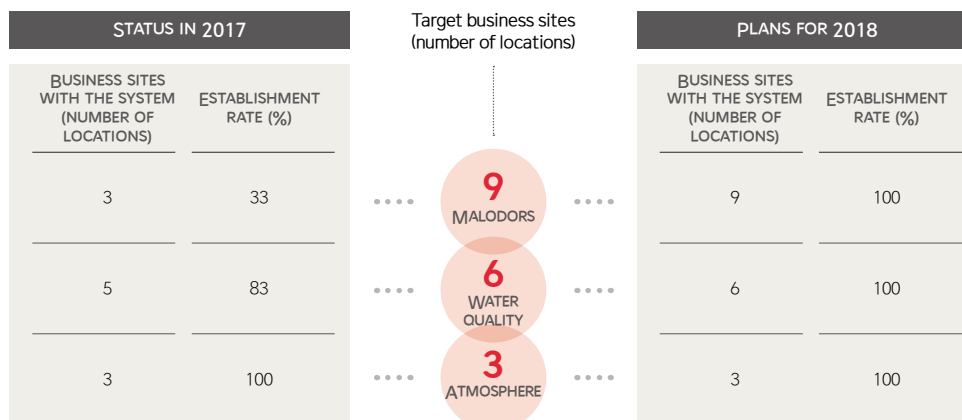
Our Bio business site in Kerteh, Malaysia, makes use of by-products generated in the fermentation process, such as spent carbon and wastewater sludge, to sell as fertilizers and fuels. Spent carbon from the refining process is used as a material for land improvement, and wastewater sludge as a raw material for organic fertilizer. These two types of by-products were approved by the Malaysian Department of Environment. These methods reduce the impact of our business on the environment, while contributing to laying the groundwork for creating added value.

MANAGEMENT OF OTHER POLLUTANTS

CENTRAL ENVIRONMENTAL MANAGEMENT SYSTEM – WATER QUALITY, ATMOSPHERE AND STENCH MANAGEMENT

CJ CheilJedang runs an eco-friendly production process and reduces pollutants and malodors through active improvement activities at the headquarters and each of our business sites. We established the environmental monitoring system in response to the potential occurrence of pollutants and malodors in the production process. This system monitors water pollution indicators such as COD (chemical oxygen demand), air pollutants such as nitrogen oxide, and malodors in real time, enhancing the capacity of an immediate response to environmental accidents. We have also built an information sharing and cooperation network with relevant organizations to minimize the impact of accidents on local communities.

Current Status and Plans for the Central Environmental Management System



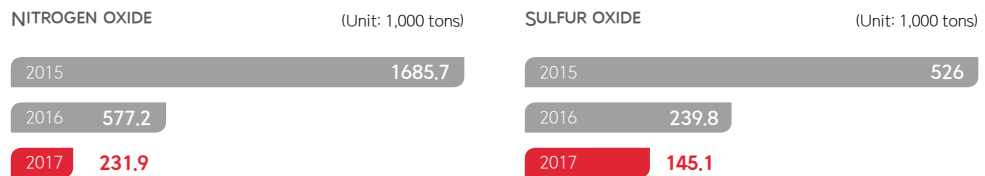
ESH (ENVIRONMENT, SAFETY AND HEALTH) SYSTEM FOR CHEMICALS – HARMFUL CHEMICAL SUBSTANCE MANAGEMENT

CJ CheilJedang has a database system to manage harmful chemical substances and operates the chemical substance TF under the supervision of the Safety Management Unit, thereby strengthening the management system for chemicals. These improvement activities enable the company to check harmful chemical substances more easily based on the ESH system when purchasing chemicals. We can also classify chemicals, hazardous materials, and major substances subject to relevant regulations, and improve convenience for users, increasing work efficiency. We will continue to upgrade the system to respond to safety and environmental issues at our business sites and conduct comprehensive inspections and management.

ENVIRONMENTAL INVESTMENT FOLLOWING THE IMPLEMENTATION OF ULTRA-LOW-EMISSIONS STANDARDS IN CHINA

In 2017, the Ministry of Environmental Protection of the People’s Republic of China announced ultra-low-emissions standards regarding air pollution. Shenyang, where one of our business sites is located, applies less strict criteria compared to national regulations, but we made an investment in environmental facilities to respond to Chinese environmental regulations that have increasingly been tightened. Now, the environmental facility design of our business site in this city conforms to the criteria of nitrogen oxide emissions. In terms of sulfur oxide and dust, we invested about USD 2,443,000 to improve facilities to reduce emissions. We plan to lower the emissions of nitrogen oxide with further environmental investments.

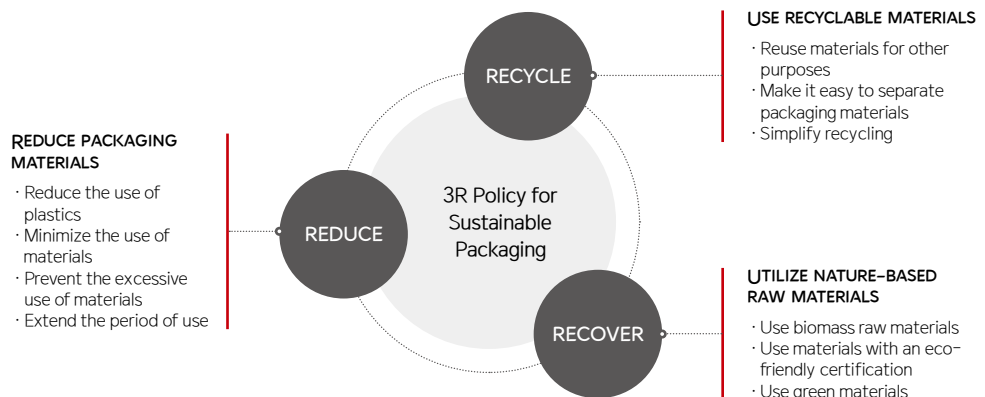
Air pollutant emissions at the business site in Shenyang, China



SUSTAINABLE PACKAGING

3R POLICY FOR SUSTAINABLE PACKAGING

CJ CheilJedang develops more eco-friendly and sustainable packaging methods based on the 3R Policy, which was designed to reduce packaging materials (Reduce), use recyclable materials (Recycle), and utilize nature-based raw materials (Recover).



CASE OF SUSTAINABLE PACKAGING

CJ CheilJedang classifies and manages the packaging improvement cases based on the 3R Policy for sustainable packaging. We plan to spread this trend by applying such cases to various products. In 2018, our goal is to reduce GHG emissions by 500 kg by internalizing the production of containers of 'Hetbahn', thereby alleviating the environmental impact of our business.

Case of Sustainable Packaging

PRODUCT WITH SUSTAINABLE PACKAGING	DESCRIPTION	3R POLICY		
		REDUCE	RECYCLE	RECOVER
Beksul Gimhap Ham	Replaced the sticker with a printed film	●		
Beksul Grill Frank	Reduced the thickness of the film at the bottom of the product	●		
Bibigo Kimchi	Reduced the size of the sticker on the container	●		
Korean Natto	Reduced the thickness of packaging materials, such as a container, a bundled paper band, and a bundled bag	●		
Morning Tofu	Reduced the thickness of the bundled paper band	●		
Hetbahn Cupbahn	<ul style="list-style-type: none"> Reduced the weight of the lid film of 'Hetbahn Cupbahn' Reduced the size of the base and sauce packets for rice soup products 	●		
CJ ON Mart Three-temperature Box	Materialized the three-temperature box technology (room temp., chilling, freezing), enabling the combined shipping of products that used to be sent individually		●	
Sugar	Reduced the thickness of paper bag materials	●		
Oil	Used a water-separation-type label			●
Hetbahn Bundle	Lowered the basis weight of paper packaging materials		●	

CJ ON MART — THREE-TEMPERATURE INSULATED BOX FOR COMBINED SHIPPING

CJ ON Mart, the online mall directly operated by CJ CheilJedang, reduces packaging materials used in the shipping process and the number of deliveries, lowering energy consumption. We used to pack and deliver products individually depending on the adequate storage temperature (room temperature, chilling and freezing). Now, with the three-temperature insulated box technology, we can combine shipping for multiple products regardless of their types, halving the number of packages. In 2016, the total volume of products shipped in this type of box was 150 tons since it was in an early stage. We extended the scope of use to 420 tons in 2017, reducing the consumption of packaging materials and energy.

FOCUS

4



DEVELOP A WIN-WIN ECOSYSTEM THROUGH SHARED VALUES

WHERE THE IMPACT OCCUR

ISSUE	FINANCE	OPERATION	STRATEGY	REPUTATION
Creation of shared values (CSV) through win-win with suppliers				•
Expansion of support to strengthen the competitiveness of farms				•

FOCUS ISSUE REVIEW

Why this Topic

With an expanding global industrial environment, the scope of the supply chain that must be managed by companies has also been enlarged. A number of enterprises are working to enhance the capacity of the industrial ecosystem in addition to their supply chain, while extending the scope of the supply chain beyond simple financial support and technical development assistance.

How We Manage

CJ CheilJedang manages the significance of the industrial ecosystem at the enterprise-wide aspect and establishes long-term plans, promoting a win-win growth* of large companies, SMEs and farm households. The company has also reinforced the virtuous cycle where the overall capacity improvement in the industrial ecosystem leads to the growth of the company. We support the sustainable growth of SME suppliers and farm households with funds, technologies, education and specific win-win growth programs including 'Happy Companion' and CJ Breeding's activities.

* Win-win growth: A mutual growth of large companies, SMEs and farm households.

2017 KEY PERFORMANCES

KPIs	2017 OUTCOME	2018 GOAL
Technical support for SME suppliers	313 cases	350 cases
Cultivation area under contract with farm households	381ha	627.1ha
Naeil Chaeum (Brighter Future) Mutual Aid Program	10 persons	27 persons

Secure Healthy Food and Leading Korea's Food Culture

Bio R&D to Move into the Global Arena

Protecting Environment through Responsible Consumption and Production

Develop a Win-win ecosystem through Shared Values

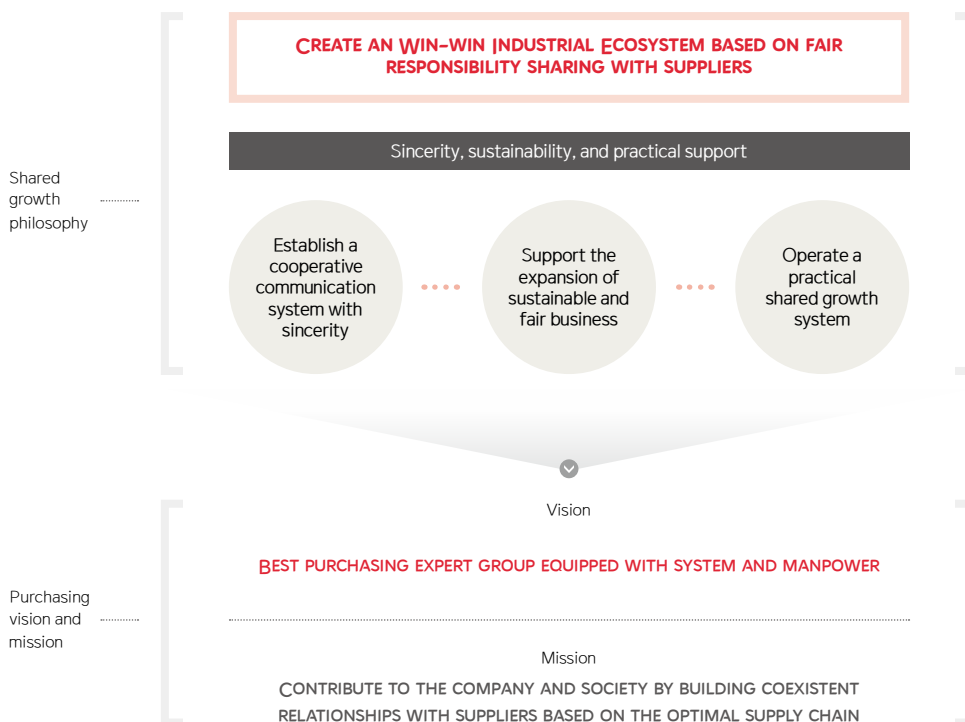
Contribution to Sustainable Social Development

FAIR TRADE PRACTICES

CJ CHEILJEDANG'S PURCHASING PHILOSOPHY

CJ CheilJedang creates an industrial ecosystem for win-win based on CJ Group's philosophy of shared growth. We will establish mutual and reasonable fair trade practices by building partnerships with SME suppliers.

Purchasing Philosophy



PURCHASING ETHICS POLICY

CJ CheilJedang's employees in charge of purchasing make decisions in accordance with the Purchasing Ethics Charter and the Purchasing Code of Conduct based on purchasing ethics. The Purchasing Code of Conduct defines purposes, targets, grounds for behaviors, and the scope of activities for win-win and coexistence with suppliers. Our purchasing ethics policy is shared through the CJ Shared Growth Portal so that our suppliers in the supply chain can check the relevant clauses anytime. Employees who violate the Fair Trade Act are punished with disadvantages in the HR affairs. The degree of win-win and cooperation with suppliers is included in the evaluation of purchasing employees, encouraging them to observe purchasing ethics.

PURCHASING DELIBERATION COMMITTEE

CJ CheilJedang holds a monthly meeting of the Purchasing Deliberation Committee to handle and report major agendas and activities regarding transactions and suppliers. Under the leadership of the purchasing executive director, the Council is comprised of employees from the departments of finance, legal affairs, CSV Team, and food SCM. To build fair transaction procedures, we include the Fair Trade Commission's 'Practices for the Establishment and Operation of the Internal Deliberation Committee' in our company rules and put that into practice.

Agendas for the Purchasing Deliberation Committee

- Signing of contracts for transactions exceeding a certain amount
- Fairness in price setting
- Legitimacy based on relevant laws and regulations
- Adequacy of procedures for the registration and cancellation of partnerships with suppliers
- Deliberation for the non-selection and partnership cancellation of suppliers
- Review of reported VOCs for suppliers
- Major agendas and activity reports regarding shared growth and fair trade



RSPO certification mark

SUSTAINABLE PURCHASING

PROCUREMENT OF SUSTAINABLE PALM OIL

In order to actively participate in the global trend of introducing sustainable palm oil, we joined RSPO (Roundtable for Sustainable Palm Oil) as a regular member to gradually expand the ratio of palm oil with RSPO certification* in the total purchases. We prevent indiscriminate forest destruction by eradicating illegal cultivation in major palm-oil-producing areas, while actively tackling issues such as the infringement of workers' human rights and the exploitation of child labor.

* RSPO certification: Certification of palm oil produced through legal procedures.

Volume of Imported Palm Oil in the FI Business Division

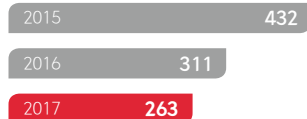
CATEGORY	UNIT	2015	2016	2017
Edible oil	ton	2,916	3,385	3,619
Industrial oil	ton	-	32,000	55,700
Total	ton	2,916	35,385	59,319

PURCHASE OF ORGANIC AGRICULTURAL RAW MATERIALS

We use organic raw materials in the production process with consideration of the needs of customers who are concerned about food safety and health. We make use of organic soybean and rice to strengthen the reliability of the company.

Use of organic raw materials (Unit: ton)

ORGANIC SOYBEAN, RICE



Country of origin |
Soybean: Australia, Rice: Korea

SUSTAINABLE MANAGEMENT OF SUPPLY CHAIN

OPERATION OF PURCHASING STRATEGY COMMITTEE

CJ CheilJedang runs the Purchasing Strategy Committee with the participation of its suppliers and their internal committees. The Purchasing Strategy Committee operates based on a monthly meeting with the staff of suppliers to design an adequate level of supply and production plans, considering external variables such as market conditions, exchange rates and oil prices. The internal committee for each supplier shares issues and knowledge of enacted/amended laws and regulations in the food industry, while providing education and information-sharing activities to the staff in charge.

ESG(ENVIRONMENT, SOCIAL AND GOVERNANCE) ELEMENTS EVALUATION FOR SELECTING SUPPLIER

CJ CheilJedang selects its suppliers in accordance with the fair and transparent evaluation criteria. The criteria include financial stability as well as ESG elements, such as ethical management, collusion, and corruption. For suppliers of raw materials, our Food Safety Center team visits the relevant supplier and reflects the result in the evaluation process. A penalty is imposed on those classified as inadequate companies depending on the number of such an evaluation. The details of evaluation items and levels are disclosed through the CJ Shared Growth Portal.

SUPPLIER VERIFICATION AND DIAGNOSIS

CJ CheilJedang visits the facilities of its suppliers on a regular basis to inspect consumer safety elements across all production processes from the use of raw materials to processing, packaging, storage and quality. The outcome of the verification and diagnosis process, including reduced production costs as well as improvements in quality and productivity, is shared with suppliers. Exemplary companies are selected and granted prizes based on the achievement level of annual targets.

Secure Healthy Food and Leading Korea's Food Culture

Bio R&D to Move into the Global Arena

Protecting Environment through Responsible Consumption and Production

Develop a Win-win ecosystem through Shared Values

Contribution to Sustainable Social Development

SAFETY VERIFICATION OF RAW MATERIALS

CJ CheilJedang includes and manages factors associated with the production and supply of raw materials in the quality risk evaluation of suppliers, while checking whether each supplier manages the company based on the food safety management system. All raw material supply contracts are signed in accordance with the stipulated quality and safety criteria of raw materials, preventing potential risks in the production and distribution process. In terms of agricultural commodities produced in Korea, we make a contract with a company verified for safety as registered to associations of each category of raw materials, such as milling, sugar refining and feed. For imported agricultural products, we make a contract with a company that has passed the safety verification process conducted by the relevant government.

PRODUCT SAFETY VERIFICATION

CJ CheilJedang runs double inspections on products made by suppliers before finally releasing them. The safety of products is first verified by suppliers and undergoes the second verification process by CJ CheilJedang. Only those that pass the final verification can be placed on the market.

ENVIRONMENT AND SAFETY VERIFICATION

CJ CheilJedang supervises the environmental safety inspection and improvement activities of suppliers. We are gradually increasing the number of safety managers dispatched to each supplier. The staff provides basic job training and holds committee meetings to improve safety capacity. We tightened the monthly safety evaluation criteria to improve the safety management level of suppliers while carrying out various activities, including a regular safety audit and technical training.

ESTABLISHMENT OF THE SUPPLIERS CODE OF CONDUCT

As a preemptive measure to deal with issues related to a 'sustainable supply chain' that are garnering attention at home and abroad, CJ CheilJedang declared the Suppliers Code of Conduct and has implemented improvement activities through the diagnosis of suppliers. The Suppliers Code of Conduct consists of the categories of ethics, human rights, safety and environment, and is disclosed to the public through the CJ Shared Growth Portal as a pop-up window and the sustainability management web page. We released the declaration in 2017 and established the guidelines in 2018 for the categories of ethics and human rights to distribute them to our suppliers to enable them to conduct a self-assessment of sustainability. We will provide the presentation and training program for the guidelines and have an opportunity for suppliers to increase the awareness and comprehension of the Code of Conduct, thereby creating a sustainable supply chain together.



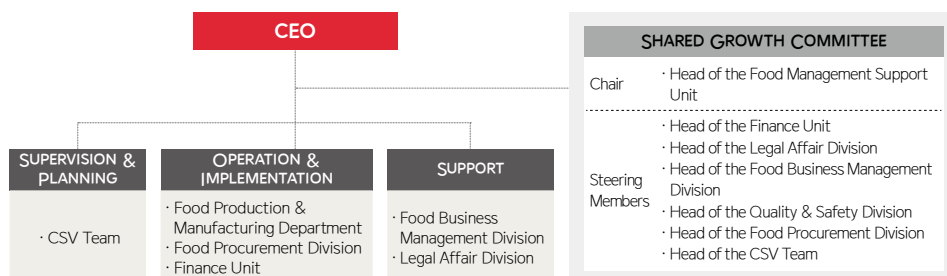
Code of Conduct Guideline for Suppliers

SUPPORT FOR SHARED GROWTH

OPERATION OF THE SHARED GROWTH COMMITTEE

CJ CheilJedang operates the Shared Growth Committee consisting of the CEO and key executive directors in the department of purchasing, finance, legal affairs, and quality and safety. The Committee deals with major agendas associated with shared growth. It hosts the CJ Partners Club to listen to suppliers' opinions and come up with improvement measures.

Organizational Chart of the Shared Growth Committee



SHARED GROWTH SUPPORT PROGRAMS

CJ CheilJedang has prepared various win-win growth programs for SME suppliers. We run the Win-Win Academy with educational programs about production cost, quality, food safety, the environment, and general management affairs, while strengthening the funding liquidity with the Win-Win Fund worth KRW 48.2 billion. We also transfer our production technologies to suppliers to help them build stronger capacity, and visit their production facilities on a regular basis to provide know-how on quality and hygiene management and the introduction and renewal of the HACCP certification*. We support education and advance examination programs to our suppliers to enable all of them to achieve certification. Furthermore, we support the revitalization of the agricultural industry through seed development, on-site training, and contract cultivation, to promote shared growth with farms.

* HACCP(Hazard Analysis and Critical Control Points) certification: An international standard defining the requirements for effective control of food safety.

Key Support Programs for SME Suppliers

CATEGORY	DESCRIPTION	2015	2016	2017
Training education	Provide basic theoretical education related to production cost, quality, food safety, the environment, general management affairs, and laws and regulations	236 companies	330 companies	443 companies
Finance	Operate the Win-win Fund by providing loans at the interest rate of 1-1.5%, much lower than the general interest rate	KRW 45.2 billion	KRW 48.2 billion	KRW 48.2 billion
Technology	Transfer CJ CheilJedang's own product manufacturing technologies to SME suppliers to launch new products and upgrade existing ones	112 cases	225 cases	313 cases
Quality and Hygiene	Visit SME suppliers on a regular basis and conduct on-site audit to support their capacity building for quality and hygiene management, receipt and renewal of HACCP certification, and on-site management	8,168 hours	9,600 hours	6,416 hours
Employment stabilization	Introduce the Naeil Chaeum (Brighter Future) Mutual Aid Program for the first time as a large company, to address issues regarding stable employment at SME suppliers and the income gap (for 10% of SME suppliers in the CJ Partners Club, providing KRW 100 million in support for five years)	-	-	5 companies 10 persons

OPERATIONAL SUPPORT FOR THE MUTUAL COOPERATION CENTER FOR FOOD SAFETY

The Mutual Cooperation Center for Food Safety, the first nonprofit food-safety-related corporation in Korea, supports both CJ CheilJedang's SME suppliers and general SMEs in the food industry regarding food safety. The Center provides education programs about food safety regulations as well as customized consulting service for receipt and renewal of the HACCP certification based on the result of on-site diagnosis. It supports SMEs by utilizing CJ CheilJedang's financial capacity, product-related technologies and human resources, raising the quality and safety standards of the domestic food industry and expanding business opportunities.

STRENGTHENED COMMUNICATION WITH SME SUPPLIERS

CJ CheilJedang has regular opportunities to communicate with its SME suppliers to share information, resolve grievances, and take proper actions for improvement.

WIN-WIN VOC

CJ CheilJedang runs a channel in the CJ Shared Growth Portal to address grievances and handle the requests of its SME suppliers. Registered VOCs are shared in the TFT meeting of the Shared Growth Committee and resolved swiftly through proper procedures by designated departments based on analysis.

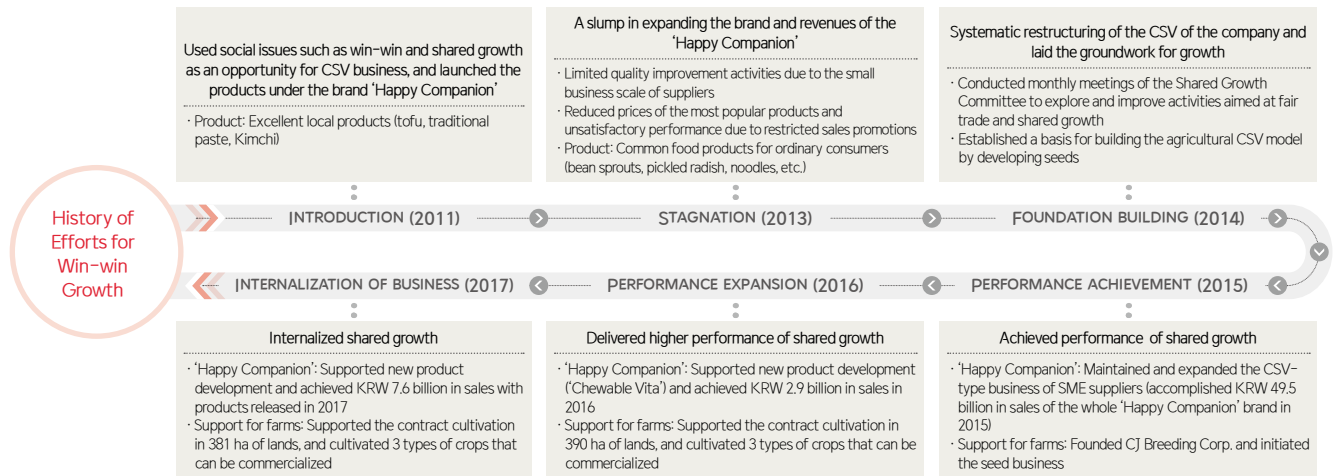
CJ PARTNERS CLUB

The CJ Partners Club is a committee comprised of CJ CheilJedang's purchasing executives and employees and its SME suppliers, which is aimed at building cooperative relationships in the supply chain and developing new technologies. In 2017, a total of 64 companies participated in the regular meetings to share performances and opinions of food raw materials, packaging and equipment. The Club hosts the CEO seminar and supports the year-end party in June and December, respectively, facilitating mutual communication. In June 2017, the staff from 64 exemplary SME suppliers attended the CEO seminar and the signboard distribution ceremony, solidifying their practical partnerships.

SHARED VALUE CREATION WITH SME SUPPLIERS AND FARMS

HISTORY OF CJ CHEILJEDANG'S EFFORTS FOR WIN-WIN GROWTH

CJ CheilJedang introduced 'Happy Companion' movement in 2011, designed to promote win-win with farms and SME suppliers and create shared values. This movement made various progresses through the support for farms in 2014 and internalization of shared growth in 2017. We have also organized a monthly meeting of the new product development committee to incorporate the brands of suppliers into the new food business development process. 'Happy Companion' and CJ Breeding Corp. are managed as key performance indicators (KPI) of the CEO, promoting the growth of the relevant business and maximizing the creation of shared growth with our SME suppliers and farms.



'HAPPY COMPANION' – BRAND OF SHARED GROWTH WITH SME SUPPLIERS

'Happy Companion' is one of CJ CheilJedang's key CSV activities. We find SME suppliers with strong competitiveness and support them with core capacity, helping them to achieve sustainable growth. We provide food safety capacity in the new product development process of selected companies and help them commercialize the outcome using CJ's distribution channels. We have incorporated the SME exploration and support process into our work process in the relevant business division, expanding activities with the Mutual Cooperation Center for Food Safety.

LAUNCH OF NEW PRODUCTS UNDER THE BRAND 'HAPPY COMPANION'

Backed by CJ CheilJedang and the Mutual Cooperation Center for Food Safety, various products such as chopped noodles, Kimchi, cabbage juice, and frozen pizza were commercialized in 2017. We examined the new product development plans submitted by 20 companies, selected a particular company, and supported its entry into the market. Even for those not selected, we provide a consulting service for food safety to strengthen their internal capacity.



New Products of the 'Happy Companion' Brand



CJ BREEDING CORP. – COMPETITIVENESS REINFORCEMENT IN AGRICULTURE

CJ Breeding Corp. is a professional seed company established by CJ CheilJedang to help farms address their issues regarding the low growth rate and aging population. Through cooperation between government, companies, and the agricultural industry, we hope to develop high-quality seeds, implement contract cultivation, develop global agri-food, and increase farm household income, thereby creating a win-win ecosystem in the industry.

COMMERCIALIZATION OF GOOD SEEDS

CJ Breeding Corp. is committed to developing seeds with outstanding functions to enhance the competitiveness of the Korean agricultural industry. Since 2014, the company has continued to develop seeds and added three new seeds in 2017, now totaling 12 varieties. These seeds are now utilized as raw materials for our major products. The commercialization of seeds will expand to contribute to an increase in farm household income.

CONTRACT CULTIVATION EXPANSION

CJ CheilJedang has continued the contract cultivation of raw materials to provide a stable source of demand for farmers and secure stable suppliers for the company at the same time. In 2017, we focused on the research of varieties to continuously expand win-win with farmers. We also built a stable foundation to secure and sell products by supplementing the capacity for the expansion of contract cultivation. In terms of beans and rice, we developed cultivation areas suitable for target varieties in response to changes in the natural environment and climate, and secured the market for developed varieties (Kimchi cabbage). In 2017, we implemented contract cultivation for seven varieties, and will foster win-win with farms and the expansion of contract cultivation.

REINFORCEMENT OF AGRICULTURAL PRODUCTION TRAINING

CJ CheilJedang conducted the agricultural production training program to deliver practical and professional knowledge and increase the efficiency of farming for those who cultivate 'CJ Happy Bean No. 1' under contract. We frequently visited farms and checked the growth and rearing status of beans, identified farmers' hardships, provided expert knowledge education to enable them to build stronger capacity, and held networking programs for farmers. A farmer was invited as a lecturer to let the participants share actual experiences from the farmland. We will expand the program by region and crop, which can help farmers in a practical way.

Key Support Programs for Agriculture

CATEGORY	DESCRIPTION	2015	2016	2017
Seed development	Contributes to increasing the potential of developing high-quality products in the future and creating social values through seed development	3 varieties	3 varieties	3 varieties
On-site training	Visit farms to provide collective and individual training programs annually or half-yearly in each region	360 hours	960 hours	1,920 hours
Contract cultivation	Secure the market for farms and stabilize sales	214 ha	390 ha	381 ha

PERFORMANCE OF COMMERCIALIZATION OF GOOD SEEDS

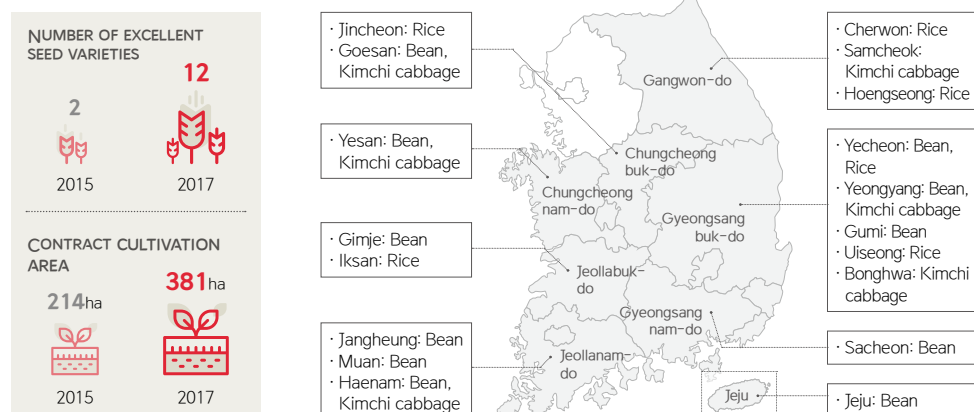
- 
CJ Happy Bean No. 1
→ Happy Soy Bean Sprout

- 
The Han No. 1 Cabbage
→ Bibigo Fermented Kimchi

- 
Big Bud Rice
→ Big Bud Rice Hetbahn

- 
Korean Seaweed Sea Breeze No. 1
→ Crispy Korean Seaweed

CJ's Win-win Partner Farms Map



FOCUS

5



CONTRIBUTION TO SUSTAINABLE SOCIAL DEVELOPMENT

WHERE THE IMPACT OCCUR

ISSUE	FINANCE	OPERATION	STRATEGY	REPUTATION
Development of products to enhance the health and well-being of target customers			•	
Strategic social contribution based on the characteristics of the company's business (e.g. food sharing)				•
Efforts to improve the nutritional balance of infants, children and elderly customers				•

FOCUS ISSUE REVIEW

Why this Topic

The independent growth of a company has slowed down as the competition between enterprises has intensified, while their relationships with various stakeholders has become complex. In this regard, global companies ensure their growth and sustainability by promoting harmonious growth with other members of society. In addition, there is a growing need for companies to support and communicate with local communities to grow together.

How We Manage

CJ CheilJedang recognizes that employees are the key players in fulfilling social responsibilities, and encourages their active participation in social contributions. The company also lays the groundwork for win-win growth with local communities through not only investment and donation, but also strategic sharing activities for various stakeholders including customers, local communities and underprivileged households in its scope of business.

2017 KEY PERFORMANCES

KPIs	2017 OUTCOME	2018 GOAL
Participation rate of employees in volunteer activities	85%	97%
Participation hours of volunteer activities per employee	8 hours/person	8 hours/person
Participation rate in donations	92%	97%

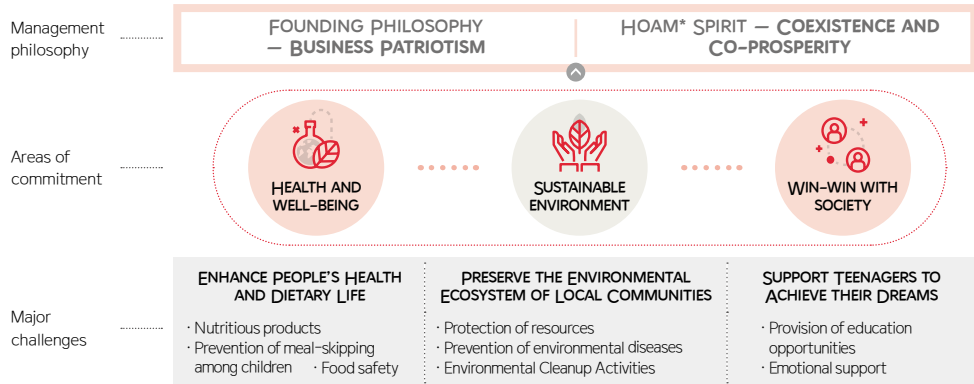
SOCIAL CONTRIBUTION STRATEGIES

CJ CheilJedang carries out a wide range of strategic social contribution activities to share what it has with local communities based on its shared values. In 1999, the company organized a social contribution department for the first time in the industry, and conducted relevant activities in the fields where CJ CheilJedang excels and upon which the company needs to focus. In 1998, the company first participated in the Food Bank project, and it has been engaged in various activities ranging from those using the characteristics of the company's business to those in which its stakeholders can participate together. The CJ Welfare Foundation was established in 2005 to support the dreams of children and teenagers from underprivileged households. In 2006, the CJ Cultural Foundation was organized to support the development of fostering talents for cultural development, and the foundation has initiated various sharing activities.

SOCIAL CONTRIBUTION AREAS

CJ CheilJedang carries out social contribution activities in the areas where the company excels and where continuous social interest is needed, to enhance people's health and dietary lives, preserve the environmental ecosystem of local communities, and help teenagers to achieve their dreams, thereby creating a harmonious society.

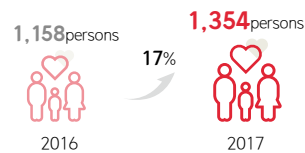
CJ CheilJedang's Social Contribution Agenda



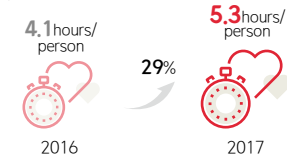
* Hoam: Pen name of Lee Byung-chul, founder and former Chairman

Participation of employees in the Volunteer Week Campaign

NUMBER OF PARTICIPANT EMPLOYEES



PARTICIPATION HOURS



Happiness Sharing Market

EMPLOYEE PARTICIPATING IN VOLUNTEER ACTIVITIES

CJ CheilJedang runs the volunteer activity club and carries out the Volunteer Week Campaign to encourage its employees to participate and provide them with a variety of opportunities for volunteer activities. These programs enable employees to not just do volunteer work but also develop their capacity. The participation rate reached 86% in 2017.

VOLUNTEER WEEK CAMPAIGN

CJ CheilJedang has a paid volunteer activity system to encourage its employees to participate in volunteer programs during working hours. We run the 'Volunteer Week' twice a year to provide employees who cannot easily participate in volunteer activities in daily life with opportunities to do volunteer work. During the Volunteer Week in 2017, a total of 1,354 employees participated in volunteer programs. The participation hours per employee were about 5.3 hours, a 29% increase from 2016.

HAPPINESS SHARING MARKET FOR THE UNPRIVILEGED

Every year, CJ CheilJedang conducts a volunteer program for new employees where they can learn the sharing philosophy of CJ Group and the significance of social contribution activities. In 2017, we held the 'Happiness Sharing Market' for the underprivileged in cooperation with volunteer centers in Jung-gu and Yangcheon-gu in Seoul, Incheon, and Ansan, where our business sites are located. Our new employees sold CJ CheilJedang's products at the market in each location, and donated the total profits amounting to KRW 10 million to each local volunteer center. We will continue supporting these social contribution activities to promote the values of win-win and sharing to local communities.

ENHANCE PEOPLE'S HEALTH AND DIETARY LIFE

CJ CheilJedang utilizes its core capacity in food safety and nutrition, providing meals to the vulnerable population and contributing to a healthy dietary life in order to improve the health of people in Korea.

PRODUCTS TO PROMOTE THE HEALTHY DIETARY LIFE

CJ CheilJedang develops and launches products for people's health and for rare-disease patients, fulfilling its social responsibility by utilizing the characteristics of its business. For instance, we have developed and sold 'Hetbahn Low-protein Rice' for patients who need to control the consumption of protein due to phenylketonuria, a congenital metabolic disease. We also released 'Allulose' for low calorie and low blood sugar level and 'BYO' for alleviating atopic allergy, striving to enhance people's health and nutritional balance.

FOOD SHARING ACTIVITIES FOR THE VULNERABLE POPULATION

FOOD SHARING IN COOPERATION WITH FOOD BANK

The Food Bank project is a major social contribution program that CJ CheilJedang has participated in for the past two decades. In 2017, we signed an MOU for spreading the sharing culture to systematize the program. This program operates with the participation of employees, where the amount of food to be donated to the Food Bank depends on the participation rate of employees. Our employees in 11 business sites across the country participated in this program, and the amount of donated food increased by over 10% in 2017. The gift package consists of daily necessities, such as Gochujang (red pepper paste), Doenjang (soybean paste), flour, sugar and cooking oil. In 2017, we donated 20,500 gift packages, each of which can be used by a family of four for three months.

BANCHAN(SIDE DISH) SHARING

One of our social contribution activities is aimed at making lunch boxes using our products and delivering them to the elderly who live alone. We made traditional holiday (Chuseok) food and preserved plum and lemon that are good for staying healthy in the summer and winter, and sent them to 900 senior citizens. We will continue such activities to share healthy food with the underprivileged in local communities, pursuing health and well-being as our shared values.

FOOD SAFETY CAPACITY-BUILDING ACTIVITIES FOR STAKEHOLDERS

FOOD SAFETY EDUCATION BY THE MUTUAL COOPERATION CENTER FOR FOOD SAFETY FOR HUMAN RESOURCE DEVELOPMENT

CJ CheilJedang carries out a new form of win-win activities with the Mutual Cooperation Center for Food Safety, the first food-safety-related non-profit corporation in the country. We provide customized consulting services and education programs on food safety regulations for suppliers as well as ordinary SMEs in the food industry. In 2017, 443 participants took the 16-week human resource education program for food safety. We also provided professional capacity education for employees, mindset training for executives and managers, and mentoring programs for college students.

KEY FIGURES OF FOOD SHARING



PRESERVE THE ENVIRONMENTAL ECOSYSTEM OF LOCAL COMMUNITIES

CJ CheilJedang conserves the environmental ecosystem of local communities through activities to protect resources and prevent environmental diseases.

ENVIRONMENTAL CLEANUP ACTIVITIES TO PROTECT LOCAL RESOURCES

CLEANUP ACTIVITIES AROUND BUSINESS SITES

CJ CheilJedang carries out cleaning activities in the system where one company or plant takes charge of one stream, mountain or beach near its business sites. This prevents environmental pollution around our business sites, including Gyeryong Mt. in Daejeon, Banya Mt. in Nonsan, Dadaepo Beach, and Anyang Stream, and increases awareness of environmental pollution among employees. A total of 533 employees participated in the cleaning activities in 2017, reaching 1,343 accumulated hours of participation.

CULTURAL HERITAGE CARER

Another activity aims to protect resources in Jung-gu, the district where CJ CheilJedang Center is located, with the participation of employees. ‘Cultural Heritage Carer’ is a program in which participants visit cultural properties around the company, including Gyeongbokgung, Changgyeonggung and Jeongneung, to rake up fallen leaves and clean old buildings. Our employees visit and clean up such places on Wednesdays, except in extremely hot or cold seasons, recognizing the excellence and preciousness of our cultural heritage.

‘CHEONGGYE ARTEE’

CJ CheilJedang was selected as a company to take care of Cheonggye Stream with the Seoul Facilities Corporation in 2017, so we participated in the ‘Cheonggye Artee’ program. This was designed to increase interaction and cooperation for social contribution activities, including environmental campaigns and management of landscape and environment. Our employees participated in this activity on a regular basis, cleaning places around Cheonggye Stream and planting autumn flowers.



Good-bye Atopy Camp

PREVENT ENVIRONMENT RELATED DISEASE

GOOD-BYE ATOPY CAMP

Since 2016, CJ CheilJedang has sponsored the Good-bye Atopy Camp, where preschool children who suffer from atopic dermatitis, a type of environmental disease, can participate with their family. In the Camp with the participation of over 40 households, the company provides BYO skin lactobacillus products, which were developed through the company’s sense of duty to give hope to children suffering from skin itchiness. The company also shares recipes with which customers can enjoy the products better. In addition, the experts who developed such products deliver lectures on atopy to provide accurate information and therapy tips, thereby helping atopic dermatitis patients to recover their health. With our products, we will continue to conduct and sponsor various activities for the long-term to help children with atopy and their families.

INTERVIEW

“I HOPE CJ CHEILJEDANG CONTINUE TO HAVE INTEREST AND SUPPORT FOR YOUNG PATIENTS WITH ATOPIC DERMATITIS.”



For those suffering from atopic dermatitis, environmental factors are important, but so is their diet. We are always careful about what we eat in daily life, but it is still useful that CJ CheilJedang, a company that has a thorough knowledge of food, provides accurate information about the disease as well as food. I hope the company can give more interest and support to young patients with atopic dermatitis and their families so that they can have hope.

Wu-seok Choi, a participant of Good-bye Atopy Camp

Secure Healthy Food and Leading Korea's Food Culture

Bio R&D to Move into the Global Arena

Protecting Environment through Responsible Consumption and Production

Develop a Win-win ecosystem through Shared Values

Contribution to Sustainable Social Development

SUPPORT TEENAGERS TO ACHIEVE THEIR DREAMS

CJ CheilJedang helps teenagers to achieve their dreams, based on the philosophy that the company must serve as a guide for youth to achieve their dreams.

CJ DONORS CAMP – PROVISION OF EDUCATIONAL OPPORTUNITIES AND EMOTIONAL SUPPORT

TRADITIONAL HOLIDAY (CHUSEOK) FOOD COOKING WITH COMMUNITY CHILDREN WELFARE CENTERS

Under the slogan of 'Equal opportunity & Healthy growth', we run the CJ Donors Camp to support community children welfare centers. In addition to simple donations, we are increasing opportunities to run programs where our employees and children meet each other. In 2017, we visited a community children's center to celebrate Chuseok, Korean Thanksgiving Day, and made traditional food with children. A total of 801 employees participated in this regular voluntary program, promoting the value of sharing.

VISITING WELFARE CENTER WITH KIMCHI

In December 2017, our 74 employees and the staff of the Embassy of India in Korea participated in the Kimchi-making volunteer program. It was a meaningful opportunity to introduce Korean culture to non-Koreans living in Korea and provide Kimchi and boiled pork slices to children from the community children welfare center.

CJ CHEILJEDANG'S TALENT SHARING GROUP

The talent sharing group that donates our employees' talents commenced in 2016 as a club activity in the company and developed further into a company-wide employee volunteer program in 2017. The programs conducted so far include 'Mural Art' for painting murals, 'Flo Art' for making flower boxes with donated flowers and sending them to local communities or providing the floriculture program to teenagers at alternative schools, and 'Photo Art' for taking pictures for the underprivileged who need pictures. We deliver the values of sharing and collaboration through these activities. We will continue to promote such programs that connect our employees' interests and talents to share our various talents with local communities.

METIER – LET'S TURN ON CAMPAIGN



The flavoring ingredient specialty brand Metier supports the underprivileged to achieve their common dream of becoming a barista. By inviting Mr. Mun-gon Kim, the owner of HUE Cafè, who was on tvN*'s program 'Little Big Hero', we conducted the new menu development consultations and special barista-training programs for adolescents who dropped out of school and are now working at HUE Cafè. The branch at Ogeum-dong is a café which operates to support such teenagers to stand on their feet, and this special lecture was conducted with talent donations by baristas of the company. Metier will carry out various activities to make a brighter world and more abundant future.

* tvN: A South Korean nationwide general entertainment network.





1 2 CJ Donors Camp – Traditional Holiday (Chuseok) Food Cooking 3 4 CJ Donors Camp – Visiting Volunteer Program for Kimchi-making

BEVERAGE MAKING WITH METIER PRODUCTS


→


'Metier Hibiscus Flavor Syrup'
Heart of Moana


→


'Metier Elderflower Flavor Syrup'
Fruit Flower Tea



STRUCTURE OF SUSTAINABILITY



-
- 60 Governance
 - 62 Integrity Management
 - 64 Risk Management
 - 68 Human Resources Management
-

GOVERNANCE

CJ CheilJedang has established a sound governance structure for sustainable growth. We post information about our governance in the sustainability report and business report, which are also provided on our website.

STATUS OF THE BOARD OF DIRECTORS (BOD)

BOD PERSONAL ORIGATION

CJ CheilJedang’s BOD is comprised of three internal directors and four external directors. The directors are guaranteed a 3-year term, and whether they retain their position after the initial term will be decided by an evaluation of their performance. There are three subcommittees under the BOD, including the Audit Committee, the External Director Candidate Recommendation Committee, and the Remuneration Committee, to help the BOD operate efficiently and assist the decision-making process with expertise.

Composition of the BOD

(As of March 2018, ● : Chair, ○ : Member)

CATEGORY	NAME	MAJOR CAREERS	APPOINTMENT DATE	SUBCOMMITTEES		
				AUDIT COMMITTEE	EXTERNAL DIRECTOR CANDIDATE RECOMMENDATION COMMITTEE	REMUNERATION COMMITTEE
Internal Directors	Kyung Shik Sohn	Chairman, CJ Corp	MAR 18, 2016			●
	Hyun-jae Shin	CEO of CJ CheilJedang Bio Business	MAR 24, 2017			○
	Shin-ho Kang	President of CJ CheilJedang Food Business	MAR 26, 2018			○
External Directors	Ki Su Lee	Emeritus professor, School of Law at Korea University	MAR 26, 2018	○	●	○
	Jeong Pyo Choi	Professor, Department of Economics, Konkuk University	MAR 18, 2016	○	○	○
	Kap Soon Kim	Vice Chairman, Deloitte Korea	MAR 18, 2016	●	○	○
	Yung Jue Bang	Professor, College of Medicine at Seoul National University	MAR 24, 2017	○	○	○

INDEPENDENCE CRITERIA FOR EXTERNAL DIRECTORS

(Article 382, Commercial Act)

* Where any outside director falls under any of the following subparagraphs, he/she shall be removed from office.

1. Directors, executive directors and employees who are engaged in the regular business of the relevant company, or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the past two years;
2. The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
3. Directors, auditors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation;
4. The spouses, lineal ascendants, and lineal descendants of directors, auditors and executive directors;
5. The directors, auditors, executive directors and employees of a parent company or a subsidiary company of the relevant company;
6. Directors, auditors, executive directors and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company;
7. Directors, auditors, executive directors and employees of another company for which directors, executive directors and employees of the relevant company serve as directors and executive directors.

BOD COMMITTEES

There are three subcommittees under the BOD, including the Audit Committee, the External Director Candidate Recommendation Committee, and the Remuneration Committee, each of which provides assistance to secure independence, transparency and fairness in the corporate governance.

AUDIT COMMITTEE | Ensures the legitimacy and transparency of accounting and independence from the management for accounting and work audits, asset investigation, and the appointment/replacement of external auditor(s)

EXTERNAL DIRECTOR CANDIDATE RECOMMENDATION COMMITTEE | Recommends qualified candidates for the position of new external directors in accordance with laws, the Articles of Association, and the rules of the BOD and ensures independence by organizing the committee with only external directors

REMUNERATION COMMITTEE | Ensures fairness in the performance index assessment for the adequate remuneration system for executives and the payment of long-term incentives

INDEPENDENCE AND EXPERTISE OF THE BOD

Directors are appointed by the company’s regular General Meeting. The BOD and the External Director Candidate Recommendation Committee selects candidates first and decides the issue as a bill to submit to the General Meeting. The External Director Candidate Recommendation Committee is comprised of four external directors so that a majority of the Committee consists of external directors. External directors can hold the office of a director at only one other company except for CJ CheilJedang in accordance with the Commercial Act. They are appointed based on a comprehensive analysis of their expertise and experience in various fields to enhance the expertise of our external directors. They monitor and check the specific field of the overall business management.

BOD OPERATION

BOD ACTIVITIES

The BOD meeting is held on a regular basis according to the annual operation plan, while temporary meetings can be conducted if necessary. In 2017, a total of 9 BOD meetings were carried out to discuss 21 agendas, including approval for 10th-period financial statements and business report and the amendment of the rules for directors. The BOD achieved high operational performance with the attendance rate of external directors reaching 94.5% in this period. Major decisions made by the BOD and its subcommittees and the attendance status are disclosed in the business report and on our website to provide information on the BOD operation in a transparent way.

BOD Operation in detail

CATEGORY	UNIT	2015	2016	2017
Total BOD meetings	Number	8	8	9
Discussed agendas	Case	18	18	21
Internal director attendance	%	66.7	70.8	85.2
External director attendance	%	96.9	96.9	94.5

DECISION-MAKING SYSTEM OF THE BOD

The Chair of the BOD is assigned to an internal director. The BOD members share agendas to be discussed and relevant issues before the meeting to conduct in-depth examination of the agendas in advance. All directors have equal rights to present suggestions, thereby preventing one-sided suggestions and securing an objective decision-making process. The BOD identifies major contemporary issues through active communication with stakeholders through internal and external communication channels, and fulfills its responsibilities as the facilitator of the company.

BOD EVALUATION AND REMUNERATION

BOD EVALUATION

Activities of external directors are evaluated by a fair method based on individual performance, and the result is used to decide the remuneration level and reappointment. The BOD designs the remuneration policy for the management to conform to the long-term interests of shareholders, and discloses the policy to the public. The assessment of the management and executive directors is conducted in accordance with the objective and comprehensive criteria based on the quantitative measurement (sales, business profits, etc.) and qualitative measurement (leadership, core capacity level, CSV activities, other contributions to the company, etc.).

BOD REMUNERATION

The following data illustrates the remuneration for the BOD of CJ CheilJedang in 2017, decided based on the evaluation of the BOD.

Remuneration for the BOD in 2017

CATEGORY	UNIT	INTERNAL DIRECTORS	EXTERNAL DIRECTORS*	TOTAL
Number of directors	Person	3	4	7
Total remuneration	KRW million	5,969	220	6,190
Average remuneration per director	KRW million	1,990	55	884

* All four external directors are also members of the Audit Committee.

INTEGRITY MANAGEMENT

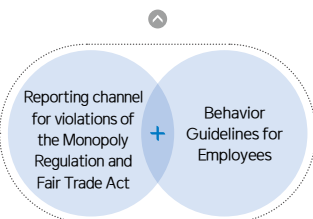
CJ CheilJedang has established and implemented the Integrity Management System, highlighting 'integrity', one of the shared values of the management philosophy of CJ Group.

INTEGRITY-BASED MANAGEMENT

INTEGRITY MANAGEMENT SYSTEM

The Integrity Management System operates based on observance of the Fair Trade Act and the Code of Conduct for employees. All employees make decisions in the work process based on integrity management principles, creating a transparent and sound management environment.

Integrity Management Implementation System



- External reporting: Cyber Audit Center
- Internal reporting: Whistle System

CODE OF ETHICS

Across all business sites, subsidiaries and overseas branches, CJ CheilJedang implements the 'CJ CheilJedang Code of Ethics', which serves as the standard for decision making and behaviors of all employees based on the founding philosophy of supporting customers, shareholders and employees and contributing to the country and society. The guidelines of the Code of Ethics are shared in eight languages, increasing the comprehension of the Code of Ethics among employees and suppliers around the world.

INTEGRITY MANAGEMENT EVALUATION

GUIDELINES FOR FAIR TRANSACTIONS WITH SUBCONTRACTORS

To prevent potential violations in the purchasing work process and to promote a sense of ethics, we produced and distributed the guidebook, in cooperation with the purchasing department, regarding the Purchasing Code of Conduct and considerations in the subcontracting process.

INTEGRITY MANAGEMENT CHECKLIST

There is growing social attention to unfair transactions with agencies. We made a checklist of potential unfair behaviors in transactions with agencies and subcontractors, so that the employee in charge can check potential unfair behaviors in advance.

MANAGEMENT DIAGNOSIS OF BUSINESS SITES

CJ CheilJedang conducts a management diagnosis for domestic and overseas business sites to check the current conditions and find improvement measures. For overseas business sites, we use the essential diagnosis list with 494 items to check the management level of the relevant business site and give marks to come up with challenges for improvement. For domestic business sites, we carry out an on-site diagnosis focusing on six production facilities and operating facilities to improve the process in question.

SPREADING OF INTEGRITY MANAGEMENT

INTEGRITY MANAGEMENT COMMUNICATION

CJ CheilJedang has a wide range of channels to spread Integrity Management to employees, customers, SME suppliers, and other external stakeholders. We run the reporting channels, including the Cyber Audit Center and Global Whistle System, to collect reports on unfair work processes, unjust requests, and corruption related to our employees. Collected reports are shared across the company through the Integrity Letter to facilitate the spread of Integrity Management.

Integrity Management Communication Channels

REPORTING CHANNELS		SHARING CHANNEL
CYBER AUDIT CENTER <ul style="list-style-type: none"> Report unfair work processes, unjust requests abusing authority, and corruption cases related to our employees Collect reports by one's real name which is strictly protected 	GLOBAL WHISTLE SYSTEM <ul style="list-style-type: none"> The reporting system of the audit team of CJ Group, with the expanded scope of operation across all countries with our corporations (reports available in 8 languages) Collect reports by one's real name or anonymously, which is not open to the public 	INTEGRITY LETTER 'CREATING A HEALTHY CJ' <ul style="list-style-type: none"> Issue a monthly or biweekly newsletter about corruption cases and provide behavior guidelines for employees Issue the newsletter to domestic and overseas business sites (Korea, China, Indonesia, Vietnam, Philippines, the U.S., Europe)

INTEGRITY MANAGEMENT EDUCATION

CJ CheilJedang conducts a company-wide education program for employees on ethics, prohibition on unjust requests, and copyright, thereby creating a transparent management environment. In particular, our education programs customized for each occupational group and duty, aimed at preventing corruption, have proved their effectiveness for integrity education. We also organized an educational program for employees of relevant departments on the Improper Solicitation and Graft Act, enacted in 2016, expanding the scope further.

Integrity Management Education in Detail

CATEGORY	TARGET	CONTENTS	NUMBER OF TRAINEES (PERSON)		
			2015	2016	2017
Integrity education (online)	All employees	<ul style="list-style-type: none"> Integrity education for all employees to prevent corruption Share corruption cases for prevention 	4,490	4,818	5,718
Integrity education* (offline)			-	-	7,600
Improper Solicitation and Graft Act**	All business divisions, Business Management Administration	<ul style="list-style-type: none"> Education for behavior guidelines in accordance with the Improper Solicitation and Graft Act 	-	347	278
Fair transactions and contracts	Employees in charge of purchasing, suppliers management, large-scale distributor management, heads of branches, etc.	<ul style="list-style-type: none"> Education regarding laws and regulations, including the Fair Agency Transactions Act, the Monopoly Regulation and Fair Trade Act, the Fair Transactions in Subcontracting Act, and the Act on Fair Transactions in Large Franchise and Retail Business 	200	280	560
Copyright	Employees in charge of the design center, marketing and product development	<ul style="list-style-type: none"> Education about legal grounds for the use of characters, cases and photographs in product design 	30	50	26
Law-abiding***	Employees of relevant departments	<ul style="list-style-type: none"> Education on the Foreign Exchange Transactions Act 	-	-	82

* Opened in 2017, including subsidiaries

** Opened in 2016

*** Opened in 2017

RISK MANAGEMENT

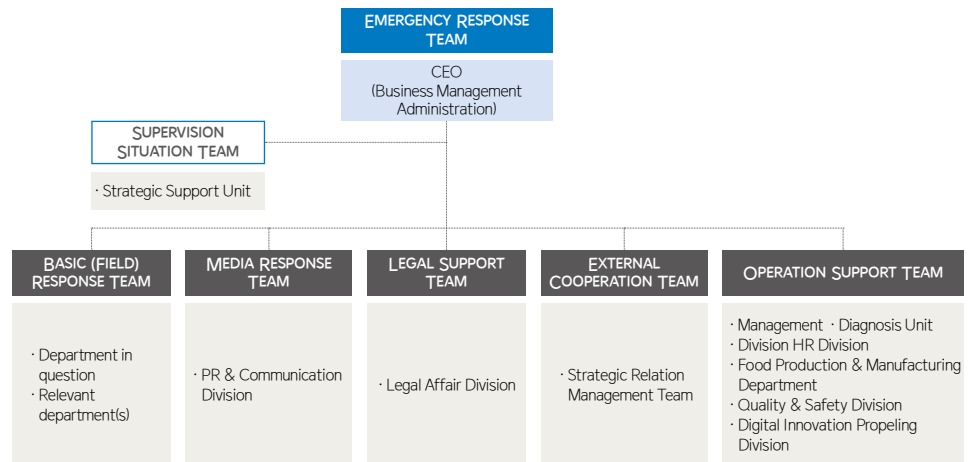
CJ CheilJedang recognizes and manages risks that may arise in the overall process of management in a systematic way. In the case of risk occurrence, we take the correct actions for each situation through swift reporting and response.

REINFORCEMENT OF COMPANY-WIDE RISK MANAGEMENT

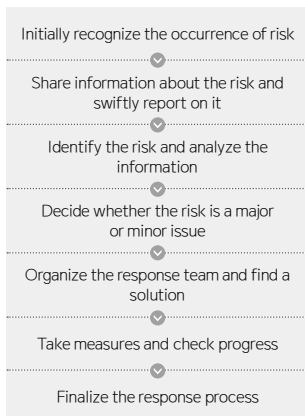
RISK MANAGEMENT SYSTEM

All risks are examined from four aspects—damage to human resources, violation of regulations, financial loss, and damage to reputation—and are shared and reported to the management and relevant departments. Each risk is classified into one of three levels from R1 to R3, and the report should be made within 24 hours from initial recognition under the quick reporting system and emergency response team system. R1 risk should be reported to the CEO to take swift action and response measures.

Emergency Response Team System



Company-wide Risk Response Process



COMPANY-WIDE RISK MANAGEMENT RULES

CJ CheilJedang defines department-specific risks associated with management activities, products and services in accordance with company-wide risk management rules. We also have an integrated risk management process to prevent any confusion and delay in the reporting system upon the occurrence of risk. Through an efficient response made by the relevant department, we minimize damage caused by risks.

RISK RESPONSE PROCESS

CJ CheilJedang quickly shares and reports the occurrence of risks to the department in charge of countermeasures so that the department can identify the risk. In terms of major risks*, we organize the emergency response team to come up with countermeasures, check the current response status, and take proper actions. The department in charge of countermeasures conducts a post-evaluation and manages the history to prevent the occurrence and recurrence of risks, while reorganizing the risk response process. We also carry out a half-yearly mock training program for risk response, for quick reporting and emergency response team organization with proper countermeasures.

* Major risks: Risks with a significant impact on CJ CheilJedang, among R1 and R2 risks.

DEFINITION AND MANAGEMENT OF CORE RISKS

FINANCIAL RISKS

CJ CheilJedang identifies and controls major financial risks to manage their impact on the company. We established the management system for risks of foreign exchange and interest rates to proactively respond to market changes, while monitoring the global grain prices, minimizing financial risks that can be caused by changes in demand and supply.

Definition and Management of Financial Risks

	DEFINITION AND IMPACT	DEPARTMENT IN CHARGE	MANAGEMENT POLICY
Foreign exchange risk	It refers to a risk of potential loss to the company due to foreign exchange fluctuations. We minimize subsequent uncertainty and changes in profit and loss, maximizing the value of the company.	Finance Unit	<ul style="list-style-type: none"> Reduce exchange exposure through matching first to alleviate foreign exchange risks Hedge the rest of exposure by using forward exchange in accordance with internal foreign exchange management rules Prohibit foreign exchange management for the purpose of speculation
Interest rate risk	It indicates a risk arising when the interest rate changes unfavorably to the financial condition of the company. We minimize the subsequent uncertainty and net interest cost, maximizing the value of the company.		<ul style="list-style-type: none"> Expand internal fund sharing to minimize external loans Reduce loan capital at a high interest rate Improve the short- and long-term loan structure Monitor domestic and overseas interest rates and design countermeasures
Global grain price change risk	It refers to a risk caused by changes in demand and supply, including the production volume of grains and market price. This risk causes a decrease in demand and sales, while increasing the cost.	Grain business department	<ul style="list-style-type: none"> Frequently monitor the global grain market conditions Conduct R&D on alternative materials Hedge some risks by using commodity futures and option transactions

NON-FINANCIAL RISKS

Social and environmental risks have a significant influence on the sustainable growth of a company, and require preemptive measures like financial risks. We focus on managing environmental risks regarding climate change and water resources, and quickly respond to such risks with the management organization in charge.

Definition and Management of Non-financial Risks

	DEFINITION AND IMPACT	DEPARTMENT IN CHARGE	MANAGEMENT POLICY
Climate change response risks	The continued increase in production and subsequent GHG emissions raise the significance of addressing environmental issues. This trend causes the lack of carbon emissions credit and affects the environment inside and outside the company.	Food Production Department	<ul style="list-style-type: none"> Upgrade the management system based on the roadmap for climate change and energy management Introduce new and renewable energy successfully to secure measures and technologies to reduce GHG emissions
Water resource risk	The number of regions with a prolonged lack of drinking water is on the rise due to rapid industrialization, large-scale development, global warming, and the subsequent heavy rains and droughts. This trend makes water resource a significant global environmental issue.		<ul style="list-style-type: none"> Analyze risks that our business sites can encounter in countries with water stress Strengthen the water resource management system

RISK MANAGEMENT

EMERGING RISKS

CJ CheilJedang identifies emerging risks that are expected to have the most important influence on its future business. Our management organization analyzes them thoroughly to minimize their impact.

Definition and Management of Emerging Risks

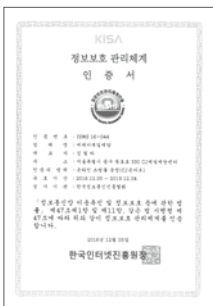
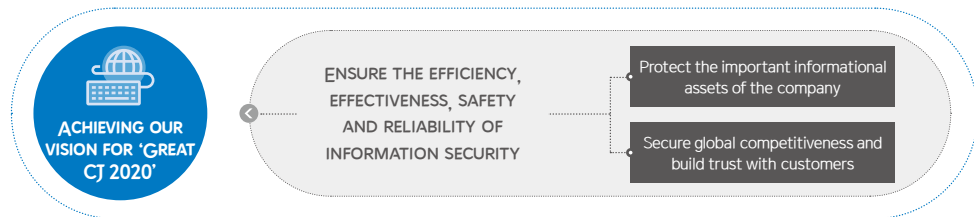
	DEFINITION AND IMPACT	DEPARTMENT IN CHARGE	MANAGEMENT POLICY
Changes in the population structure	The recent changes in population, such as a growing number of single-person households and female workers, affect the overall food business. We should launch products with customer needs applied based on such trends.	Brand Strategy Team	<ul style="list-style-type: none"> Develop new HMR products considering the health and convenience of customers Implement strategies to make premium HMR products
Food (meat) regulations in emerging countries and gap in local demand	There is a gap between the meat regulations and the actual demand of consumers in emerging countries. We need to minimize the impact on our Feed & Livestock business by securing a logistics infrastructure and distribution network.	Feed & Livestock Business Division	<ul style="list-style-type: none"> Develop innovative-technology-based products and increase capacity Secure infrastructure to produce various products in overseas subsidiaries in seven countries Launch products using new technologies

INFORMATION SECURITY RISK MANAGEMENT

INFORMATION SECURITY MANAGEMENT SYSTEM

CJ CheilJedang's information security activities enable us to protect important information assets of the company, including customer data, and build global competitiveness and trust with customers. Our information security management system operates for the purpose of ensuring efficiency, effectiveness, safety and reliability of information security. We also have a system for powerful information security with staff in charge of the overall company and each specific business division. In addition, we organized the information protection committee and TFT meetings to prevent relevant risks.

Information Security Management System



ISMS Certification

INFORMATION PROTECTION MANAGEMENT SYSTEM CERTIFICATION

CJ ON Mart is subject to receive ISMS Certification* since its sales exceeded KRW 10 billion in 2016. We obtained initial certification in 2016 and retained it in 2017 with our own information security capacity. We will maintain certification through the post-screening process.

* ISMS (Information Security Management System) Certification: A certification system in which the national certification agency KISA guarantees that the subject company or organization manages its information, personal information and infrastructure assets in a safe and reliable way.

TAX RISK MANAGEMENT

TAX POLICY

CJ CheilJedang recognizes that it is crucial to observe tax regulations and systems and proactively manage relevant risks to contribute to national finance, secure benefits for customers, and maximize profits for shareholders. We have set the standards and procedures for transparent tax payment and risk management, abiding by relevant laws and regulations and operating a transparent tax policy.

TAX RISK MANAGEMENT

CJ CheilJedang prevents tax-related risks in all business transactions as much as possible. We have established a tax policy and rules and applied the latest tax law immediately. The data of decision making for tax filing, documentary evidence and other tax-related issues are stored in the format of documents. This shows that we put a priority on compliance in the management of various tax-related risks. We also run a regular tax employee meeting between groups to share relevant cases and apply the results to the internal rules. Upon the occurrence of tax risks, we accept the opinions of experts and take proper actions.

TAX RISK MANAGEMENT PROCESS

CJ CheilJedang has an internal assessment process to deal with tax risks in advance, reducing uncertainty due to the diversified tax laws and systems in overseas markets and the upgraded management system of tax information. We closely communicate with tax authorities to forecast risks.

FULFILLMENT OF TAX OBLIGATIONS

CJ CheilJedang conducts its business in many countries including Korea, the U.S., China, Vietnam and Indonesia, and sincerely fulfills the duty of tax payment, including corporate tax, in accordance with local tax laws.

Corporate tax in each country in 2017*

CATEGORY	UNIT	PRE-TAX PROFIT			AFTER-TAX PROFIT		
		2016	2017	GAP	2016	2017	GAP
Korea		4,052	4,700	648	899	1,020	121
Indonesia		607	559	-48	178	169	-9
United States		166	285	119	57	116	60
China	KRW 100 million	372	712	340	142	127	-15
Vietnam		205	-314	-518	23	43	20
Others		384	-205	-589	52	65	13
Total		5,785	5,737	-48	1,351	1,540	190

* The category of corporate tax in each overseas business site includes the logistics business figure. The figure indicates the aggregate data of pre-tax profit and corporate tax provided in the individual report of each local subsidiary, so it is different from the total pre-tax profit and corporate tax in CJ CheilJedang's business report.

Tax Risk Management Process

EARLY DETECTION OF RISKS

- Explore and recognize risks: Analyze external economic conditions and management environment
- Set the scenario by risk: Examine the relevance between the potential of risk and the company or organization in question



UPON THE OCCURRENCE OF RISKS

- Impact analysis: Analyze the financial/non-financial impact of the risk on the company
- Countermeasure: Set countermeasures and actions for each core risk
- Monitoring: Observe the occurrence of risks through regular monitoring activities

HUMAN RESOURCES MANAGEMENT

CJ CheilJedang explores and nurtures promising global talent to transform the company into a youthful organization full of vitality and to prepare for growth as a global company.

RESPECT HUMAN RIGHTS AND DIVERSITY

PROTECT HUMAN RIGHTS

CJ CheilJedang joined UNGC (UN Global Compact) in May 2014 and has voluntarily observed the ten principles in four major categories—human rights, labor, environment, and anti-corruption. We are fulfilling our social responsibilities that conform to international standards, while preventing unfair treatment or discrimination due to nationality, race, sex or education background. We also enacted the declaration of human rights to announce our willingness to protect human rights. Moreover, we encourage our employees to join the efforts to protect human rights across the company through essential education programs on integrity as well as sexual violence prevention, safety and fair trade. In addition to the establishment of the Code of Conduct for Suppliers, we published guidelines (for ethical and human-rights-based management), while providing training programs and carrying out self-diagnosis for suppliers, thereby protecting human rights even in the supply chain.

RESPECT FOR DIVERSITY

CJ CheilJedang respects the diversity of its employees based on the employment of the vulnerable population and global recruitment. In 2017, we hired 61 employees with disabilities, 42 veterans, 328 high school graduates, and 13 global talents, fulfilling our social responsibilities. In the same year, the ratio of female managers was 15.8%, which is on the rise. We will increase the ratio further, taking the initiative of developing competent female talent.

TALENT DEVELOPMENT AND CULTIVATION

TALENT RECRUITMENT

CJ CheilJedang puts individual capacity first in the recruitment process, selecting talent through fair and equal opportunities. We hold an online recruitment fair on YouTube, MCN (Multi-Channel Network) channel (DIA TV*) and Facebook Live to provide customized information. Further, we have interactive communication with applicants in a variety of ways, including through 'CJ Culture Recipe', 'Outdoor Mentoring', and 'Job Gourmet'.

* DIA TV: A leading network for online content producers in Korea.

TALENT CULTIVATION

CJ CheilJedang provides opportunities to all employees from junior associates to group leaders. New employees are provided with a basic training program, and group leaders with leadership training programs. We help them to upgrade their practical job skills, enabling them to gain expert knowledge through exemplary cases. To achieve our vision for 'Great CJ 2020' and 'World Best CJ 2030', we proactively hire and cultivate employees with high goals and vision and global capacity.

Global Talent Cultivation Programs

CATEGORY	DESCRIPTION	TRAINEES IN 2017
Global Voyage	Overseas training for new group leaders in major countries where our business sites are located	247 persons
Global Knock	Support for employees who design and put into practice their own overseas training plans and global job training/experience plans	3 persons
Global Expert	Program for research into unexplored countries and regions	6 persons
Others	Intensive language course and specific training course for those dispatched to overseas markets	8 persons

**CJ's
MODEL OF
TALENTED
EMPLOYEE**



HONEST, ENTHUSIASTIC AND CREATIVE TALENT

- Talented employees with good behavior and willingness
- Talented employees who do their best

TALENTED EMPLOYEES WHO RESPECT CULTURAL DIVERSITY

- Talent with global capacity
- Talented employees with language skills and global mindset required in the global market
- Talented employees who respect cultural diversity

TALENT WITH EXPERTISE

- Talented employees with core capacity and outstanding competitiveness in their field
- Talented employees who keep up with trends in the business sector in which they are engaged, and who keep learning

PERFORMANCE EVALUATION AND COMPENSATION

CJ CheilJedang operates a performance-oriented HR system to evaluate the performance of employees and grant compensation depending on individual performance and capacity. We conduct objective evaluations by setting a clear management target for each employee and supporting them to accomplish goals in a stable way through continued communication between team leaders and employees. We also have various incentive systems for each company and job, motivating them to achieve the target performance.

CORPORATE CULTURE

COMMUNICATION CHANNELS FOR EMPLOYEES

CJ CheilJedang operates an 'Open Council', a labor-management council at each region and business site. We hold quarterly meetings and temporary meetings if necessary, setting the direction for mutual cooperation between labor and management. We provide various programs to enhance the welfare of employees and boost their morale. We have adopted open communication between management and employees, particularly through improvement activities regarding 12 agendas in 2017. CJ CheilJedang also operates grievance redressal programs in a variety of formats, quickly handling complaints of our employees. The members of the grievance redressal committee are selected from the members of the Open Council, whose identity is confidential.

WORK AND LIFE BALANCE

Recognizing that the performance of the company comes from the satisfaction of employees, CJ CheilJedang creates a working environment that enables employees to keep a balance between work and life. We provide them with sufficient opportunities to get enough rest and develop their talent through the flexible time system and the creativity leave system. We also operate a counseling service for employees to manage their stress and tiredness from work and personal affairs, providing family and career counseling to check their mental health and suggest solutions.

FAMILY-FRIENDLY MANAGEMENT

CJ CheilJedang has various support programs as part of family-friendly management. In 2017, we strengthened child care support and expanded assistance to alleviate our employees' burden of pregnancy and child rearing and to create an environment for them to focus on work. As part of a wide range of family-friendly programs, we operate child care centers at work, carry out events to invite children of employees, and provide pregnant employees with electromagnetic wave shielding blankets and nutritional supplements ('Mom-Cheil Program').

Expanded Support for Pregnancy and Child Rearing

CATEGORY	DETAILS	BEFORE EXPANSION	AFTER EXPANSION
Days off on the date of entrance ceremony of their children	Give employees days off before and after the date of elementary school entrance ceremony of their children	N/A	4 weeks (2 weeks paid and 2 weeks unpaid)
Paternity leave	Give employees days off when their spouse gives birth	3 days paid, 2 days unpaid	2 weeks paid
Reduced working hours for taking care of children in emergency	Operate this system with the approval of the head of department when any urgent issue occurs for their children	N/A	Reduce the daily working hours by 2 hours
Reduced working hours during the risky stage of pregnancy	Use the system between the 12th week and the 36th week of pregnancy (time needed can be decided for a period less than 8 weeks)	Working hours reduced by 2 hours for 8 weeks (high-risk period, until the 12th week and after the 36th week of pregnancy)	Working hours reduced by 2 hours for 16 weeks (8 weeks during the high-risk period plus another 8 weeks as selected)

Welfare Programs

Flexible Time System	Adjust the time to come to work and leave the office individually to efficiently focus on work
Creativity Leave	Give two-week mandatory leave for all employees every five years; advise them to use this opportunity to develop their talent and refresh themselves

Employee Satisfaction Level Survey (the result of corporate culture diagnosis)

(Unit: point)

2015	80.3
2016	78.4
2017	79.5



Family-friendliness Certification*

* Family-friendliness certification: A system to grant certification to a company that exhibits good practices of family-friendly programs by supporting childbirth and child rearing, providing a flexible working system, and creating a family-friendly corporate culture.

HUMAN RESOURCES MANAGEMENT

SAFETY & HEALTH MANAGEMENT SYSTEM FOR EMPLOYEES

CJ CheilJedang's Environmental Safety & Health Management Principles

WE CREATE THE ONLYONE SAFETY-FIRST CULTURE WITH A PRIORITY ON THE SAFETY OF LOCAL COMMUNITIES AND EMPLOYEES IN THE MANAGEMENT ACTIVITIES.

1. We put environmental safety and health first in all management activities, and operate it in harmony with other management activities.
2. We abide by laws and regulations and apply standards that are stricter than relevant regulations to secure safety.
3. We thoroughly control internal and external risks through systematic exploration and improvement activities regarding potential risk factors.
4. We stabilize the accident prevention system by implementing the stringent advanced safety assessment system.
5. We fulfill our responsibilities for environmental safety and health required for sustainability management in global business.

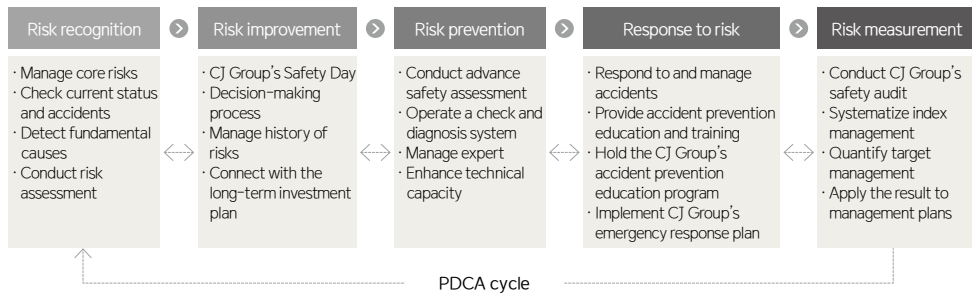
ENVIRONMENTAL SAFETY & HEALTH MANAGEMENT

CJ CheilJedang prevents safety risks and creates healthy working spaces within the thorough safety management system. We also operate the department in charge of safety management and make investments to deal with risk factors as part of safety and health management.

SAFETY OPERATIONS SYSTEM

CJ CheilJedang applies preemptive measures in response to safety risks across the company, and minimizes damage with the safety management system. With the PDCA (Plan-Do-Check-Action) cycle, we manage risks in five stages from risk recognition, to response and measurement. In 2017, we improved risk management by holding 'CJ Group's Safety Day' event, in which executive directors visited business sites in person and conducted safety inspections, disseminating the safety management culture across the company.

Safety Management System

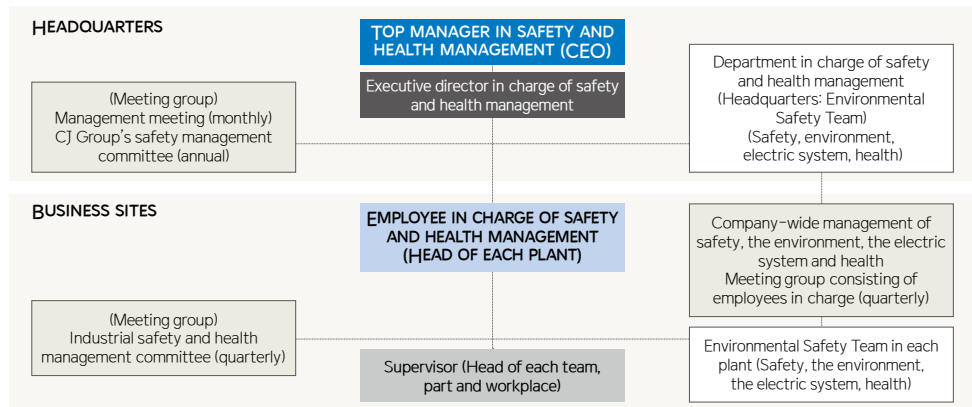


'CJ Group's Safety Day', Geun-young Kim (Head of Food Production & Manufacturing Department)

SAFETY MANAGEMENT ORGANIZATION

CJ CheilJedang organized the safety management organization by dispatching experts in the fields of environment, safety, electric system and health to headquarters and all domestic business sites. The organization enhances capacity and implements the advanced policy through regular committee meetings between the headquarters and business sites. We plan to organize the same organization at our overseas business sites.

Organizational Chart of CJ CheilJedang's Safety Management System



'CJ Group's Safety Day', Hyun-jae Shin (CEO, Head of Bio Business Division)

SAFETY MANAGEMENT SYSTEM

CJ CheilJedang employs CJ Group's SHE (Safety, Health, Environment) operation system as the basic operation system of the company. In domestic business sites with 100 or more employees, we operate and apply a thorough emergency management system with the certification of KOSHA18001* system (Incheon Plant 2) and BCMS (ISO22301). In our overseas business sites, we conduct the half-yearly safety management diagnosis and provide technical support to enhance the safety management level. We also invite employees in charge of safety at each overseas business site to the annual training program in Korea, giving them opportunities to exchange cultures and improve their job skills.

* KOSHA 18001: An autonomous safety and health system aimed at preventing accidents and losses by the company in a systematic way.

RISK INVESTMENT

CJ CheilJedang continues to address any weakness in the environmental safety infrastructure in business sites, protecting the life of employees and tackling legal issues. Through this, we create business sites with advanced management corresponding to our reputation as a global leading company, by designing and implementing annual risk investment plans.

EDUCATION AND TRAINING FOR SAFETY AND HEALTH CARE

CJ CheilJedang instills a sense of safety in its employees through the systematic safety and health education system, thereby preventing potential risks.



KOSHA 18001 Certification



BCMS Certification

Mandatory Annual Training Programs for Safety and Health Care

CATEGORY	TARGET	CYCLE	DESCRIPTION
Fire drill	All business sites	Half-yearly or more	· Joint drill of the internal firefighting group and public offices with a real situation setting
	PSM-related process	Quarterly or more frequently	· Firefighting against PSM substances – evacuation, firefighting, recovery
Leakage of harmful substances	Relevant business site	Half-yearly or more	· Joint drill of the internal accident prevention group and public offices with a real situation setting
	PSM-related process	Quarterly or more	· Training against leakage of PSM substances – evacuation and recovery
Emergency evacuation	All business sites	Annually or more frequently	· Prevention of damage to human life with training against the leakage of harmful substances · Evacuation training for visiting workers
Leakage of high-pressure gas	All business sites	Annually or more frequently	· Training against the leakage of Freon gas from the Freon freezer
Rescue in enclosed spaces	All business sites	Half-yearly or more frequently	· Rescue training for suffocation accidents during work in enclosed spaces

HEALTH CARE PROGRAM FOR EMPLOYEES

CJ CheilJedang provides various programs to enhance both physical and mental health of employees.

Health Care Support Programs

CATEGORY	DESCRIPTION
Health checkup	· Conduct an annual health checkup to promote the health of employees
Medical expense	· Support partial medical expenses to treat disease and injuries of employees, alleviating the burden on household budgets and helping the employee get back to work quickly
Gym	· Operate a gym within the company building and provide exercise programs and trainers for the health management of employees
Psychological counseling center	· Support employees to get psychological counseling about their work-related or personal affairs at counseling centers across the nation, helping them address their problems and creating a pleasant working environment
Cardiovascular/ cerebrovascular disease management	· Conduct regular blood tests for those in the intermediate and high-risk groups of cardiovascular/ cerebrovascular diseases, and provide education and counseling service · Operate programs for blood pressure management, diet control, exercise, and quitting smoking
Management of stress from heavy workloads	· Conduct a regular heavy workload stress assessment targeting all employees every other year · Provide intensive counseling services to those in the intermediate and high-risk groups and carry out additional depression tests

Education and Training for Safety and Health Management

SAFETY EDUCATION BEFORE WORK

- Conduct 5-10-minute safety education before starting work
- Use the result of risk assessment of the relevant process as training materials, and implement all risk factors (quarterly)

REGULAR SAFETY EDUCATION

- Carry out quarterly collective safety education under the leadership of the safety employee of the relevant business site
- Support the regular safety education of suppliers

EDUCATION FOR SUPERVISORS

- Provide supervisors with regular collective safety education under the leadership of the safety employee of the relevant business site
- Operate a separate education course for supervisors

SAFETY EDUCATION FOR NEW AND TRANSFERRED EMPLOYEES

- Make employees complete the legal education hours before being dispatched to the plant

APPENDIX

- 73 Financial Information
- 74 ESG DATA
- 79 GRI Content Index
- 82 Independent Assurance Statement



FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SUBJECT	UNIT	2015	2016	2017
REVENUE(SALES)	KRW 1,000	12,924,472,295	14,563,257,246	16,477,174,023
COST OF SALES	KRW 1,000	10,038,444,150	11,275,152,096	12,922,488,246
GROSS PROFIT	KRW 1,000	2,886,028,145	3,288,105,150	3,554,685,777
SELLING GENERAL ADMINISTRATIVE EXPENSES	KRW 1,000	2,134,614,325	2,444,466,966	2,778,110,536
OPERATING PROFIT (LOSS)	KRW 1,000	751,413,820	843,638,184	776,575,241
OTHER INCOME	KRW 1,000	96,798,258	153,546,230	90,795,347
OTHER LOSS	KRW 1,000	241,336,710	257,617,821	345,193,748
FINANCE INCOME	KRW 1,000	210,782,026	212,719,961	535,861,443
FINANCE COST	KRW 1,000	474,173,654	424,861,509	469,101,848
INCOME OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	KRW 1,000	21,326,093	957,357	(4,607,686)
PROFIT (LOSS) BEFORE TAX	KRW 1,000	364,809,833	528,382,402	584,328,749
INCOME TAX EXPENSE	KRW 1,000	111,143,071	174,833,653	171,531,006
PROFIT (LOSS)	KRW 1,000	253,666,762	353,548,750	412,797,743
OTHER COMPREHENSIVE INCOME	KRW 1,000	(11,671,804)	30,217,195	(465,141,292)
TOTAL COMPREHENSIVE INCOME	KRW 1,000	241,994,958	383,765,945	(52,343,549)

CONSOLIDATED BALANCE SHEET

SUBJECT	UNIT	2015	2016	2017
CURRENT ASSETS	KRW 1,000	4,011,888,408	4,874,197,575	4,959,963,993
ASSETS OF DISPOSAL GROUP HELD FOR SALE	KRW 1,000	6,622,507	6,495,431	3,504,356
NON-CURRENT ASSETS	KRW 1,000	9,732,754,143	10,885,545,533	11,904,655,546
TOTAL ASSETS	KRW 1,000	13,751,265,058	15,766,238,539	16,868,123,895
CURRENT LIABILITIES	KRW 1,000	4,335,743,182	4,699,232,648	5,496,914,149
NON-CURRENT LIABILITIES	KRW 1,000	4,030,288,591	5,006,529,025	5,227,356,411
TOTAL LIABILITIES	KRW 1,000	8,366,031,773	9,705,761,673	10,724,270,560
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY	KRW 1,000	3,143,102,119	3,409,365,139	3,374,920,309
CURRENT CAPITAL	KRW 1,000	72,428,155	72,446,655	72,520,905
CAPITAL SURPLUS	KRW 1,000	918,335,186	919,853,765	925,143,916
OTHER RESERVES	KRW 1,000	(181,899,318)	(149,455,249)	(526,166,831)
RETAINED EARNINGS	KRW 1,000	2,334,238,096	2,566,519,968	2,903,422,319
NON-CONTROLLING INTERESTS	KRW 1,000	2,242,131,166	2,651,111,727	2,768,933,026
TOTAL EQUITY	KRW 1,000	5,385,233,285	6,060,476,866	6,143,853,335

REVENUE (SALES) BY BUSINESS DIVISION

CATEGORY	UNIT	2015	2016	2017
FOOD BUSINESS DIVISION	KRW 100 Million	4,150,245	4,612,414	5,110,124
BIO BUSINESS DIVISION	KRW 100 Million	4,001,933	4,328,878	4,775,078

* CJ Logistics excluded

ESG DATA

ECONOMY

CATEGORY		UNIT	2015	2016	2017	NOTE
RETIREMENT PENSION SYSTEM	Defined benefit (DB)	KRW 100 million	1,788	2,174	2,507	
	Subscription	Person	5,274	5,568	5,390	
RATIO OF ENTRY-LEVEL WAGE COMPARED TO LEGAL MINIMUM WAGE	Legal minimum wage (hourly)	KRW	5,580	6,030	6,470	
	Entry-level wage for employee (hourly)	KRW	7,697	7,854	8,175	· Same entry-level wage for male/female employees (hourly)
	Ratio	%	138	130	126	
EMPLOYMENT IN MAJOR OVERSEAS BUSINESS SITES	The total number of overseas workers	Person	10,144	13,477	17,350	
	Number of employees dispatched overseas	Person	236	231	285	
	Number of local recruits	Person	9,908	13,168	17,065	
	Local employment rate	%	98	98	98	
	Number of administrators (manager level or above) at major local sites	Person	461	472	947	
	Number of local native administrators (manager level or above) at major local sites	Person	346	390	800	
	Local native administrators ratio	%	75	83	84	
INTELLECTUAL PROPERTY	New applications	Case	462 (65)	551 (59)	527 (171)	· Number of applications submitted to KIPO in that year · The total number of applications submitted by CJ CheilJedang and its subsidiaries (CJ HealthCare excluded) · The figures in brackets indicate the patents in Korea.
	Patents owned	Case	1,617 (593)	2,079 (676)	2,448 (666)	· Number of [valid patents owned + those newly registered] in that year · The total number of applications submitted by CJ CheilJedang and its subsidiaries (CJ HealthCare excluded) · The figures in brackets indicate the patents in Korea.
INDIRECT ECONOMIC VALUES CREATED	Total spending amount	KRW 100 million	40,791	41,831	448,673	
	Spending on local suppliers	KRW 100 million	30,358	31,106	134,576	
	Proportion of spending on local suppliers	%	74	74	30	
	Spending on suppliers compliant with company's purchasing policy	KRW 100 million	40,791	41,831	448,673	
	Proportion of spending on suppliers compliant with company's purchasing policy	%	100	100	100	
ACTIONS TAKEN AGAINST UNFAIR TRANSACTIONS	Actions Taken against Unfair Transactions	Case	1	0	1	· An action taken against unreasonable collusion between a manufacturer and a merchandiser of assorted feed (Nov. 2015) · An action taken against transactions based upon restrictive conditions (Jan. 2017)

ENVIRONMENT

CATEGORY		UNIT	2015	2016	2017	NOTE	
VOLUME OF MATERIALS USED (DOMESTIC AND OVERSEAS)	Food	Ton	2,844,016	3,298,025	3,745,226		
	Food Ingredients	Ton	2,122,300	2,546,695	2,643,879		
	Bio	Ton	3,656,275	3,270,740	3,515,743		
	Feed & Livestock	Ton	2,981,113	3,258,548	3,622,574		
	Total	Ton	11,603,704	12,374,008	13,527,422		
ENERGY CONSUMPTION (DOMESTIC AND OVERSEAS)	Domestic	Fuel	TJ	2,933	3,003	3,436	
		Electricity	TJ	3,240	3,604	3,802	
		Steam	TJ	874	994	1,165	
		Total	TJ	7,047	7,601	8,383	· Total consumption may differ from actual consumption since the figure is the sum of the rounded-off figures of consumption at each business site.
	Overseas	Amount of products produced	Ton	3,376,195	3,523,522	3,581,051	
		Energy Intensity	GJ/product ton	2.1	2.2	2.3	
		Fuel	TJ	2,072	2,132	1,907	
		Electricity	TJ	1,081	1,113	1,168	
		Steam	TJ	8	8	9	
		Total	TJ	3,161	3,253	3,085	
		Amount of products produced	Ton	1,965,937	2,099,835	2,679,628	
		Energy Intensity	GJ/product ton	1.6	1.5	1.2	
GHG EMISSIONS (DOMESTIC)	GHG Emissions	Direct GHG Emissions (Scope 1)	tCO ₂ e	142,888	153,177	171,734	
		Indirect GHG Emissions (Scope 2)	tCO ₂ e	162,689	183,285	192,225	
		Total	tCO ₂ e	305,577	336,462	363,943	· Total emissions may differ from actual emissions since the figure is the sum of the rounded-off figures of emissions at each business site.
	Intensity of GHG Emissions	Amount of products produced	Ton	3,376,195	3,523,522	3,581,051	
		Intensity of Direct GHG Emissions (Scope 1)	kgCO ₂ e /product ton	42.3	43.5	48.0	
		Intensity of Indirect GHG Emissions (Scope 2)	kgCO ₂ e /product ton	48.2	52.0	53.7	
		Total Intensity of GHG Emissions	kgCO ₂ e /product ton	90.5	95.5	101.6	
REDUCTION OF GHG EMISSIONS (DOMESTIC)	Reduction due to the use of new and renewable energy	tCO ₂ e	53,368	58,242	60,316	· Converted to (new and renewable energy consumption * [56.1tCO ₂ e/TJ]) · Installation of solar cell system for internal use in the research center, the steam system for external waste	
	Reduction of Scope 1 emissions	tCO ₂ e	-	3,839	6,888	· Improvement of the efficiency of heat recovery and boiler system	
	Reduction of Scope 2 (electricity) emissions	tCO ₂ e	-	956	2,227	· Installation of inverters, replacement of the motor of the freezing machine with a high-efficiency one, replacement of lighting with LED-type	
	Total	tCO ₂ e	53,368	63,037	69,431		

ESG DATA

ENVIRONMENT

CATEGORY		UNIT	2015	2016	2017	NOTE	
WATER USAGE AND WASTEWATER DISCHARGE (DOMESTIC)	Water withdrawal by source	Water supply	Ton	3,838,231	4,308,345	4,812,377	Industrial + household water
		Groundwater	Ton	78,808	85,750	54,548	
		Total	Ton	3,917,039	4,394,095	4,866,925	
	Water usage and recycling rate	Water usage	Ton	3,917,039	4,394,095	4,866,925	
		Total recycled and reused water	Ton	273,640	274,501	297,506	
		Recycled ratio	%	7.0	6.2	6.1	
	Wastewater discharge	Ton	2,737,125	3,047,383	3,092,809		
WASTE DISCHARGE (DOMESTIC)	Designated waste discharge	Recycled	Ton	109	95	100	
		Incinerated	Ton	90	48	24	
		Buried	Ton	60	13	12	
		Others	Ton	0	0	0	
		Total	Ton	259	156	136	
	General waste discharge	Recycled	Ton	48,118	48,747	46,367	
		Incinerated	Ton	3,927	4,499	5,031	
		Buried	Ton	197	252	235	
		Others	Ton	0	0	0	
		Total	Ton	52,242	53,497	51,632	
AIR POLLUTANT DISCHARGE (DOMESTIC)	NO ₂ discharge	Ton	110	94	228		
	SO ₂ discharge	Ton	4	3	3		
	Dust discharge	Ton	53	55	59		
	Total	Ton	167	153	290		

SOCIETY

CATEGORY		UNIT	2015	2016	2017	NOTE	
EMPLOYEES	Regular	Male	Person	3,735	3,963	4,381	· Calculated based on the GHR data and the HR Index data as of Dec. 31
		Female	Person	959	1,018	1,080	
		Total	Person	4,694	4,981	5,461	
	Short-term & Temporary	Male	Person	72	78	48	
		Female	Person	35	39	84	
		Total	Person	107	117	132	
	Total	Male	Person	3,807	4,041	4,429	
		Female	Person	994	1,057	1,164	
		Total	Person	4,801	5,098	5,593	
NEW EMPLOYEES	By gender	Male	Person	461	547	707	· Based on domestic business sites
		Female	Person	209	170	235	
	By region	Korea	Person	670	717	942	
		Overseas	Person	1,201	1,880	3,817	
		Total	Person	2,117	2,354	3,101	
EMPLOYEES FROM SOCIALLY DISADVANTAGED GROUPS	Disabled	Person	45	78	61		
	Veterans	Person	22	21	42		
	Part-time	Person	124	203	205		
	Dispatched	Person	24	38	34		
	Total	Person	215	340	342		
TURNOVER AND RETIREMENT RATE	By age group	Under 30	Person	177	212	196	· Based on domestic business sites
		30-50	Person	145	180	220	
		Over 50	Person	76	21	29	
	By gender	Male	Person	269	304	318	
		Female	Person	129	109	127	
	Total	Person	398	413	445		

ESG DATA

SOCIETY

CATEGORY		UNIT	2015	2016	2017	NOTE	
PARENTAL LEAVE	Employees eligible for parental leave	Male	Person	197	174	198	· Based on the number of employees who applied for maternity leave in that year
		Female	Person	92	66	82	
	Employees who took parental leave	Male	Person	2	10	16	· Based on the number of employees who took parental leave in that year
		Female	Person	77	61	68	
	Employees who returned from parental leave	Male	Person	0	2	9	· Based on the number of employees who completed parental leave in the previous year; the total number of returned employees
		Female	Person	52	67	55	
	Employees who worked for more than 12 months after returning from parental leave	Male	Person	0	1	7	· Based on the number of employees who completed parental leave in the previous year; the total number of returned employees except for those who quit the company in a year after returning from parental leave
		Female	Person	47	62	53	
	Ratio of the employees who returned from parental leave	Male	%	-	100	90	· Ratio of the employees who returned from parental leave in that year to the total number of employees who took parental leave in the previous year
		Female	%	69	87	90	
Ratio of the employees who worked for more than 12 months after returning from parental leave	Male	%	-	50	77	· Ratio of the employees who returned from parental leave and worked for more than 12 months to the total number of employees who returned from parental leave in that year	
	Female	%	90	93	96		
REGULAR PERFORMANCE EVALUATION	Number of employees subject to regular performance evaluation	Person	4,721	4,687	4,919		
	Number of employees who underwent regular performance evaluation	Person	4,721	4,687	4,919		
	Ratio of employees who underwent regular performance evaluation	%	100	100	100		
INDUSTRIAL ACCIDENTS	Total number of injuries	Case	1	6	3		
	Rate of injury	%	0.06	0.32	0.01		
	Rate of occupational diseases	%	0	0	0		
	Rate of lost days	%	0.07	0.11	0.06		
	Total number of work-related fatalities	Person	0	0	0		
EMPLOYEES' PARTICIPATION IN VOLUNTEER ACTIVITIES	Participation hour	Hour	16,538	35,435	38,824		
	Number of participants	Person	2,048	3,919	4,763		
	Average hours of participation	Hour/Person	8	9	8		
	Participation rate	%	43	82	85		
CORPORATE CITIZENSHIP AND PHILANTHROPY	Charity activities and donations		4.0	9.1	48.7		
	Investment in local communities	KRW 100 million	121.7	129.1	151.4		
	Commercial investment		4.8	13.6	16.0		
	Total		130.4	151.8	216.1		

GRI CONTENT INDEX

UNIVERSAL STANDARDS

INDEX	GRI STANDARD	DISCLOSURE	PAGE	NOTE
Organization Profile	102-1	Name of the organization	9	
	102-2	Activities, brands, products, and services	16~19	
	102-3	Location of headquarters	9	
	102-4	Location of operations	11	
	102-5	Ownership and legal form	11	
	102-6	Markets served	11	
	102-7	Scale of the organization	9	
	102-8	Information on employees and other workers	9	
	102-9	Supply Chain	46~52	
	102-10	Significant changes to the organization and its supply chain	46~52	
	102-11	Precautionary Principle or approach	64~65	
	102-12	External initiatives	14	
	102-13	Membership of associations	2	
Strategy	102-14	Statement from senior decision-maker	4~5	
	102-15	Key impacts, risks, and opportunities	4~5	
Ethics and integrity	102-16	Values, principles, standards, and norms and behavior	8, 10	
	102-17	Mechanisms for advice and concerns about ethics	62~63	
Governance	102-18	Governance structure	60~61	
	102-22	Composition of the highest governance body and its committees	60~61	
	102-23	Chair of the highest governance body	60~61	
	102-24	Nominating and selecting the highest governance body	60~61	
	102-28	Evaluating the highest governance body's performance	60~61	
	102-35	Remuneration policies	60~61	
Stakeholder Engagement	102-36	Process for determining remuneration	60~61	
	102-40	List of stakeholder groups	15	
	102-42	Identifying and selecting stakeholders	15	
	102-43	Approach to stakeholder engagement	15	
Reporting practice	102-44	Key topics and concerns raised	12~13	
	102-45	Entities included in the consolidated financial statements	11	
	102-46	Defining report content and topic Boundaries	13	
	102-47	List of material topics	13	
	102-48	Restatements of information	2	
	102-49	Changes in reporting	2	
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
Management Approach	102-54	Claims of reporting in accordance with the GRI Standards	2	
	102-55	GRI content index	2	
	102-56	External assurance	82~83	
	103-1	Explanation of the material topic and its Boundary	12~13	
	103-2	The management approach and its components	24, 32, 38, 46, 53	

GRI CONTENT INDEX

TOPIC SPECIFIC STANDARDS

ECONOMIC TOPICS (GRI 200)

INDEX	GRI STANDARD	DISCLOSURE	PAGE	NOTE
Economic Performance	201-1	Direct economic value generated and distributed	20	
	201-2	Financial implications and other risks and opportunities due to climate change	40	
	201-3	Defined benefit plan obligations and other retirement plans	74	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	74	
	202-2	Proportion of senior management hired from the local community	74	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	54~57	
	203-2	Significant indirect economic impacts	74	
Procurement Practices	204-1	Proportion of spending on local suppliers	74	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	62~63	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	74	

ENVIRONMENTAL TOPICS (GRI 300)

INDEX	GRI STANDARD	DISCLOSURE	PAGE	NOTE
Materials	301-1	Materials used by weight or volume	75	
	301-2	Recycled input materials used	-	As a foods company, CJ CheilJedang does not reuse or recycle raw materials
	301-3	Reclaimed products and their packaging materials	44~45	
Energy	302-1	Energy consumption within the organization	75	
	302-3	Energy intensity	75	
	302-4	Reduction of energy consumption	41	
	302-5	Reductions in energy requirements of products and services	41	
Water	303-1	Water withdrawal by source	76	
	303-3	Water recycled and reused	42, 76	
Emissions	305-1	Direct (Scope 1) GHG emissions	75	
	305-2	Energy indirect (Scope 2) GHG emissions	75	
	305-4	GHG emissions intensity	75	
	305-5	Reduction of GHG emissions	40, 75	
	305-6	Emissions of ozone-depleting substances (ODS)	-	No such cases
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	44, 76	
Effluents and Waste	306-1	Water discharge by quality and destination	76	
	306-2	Waste by type and disposal method	76	
	306-3	Significant spills	-	No such cases
	306-4	Transport of hazardous waste	-	No such cases
	306-5	Water bodies affected by water discharges and/or runoff	-	No such cases
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	48~49, 51	
	308-2	Negative environmental impacts in the supply chain and actions taken	48~49	

SOCIAL TOPICS (GRI 400)

INDEX	GRI STANDARD	DISCLOSURE	PAGE	NOTE
Employment	401-1	New employee hires and employee turnover	77	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	68~71	
	401-3	Parental leave	78	
Occupational Health and Safety	403-1	Workers representation in formal joint management-worer health and safety	70~71	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	78	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	77	
	403-4	Health and safety topics covered in formal agreements with trade unions	70~71	
Training and Education	404-1	Average hours of training per year per employee	20	
	404-2	Programs for upgrading employee skills and transition assistance programs	68	
	404-3	Percentage of employees receiving regular performance and career development reviews	77	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	60	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	68	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	68	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	No such cases
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	68	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	54~57	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	No such cases
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	48~49	100%
	414-2	Negative social impacts in the supply chain and actions taken	48~49	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	26	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	26, 44~45	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No such cases

INDEPENDENT ASSURANCE STATEMENT

INTRODUCTION

CJ CheilJedang Corporation (“CJ CheilJedang”) commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of the Sustainability Report 2017 (the “Report”). The directors of CJ CheilJedang have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of CJ CheilJedang in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

SCOPE OF ASSURANCE

The scope of assurance includes a review of non-financial data and sustainability activities and performance data over the reporting period from 1st January to 31st December 2017. This also includes:

- Evaluation of adherence to AccountAbility principles provided in AA1000 AccountAbility Principles Standard (APS) 2008.
- Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

BASIS OF OUR OPINION

We performed our work using AA1000AS(2008) and DNV GL’s assurance methodology VeriSustain™¹ (Version 5) which is based on our professional experience, international assurance best practices. We provide Type 1 and the moderate level of assurance. The assurance was carried out from March and until April 2018. The site visits were made to CJ CheilJedang’s Headquarters in Seoul, Korea. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- reviewed the materiality assessment report.

LIMITATIONS

The engagement excludes the sustainability management, performance and reporting practices of CJ CheilJedang’s subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as CJ CheilJedang’s website (www.cj.co.kr). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for Environmental and Social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Assurance Statement.

CONCLUSION

On the basis of the work undertaken, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of CJ CheilJedang’s related sustainability performance. Further opinions with regards to the adherence to the Principles are made below:

1. The VeriSustain protocol is available upon request at DNV GL Website (www.dnvgl.com)

FOUNDATION PRINCIPLE OF INCLUSIVITY

CJ Cheiljedang has identified internal and external stakeholder groups such as Customers, Local Communities, Shareholders and Investors, Suppliers and Employees. CJ Cheiljedang engages with the stakeholders at the company and business unit levels through various channels. The examples of approaches to engage with selected stakeholders and relevant organizations are described in the Report. CJ Cheiljedang has formed a dedicated organization to create CSV (Creating Shared Value) in the whole value chain. The organization actively engages with stakeholders and implements key initiatives.

PRINCIPLE OF MATERIALITY

CJ Cheiljedang has conducted the materiality assessment to prepare the Report. Various issues have been derived by analysing the topics covered in various global initiatives and standards, industry peer review and media. The issue pools were used on internal and external stakeholder survey to rate the material topics 11 material topics are prioritized accordingly. The assurance team has reviewed the materiality assessment process and noted relevant material topics prioritized from the process are addressed in the Report. CJ Cheiljedang has divided material topics identified in the materiality assessment into five stakeholder issues and presented the management approach and major performances for each stakeholder issue in the Report.

PRINCIPLE OF RESPONSIVENESS

The Report presents CJ Cheiljedang's CSV management system and shared values, which helps stakeholders understand CJ Cheiljedang's sustainability management. In addition, the Report discloses the business results, decisions, key performance and future plans on material topics in terms of sustainability during the reporting period. In the future, CJ Cheiljedang could present the reasonable expectations and interests of stakeholders and report corresponding actions taken in the Report.

In addition, the evaluation of the adherence to the principles related to report quality is as follows.

ACCURACY AND RELIABILITY

The assurance team has tested data and information on a sampling basis. The intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable.

COMPETENCE AND INDEPENDENCE

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with CJ Cheiljedang and did not provide any services to CJ Cheiljedang in 2017 that could compromise the independence or impartiality of our work.

2. DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)



AA1000
Licensed Assurance Provider
000-10

April 2018

Seoul, Korea

Country Representative DNV GL Business Assurance Korea Ltd.

In Kyoon Ahn

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



This report is printed on FSC™
(Forest Stewardship Council) Certified
paper with soy ink.



CJ CheilJedang, 330, Dongho-ro, Jung-gu, Seoul

+82-2-6740-1114

<http://www.cj.co.kr>