

# CJ **SUSTAINABILITY** CHEIL **REPORT** JEDANG **2015**

**CREATE A NEW CULTURE** for Healthy, Happy and Convenient Lifestyles



# CJ CHEILJEDANG

## Sustainability Report 2015

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CJ CheilJedang practices "Jeulgeoun Donghang(Happy Companion)" and sustainable growth based on its management philosophy of creativity and sharing for win-win.

The commitment to grow as a global lifestyle and culture company by creating new value of the future, and the efforts to secure world's highest core competence by nurturing human resources and R&D have consummated in the establishment of CJ Blossom Park (integrated research institute). The graphic motif of CJ Blossom Park was used and expressed symbolically. It expresses CJ CheilJedang's commitment to achieve the company's social value, growth and profit through world's highest level of CSV activities, and to share them with the stakeholders.

## Create a New Culture for Healthy, Happy and Convenient Lifestyles

### About This Report

**CJ CheilJedang Sustainability Report** CJ CheilJedang has prepared the 2015 Sustainability Report to transparently disclose the company's sustainability management goals and performances and actively utilize the Report as a communication channel with the stakeholders. In particular, this Report contains CJ CheilJedang's own CSV (Creating Shared Value) activities, which were based on the CJ Group's founding philosophy of 'Saeopboguk (building a stronger nation through business prosperity)', details of which can be found in page 12. CJ CheilJedang will continue to share with the stakeholders the company's process of creating social value through the sustainability report.

**Reporting Period and Scope** The reporting period of this Report is based on the 2015 fiscal year (2015 January 1~ 2015 December 31). Some sections cover information from 2014 to help stakeholders' understanding. Quantitative information covers three years from 2013 to 2015. The reporting scope includes economic, social and environmental achievements of all business units of CJ CheilJedang in Korea except the logistics division, and some sections cover overseas businesses as well. CJ Healthcare, which was originally the pharmaceuticals section, has been separated as an independent company in 2014, and is not included in this Report.

**Reporting Principles** This Report was created based on the GRI (Global Reporting Initiative) 4.0 Guidelines' 'Core option'. In particular, the food and beverage issues suggested in the GRI Sustainability Topics for Sector were reflected in order to select the material issues relevant to the industry.

**Assurance** This Report has been assured by and independent third party to enhance the objectivity and accuracy of the data contained in the Report. Please refer to page 66 for details and opinions of the assurance provider.

**Inquiries on the Report** For more information or inquiries regarding the Report, please contact us at the following address.

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# CEO Message

CEO of CJ CheilJedang Chul-ha Kim



“ CJ CheilJedang will become as a global lifestyle company that advances healthy, happy and convenient lifestyles by promoting corporate sustainability management through fulfillment of our economic, environmental and social responsibilities. ”

Greetings to our valued stakeholders,

CJ CheilJedang started out in 1953 as a sugar manufacturer, one of the basic Food Ingredients and a basic necessity of our lives. During the sixty years since, CJ CheilJedang has led the advancement of the domestic food market, expanding the scope of business to Food Ingredient, Food, Feed & Livestock, Bio, and Pharmaceutical products.

This year, we still face a very challenging time just as we have last year. Last year, the global economy became more uncertain due to shrinkage of the European market, the slow growth of the Chinese economy, and the plunging oil prices. Domestically, the MERS aftermath, the increase of household and corporate debt led to a drastic cut in spending and investment. This year the global market faces risk elements such as another interest rate raise by the United States, slow growth of China and other emerging markets, and potential threat of terrorism and an unstable international political climate which may maintain the slow growth trend. Thus, we expect the domestic market will recover only marginally as well. Despite these difficulties, CJ CheilJedang accomplished meaningful achievements in each business division last year, and we will build upon those achievements to continue our sustainable growth for this year.

CJ CheilJedang's major achievements in 2015 include: enhanced cost efficiency in the Food Ingredients and processed foods division; aggressive expansion of the Feed & Livestock division in Southeast Asia; and in the Bio division, the launch of the world's first environmentally friendly methionine. These achievements helped us accomplish the highest operating income since our establishment. In addition, based on our management philosophy of 'Creation', 'Win-Win' and 'Sharing' we enhanced the "Jeulgeoun Donghang(Happy Companion)" movement, while further strengthening our 'Global CSV project', which enabled us to gain recognition as a company with high social contribution not only domestically but overseas as well.

This is a valuable outcome made possible by the encouragement from stakeholders who have trusted and supported us, and the devotion of our staff. We will not stay content with the achievements but further pursue meaningful CSV activities, and continue our efforts to build an innovative business model where 'social value' and 'corporate growth and profit' can coexist. As a prerequisite of such efforts, we make the following three promises to our stakeholders.

**First, we will secure the engine for sustainable future growth focusing on global businesses.** In order to achieve our long-term goal 'Great CJ', we will further spur on our main businesses to grow into a global No.1 brand, and we will identify new values and create opportunities in order to secure new engine for growth. In order to secure the resources needed to grow globally, we will thoroughly eliminate all inefficiencies and waste throughout the company and innovate our corporate structure to maximize profitability.

**Second, we will build a management system that recruits human talents with global competences and nurture them systematically, who will in turn bring results.** By investing more on human resources development and R&D, we will secure the world's top core competences in all our businesses, which will help us accelerate a qualitative global growth.

**Third, we will implement CSV activities that perfectly embody our management philosophy 'OnlyOne', 'Ilryujjik(First class organization)', and 'Saeopboguk(building a stronger nation through business prosperity)'.** We will devote ourselves to becoming a leader that contributes to building a stronger nation through business by settling the CSV business culture and innovation in the organizational culture with emphasis on 'CJ Spirit'.

Dear stakeholders, we at CJ CheilJedang hope to continue to earn your support and trust by faithfully keeping the promise we made above. We hope for your interest and encouragement this year as well for our sustainable growth, and wish health and happiness to all the families.

Thank you.

CEO of CJ CheilJedang

**Chul-ha Kim**



# OnlyOne CJ

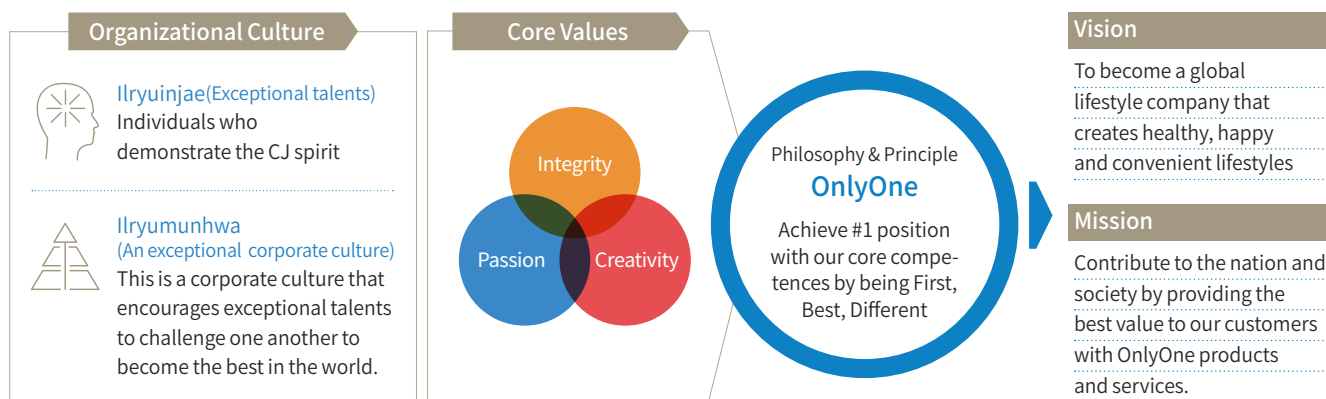
A global lifestyle company creating healthy, happy and convenient lifestyles

## CJ Philosophy

CJ Group started as Korea's first sugar manufacturer, and has grown into Korea's leading lifestyle company. Building upon the idea 'a company, by conducting its business, should contribute to the nation furthermore to human society', we are contributing to the development of the Korean economy by creating profit. As a corporate citizen that fulfills its social responsibilities, we aim to build the foundation for shared growth where the corporation and society can grow together.

## CJ CheilJedang

CJ CheilJedang is Korea's No.1 general food company that has been contributing to the advancement of the nation's food and bio engineering industry. Starting as CheilJedang Co., Ltd. in 1953, CJ CheilJedang has expanded its business areas from basic foodstuff to Food Ingredients and processed food since its spin-off from CJ Co., Ltd. in 2007, leading the advancement of the nation's food industry. The company concentrates its competences on food (Food Ingredient and Food) and bioscience (Bio and Feed & Livestock) businesses, and plans to reach KRW 33 trillion in sales by 2020 through the long-term advancement of the global business by enhancing the products and brand, and will focus on CSV projects that nurture the food industry's ecosystem. Tapping into the best human resources and anchoring ourselves on CJ's 'OnlyOne' management philosophy, we will take huge leaps towards becoming a global food and bio company that strives for 'First, Best, Differentiated' products and services.



## OnlyOne Korea

CJ CheilJedang supports its proud country, Korea.

It is a country where ninety percent of the people own a national flag, a country that was once impoverished but is now one of the ten largest economies in the world. A country where one million people rushed to help when the oil spill covered the sea, a country whose GDP has multiplied by 750 times over merely half a century, where not one accident occurred when crowds of seven million gathered in the Seoul Plaza for the World Cup games. It is a country that has achieved something no other has. And CJ CheilJedang will strive to stand tall in the world as a global lifestyle company representing Korea.



# Business Insight

1



## Create 'K-wave' of FOOD, Change the world [Food Business Division ▶](#)

We will be the foundation for the company to take a step toward becoming a global outstanding food company, and will create and lead the food culture's history in the twenty-first century.

2



## Create the value of nature, enrich the world [Food Ingredient Business Division ▶](#)

We will not be content at being the top in the country. We are expanding our business scope to premixed powders in China, milling in Vietnam, and we are also building farms to secure agricultural resources of the future, in order to grow into Asia's top Food Ingredient company.

3



## Beyond BIO, Renew the Earth [Bio Business Division ▶](#)

We plan to become the Global No. 1 in the fermentation using microorganisms by securing production facilities and cutting edge R&D technological competence.

4



## Feed the world with the best nutrition [Feed and Livestock Business Division ▶](#)

We provide the differentiated products and services through optimum mixture and development of new materials.



# Create K-wave of Food, Change The World

## Food Business Division

CJ CheilJedang Food Business Division started with the production of "DASIDA" in 1975, and has since expanded the scope of products to five areas: frozen processed meat, fresh convenience food, fermented food, health food and desserts. Some of the products include Beksul, our representative brand that has been loved by consumers for a long time, "Freshian", a brand that strives for naturalism, and "Bibigo", a representative Korean foods brand. There are also many popular brands such as "DASIDA", "Haechandle", and "Petitzel" that leads the consumers' culinary culture, and are all CJ CheilJedang's valuable assets. We will not stay content at being the nation's No.1 foods company. We will take one step closer to the customers with healthier, more convenient foods, while also promoting Korean food globally, and leap forward to become a global market leader through 'K-Food' products.



### Global Korean food business

We pursue the global business of Korean foods through active localization of our business. In addition to exporting traditional Korean food such as Korean pastes, sauces and Kimchi, we are creating new 'K-Food' by building local infrastructure and combining Korean foods with local cuisine. In particular, we built the foundation for globalizing Korean food with the launch of the global brand "Bibigo". We will continue to expand the local R&D based market so that more people all over the world can enjoy high-quality products such as "Bibigo Dumplings", and thereby become a major player in the global market.

### Food fermentation

We entered the traditional Korean food market for Kimchi and pastes when "Haechandle", a Korean paste manufacturer, acquired "Hasungjung", a company specializing in Kimchi. We are leading the Korean paste market by integrating "Haechandle"'s production competence and CJ CheilJedang's sales, marketing and R&D competence, while expanding into the premium fermented foods market through traditional Kimchi products such as the "Bibigo Kimchi". Furthermore, we are putting our efforts into making products from food fermentation technology such as refrigerated pastes, skin lactobacillus using vinegar and beneficial microorganisms, and lactic acid bacteria for the gut.

### Flavor enhancer

Tapping into the fermentation and refining technology we have accumulated over the years from our starting business of sugar and flour manufacture, we launched the flavor enhancer business in 1964. Starting from the compound seasoning "DASIDA", we are developing new types of flavor enhancers, and introduced the "DASIDA liquid seasoning", which is a liquid form flavor enhancer. In addition, utilizing the fermenting technology we already have, we

have undergone many innovations to secure the best flavor enhancing technology in the country, and solidifying our position in the flavor enhancer market.

### Meat processing

Including "SPAM®", which has been loved by consumers for many years, we are contributing to a tastier and healthier meal of customers by introducing processed meats developed through high-quality processing technology that we have developed independently such as no-additives and low-sodium technologies. In addition, we are leading the market with high-quality processed meat products such as the new-concept "Brunch slice" and "Brunch frank".

### Seafood

Boldly moving forward from the existing fishcake manufacturing technology, we apply a safer fish processing technology. The non-fried fishcake was first introduced in Korea by CJ CheilJedang, which consumers recognize as a food that they can give to their children safely. In addition, we launched canned salmon that uses high-quality Alaskan salmon, creating a new trend in the canned fish market.

### Frozen foods

Both in the domestic and global markets, we are launching new-concept frozen foods that aim for taste and health, which have won the love of consumers steadily. The high-quality royal court dumpling "Bibigo Korean Royal Court Dumpling" combines the sea cucumber-shaped dumpling making technique with our production technology, and the "Bibigo Namdo Tteokgalbi", "Frozen rice" that are made using new facilities and technologies is hauling enthusiastic reviews in the frozen Korean side dishes market.



## Create The Value of Nature, Enrich The World

### Food Ingredient Business Division

The history of Food Ingredient Business Division began with the foundation of CJ Group. Starting from the production of sugar in 1953, we have advanced from simple Food Ingredients such as flour and cooking oil. Building upon the production know-how from those products, we now produce functional products such as "Tagatose" and fermented soybean meal; health aware products such as "Xylose sugar" and Andalusian olive oil; and high value-added functional ingredients such as functional sweetener and functional oils, all of which are produced based on differentiated technology. We will lead the functional Food Ingredient market with high-quality products and contribute to promoting a healthy culinary culture and improving people's diet.



#### Instant foods

Taking a step forward from existing instant processed foods, we present high-quality products based on Korean food. The instant cooked rice "Hetbahn" has stood at the top of the competition in the convenient cooked rice market, and brought positive sensation with the introduction of "Ogokbab(-containing five kinds of grains)", "Heukmibab (containing black rice)", "Yeo-nyangbab (containing rice embryo bud)", and "Barahyeonmibab (sprouted brown rice)".

#### Healthy functional foods

We develop tastier and more convenient Healthy functional foods by expanding standardization, stability and functionality of the functional food material, as well as the technology to commercialize the material. We strive to realize 'Beauty & Health Life'.

#### Desserts and snacks

We vitalized the premium jelly market with our "Petitzel" brand that started a new trend in the dessert market. We are expanding the scope of our dessert business into bakery-type desserts such as "Pudding" and "Sweet roll", as well as whole natural snacks and seafood-based snacks such as "Matbam", "Maxbon(Cheese Seafood Sausage)" and "Bibigo Seaweed Crisps".

#### Sweeteners

Moving forward from sugar - our main product, we launched high-function sweeteners including oligosaccharides and café syrup through continued R&D. We lead the sweetener market by launching high-quality products such as "Xylose sugar" which inhibits the absorption of sugar in the body; "Tagatose" which helps control blood glucose levels after meals; and "Allulose" which has 'Zero' calories.

#### Flour

We produce not only flour, a simple Food Ingredient, but also a variety of pre-mix products including "Muffin mix", "Cookie mix", "Hotteok(hot pancake with brown sugar filling) mix", expanding the homemade cooking culture. In addition, reflecting consumers' needs to pursue a healthy life, we introduced a Korean pancake mix using only natural ingredients, while supporting Korean farms by launching Korean wheat products.

#### Edible oil

Adding to the existing oils market which was composed mainly of soybean oil, we introduced high end products such as "Grape seed oil", "Canola oil" and "Rice bran oil", as well as differentiated B2B exclusive oils tailored to the customer's needs, which got positive reviews. We also developed the fermented soybean meal for feed, expanding the scope of our oils business.

#### Starch

Ever since we began production of corn starch and starch sugar with the acquisition of the corn processing business in 2004, we produce mainly fructose and "Corn starch", and we are currently expanding to functional sweeteners such as "Tagatose", "Allulose", and "Corn starch". Starch is used for various purposes including food processing, liquors, industrial coating and diluting agent, and we expect to grow in the functional materials market.

## Beyond Bio, Renew The Earth

### Feed & Livestock Business Division

The Feed & Livestock Business Division strives to supply differentiated products and solutions to customers beginning from the raw material for feed, through to feed process and livestock specification, and finally to sales of livestock products. Since the launching of the business in 1973, CJ CheilJedang was designated as the first HACCP certified company by the Ministry of Agriculture, Food and Rural Affairs, and to acquire KOLAS accreditation and ISO 9001 certification, and we continue to expand our supply network centering on the production bases, 9 of which are located in China and 4 in Vietnam.



### Feed

Since the first production of feed in Busan in 1973, CJ CheilJedang has been manufacturing and supplying highly efficient feeds that have been verified in terms of safety. As part of the feed business we are strengthening the functional feed product line by developing 6 innovative technologies, which include enhancing digestion, immunity boost, and microorganisms that promote health of the bowels. We continue our efforts to meet the customers' needs by supplying differentiated products based on our R&D.

### Livestock

We provide high-quality services and products through integration of the whole livestock business that encompass feed production, raising animals, processing and distribution. In addition we support stable income of cooperating farms, and cultivate livestock professionals. As part of these efforts, we regularly visit the farms to monitor the overall business, provide solutions, and hold training programs and seminars to share efficient livestock systems. Meanwhile, we are enhancing livestock stability by developing healthy feeds and studies on odor control.

## Feed The World With The Best Nutrition

### Bio Business Division

The Bio Business Division produces and sells food additives and feed additives based on world's best fermenting and refining technologies. As part of our continuous efforts in production innovation, we established Bio R&D centers in domestic and overseas business locations, where we lead the development of new technologies, and enhance productivity by applying new processing methods to the production lines. As a result, we occupy the largest global market share for lysine, tryptophan and nucleic acid. In 2015, we developed the only technology in the world that produces methionine using environmentally friendly microbial fermentation.




































### Amino Acid

Amino acids are one of the main materials in the bio business that has diverse applications in feed, food and pharmaceuticals. As such, CJ CheilJedang continued R&D efforts to develop amino acid production technologies, and succeeded in developing an environmentally friendly technology to produce the 5 essential amino acids for feed (Lysine, Threonine, Tryptophan, Valine and Methionine) using microbial fermentation method. In addition, we are contributing to advancing the domestic bio industry to world's outstanding level by developing MSG and amino acid for health foods.

### Nucleotide

Nucleotides are found in small quantities in natural foods such as beef, mushrooms and shrimps, and add umami to the flavor, which can be applied in many ways, and recently its nutrition physiological value is being recognized, and is being more widely applied in areas besides foods. CJ CheilJedang is recognized for its outstanding technology and marketability in the nucleotide market, and aims to continue its reputation as a technological leader in the nucleotide sector through continued R&D.

# Major Brands by Business Division

<b>Food Business Division</b> 	<b>Food Ingredients Business Division</b> 	<b>Feed &amp; Livestock Business Division</b> 	<b>Bio Business Division</b> 
<b>Processed Foods (non-refrigerated)</b>  Beksul (marinades, sauces)  DASIDA  Hae-chandle  Hetbahn  SPAM®	<b>Raw Materials</b>  Refined sugar  Flour  Oils <b>Supplementary Materials</b>  Premix  Korean pancake mix  Starch mix	<b>Feed for pigs</b>  <b>Feed for domestic cows</b>  <b>Feed for chickens</b> 	<b>Food Additives</b>  Nucleic acid  MSG <b>Feed Additives</b>  L-Threonine  L-Methionine  L-Lysine  L-Tryptophan
<b>Processed Foods(fresh)</b>  Freshian (refrigerated ham, fishcake, noodles, salad dressings, frozen foods)  Bibigo Korean Royal Court Dumpling  Hasung-jung  Petitzel	<b>Oligosaccharides</b>  <b>Specialty Materials</b>  Allulose  Café syrup  Fermented soybean meal	<b>Feed for fish</b> 	

## Major Brands

CJ CheilJedang began as the country's first sugar manufacturer in 1953 and has since led the Korean food industry for the past 60 years. Now, we promise to repay the customers with the best products through continued R&D, inheritance and innovation.



# From Korea's First Sugar Manufacturer to the Global Leader of Lifestyle in the 21st Century

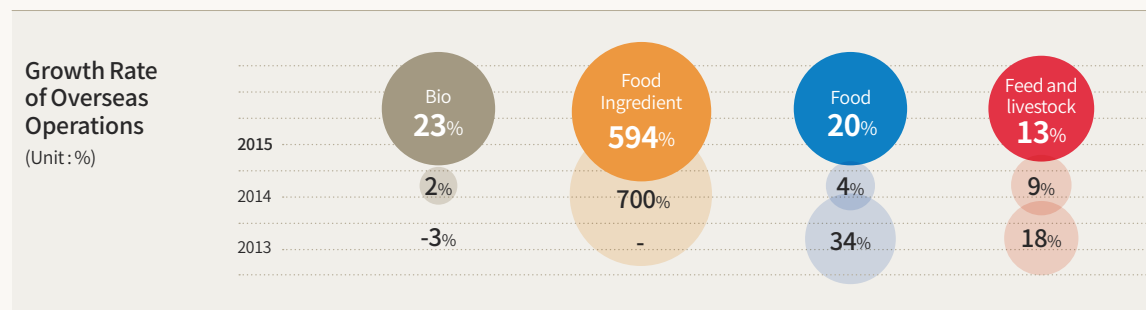
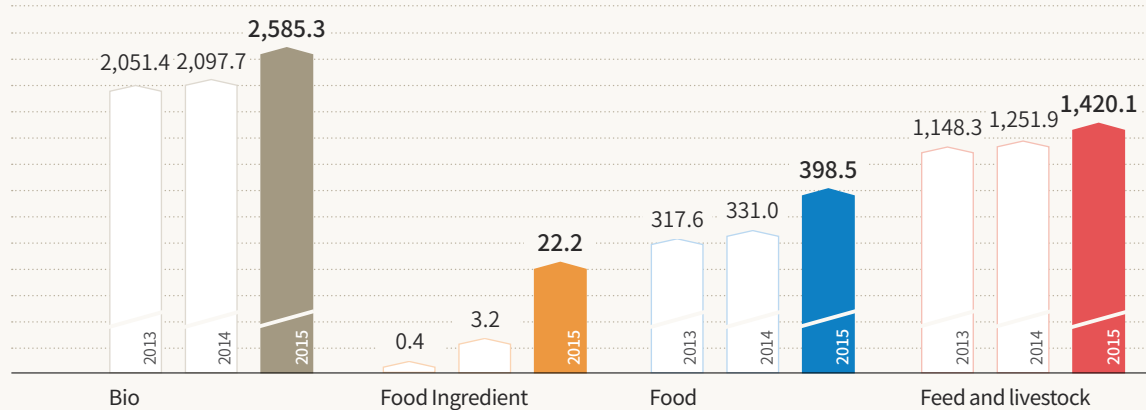
## Global Network

With the foothold in the domestic market, CJ CheilJedang operates in Southeast Asian countries including Indonesia, Vietnam and the Philippines, where it produces and sells products, while transferring product technology and know-how to actively expand to the global market. In addition, the company pursues an externally driven innovation through cooperation with global companies for human resources and technology exchange.

## Revenue from Overseas Operation

(Unit : KRW Billion)

\* Calculated on the basis of overseas subsidiaries by the simple sum



## Revenue by Region

(Unit : KRW Billion)

Category	2013	2014	2015
Domestic	4,051.5	4,534.7	4,511.2
Asia	1,989.0	1,880.9	2,230.8
America	328.3	398.8	465.7
Europe	306.1	311.7	325.9
Other	115.1	132.2	155.8

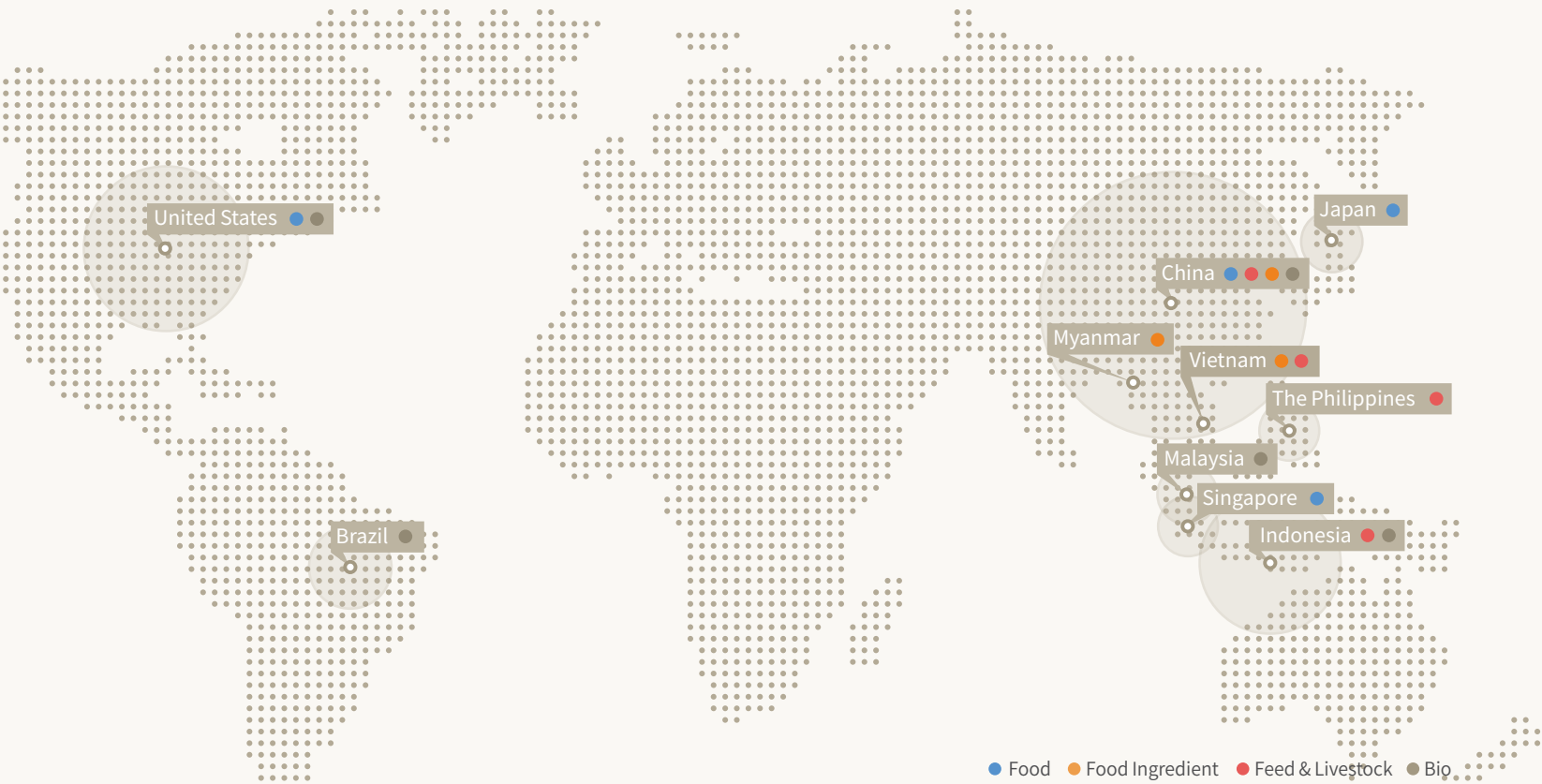
\*Calculated based on the amount of sales by region, excluding sales in the pharmaceutical business

## Global Business Locations as of 2015

(Unit : Number of locations)

Category	Bio	Food Ingredient	Food	Feed & Livestock
China	4	1	3	9
Malaysia	1	0	0	0
Indonesia	1	0	2	7
United States	1	0	4	0
Vietnam	0	1	0	2
Other	4	1	2	5





● Food ● Food Ingredient ● Feed & Livestock ● Bio

**Food**

**China**

- Full blown entry in Chinese market(2006)
- Strengthened local business with the commencement of tofu production(2007)
- Entered market of inland China, entered into dumplings market after securing dumpling manufacturing base(2012)

**United States**

- Pursue the globalization of Korean culture through local production and sales system
- Established CJFoods, the distribution branches in: LA, Chicago, New York and Atlanta(2003)
- Full-blown entry into the United States market through M&A(2005~2006)
- Entered eastern U.S. market(2012)

**Japan**

- Expanding the Hallyu(Korean wave)-based market, enhancing brand awareness through marinades, Gochujang(chili paste) and Kimchi
- After entering the Japanese market in 1988, we established a national distribution basis within mainstream channels for Korean traditional Kimchi

**Singapore**

- Supplying over 30 types of processed foods through cooperation with a large local distributor(2010)
- Secured distribution channels for B2C as well as B2B(2011)

**Food Ingredient**

**China**

- Launched the premix and café ingredients business

**Vietnam**

- Launched the flour milling business (2013)
- Launched the fermented soybean meal business(2016)

**Myanmar**

- Launched the oils business(2016)

**Feed & Livestock**

**China**

- Secured infrastructure for production and sales of 1 million tons annually in 9 production bases across the country

**Indonesia**

- Reached annual capacity of 1.1 million tons annually, occupying the third largest market share

**Vietnam**

- Established a nationwide sales network by operating four production bases

**The Philippines**

- Established the local subsidiary (1996)
- Began sales of pig, chicken and fish feeds with the completion of the first plant (1997)

**Bio**

**China**

- As the world's largest market with the highest growth rate, the Chinese market plays a key role in CJ CheilJedang's Bio business

**United States**

- Construction of a production base in the United States, one of the world's three largest lysine markets (completion in 2013)
- Acted as the base of our business' globalization through abundant raw materials and outstanding production competitiveness

**Malaysia**

- The expansion of the amino acid product portfolio, and the world's first production of fermentation method to secure the engine for future growth

**Indonesia**

- Important role in expansion of CJ CheilJedang's global business as the company's very first overseas presence
- Local production of amino acids (lysine, threonine) for animal feeds and nucleotides

**Brazil**

- Export across South America by securing competitiveness in terms of raw materials and costs, as well as by acquiring optimal export bases

# A Forefront Leader in CSV\* Creating a Sustainable World

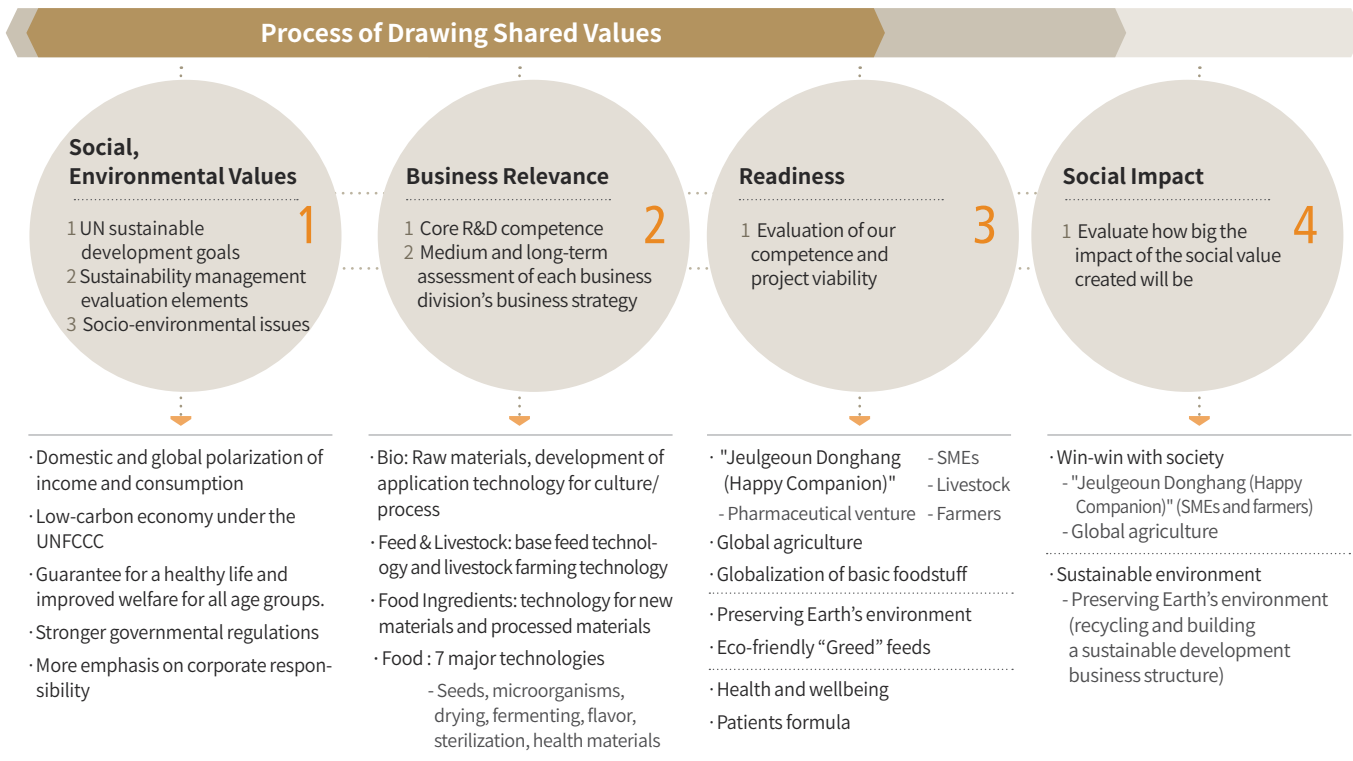
\*CSV : Creating Shared Value

## CJ CheilJedang's CSV

With the aim of fulfilling its social responsibilities and contributing to social development by realizing its founding philosophy of 'Saeop-boguk (building a stronger nation through business prosperity)', CJ CheilJedang declared its CSV management philosophy both internally and externally. In addition to economic profit based on R&D, which is the company's core competence, CJ CheilJedang is creating its unique shared value, taking into account social values such as 'Win-Win with the Society', 'Sustainable Environment' and 'Health and Wellbeing', thereby promoting public interest in the long-term perspective. Based on 'Transparent management' that adheres to principles and trust, we will fulfill our financial, social and environmental responsibilities to create shared value that contributes to the country and society.

### The Process of Drawing Core Shared Values

We plan and implement related projects in a way that maximizes shared value and enhances efficiency. We plan to prioritize projects after giving overall consideration to their Social Impact and viability, and build a process for and implement those projects.



### Vision and Mission for Shared Value

CJ CheilJedang's most fundamental management principle is creating shared value, and we aim to achieve our vision and mission based on this principle. Founded upon transparent management philosophy that adheres to principles and trust, we will create shared value that encompasses financial responsibilities and socio-environmental responsibilities, and be reborn as a 'Global lifestyle company that creates a healthy, happy and convenient lifestyle.' Moreover, we will put our efforts into contributing to the country and society by providing OnlyOne products and services that will create the utmost value for our customers.

### How We Will Create Shared Value

In order to achieve our management goal of 'Globalization', we implement CSV business based on R&D, which is our core competence, thereby building a positive image in the global market.

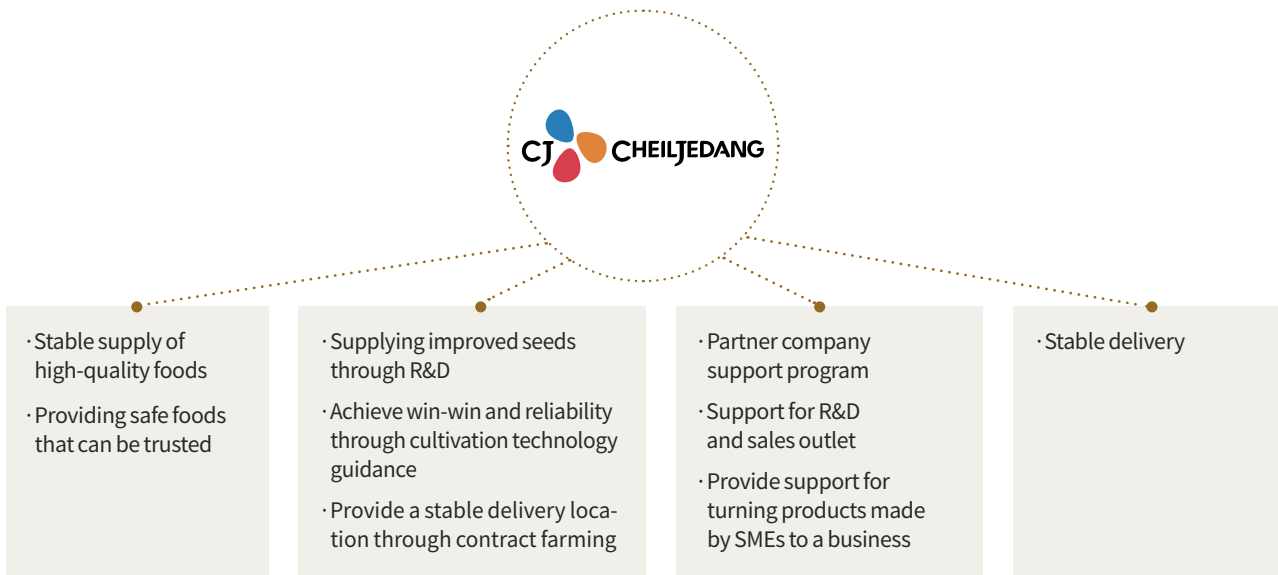
Core Shared Value	Direction for Creating Social and Environmental Value	Focus Project
<p><b>01</b> Win-Win with Society</p>	<p>1 Provide support for suppliers within the supply chain to advance their competences and expand the beneficiaries, contributing to alleviating the polarization that is a Global social issue</p>	<p>Task 1</p> <p>Support the competences within the supply chain to develop a sustainable consumption and production</p> <ul style="list-style-type: none"> <li>- Pursue the maximum social value through "Jeulgeoun Donghang(Happy Companion)" (SMEs, farmers, global agriculture)</li> </ul>
<p><b>02</b> Sustainable Environment</p>	<p>1 Minimize environmental impact, and develop 'processes and new sources of energy' that are environmentally sustainable</p> <p>2 Minimize environmental impact throughout the whole production activities (Better energy efficiency, reducing water usage, reducing CO<sub>2</sub> emission)</p>	<p>Task 2</p> <p>We contribute to the preservation of the environment through new businesses based on environmental technologies.</p> <ul style="list-style-type: none"> <li>- Substituting food resources by identifying non-food resources (biomass)</li> <li>- Reducing usage of fossil fuels and toxic raw materials by developing new eco-friendly energy sources</li> <li>- Building sustainable business model within the local region by stabilizing the organic fertilizer business</li> </ul>
		<p>Task 3</p> <p>We establish environment and energy goals in the enterprise-wide perspective</p>
		<p>Task 4</p> <p>We search for new business that will 'Promote healthy life wellbeing' throughout society.</p> <ul style="list-style-type: none"> <li>- Continue our search to identify businesses that can create social value.</li> </ul>
<p><b>03</b> Health and Wellbeing</p>	<p>1 We build a healthy society through our products and services</p>	<p>Task 4</p> <p>We search for new business that will 'Promote healthy life wellbeing' throughout society.</p> <ul style="list-style-type: none"> <li>- Continue our search to identify businesses that can create social value.</li> </ul>

#### CJ CheilJedang's Journey toward a Creative Business Diversification

CJ CheilJedang believes the only way for a company to grow sustainably is by creating shared value with the society with which it coexists. Based on this belief we are putting our efforts into embedding CSV as part of the company culture, and our priority when considering expanding our business scope or going on a global scale with a business is win-win with the society, and whether we can create social value. In addition, we will continue to expand the businesses that have CSV reflected in them, fulfilling our duty in social responsibility and shared growth.

**CJ CSV Value Chain**

We strive to create shared value from the whole process of production – from the seed and raw materials until the moment the product reaches the consumer. Our goal is to supply safe foods to consumers through this process, and encourage them to choose agricultural products with peace of mind. Our ultimate aim is to pursue rural development, the company’s economic value and consumers’ health simultaneously.



**Farms And Local Communities**

We will help solve the practical problems faced by rural communities to enhance Korea’s agricultural competitiveness, and secure fundamental competitiveness of processed foods by establishing a seeds company to roll out the agricultural CSV projects so that agricultural products that companies desire will be developed and supplied..

**Consumers and SMEs**

CJ CheilJedang helps build a sound ecosystem of the food industry by transferring various technologies and know-how to suppliers to enhance their self-sufficiency and building a basis for shared growth.

Securing Agricultural Competitiveness		
	HOW	TO
Social value	In order to enhance the fundamental competitiveness of agriculture, we will develop tailored seeds and conduct contract farming that will guarantee stable income for farms, thereby increasing the added value of agriculture.	<ul style="list-style-type: none"> <li>· Increase contract farming</li> <li>· Increase farmers’ income</li> <li>· Increase the number of farms to participate in the project</li> </ul>
Economic Value	We will secure the engine for future growth by stably supplying agricultural products that are cultivated through seeds tailored to the company’s needs at competitive prices	<ul style="list-style-type: none"> <li>· Enhance the business performance of the agricultural company by developing seeds tailored to the companies’ needs.</li> </ul>

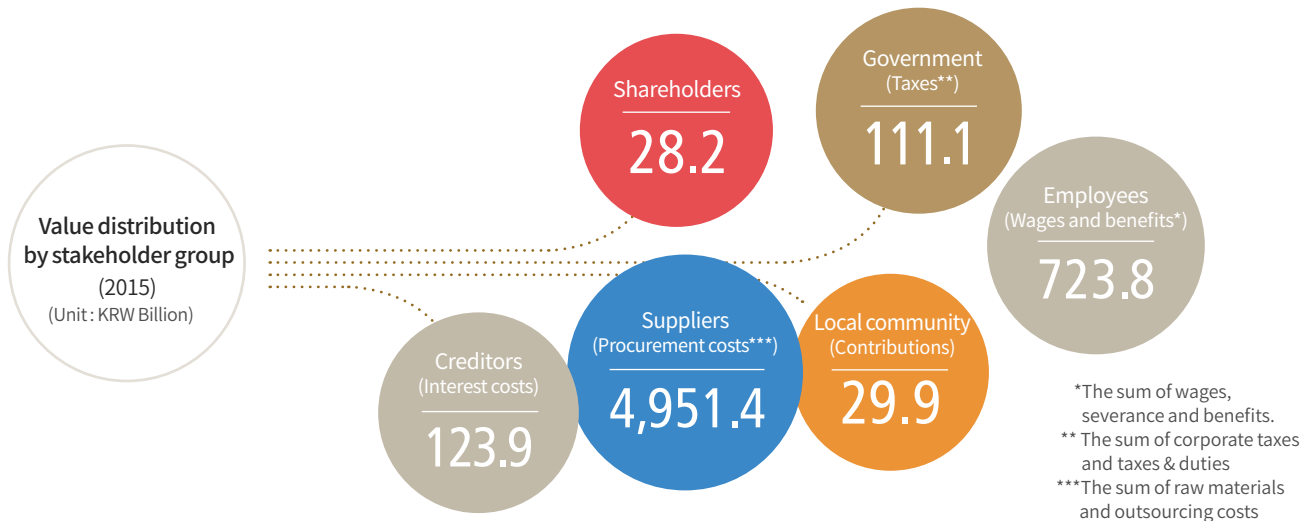
Securing SMEs’ Competitiveness		
	HOW	TO
Social value	We build a sound ecosystem of the food industry for shared growth with SMEs, reflecting CJ Group’s determination to achieve 'Saeopboguk (building a stronger nation through business prosperity)'	<ul style="list-style-type: none"> <li>· Transfer of CJ’s technology and know-how</li> <li>· Support for sales outlet and management innovation</li> </ul>
Economic Value	We will build the engine for sustainable growth through innovation of production and cost competitiveness.	<ul style="list-style-type: none"> <li>· Improve quality through CSV activities with win-win suppliers</li> <li>· Help increase revenues through supporting sales outlet and expanding to overseas markets.</li> </ul>



# Active Stakeholder Engagement

## Stakeholder-Oriented Management

CJ CheilJedang places stakeholders in the center in its operations, and listens closely to their opinions and actively implements them in management activities. Major stakeholder groups are suppliers, shareholders and investors, the local community and employees, and we operate various communication channels for each group. The opinions gathered through those channels are broken down to department level. Stakeholder opinions were an important part of preparing the 2015 Sustainability Report, and we selected 5 issues based on their opinions. We will implement various activities such as opening new communication channels in order to practice stakeholder-oriented management, and enhancing the value of the stakeholders.



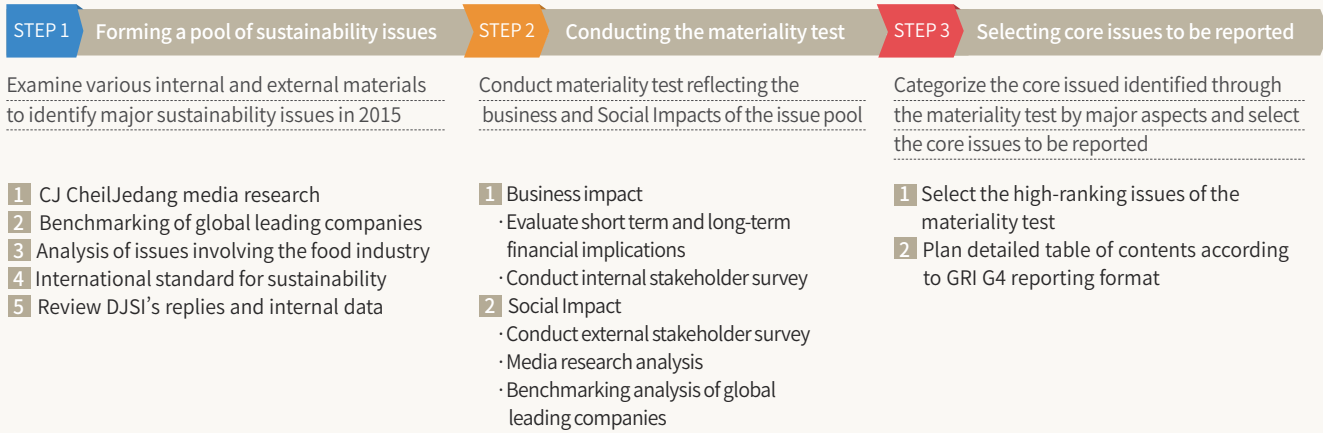
Stakeholder Engagement		Engagement Channel	Engagement Method
<p><b>Customers (consumers and client companies)</b></p>	CJ CheilJedang listens very closely to its customers. The call center is always open, and the consumer panel (formerly monitoring group) allows for real-time communication with the customers.	<ul style="list-style-type: none"> <li>· Connect to customer call center</li> <li>· CJ the FANel</li> <li>· Product label inspection group</li> </ul>	<ul style="list-style-type: none"> <li>· Telephone</li> <li>· Internet</li> <li>· On-site visitation</li> </ul>
<p><b>Suppliers</b></p>	We operate various councils to realize shared growth with suppliers. Participants engage in heated debates and discussions for win-win growth.	<ul style="list-style-type: none"> <li>· Partners Club</li> <li>· Shared Growth Workshop</li> <li>· CJ Partners Meeting</li> <li>· Receipt of Win-Win VOC</li> <li>· Cyber Ombudsman</li> </ul>	<ul style="list-style-type: none"> <li>· Operation of councils</li> <li>· Workshops</li> </ul>
<p><b>Shareholders</b></p>	Disclosure of management performance is essential and a duty. We open our quarterly and annual IR activities through public notice.	<ul style="list-style-type: none"> <li>· General Shareholders Meeting</li> <li>· Quarterly and annual IR activities</li> <li>· Public notice</li> </ul>	<ul style="list-style-type: none"> <li>· Shareholder activities</li> <li>· Internet</li> </ul>
<p><b>Local community</b></p>	Active engagement is by far the most effective means for shared growth with the local community. We operate multiple volunteering channels and encourage employees to actively participate.	<ul style="list-style-type: none"> <li>· Donors Camp</li> <li>· Volunteering with Food Bank</li> <li>· Volunteer clubs</li> <li>· Clean Day</li> <li>· Quarterly visits to local welfare institutions</li> </ul>	<ul style="list-style-type: none"> <li>· Participating in volunteer activities</li> </ul>
<p><b>Employees</b></p>	We aim to cultivate outstanding human talents befitting our company motto OnlyOne. We strive to create a corporate culture that unifies every member.	<ul style="list-style-type: none"> <li>· Open Council</li> <li>· Channel CJ</li> <li>· Group newsletter</li> <li>· Intranet discussion room</li> </ul>	<ul style="list-style-type: none"> <li>· Operation of councils</li> <li>· Internet</li> <li>· Interviews</li> </ul>

# Materiality Analysis

## Materiality Analysis Reports

CJ CheilJedang conducted a materiality analysis to understand the opinions of internal and external stakeholders and reflect them in detail in this Report. We referred to the issues reported by domestic and global leaders in sustainability management, evaluated issues related to CJ CheilJedang’s sustainability that were covered by the media and selected core issues, and prepared the Report according to the GRI G4 guidelines (a global sustainability reporting guideline) on each of those core issues.

## Materiality Analysis Process



## STEP 1 Forming a Pool of Sustainability Issues

We formed a pool of 37 issues from the issues identified through international indices such as GRI G4 and ISO, benchmarking of global leading companies’ report issues, and media cover materials.

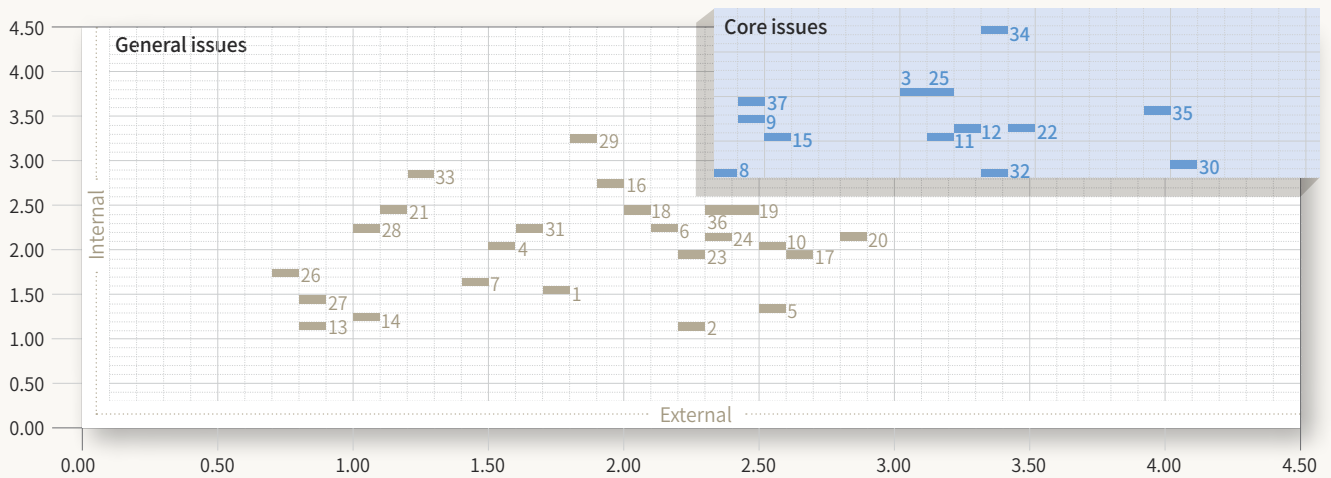
<p><b>Economy/ Management in general</b></p>  <ol style="list-style-type: none"> <li>1 Advancement of enterprise-wide risk management system</li> <li>2 Vitalizing stakeholder communication</li> <li>• 3 R&amp;D and quality innovation</li> <li>4 Maximizing corporate value</li> <li>5 Enhancing competitiveness of existing businesses</li> <li>6 Expanding global business</li> <li>7 Improving management efficiency and profitability</li> </ol>	<p><b>Environment</b></p>  <ol style="list-style-type: none"> <li>• 8 Eco-friendly business</li> <li>• 9 Diminishing environmental impact</li> <li>• 10 Environmental management system</li> <li>• 11 Eco-friendly products and services</li> <li>• 12 Building a climate change response system</li> <li>13 Protection of animal welfare</li> <li>14 Building the 'Green office'</li> <li>• 15 Eco-friendly purchasing</li> </ol>	<p><b>Employees</b></p>  <ol style="list-style-type: none"> <li>16 Reasonable performance evaluation and fair compensation</li> <li>17 Competence building programs</li> <li>18 Safety and health management system</li> <li>19 Fair recruitment and respect for diversity</li> <li>20 Work-life balance</li> <li>21 Vitalizing communication between CEO and staff</li> </ol>
<p><b>Shared growth/ win-win cooperation</b></p>  <ol style="list-style-type: none"> <li>• 22 Strengthening shared growth policy and activities</li> <li>23 Evaluating supply chain’s sustainability</li> <li>24 Prohibiting unfair trading</li> <li>• 25 Shared growth program</li> <li>26 Promoting the unethical behavior reporting system</li> <li>27 Communication with suppliers</li> </ol>	<p><b>Local community</b></p>  <ol style="list-style-type: none"> <li>28 Global social contribution activities</li> <li>29 Social contribution activities linked to business</li> <li>• 30 Social contribution activities considering the local community’s characteristics</li> <li>31 Vitalizing the local economy</li> <li>• 32 Participation of members in social contribution activities</li> </ol>	<p><b>Customers</b></p>  <ol style="list-style-type: none"> <li>33 Enhancing privacy</li> <li>• 34 Providing accurate information</li> <li>• 35 Expanding communication</li> <li>36 Product responsibility and quality management</li> <li>• 37 Developing products with health considerations</li> </ol>

### Analysis of Core Issues and Construction of Report

According to the materiality analysis, providing accurate information on products and services, expanding communication with the customers, and enhancement of shared growth policies and activities were identified as material issues. These are issues closely related to the food business among CJ CheilJedang’s major business divisions. This is because consumers’ interest on food is growing, and the demand for shared growth with small and medium food companies is rising. We reflect these stakeholder interests in 5 core aspects in this Report.

#### STEP 2 Conducting the Materiality Test

Based on 37 issues in 6 categories, we conducted an internal and external survey, and reflected expert opinions after integrating direct and indirect financial impact on the company and goal related performances.



#### STEP 3 Selecting Core Issues to Be Reported

The 13 core issues identified through the materiality analysis were categorized into 5 core aspects which are: efforts for a sustainable environment, responsibility for customers’ health and safety, expanding sustainability of the supply chain, and win-win with the local community. To help readers’ understanding on the 5 core aspects, we reported the background for choosing the given issue, the global trend, and CJ CheilJedang’s activities related to that issue.

Core aspect	Focus 1.	Focus 2.	Focus 3.	Focus 4.	Focus 5.
Constructing core issues	R&D and Innovation	World Best Green Efficiency	Infinite Consumer Safety	Shared Growth with Supply Chain	Social Contribution
	R&D and quality innovation	Expanding eco-friendly business	Providing accurate information on products and services	Strengthening shared growth policy and activities	Implementing social contribution activities taking the local community’s characteristics
		Activities to reduce environmental impact within the production process	Expanding communication with the customers	Strengthening shared growth program for suppliers	Active aarticipation of members in social contribution activities
		Developing eco-friendly products and services	Developing products with health considerations for the customers		
		Building a climate change response system			
Eco-friendly purchasing					
Page	20~25p	26~31p	32~37p	38~45p	46~49p

**ATTRACTIVE  
ISSUE ON  
STAKEHOLDER**





## R&D and Innovation

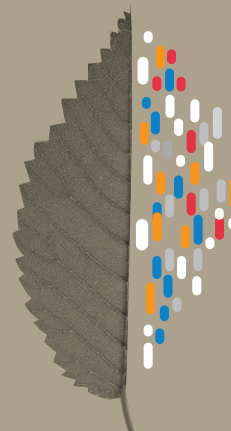
R&D and Innovation p.20

We will satisfy the customers and lead the market trend through continued R&D and innovation efforts.

## World Best Green Efficiency

Our efforts to build a sustainable environment p.26

We secure competitiveness as a global environmentally friendly company, and take big steps toward becoming an environmentally friendly company.



## Infinite Consumer Safety

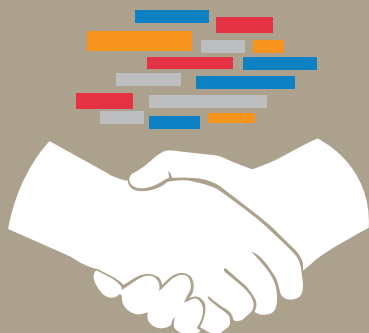
Responsibility toward customers' health and safety p.32

We have a rigorous self-inspection guideline to guarantee safety in all of our products, and thus earning the customers' trust.

## Shared Growth with Supply Chain

Expanding sustainability within the supply chain p.38

We support SMEs secure sound competitiveness, contributing to the advancement of Korea's food industry.



## Social Contribution

Win-win with the local community p.46

We designated shared growth and education as the two core areas where we are putting much work to improve the quality of life of the underprivileged groups within our society.



# R&D AND INNOVATION

R&D and Innovation



## ASPECT REPORT

### / Trends In Global Business Area

The customer demand for healthy foods is steadily rising, and the market for them is expected to expand. Leading companies in the world are conducting R&D on healthy foods with low calories and beneficial functions, containing unsaturated fats and natural sugars. Efforts to secure global technological competitiveness will continue, from cultivating supporting R&D personnel to expanding related facilities.

### / The Reason for Choice

Surveys conducted on CJ CheilJedang's major stakeholder groups have shown a high degree of interest on 'R&D and Innovation' at 27%. The reason behind this interest is the need to secure the engine for future growth and innovative change that will provide the foundation for sustainable growth in an uncertain global economy. As a response to the stakeholders' interest in this aspect, CJ CheilJedang introduces its R&D strategies and the various programs to promote R&D.

## WITH CJ TO EARTH

### / R&D for Functional Sweeteners

Consumers' demand for sweeteners to replace sugar has kept rising since the year 2000. CJ CheilJedang is conducting R&D on sugar substitutes with functions such as decreasing sugar absorption in the body and suppressing blood glucose levels after meals. Following the launch of "Tagatose" in 2012 CJ CheilJedang introduced to consumers for the first time in 2015 the Zero Calorie "Allulose" which was made with its unique method using enzymes. We will target the next generation global sweetener market in step with the trend for 'Healthy Sweetness', investing boldly and securing mass production technology.

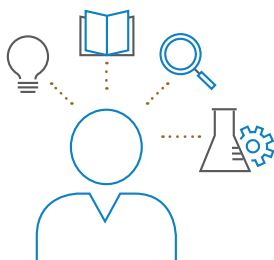
## Expanding R&D for Sustainable Development

CJ CheilJedang is moving toward the goal of achieving its vision 'Great CJ' by the year 2020 based on R&D. To this end, each division established R&D goals and built 5 specialized R&D organizations - Food Research Institute, Bio Technology Research Institute, Feed & Livestock Research Institute, Food Ingredient Research Institute, and Healthcare Research Institute (the Healthcare Business Division has been separated as an independent company in 2014). The professionals at each research organization are working hard to improve quality and develop innovative ideas and technology through R&D. At the same time, we are identifying market trends and analyzing social and environmental effects to reflect them in long-term R&D project strategies, and strive to discover new growth businesses and promising businesses.

**Building R&D Organization and Cultivating Human Resources** At the specialized research institutes in each division (Food, Food Ingredient, Bio, Feed & Livestock), there are 610 resident research personnel. With the need to improve competitiveness and enhance company brand through innovative R&D results, we significantly expanded the research personnel in 2015, and newly established the Beneficial Microorganisms TF and R&D Planning Team, building the basis for an enterprise-wide integrated R&D strategy. We aim to become an outstanding R&D company with global competitiveness by restructuring the R&D organization for systematic R&D activities and by securing excellent and professional personnel.

### R&D Personnel

(Unit : Persons)



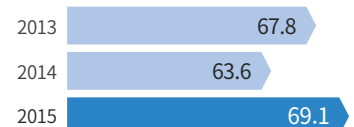
Category	2013	2014	2015
Food Research Institute	186	165	173
Food Ingredients Research Institute	84	77	79
Bio Technology Research Institute	232	232	251
Feed & Livestock Research Institute	44	44	62
R&D Planning Team*	-	-	31
Beneficial Microorganisms TF*	-	-	14
<b>Total</b>	<b>546</b>	<b>518</b>	<b>610</b>

\*R&D Planning Team and Beneficial Microorganisms TF were newly established in 2015. The Beneficial Microorganisms TF is a subordinate organization of the R&D Planning Team.

**Expanding R&D Investment** In our pursuit for the long-term vision 2020 'Great CJ', we are actively investing in R&D. We continued expanding our R&D expenditures since 2011 and by 2020 we plan to invest 1.6% of revenue in R&D. Together with cultivating core R&D personnel based on specialization we will secure cutting-edge R&D equipment in advance to leap toward becoming a pioneer in R&D with global competitiveness.

### R&D Investments

(Unit : KRW Billion)



\*The amount above includes R&D expenditures turned to assets, separately for CJ CheilJedang.

**Construction of CJ Blossom Park (R&D hub)** In December 2015, the CJ Blossom Park (R&D hub) was opened in Gwanggyo, where R&D institutes (Food, Bio Technology, Feed & Livestock and Food Ingredients) that were scattered across the country have been integrated in one place. The R&D hub is the largest in the industry, and boasts optimum research conditions based on specialist researchers and technology, and maximizes R&D synergy between divisions by integrating know-how of each field. We strive to secure core competitiveness by strengthening base technology of each division and through integrated management of the synergy fusion technology.



**1**  
Food Research Institute



In the 1970s when the whole domestic food industry was imitating foreign technology, we established the first general food research institute in Korea in 1978, and with continued efforts we were able to develop a plethora of independent technologies and good products. Based on this knowledge, we lead the food technology sector by introducing products that got the attention of the consumers such as "Hetbahn", "DASIDA", Korean pastes and frozen foods.

**2**  
Food Ingredients Research Institute



The Food Ingredient Research Institute was originally the Food Ingredient Center within the Food Research Institute, and was promoted to the current research institute in 2013. The well organized Food Ingredients Research Institute is staffed with outstanding and competent researchers, who conduct studies such as enzyme and microorganism screening, ingredient application technology and product development. Based on those studies and using cutting edge research equipment they develop saccharides, oils and starches.

**3**  
Bio Technology Research Institute



Based on microbial fermentation technology such as amino acids, nucleotides, vitamins & enzymes and probiotics, we are spearheading the 'Green Bio' industry. Through continued R&D the Bio Technology Research Institute is developing industrial microbial strains, commercializing new high value-added substances, and also developing processes. Building on the development of existing 'Green Bio' competence, we will spur technology development targeting the eco-friendly bio industry and biochemical raw materials market.

**4**  
Feed & Livestock Research Institute



Since the establishment of Incheon Feed & Livestock Research Institute in 1987, we built more R&D centers in China and Vietnam, currently at 4. The Feed & Livestock Research Institute develops innovative technologies in 6 areas including natural materials to help digestion/immune system, and microorganisms to promote gut health, and we develop feeds tailored to customers' needs through differentiated products for each product group.

**New Product Launch** (Unit: Cases)

Category	2013	2014	2015
Food Research Institute	76	63	123
Food Ingredients Research Institute	96	139	107
Bio Technology Research Institute	1	1	2
Feed & Livestock Research Institute	13	14	6
Total	186	217	238

**Intellectual Property** (Unit: Cases)  
(Patents and New Applications)

Category	2013	2014	2015
Number of New Applications*	290 (90)	483 (86)	493 (95)
Number of Patents Owned**	1,374 (490)	1,573 (550)	1,785 (628)

\*Number of new applications: this includes the undisclosed applications and overseas applications, and the number of new applications in Korea is written separately within parentheses.

\*\*Number of patents owned: this includes those owned overseas, and the number if patents owned in Korea is written separately within parentheses.

**/ Open Space for Innovation**

CJ CheilJedang has chosen Open Innovation as one of the core strategies that propels innovative ideas and technology development with external collaboration such as technology injection and outsourced joint research. This strategy enables us to secure technologies we don't have and shorten the development period and utilizing research resources with maximum efficiency.

**Joint Research** We solidify our market position by developing Korea's top technology-based products through joint research with specialized research institutes and universities. In 2015 we signed business agreements with 'Ewha Womans University Mokdong Hospital' and 'World Institute of Kimchi' to conduct joint technology development which not only enhanced efficiency in terms of time and costs but also contributed to revenue increase. Moreover, we continue our efforts to stay current with technologies and trends through support for Korean academia. We provide support to 6 Korean academic societies (such as 'The Korean Society for Biotechnology and Bioengineering', and 'The Microbiological Society of Korea') as well as support for society sessions and operating recruitment booths. We have also strived to create shared benefits through activities such as joint research with 'Seoul National University' (CRISPR, process system development) and industry-academia lectures at 'Korea University'. In addition, we contributed to the advancement of the nation's science technology by participating in government-led research and development projects.

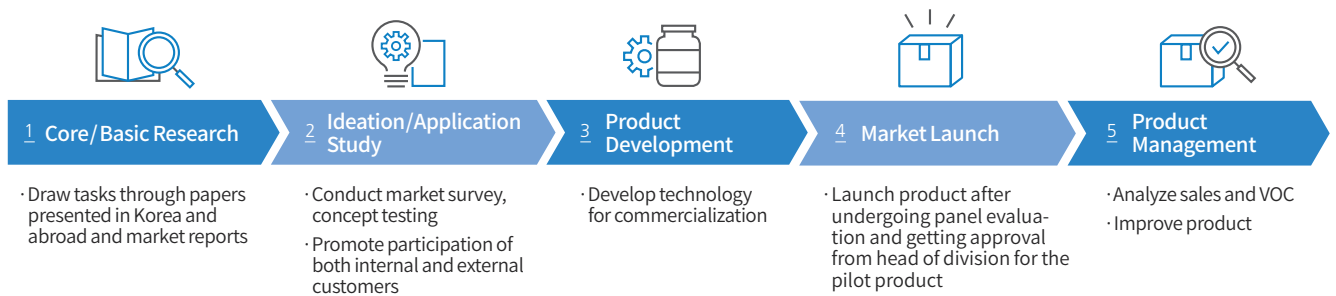
**Collaboration for Technology Development** For product groups where there are limits in expanding the business scope and securing global technological competence by CJ CheilJedang's technology alone, we actively pursue collaborations with domestic and foreign partners. For instance, we secured a basis for entering into a new business by developing raw material technology for 'Bio plastic' through joint research with an institute that had the relevant technology, and we were able to build the process starting from production of raw material to end product with the external collaboration partner.



**Collaboration Projects with External Experts in 2015**

- 1. Food Research Institute**
  - 3 cases of technical partnership (bakery type desserts, puddings, high end imitation crab meat)
  - 13 cases of national projects (halal, cup-bap(rice) for export, beans, etc.)
- 2. Food Ingredient Research Institute**
  - 2 cases of national projects
- 3. Bio Technology Research Institute**
  - 53 cases of research commissioned to domestic and foreign companies and universities (genome editing, feed safety evaluation, bioplastic, etc.)
  - 3 cases of consultation (MIT, JiangSU University etc.)
- 3. Feed & Livestock Research Institute**
  - 2 cases of technical consulting (mix design technology, R&D for natural materials)
  - 1 case of national project (development of odor reduction technology)
  - 3 cases of joint research (microbial agents, natural material agents)
  - Joint research (high growth complex microorganisms deriving from the gut)

**/ R&D Process that Takes Sustainability into Account**



**R&D Development Stage ..... R&D Market Launch Stage ..... R&D Management Stage.....**

This is the stage where based on the tasks drawn from analysis of the domestic and foreign market trends and existing products, we develop the technology required for commercializing the new product. We invest the largest amount among the R&D stages and we consider the engagement and evaluation of internal and external customers to be important.

This is the stage where development is completed, and we reflect the consumer group's response on the prototype foremost to launch a consumer-friendly product. We rigorously inspect not only taste and quality, but also the safety standards, and whether the writing on the package is true.

The research institute related to the product and the marketing department continuously monitor the product that has been launched. In this stage, we conduct monthly sales performance analysis and quality assessment, and regular VOC to check for improvements and reflect them.



## Eco-Friendly R&D Performance

With the sense of responsibility as the company specializing in foods representing Korea, we actively develop eco-friendly technologies. We aim to spearhead the development of eco-friendly technologies including production lines with reduced environmental impact, development of new packing material, and expanding eco-certified products.

**Developing Eco-friendly Products** We never cease our efforts to develop eco-friendly products. As a result of investments to develop technologies related to reducing environmental impact in the production process, we succeeded in acquiring carbon labeling and low-carbon certification for our product "Hetbahn", and heightened recyclability of "Minewater" by applying the eco-friendly label in the bottle, and launched the eco-friendly gift set tray. In addition to developing environmentally friendly 'Green' feed that reduces methane emissions in 2014, we are presently conducting a national project jointly with Seoul National University to develop odor controlling technology by reducing ammonia and hydrogen sulfide, to improve the shed environment.

**Tray Material for Gift Sets** Using eco-friendly recycled material such as rice bran and wheat bran to make gift set trays contributed to reducing environmental impact. The eco-friendly tray was developed independently by CJ CheilJedang with the goal of reducing the use of petrochemical materials, and since 2011, we have continued to increase the ratio of bran and eco-friendly materials. The eco-friendly trays have been tested for drop damage in room and freezing temperatures and are used for packaging of "Canola Oil", "Beksul gold sesame oil" and "SPAM®". The eco-friendly tray contributes to heightening our image as an eco-friendly company by reducing environmental impact.

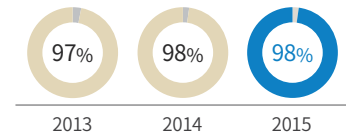
**"Hetbahn" Acquired CFP (carbon footprint) Label** "Hetbahn" is CJ CheilJedang's representative brand that acquired the CFP label in 2011 for the first time in the world in the instant cooked rice sector. It achieved a high carbon reduction rate at 27.4%, far outscoring other certified brands. In particular, the "Hetbahn Cupbahn" introduced in 2015 takes the most advantage of the container's feature, enhancing consumer convenience while minimizing the use of packaging material to reduce the amount of waste generated.

**Beneficial Microorganisms Fermenting Technology** Based on the microorganism fermenting technology we have acquired through continued R&D investments, we are spearheading the world's environment friendly bio industry. We developed 2 strains of fermented taste material and officially registered them as food ingredient, and developed skin lactobacillus extracted from Kimchi, which was the first in the world, and won the Presidential Commendation and Jang Young-shil Award in 2015 in recognition of our innovative technology. In addition, we introduced 'CJ Beneficial Microorganisms Fermenting Technology' at the 2015 Creative Economy Expo, where the technology was widely acknowledged. Moving forward, we plan to expand the bio industry to various sectors that can utilize fermenting technology such as cosmetics, energy drinks, vehicle coating material, sportswear and health foods containing lactobacillus.

**LOHAS Certification for Pastes** Our Korean paste products (Gochujang, Doenjang and Ssamjang) which are free from synthetic preservatives, artificial coloring and MSG and made via traditional fermenting method acquired the LOHAS certification, the first to do so among Korean pastes. We regard customers' health and environment as the foremost value, and aim to continually practice innovative product development and environmental management.

**Production of Amino Acids Using Eco-friendly Method** CJ CheilJedang's amino acid production process is the fruit of green, eco-friendly Bio-cycle. Sugar canes are cultivated through photosynthesis using carbon dioxide in the air, and the sugar canes are then used to produce raw sugar material for

### Ratio of Eco-friendly Tray Usage



▲ Eco-friendly tray and low-carbon certified "Hetbahn"

amino acids. Then we turn the byproducts from amino acid production into organic fertilizer, which sums up to a 'Zero-emission' eco-friendly biological process. In 2015 we developed the world's first eco-friendly fermenting method to produce L-methionine and applied it to the Malaysian production line.

**Future Biotechnology Research** The Bio Technology Research Institute is studying the 'white biology' field such as biochemistry and biomass, based on the world class microorganism modification and fermentation technology. We aim to lead the future biotechnology through biochemistry that develops substitute materials for petroleum based chemicals through bioengineering and chemistry technology using renewable resources, and industrial biomass research to obtain fermentable saccharides from various agricultural byproducts and discarded wood, to find solutions to various environmental problems.

### **Expanding Sustainability through Innovation**

We are implementing continuous innovation activities throughout the company's operations to expand sustainability throughout the company. We select and implement innovation tasks and manage related indexes to help solve not only economic issues, but also related social issues.

**Management Innovation** We are eliminating overall management inefficiencies through internal organizational innovation. Through structural reform, we underwent management innovation based on core technologies, which enabled us to lower production costs. In addition to innovation in the aspect of economic efficiency, we continue to pursue qualitative innovation by SCM and quality improvement and enhancing the work process.

**Environmental Innovation** We continue innovation in the environment sector as well. We achieved significant results in the environment sector by converting the usage of plant wastes and improving treatment costs. We discarded the existing method of disposing saline wastewater directly to drying the waste to solid waste, reducing the waste discharge volume by more than 90%. In addition, we utilized low syrup wastewater as the carbon source for water treatment, creating an annual profit of KRW 480 million. We aim to implement innovative waste treatment methods through continued eco-friendly technology, and build a business model that achieves both environmental and economic goal simultaneously.

**Social Innovation** We strive to promote win-win cooperation through shared growth as part of our corporate culture. We continue to carry out profit sharing projects with suppliers such as reducing logistics cost by participating in the sharing of logistics equipment, and improving yield by adjusting the content of raw materials and supplementary materials, while implementing social innovation processes that will promote collaboration with suppliers and the local community. Meanwhile, we defined social product innovation to be supplying products that promote customers' health, which were made with materials procured from SMEs with priority and domestically produced raw materials, and we continue to increase the number of such items.

### **CJ CheilJedang's Promise to the Open Future**

We plan to expand the launch of differentiated high value-added, high-function product groups through continued R&D and innovation activities by each business division, such as developing healthy and nutritional foods and eco-friendly biotechnology including microorganism fermentation at the integrated research institute. We will put first emphasis on customer value, leading the functional food and indulgence food categories, including One-meal solutions with both taste and health. We will continue to develop health promoting products through world's highest level of biotechnological prowess to enhance our fundamental competitiveness and create the engine for long-term growth. In addition, we will maximize efficiency through continued innovation of the internal processes to adapt to rapidly changing market conditions, and channel that efficiency as fuel for long-term growth.

# WORLD BEST GREEN EFFICIENCY

Our efforts to Build a Sustainable Environment



## ASPECT REPORT

### / Trends in Global Business Area

With stronger environmental regulations around the world and heightened interest in the environment of the local communities, the importance of environmentally friendly management continues to rise. Moreover, efforts to minimize their environmental impact have become an essential duty for global corporations. Thus, many global leading companies establish environmental management strategies in the long-term perspective, and minimize their environmental impact through continued investments in equipment and R&D to achieve sustainable development.

### / The Reason for Choice

The survey conducted on CJ CheilJedang's major stakeholder groups showed that the issues of 'Establishing a system to respond to climate change' and 'Activities to reduce environmental impact within the production process' ranked high at 15%. We are aware that ignoring environmental issues and slack risk management can result in great social and environmental damage and recovery is costly in terms of both time and expense. We hereby introduce our climate change strategy and system that aims to prevent rather than deal with problems after they occur.

## WITH CJ TO EARTH

### / Reflecting Global Case Issues

Starting with the overseas business operations of the Bio Business Division, we are working to open the CDP water information. We established a team to take charge of building Water related strategies and water management system. Major projects include building a water inventory, water risk assessment, strategies to respond to water risks as well as water management strategy. By improving and internalizing the water management system, we will bring stability throughout the company and establish responses for managerial decision-making.



## Understanding the Responsibilities of a Global Green Company

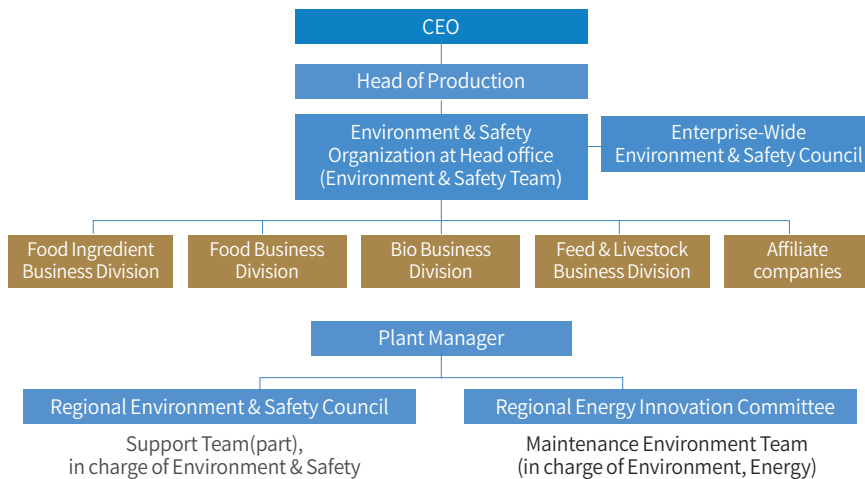
According to our long-term plan 'Proactive response to climate change to secure competitiveness and pioneer the image of a global green company', we are implementing the green management system across all business locations. As part of this movement, we are actively implementing environmental management activities such as securing low-carbon technologies, reducing greenhouse gas emissions and promoting green consumption by expanding low-carbon products. While enhancing our efforts to reduce environmental impact within the local community, we will strive to become the leader in eco-friendly management by developing eco-friendly technologies and expanding business in that sector.

### Driving Environmental Management

CJ CheilJedang is building the foundation for environmental management at domestic and foreign business locations and the supply chain including suppliers. While operating the enterprise-wide environmental management organization, we are expanding low-carbon certified products and also providing support to suppliers in their movement to settle sustainability management.

**Establishment of the Environmental Management Organization** We established the environmental management organization that overlooks systematic environmental management across the whole company. We systematically manage the 23 production plants through the integrated computer system, and we plan to expand it to include overseas business locations in the future.

### Enterprise-Wide Environmental Management Organizational Chart



**Building Environmental Management Roadmap** CJ CheilJedang built the environmental management roadmap that can be applied across the company, and evaluates the achievements of the long-term strategy implemented according to the roadmap. Centering on the business sites that are designated as green management business site, we have developed and are operating the operational performance and management performance indices related to environmental management, and we plan to expand the scope and management criteria.

**Participation in the Green Management System** In 2011, we acquired the first official 'Green Management System' certification in the domestic food and beverage industry, and we continue to maintain the system certification. In addition, after being designated as the 'Environmentally Friendly Company' for the first time in the industry in 1995, we have established the enterprise-wide environmental management document system, minimizing waste of resources.

## Proactive Response to Climate Change

We have set the greenhouse gas reduction goal by 2020, and we are leading green consumption by expanding low-carbon products, proactively responding to climate change. We maintain a close relationship with 'Business Institute for Sustainable Development' (under the 'Korea Chamber of Commerce and Industry'), and spread eco-friendly policy throughout CJ Cheil-Jedang including the supply chain by transferring environmental management know-how to small and medium suppliers. In addition, we continue our participation in the water donation campaign with the Korean Committee for 'UNICEF' to help supply clean water to the children in Africa.

### **Reflecting Climate Change in Management Decision-Making**

We decide important issues relating to climate change at the board of directors meeting. Through detailed and systematic decision-making process, matters such as purchasing and selling emission rights, large-scale investments on greenhouse gases and energy conservation, and investments to prepare against storm and flood damage are decided. For example, the executives in charge of production and the management executives discuss and decide matters important to production such as reducing greenhouse gas emission in relation to climate change and preparing for storms and flood.

### **Establishment of Organization in Charge of Climate Change**

We launched an organization to take charge of climate change and energy under the Engineering Team which oversees all of the company's production. The new organization implements activities to reduce greenhouse gas emissions and energy consumption. An employee at each business location is designated to take charge of greenhouse gas, managing the emission volume and rolling out reduction projects.

### **Management and Response to Climate Change Risk**

Based on the climate change risk management system we quickly respond to related issues. We examine various risk elements and changing business conditions owing to climate change, reflect the risk management performance in the KPI of employees in charge, providing promotion and incentives to encourage them to actively fulfill their roles. In addition, in order to support competence development for responding to climate change for employees at the head office and other business locations, we provide external training on energy, storm and flood response and other subjects, as well as exchanges with experts.

### **Definition of Climate Change Risk**

We classify climate change issue into two categories and manage them accordingly. The climate risk is divided into the issue of reduction pertaining to the legislation of greenhouse gas emission rights, and the issue of adapting to climate change. These are also managed separately at independent departments. In order to tackle the legislation of emission rights, we calculate the volume to be reduced based on the expected emission volume; we manage the emission quota; as well as buy and sell emission rights. Meanwhile, we have a separate storm and flood management process in place to prepare for increased storms and floods that may occur due to climate change. To prepare for price risks such as crop fluctuations caused by climate change, the purchasing department conducts forward contracts and purchasing.

### **Reflecting Climate Change Management Work in Performance Evaluation**

We have included climate change management issues such as greenhouse gas reduction and storm and flood risk management in the KPI of personnel in charge at the head office and other business locations. In particular, greenhouse gas and energy management is marked high in the KPI of the personnel in charge at the head office, and is linked to the KPI of each business locations, so that climate change management work is directly linked to performance evaluation.



## Activities and Investments to Improve Energy Efficiency

CJ CheilJedang formed the Integrated Energy Innovation Committee and implements energy conservation activities where all employees at the head office and business locations across the country participate. We also aim to enhance energy efficiency through continued investment and development of new technologies, while expanding the usage of renewable energy.

### Innovation in Energy Conservation

We plan and implement activities to conserve energy according to the energy efficiency grade of each business site. We built a close cooperation system across the company through the company-wide Energy Innovation Committee, established energy conservation goals for each business site and continue to monitor the progress. This has enabled us to heighten the commitment from both the head office and other business locations to save energy, and allow for substantial monitoring.

### Operation of Enterprise-wide Energy Innovation Committee

To establish an efficient cooperation system, at the Enterprise-wide Energy Innovation Committee that was established to maintain a close cooperative relationship between the head office and major business sites within the country, the person in charge of energy establishes the implementation direction of energy conservation, which is distributed to the Energy Innovation Committees at each business site, and visits the sites to check the progress of goals according to schedule. In addition, model cases of improvement are identified and disseminated to spread the energy conservation movement.

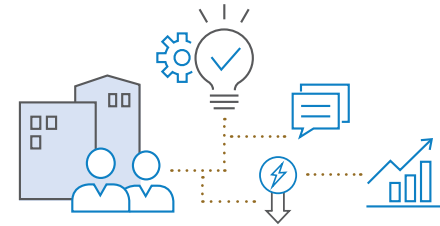
### Energy Efficiency and Investment Enhance

CJ CheilJedang drew a roadmap by stage and manages the progress in order to become a world-level energy efficient company. As part of the roadmap we studied energy optimization plans of leading companies to reflect them to our company, and we are now at the stage of settling the management process across the company. We are pursuing the goal of 'Zero energy waste' as part of our goal to enhance energy efficiency to achieve our vision 'Great CJ' by 2020.

**Efficiency Analysis by Energy Source** We are analyzing efficiency of each source of energy through energy intensity analysis, and draw improvement tasks from them. We also established energy management targets, saving energy costs by implementing improvement steps.

**Continued Investment and Improvement Activities** By the standing operation of the Energy Innovation Committee at the business sites we establish plans for energy conservation, while increasing our investments in environmental equipments and energy saving, which contribute to continued reduction of energy consumption. We will continue our investment such as building eco-friendly new plants both in Korea and abroad, and implement improvement activities in steps to achieve innovative energy conservation results.

**Expanding Usage of Renewable Energy** CJ CheilJedang plans to replace all fossil fuels with renewable energy by 2030. To this end, we are steadily increasing the use of renewable energy in Busan, Incheon Plant No. 2, and 3 locations at Jincheon Plant, and we are also expanding to other plants as well. In particular, we installed the pellet boiler that is currently very popular as an environmentally friendly, renewable energy, and we installed LED lighting at some business locations as part of replacing existing facilities with those with high energy efficiency.



### Energy Consumption (Unit: TJ)

Category	2013	2014	2015
Total energy consumption	6,417	6,648	7,047
Steam usage (renewable steam)	654.3	857.2	873.7
LNG usage	2,902.4	2,792.4	2,892.3
Coal usage (steam)	42.2	43.2	41
Other energy usage	2,818.1	2,955.2	3,240

### Energy Intensity

Category	2013	2014	2015
Total energy consumption (TJ)	6,417	6,648	7,047
Production volume (ton)	3,030,343	3,132,640	3,376,195
Intensity* (GJ/ton of product)	2.12	2.12	2.09

\*Intensity = energy consumption/production volume

### Company-wide Introduction and Use of Renewable Energy

Category	2013	2014	2015	2016 target
Total number of business sites introducing renewable energy	3	3	3	3
Amount of renewable energy used (TJ)	654.3	857.2	951.3	978
Ratio of renewable energy used** (%)	10.3	13.3	13.5	13.5

\*\*The ratio is the sum of the numbers from the Busan Plant, Incheon Plant No.2 and 3 locations in Jincheon Plant. However, although LED lights are installed in parts of all business sites, they have not been included in the number of locations with renewable energy installations.

## Minimizing Environmental Impact

We are implementing greenhouse gas reduction activities in accordance with the life cycle of the product, from production to distribution. We are putting our efforts to reduce greenhouse gas reduction during the production process, and implementing conservation activities to prepare for depletion of raw materials and fossil fuels. In addition, we continue our efforts to minimize waste discharge and recycling byproducts into reusable resources.

### Reducing Greenhouse Gas Emissions

As we were designated as a target company for the emission trading scheme implemented by the government to manage greenhouse gas goals, we established the medium-and-long-term emission intensity reduction plan and continue our activities to reduce emissions. We have set goal of reducing direct greenhouse gas emissions by 30% until 2020, and we have successfully reduced 10% in 2014. Meanwhile, we plan to expand activities to reduce emissions so that from 2015 and by 2017, we will be able to manage most of the greenhouse gas emission rights quota stably.

**Verification of Reaching Greenhouse Gas Reduction Target** All of CJ CheilJedang's business sites including plants, shops, education centers and head office undergoes verification of greenhouse gas emissions by the end of March of every year by a verification institute designated by the government. These numbers are reflected in the government's comprehensive greenhouse gas information system, and additional greenhouse gas reduction targets are set each year and details of the reduction tasks are reported to the government. Since we began the public notice of reduction volume, we have continued to meet the greenhouse gas reduction target suggested by the government.

#### CASE STUDY

### "Hetbahn 210G", the first low-carbon certified processed food

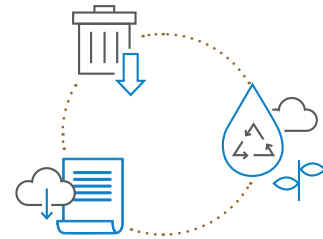


"Hetbahn 210G" was selected as one of the products for the carbon labeling pilot project, and was the first to acquire low-carbon certification among processed foods. This case involves recovering heat from a nearby waste incinerator where waste heat was discharged into the air by using an underground pipe to recycle the heat, and is one of the representative cases of environmental management. Through this system, 100g of greenhouse gas is reduced for each "Hetbahn" that is produced, amounting to 10,000 tons of greenhouse gas reduction annually.

### Endeavors to Turn Wastes to Resources

As is characteristic of the food industry where the products are used directly by consumers, large volumes of packaging material are generated in the course of distributing and using the products. Thus, we are putting our efforts into reducing carbon dioxide emissions by using less packaging material, and using eco-friendly material in the production of packaging material. In addition, we are continually increasing the amount of recycled wastes generated at the production stage.

**Turning by Products to Reusable Resources** We began the byproduct reuse project that reevaluates the economic value of byproducts generated during production, and we report the performance of the project regularly. As an example, all the fermented byproducts generated during amino acid production are recycled into organic fertilizer. The recycled organic fertilizer is provided to nearby farms and agricultural companies, and liquid fertilizers are supplied to large plantations and small-scale farmlands through the exclusive tank and liquid fertilizer transportation system, creating eco-friendly value.



### General and Designated Waste Volume and Recycled Ratio

(Unit : ton)

Category	2013	2014	2015
General waste	62,147	56,069	51,798
Designated waste	153	330	259
Total waste volume	62,300	56,399	52,057
Recycled	39,765	47,504	48,209
Incinerated	15,575	5,639	3,591
Landfill	6,960	3,256	257

## / Water Conservation and Recycling

With food safety regulations becoming more stringent, the usage of cleaning water to sterilize the interior of the food business division is increasing. However, we are managing water usage by conservation efforts and using recycled water. At the Incheon Plant No. 1 and No. 2, we are using graywater to clean nearby roads and expanding their usage and we have continued to increase the ratio of water reuse over the past 3 years.

Total Water Intake by Each Water Source				Water Usage			
(Unit: ton)				(Unit: ton)			
Category	2013	2014	2015	Category	2013	2014	2015
Waterworks (industrial + household water)	3,604,458	3,515,120	3,838,231	Water usage	3,697,758	3,602,920	3,917,039
Groundwater*	93,300	87,800	78,808	Total recycled and reused water**	213,713	228,363	273,640
Total	3,697,758	3,602,920	3,917,039	Recycled ratio (%)	5.8	6.3	7.0

\*Groundwater is limited to the Gongju Plant

\*\* Total recycled and reused water is limited to Incheon Plant No.1 and No.2

CJ CheilJedang proceeded with CDP Water information disclosure in July 2015, and plans to implement substantial response activities in from 2016, and has organized a department to take charge of establishing the water management system. We drew a water management roadmap in order to assess water related risks and set up response strategies, and by 2020, we will complete the integration of water management, integrating enterprise-wide business management and water strategy. In addition we will complete the improvement of water management system and establishment of internal rules so that we may check all water related issues in advance and respond safely.

## / Controlling Pollutants and Odors

CJ CheilJedang carries out activities by each business location in order to create a clean and environment-friendly production plant. We established the process and control guideline for of pollutants and odors within the production process and put our efforts to prevent them. When an accident does indeed occur we take immediate measures in order to minimize their impact on the local community and environment. In addition, we established the CJ ESH system to closely respond to safety and environment related issues within the business locations, as well as the integrated inspection and management of those issues.

## CJ CheilJedang's Promise to the Open Future

Based on the Green Management philosophy, CJ CheilJedang is building an environmental management organizational structure that can be applied to all business locations both in Korea and abroad. We are committed to fulfilling the social demands and responsibility on the environment, starting with basic activities such as designing clear environmental management value goals and visions, reducing greenhouse gas emissions and conserving water, as well as protecting biodiversity.

### Discharge Volume of NOx, SOx and Dust

(Unit: ton)			
Category	2013	2014	2015
NOx	132	111	110
SOx	4.029	4.002	4.001
Dust	54.1	53.1	53.0

### Wastewater Discharge Volume by Business Site

(Unit: ton)			
Business Site	2013	2014	2015
Ansan	1,096,809	977,469	924,917
Jincheon	469,914	538,576	637,000
Busan	321,418	362,798	317,345

# INFINITE CONSUMER SAFETY

Responsibility toward customers' health and safety



## ASPECT REPORT

### / Trends In Global Business Area

Customers' trust in the global food industry in general is diminishing as issues such as sanitation and exceeding the regulation for additives surface repeatedly. Thus, global food companies not only observe the food safety standard verification of the country they are exporting to, but also strictly control food safety at the global level by utilizing various food safety management indexes, and establish their own food safety standards to promote the transparency of their food safety activities.

### / The Reason for Choice

According to the survey conducted on CJ CheilJedang's major stakeholder groups, the issue of 'Food safety and developing products with health considerations for the customers' showed a high level of interest at 51%. We understand that building a food safety infrastructure and providing accurate information is the only way to secure customers' trust. In this section, we describe our efforts to secure food safety and active communication with the customers.

## WITH CJ TO EARTH

### / Operation of the 'China Food Safety Center'

Amidst steady growth of global consumers' interest on food safety, CJ CheilJedang moved the 'China Food Safety Center' to Beijing in 2015 to actively respond to the strengthening of the Chinese food safety policy and enhance communication with the customers. The 'China Food Safety Center' will secure differentiated core competences by 2017, including building the Chinese food safety management system, operating the prior safety verification process, and reinforcing new analysis equipment to strengthen preemptive control of heavy metals and other hazardous substances.



## Regaining Customers' Trust on Food Safety

As a global food company, CJ CheilJedang sees food safety to be of the utmost value. To this end we cultivate food safety experts and introduce cutting-edge analysis equipment to conduct safety management in all processes including the product launch to distribution. In addition, we 'Quality and Safety Center' that is in operation on the company-wide level oversees the comprehensive food safety management work, and a safety personnel is assigned to each business location to conduct food safety inspection over 50 times a year. We strive to regain customers' trust by building a systematic food safety infrastructure.

### Building the Food Safety Infrastructure

We put our efforts to prevent consumers' doubts and secure competitiveness in food safety by building a customer safety and reassurance system throughout all processes, beginning from the procurement of raw materials through to production, consumption and distribution. In the aspect of securing product safety we will provide safe foods taking customers' health and safety into consideration.

**Operation of the 'Quality and Safety Center'** In 1997, we established the 'Food Safety Center', the first in the country, with the duty to supervise food safety management, and currently it has been renamed to 'Quality and Safety Center'. The 'Quality and Safety Center' operates the safety verification system based on the know-how accumulated over the years, and has a guideline that is more rigorous than the standard presented by the Ministry of 'Food and Drug Safety', and conducts thorough preparation and verification for food safety.

**Introduction of Quality Management System** In order to ensure proactive food safety management, we operate the CJ Quality Management System as the internal policy. Together with verifying the safety of raw materials managed through the QMS, we continue to secure food safety based on audit analysis and record tracking.

**Raw Material and Producer Management** We follow our independent agricultural raw materials guideline when purchasing agricultural raw materials. When purchasing agricultural raw materials from abroad, we adhere to the government's safety verification regulations, while also strictly applying our own quality management standards. We commission external expert institutions to verify environmental risks to check for trace pesticides and heavy metals, and we import from business locations that meet the ISO 22000 standards and ship only raw materials that have satisfied the conditions set forth in ISO 21569. Meanwhile, our purchasing amount for organic sugar and organic flour in 2015 was KRW 0.7 billion, and we plan to increase the purchase and production of organic foods to meet the well-being trend. Thus we are actively developing suppliers, focusing on organic agricultural raw materials.

### Quality Management System

#### 1 Raw Material and Supplier Management

From supplier management to purchasing, storage and delivery of major agricultural products such as rice, cabbage and beans, we eliminate the risk of hazardous materials through strict management at each stage.

#### 2 Safety Verification of New Products

All products launched domestically and abroad have to pass the safety gate involving standards and regulations, verification of end product safety, and legal standards inspection.

#### 3 CJ QMS

Quality standardization of all sectors including R&D, purchasing, logistics, import/export, risk management, claims, HACCP, training, monitoring and audit.

#### 4 AUDIT/MONITORING

We secure execution capability through risk management against food safety (such as new product safety and standards management) and quality accidents, and continue to monitor past 'inadequate' record and potential issues.

#### 5 Tracking Food Record

We operate a tracking system from raw materials delivery to production through a system-based control such as barcodes and RFID.

#### 6 Anticipatory Issue Detection Activities

We can respond quickly by collecting information in advance such as inadequacy issues and risk ranking, and proactively respond to food safety risks.





## / Global Food Safety Activities

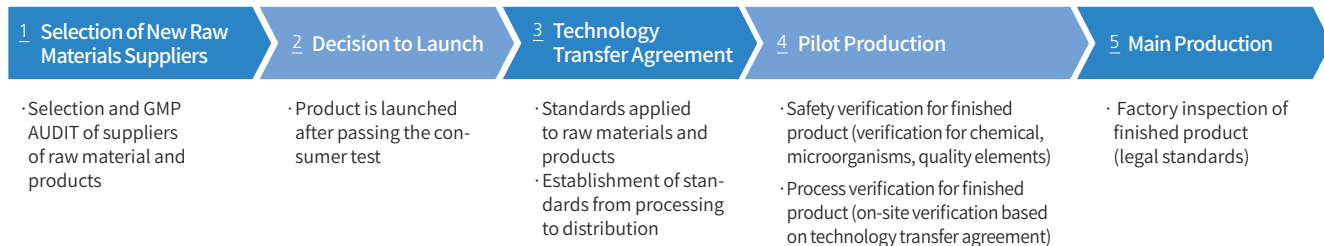
In the industrialized countries such as the United States and EU, more stringent control on imported foods is being legislated, while in emerging economies such as China and Vietnam, basic food safety issues are rising. As a global foods company exporting more than 1,100 products to 46 countries, we quickly respond to domestic and foreign food safety regulations while establishing food safety based strategies to proactively respond to global regulations.

**Operation of Global Food Safety System** We are operating the global food safety system in the United States, which is our major exporting market, China, Japan and Vietnam, in order to secure consistent safety of our export products. We collect legislation and relevant information for each country to respond accordingly, conduct new product safety verification, and improvement advice and training for local business sites for thorough sanitation. In addition, we operate a system that was built based on external administrative work such as customs and group audits

## / Food Safety Verification

Prior to launching, we undergo the safety verification process for new products to check for chemical and/or microbial hazardous elements that may occur during purchasing of raw materials, production process and finished product, as well as verifying product safety. This process is applied not only to products produced in-house, but also to OEM products, and new gift products, test marketing products and special offer products are no exception.

### Safety Verification Process



**Distribution Monitoring** We conduct safety management not only within the food production process but also after the product has been delivered and arrives at the customer's table. For the distribution process, we established a monitoring system through close cooperation with 'CJ Korea Express', which is our subsidiary and various other distribution suppliers, and we maintain a thorough distribution tracking system.

### Ratio of Products Produced at Business Locations that have Acquired Certification for Their Food Safety System (Processed Foods) (Unit : kg, %)

Category	2013	2014	2015
HACCP (food safety management certification)	274,862,699	298,040,620	343,879,014
FSSC 22000 (food safety certification)	-	-	36,985,881
ISO 9001	110,565,717	103,834,025	113,837,950
Others (BRC, SQF etc.)	15,257,935	14,482,839	16,729,754
Total amount	400,686,350	416,357,484	511,432,598
Total production amount	476,768,630	471,805,540	571,575,402
Ratio of certified products (%)	84	88	89

\* In cases where production criteria overlap, the production amount for HACCP certified products only have been recorded

## Providing Accurate Information

We transparently open information on ingredients through the product labeling and our company website's CJ Finder. In addition, we inspect all packaging and advertisements of all products in advance to prevent any false or exaggerated information. The marketing team and 'Quality and Safety Center' routinely check the product and advertisements after product launch for monitoring and providing accurate information on the food so that we will produce products that consumers can eat with confidence.

### / **Product Labeling**

In terms of product labeling, we place nutrition statements for mandatory products that are legally required by the Food Sanitation Act as well as for some products that are not required to do so. In particular, according to the Food Sanitation Act Article 11, we state a total of 9 nutritional facts including calories, carbohydrates, sugars and protein.

**Country of Origin Labeling** Through the country of origin management system, all foods produced at CJ CheilJedang specifies the country of origin of the ingredients so that customers can check the information before choosing the product. We make sure to check the documents of proof such as certificate of origin or import declaration certificate before writing the country of origin on the label, and conduct regular monitoring to provide accurate information on the country of origin. We will further enhance related policies to include ingredients which are added in only small amounts.

**Transparent Product Information** We operate CJ Finder and product information FAQ at our website to provide detailed information regarding our products. We provide information not only on the product's ingredients and nutrients, but also cooking recipes and how to use and store, together with pictures so that customers can log on to our website and check out the information. In addition, in the FAQ page, users can check frequently asked questions to quickly find the information they need.

## Consumer-Oriented Management

All of the company's activities including product planning, production, marketing and sales are undertaken centering on the customer. Executives including the top management listen directly to the customers' opinions and when customers are dissatisfied, we make sure to solve the issue quickly and reasonably, and we continue innovation activities for our products and service level from the customer's perspective.

**Consumer Centered Management (CCM)** In the first half of 2015, we acquired the CCM certification that is supervised by the 'Fair Trade Commission' and organized by the 'Korea Consumer Agency'. This certification's purpose is to evaluate whether a company's activities are being executed and improved centering on the customer. Acquiring the CCM certification is recognition of our efforts such as the stable operation of VOC, system improvement for customer complaint measures and follow-ups and process improvement.



▲ Consumer Centered Management Certificate





## Customer Engagement and Communication

We actively listen to customers' opinions through the lively online and offline communication channels, and we operate the customer suggestions responsibility system and real-name consulting system. In addition, we carry out various activities to induce active customer participation, enhancing customer satisfaction and point-of-contact service.

### **Building Various Online and Offline Channels to Communicate with Customers**

By building separate communication channels – we operate Customer Happiness Centers by division such as general foods and health foods - we provide expert service to respond to customer opinions. We conduct regular training for the call center employees to provide accurate information and quick response. In particular, going beyond the conventional communication through the call center and website's notice board, we expanded digital VOC channels such as the mobile text message consulting system, sign language service, tweeter, blogs, and online communities to enhance the accessibility by the consumers.

### Online and Offline Communication Channels

<p><b>Customer Suggestions Responsibility System</b></p>  <p>We actually apply the product and service improvements that the customer has suggested, and we send the upgraded product to the customer who gave the suggestion. In addition, by providing an opportunity for that customer to work as an expert panel, we enhance customer satisfaction and royalty, and we are advancing further as a company that keeps the trust with the customers.</p>	<p><b>Customer Participating Observation</b></p>  <p>We conduct 'Home Visit' activities targeting customers who experienced inconvenience while using our products and the consumer panel that we are running to improve consumer inconveniences that we had not found in the production perspective. Through this activity we improved the premix cooking instructions and noodle boiling recipes.</p>	<p><b>Launching Products that Reflect the VOC</b></p>  <p>We continue to improve our products and launch new products based on the domestic and overseas VOC. In 2015, we reflected the consumer demand for macaron premixes, produced gim products made with non-GMO, organic canola oil for the American consumers who are negative about GMO, and to meet Japanese consumers' preference, we exported Kimchi without the green leaf parts.</p>	<p><b>Customer Satisfaction Survey</b></p>  <p>We regularly check customer satisfaction through CJ CheilJedang's self-evaluation and the customer satisfaction survey supervised by KMA, and we also improve the quality of point-of-contact service. For example, we adopted using real names of the call center agents and shortened the time in connecting to an agent. The customer satisfaction survey shows consistent improvement since 2013.</p>
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### Customer Satisfaction Survey Results (Unit: points)

Category	2013	2014	2015
CJ CheilJedang self-evaluation*	83.5	83.8	89.8
Evaluation by other companies**	87.7	89	92.9

\*This represents the response service satisfaction rate of point-of-contact consultation (phone and visits)  
 \*\*Customer satisfaction survey supervised by KMA

### **Expanding Customer's Perspective Service Online**

Customer service that was focused on point-of-contact and offline service has been expanded to online service, where we are making improvements so that product and consumer information can be easily accessed in our company website. We plan to provide information on additives, allergenic substances and calories according to consumer trends, and we will also proactively provide various know-how and food related information from modisumers.

### **Practicing CSV with the Customers by Expanding Consumer-Oriented Management**

We are expanding CSV with suppliers as well as CSV with customers by spreading to CJ CheilJedang's suppliers the know-how of the process where listening to consumers' voice, observation and engagement develop and improve the research-based product into a consumer value product. This is an activity follows in CJ CheilJedang's founding philosophy 'Saeopboguk (building a stronger nation through business prosperity)', and aims for win-win with SMEs and contributing to customers' welfare.

## / **Expanding Customer Engagement Process**

We encourage active consumer participation by providing various opportunities where consumers become producers. Beginning from the basic feedback to improve product taste and quality, we conduct activities in close contact with customers in order to develop new trend products that reflect their hidden needs. In particular, customers participate in the production process of new products to check for elements that may be inconvenient, while also contributing to storage method and useful cooking instructions. We also carry out activities to identify customers' hidden needs by closely observing their life.

**CJ the FANel** This is CJ CheilJedang consumer panel meaning 'Fans that are enthusiastic about CJ's products and services' who create services together with the company to create new value. The panel actively voice improvement points in the new product development stage, and at the launching stage they check labeling in the consumers' point of view, and conduct regular design review, playing a role in preventing risks that may occur after a product's launch

**Talk Talk Housewife Consumer Panel** This is a program where customers who want to develop products themselves share ideas with CJ CheilJedang's researchers and marketing staff and plan for new products. This activity aims to actively collect the opinions of housewives who are our major customers. Their opinions have been applied to "CJ Alaska Salmon" and "DASIDA liquid seasoning" to improve those products.

**Talk Talk Housewife Researcher** In this program, customers who want to take part in product development share their ideas with CJ CheilJedang researchers and marketers to develop new products. Since the first group that was launched in 2010, products that actively employ consumers' views are being developed. Consumers' ideas have been developed into products such as the "Bibigo Gondre Herb Rice", and the program continues to bring value to the consumers through their suggestions and participation.

**Beksul Cooking Studio** This is a program where customers participate in the cooking class. They learn recipes using CJ CheilJedang's products and taste them, which gives us a chance to promote the product's excellent quality.

**Expanding direct · indirect opportunities to experience** We provide opportunities for applicants to experience new products before their launch through the CJ CheilJedang websites' experience board ([www.cj.co.kr](http://www.cj.co.kr), [www.beksul.net](http://www.beksul.net), [www.freshian.co.kr](http://www.freshian.co.kr)). Participants actively provide information such as sharing their product reviews with other consumers and introducing a variety of recipes. In 2014 we won the grand prize in the general companies sector in the 2014 Web Award as recognition of our efforts to develop various experience event promotions and actively communicate with the customers.

## **CJ CheilJedang's Promise to the Open Future**

To build a food safety system at 'Global No.1 level' by 2020, CJ CheilJedang is enhancing and perfecting its food safety strategy which is based on CJ's 10 Principles for Food Safety. We will build a system that systematically manages the whole process (raw material and country of origin management, providing accurate product information, and promoting customer engagement). Centering on the 4 quality principles of customers' trust, quality assurance, prior management and adherence to principles, we will be reborn as a global lifestyle company that creates health, happiness and convenience.



▲ Beksul Cooking Studio  
where Cooking Classes are held

# SHARED GROWTH WITH SUPPLY CHAIN

Expanding sustainability within the supply chain



## ASPECT REPORT

### / Trends In Global Business Area

Recently global leading companies actively induce the participation from suppliers in acquiring fundamental technology necessary for production and expanding the sales route. Enhancing competitiveness through desirable win-win cooperation with suppliers may become an essential strategy to strengthen the competitive edge in terms of cost and quality, and many companies operate shared growth programs targeting suppliers within the supply chain, building a sustainability structure where financial and non-financial sectors contribute to each other's advancement through a virtuous cycle.

### / The Reason for Choice

According to the survey conducted on CJ CheilJedang's major stakeholder groups, the issue of 'Enhancing shared-growth programs including financial and technical support' showed a high level of interest at 25%. We continue to improve our shared growth policy and program so that the support we provide for win-win growth with suppliers can be represented as "Jeulgeoun Donghang(Happy Companion)"

## WITH CJ TO EARTH

The tteokbokki (made from rice cake and Gochujang) product named "Mildangui Gosu" produced by Mijeong, a company specializing in 'tteok (rice cake)' is a representative case of enhancing the competitiveness and value of an SME through various infrastructure support provided by CJ CheilJedang. We supported KRW 210 million needed for installing new equipment and dispatched microorganism control personnel, which brought innovative results, shortening the time required to shape the tteok from 36 hours to 24 minutes. In addition, we inserted a partner company's brand in the product and developed the marketing concept "Mildangui Gosu", and the brand has brought in KRW 8 billion in revenue in 2015.



#### ▶ CSV project model

#### CJ CheilJedang's Core Competence

1. Marketing competence (brand, developing product concept, design)
2. Sales competence (distribution, bargaining power with discount stores)
3. Distribution network and R&D competence

#### Mijeong's Core Competence

- Production know-how for tteok and sauce
- Owns production facilities

#### ▶ Performance after product launch

- Income : Launched in November 2014 / annual revenue of KRW 900 million is planned for 2015
- Market share : 9% in 2014 / 33% is planned for 2015

#### ▶ Plans

Cultivate into a major product domestically, and enter the global market (R&D technical support for extending the shelf life)



## Win-Win Supporter for Supply Chain Success

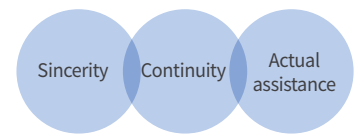
CJ CheilJedang recognizes that realizing 'Substantial', 'Sincere', 'Continuous' value are the three pillars of shared growth, and carries out substantial win-win cooperation with suppliers. Rooted in the founding philosophy and corporate culture of 'Saeopboguk (building a stronger nation through business prosperity)' we strive to be a company that fulfills its social responsibilities and contributes to the development of the country and society through continued exchanges and communication with suppliers.

### The Culture of Shared Growth at CJ CheilJedang

Based on the shared growth vision 'Building an industrial ecosystem for win-win with suppliers through fair division of roles' we established a means of sincere cooperative communication, and we set detailed activity targets so that the purpose of shared growth will be actually achieved. In this sense we operate the 'Shared Growth Committee' centering on the CEO, and we designed the supervision & planning, operation and support activities to be allocated clearly for a systematic operation of the activities.

**The Model for Shared Growth** We operate a nurturing program to help major suppliers create their independent brand and enhance profitability. We cooperate with suppliers by supporting them in areas such as design, quality, customer service and R&D based on CJ CheilJedang's know-how, while also helping open new sales routes so that substantial shared growth will be achieved.

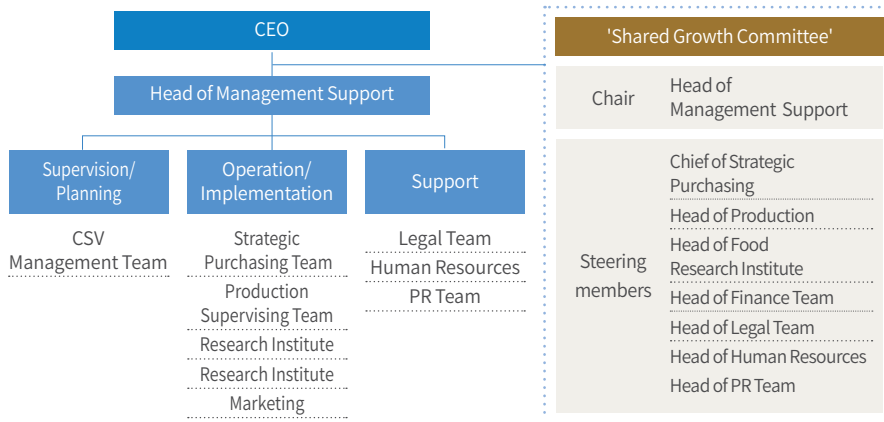
### The Three Principles of Shared Growth



Provide continuous and fair support for expanding business Build a sincere cooperative communication channel Operate shared growth system that provides actual help

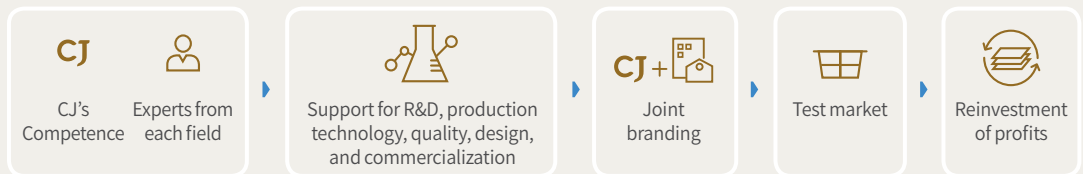
Create an industrial ecosystem for win-win by dividing roles fairly with suppliers

### Enterprise-Wide Environmental Management Organizational Chart



### CASE STUDY

#### "Jeulgeoun Donghang (Happy Companion)"



#### "Jeulgeoun Donghang(Happy Companion)"

Through CJ CheilJedang's representative program for shared growth named "Jeulgeoun Donghang(Happy Companion)" the company contribute to increasing joint revenue by broadening the domestic market and strengthening the product portfolio of both CJ CheilJedang and suppliers. In particular, we add our own marketing know-how to the product competence of companies that specialize in local traditional foods to create synergy. We have launched various product categories including gatkimchi, Gochujang, Tteok and noodles under the "Jeulgeoun Donghang(Happy Companion)" brand, and continue to nurture the potential for growth and advancement.

### Implementation of 4 Action Items for Win-Win Cooperation between Large and Small-Medium Enterprises

CJ CheilJedang has introduced the '4 Guidelines for Win-Win Cooperation between Large and Small-Medium Enterprises' enacted by the Fair Trade Commission in 2012. In order to actively apply the revision of the law and FTC recommendations since we implemented the Guideline, we renamed the Guideline '4 Action Items for Win-Win Cooperation between Large and Small-Medium Enterprises' in 2015. We utilize the action items as essential guideline in all of our transactions with SMEs.

### 4 Action Items for Win-Win Cooperation between Large and Small-Medium Enterprises

- 1 Action item pertaining to appropriate contract for win-win cooperation between large and small-medium enterprises
  - 2 Action item pertaining to fair selection (registration) of suppliers
  - 3 Action item pertaining to the installation and operation of internal inquiry commission on subcontracting transactions
  - 4 Action item pertaining to the release and preservation of appropriate documents in subcontracting transactions
- other** Guideline for subcontracting payment adjustment agreement due to fluctuating raw material prices

### / Shared Growth Program

**Financial Support** CJ CheilJedang employs various means to provide financial support including direct financial support, network loans and Win-Win Fund to help suppliers' stable management activities.

**Win-Win Fund** We help small-medium suppliers' liquidity through the Win-Win Fund. In collaboration with banks, we provide loans at rates lower than normal market rates to small-medium suppliers who are experiencing difficulties in managing funds, which is substantially a financial support.

**Training Support** We operate the 'Win-Win Academy' and 'Mutual Cooperation Center for Food Safety' to enhance the competence of employees at partner and non-suppliers and provide customized training opportunities.

**Win-Win Academy** At the Win-Win Academy we provide training on food regulations and quality & sanitation management, the core competence that suppliers must have. This enhances the work competence of suppliers' employees while also spreading the shared growth culture. Through needs analysis we provide training that is actually helpful such as cost reduction and online marketing. In particular for those partner company employees who have difficulty attending the training programs, we have online courses that are conveniently accessible and help distribute the training opportunity equally.

### CASE STUDY

#### Launching of "Jeulgeoun Donghang(Happy Companion)" Products through Win-Win Cooperation with SMEs



#### ▶ Purpose of Project

Provide support through our core competences such as R&D and marketing to SMEs and farms to contribute to building a sustainable food industry ecosystem, and create social/economic shared value

#### ▶ Project history

#### ▶ "Jeulgeoun Donghang(Happy Companion)" Business Model

"Jeulgeoun Donghang(Happy Companion)" with SMEs: Provide opportunities for growth by supporting them with our competences, in return, CJ CheilJedang is able to strengthen the product portfolio and increase revenue.


Introduction (end of 2011)	Stagnation (2013)	Foundation Building (2014)	Created Results (2015)
<p>Utilizing social issues such as win-win and shared growth as CSV opportunity, we launched the brand "Jeulgeoun Donghang(Happy Companion)"</p> <ul style="list-style-type: none"> <li>Win-win products – excellent local products (tofu, pastes, Kimchi)</li> <li>People's food, plain food (bean sprouts, pickled radish, noodles, etc.)</li> </ul>	<p>Failed to expand the brand and revenue of the "Jeulgeoun Donghang(Happy Companion)" Brand</p> <ul style="list-style-type: none"> <li>Win-win products – quality issues, improvements were slacking due to the small scale of the companies</li> <li>People's food products – low results due to discounts and insufficient promotion</li> </ul>	<p>Underwent systematic CSV restructuring and secured the basis for growth</p> <ul style="list-style-type: none"> <li>Built governance system – regular meeting of the CSV Committee</li> <li>Built the basis for agricultural CSV model by developing seeds</li> </ul>	<p>"Jeulgeoun Donghang (Happy Companion)" creates results</p> <ul style="list-style-type: none"> <li>Social value was recognized – we got "Good"(second highest) rating for two consecutive years in the Shared Growth Index</li> <li>Success of "Mildangui Gosu" (sales expected to record KRW 900 million in 2015)</li> <li>Established agricultural CSV model, CJ Breeding and started seed business</li> </ul>


**Establishment of 'Mutual Cooperation Center for Food Safety'** We established the 'Mutual Cooperation Center for Food Safety', Korea's first nonprofit food safety management corporation, and we provide support in the operation of the organization. The Center is a nonprofit foundation established with the goal of contributing to the domestic food safety by enhancing SMEs food safety management abilities. It contributes to spreading the OnlyOne shared growth culture in the fact that the Center supports not only CJ CheilJedang's suppliers but also small-medium food companies. Win-win cooperation activities cover all areas, and major support programs include on-site support which provides customized consultation based on on-site evaluation, training in food safety laws and auditing, technical support, and new product development support. In 2015, training courses on laws and auditing were provided 9 times to 178 individuals from 93 companies, while on-site consultation recorded 52 visits to 40 companies.



We commercialized "Saw palmetto" through joint R&D, and we are conducting production stabilization and quality improvement. In particular, the two parties agreed to add an optimal lactobacillus line through collaboration, and currently joint research for new materials is under way.

**Production · Innovation Support** We help suppliers' productivity enhancement and efficient business management by supporting their process improvements, and providing quality and technical guidance. In addition, we share research technologies, process operations and securing product safety, while supporting their technological growth through joint R&D.

- 

Upon request from suppliers, experts at CJ CheilJedang personally visit them to support quality management, sanitation management, and technical management. We expect to see improved productivity and efficiency through this activity.
- 

We help suppliers to enhance management efficiency and carry out management innovation through the Win-Win IT, which is an inventory management program. The program efficiently manages inventory between purchasing, production and delivery to minimize omissions during the process and shortens communication time so that work is completed faster.

**Selecting Suppliers through Evaluation with ESG Elements**

In the process of selecting suppliers, ESG elements including ethical management, collusion and corruption are the major criteria. This element accounts for 30% of the whole contract provisions. Some of the detailed articles include addressing grievances, welfare and benefits, average continued years of service of the employees, tax evasion and arrears.

**Supporting the Spread of the Shared Growth Culture**

We conduct 'Evaluation of Shared Growth between 1st Tier and 2nd Tier Partners' with the aim of spreading CJ CheilJedang's culture of fair trade and shared growth to the suppliers, and suppliers with outstanding results are given awards and benefits. At the 2015 awards Honey Bee, a 1st tier partner company, and 2 other 2nd tier companies were selected.



**Training Provided by 'Mutual Cooperation Center for Food Safety'**

Number of sessions	Number of trainees
9	178
Number of participating companies	Number of target companies
93	40
Number of on-site consultations	
52	

**CASE STUDY**

**CJ Partners Club**

'CJ Partner Club' is the council of CEOs of CJ CheilJedang's suppliers that was established for smooth cooperation and active joint R&D among suppliers. As of 2015, 59 outstanding partners in the fields of food raw materials, packaging material, product and facility suppliers are members. The council meets 6 times a year for the general meeting, subcommittee meetings and year-end party. In particular, CJ CheilJedang's top management executives participate in

the general meeting and year-end party for an opportunity to communicate and socialize. Partners that have maintained membership for a long period are awarded a plaque and signboard. In addition, as a way of participating in CJ CSV announcement, the remaining membership fees have been donated to the 'CJ Donors Camp' at the year-end party since 2013, seeking mutual advancement and sound win-win growth.



▲ CJ Partners Club New Year Party

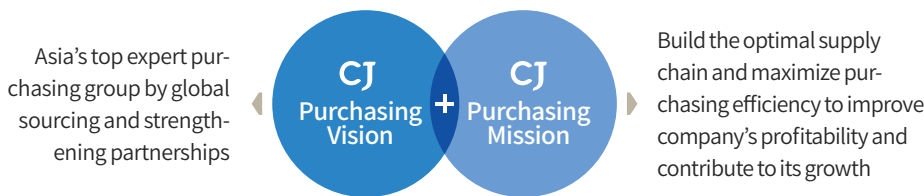
## Maintaining High-Quality Raw Materials through Fair and Transparent Supply Chain Management

CJ CheilJedang understands suppliers to be important business partners and aims to achieve shared growth through a fair and transparent supply chain management. Through continued education and supervision, we ensure that CJ CheilJedang’s employees as well as suppliers’ employees carry out their tasks in accordance with ethical standards, and that transactions are conducted fairly .

### / **CJ CheilJedang’s Purchasing Philosophy**

All purchasing work is carried out according to the 'Purchasing Philosophy' that contains the goals and code of conduct for all employees and management in the purchasing departments should follow. According to the Purchasing Philosophy, we take special care to select and manage the supply chain in a transparent and fair manner. We aim to enhance customer satisfaction by choosing high-quality raw materials through a reasonable supplier management system and by sourcing outstanding products.

#### CJ CheilJedang’s Purchasing Philosophy



**Purchasing Ethics** We regulate the purchasing ethics charter and purchasing code of conduct for all purchasing staff. In addition, all transactions with partners are guaranteed equal participation opportunities and carried out transparently and fairly, and we strive to achieve win-win development in the long-term by building a relationship based on mutual trust and cooperation.



**Purchasing Ethics Charter** All members of purchasing departments are deeply aware of their role as purchasing experts who contribute to the company’s profitability. We pursue mutual growth with suppliers who are our partners in business, and conduct transactions based on honesty and trust, carrying out purchasing activities reasonably and ethically.



**Purchasing Code of Conduct** We established the Purchasing Code of Conduct to build a clean organizational culture, and the code is the principle underlying all of our decisions and actions. Gifts, money transactions, and leaking information are prohibited for all purchasing staff and suppliers, and we aim for an equal and fair transaction for the win-win coexistence with suppliers.



**Raw Materials Sourcing Management**

Sourcing raw materials are carried out in accordance with strict domestic and foreign regulations and after safety inspection has been completed. We lead the production of healthy food by continuing to expand the volume of organic agricultural raw materials and eco-friendly raw materials.

**Agricultural Raw Materials Management** When purchasing imported agricultural raw materials for food, we designate an expert external institution to conduct hazardous substance inspection that comply with global standards. In the case of feed raw materials we purchase according to the 'Ministry of Agriculture, Food and Rural Affairs' notice, and in the case of domestically produced agricultural products, we purchase according to environmental guidelines. Meanwhile, the 'Quality and Safety Center' and Research Institute are currently conducting research to establish a purchasing standard for domestic agricultural products. Moving forward, we plan to continue expanding direct transaction with the country of origin to protect the soil and save unnecessary distribution costs.

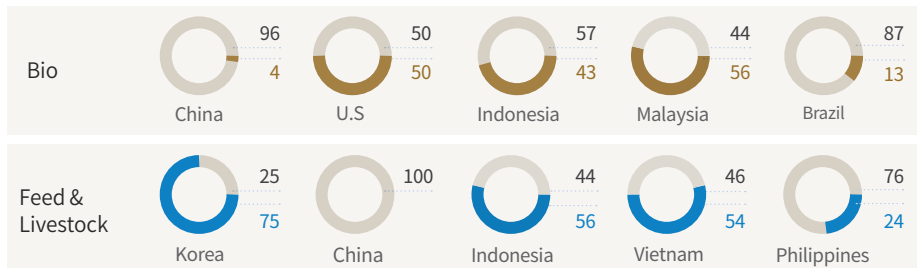
**Organic Raw Materials** In response to the customer needs who value their health we continue to launch foods using organic raw materials. In particular, the ratio of organic materials such as rice, tofu, flour and sugar continues to rise, and we are looking to find new organic producers.

**Raw Materials Purchased by Each Business Division**  
(Unit: KRW 1 billion)

Category	2013	2014	2015
Foods	680.3	693.4	762.7
Ingredients	1032.2	1034.0	1001.0
Bio	894.0	914.4	989.5
Feed & Livestock	770.0	1070.7	1145.9

**Ratio of Local Purchase by Each Business Division**  
(Unit: %)

● Local ●● Import



**Purchase of Organic Raw Materials\* in the Ingredients Division**

(unit: ton)

Raw material	Country where it was produced	Import volume		
		2013	2014	2015
Organic sugar	Brazil	130	175	220
Non GMO starch (glucose, maltodextrin)	China	-	6,530	10,000
Non GMO fructose	China, Israel	-	40	180
Organic flour	Turkey	84	189	252

\*Among raw materials purchased by CJ CheilJedang, the number listed here represent raw materials that acquired organic, Non GMO, or eco-friendly labeling.



## / Risk Management for Partner Company Selection

CJ CheilJedang uses a comprehensive partner evaluation system centering on financial analysis for selecting a partner company. The comprehensive partner evaluation system includes items on economic and environmental risk management, which makes comprehensive evaluation possible, and helps build a more fair and desirable cooperative relations. In the future we will carry out more systematic risk management by building an evaluation process that separates economic, environmental and social risks.

**Quality Risk** Considering the fact that the quality of raw materials is closely linked to product quality, we manage the supplier's quality risk as one of the major risk elements. In particular, the 'AUDIT Operational Rules' is a guideline that is applied to CJ CheilJedang and all suppliers, which assesses whether there is a food safety management system and management status, and aims to make improvements on elements that are lacking. We apply even more stringent rules when selecting suppliers for agricultural raw materials. In the case of overseas agricultural products, we select outstanding companies that employ strict quality management guidelines and have them comply with the government's safety verification regulations to control and prevent risk factors. For domestic agricultural products, we only sign contracts with companies that are registered with the flour mills, sugar and feed associations and whose safety are thereby officially recognized.

### Suppliers Status

(Unit : companies)



Category	2013	2014	2015
Food Business	669	774	888
Food Ingredient Business	79	97	108
Bio Business	485	556	541
Feed & Livestock Business	813	913	976

## / Partner Management and Support

We conduct routine inspections in evaluating suppliers to maintain steady quality of raw materials. In addition, we aim to ensure their management stability and sustainability through continued management and support.

**Supplier Purchase Performance Analysis** We operate a monthly purchasing strategy committee to build long-term growth-sharing relations based on trust with the partners. Through the committee we optimize costs through verification of purchasing costs, supply & demand and quality, while taking external variables such as market conditions, currency and oil prices into consideration. We strive to secure steady supply and safe quality through a stable process of categorizing and defining suppliers.

**Risk Auditing Grocess** We conduct regular audit on partners' economic and environmental risks. In the case of a newly registered partner company we check for risks through prior audit before signing the contract, and notify major risk management factors in advance and encourage them to implement them. In addition, we specify risk related provisions in the contract and conduct continued monitoring through audits.

**Quality Safety Management** Quality is the most important factor in partner company management. We conduct quality safety inspection against pesticides, toxins and heavy metals through an officially authorized institution, and only those raw materials that have passed the safety standard are used for production. Meanwhile, for phosphatase enzyme we selected the product of a company that can supply globally and conducted global integrated procurement. Thus we are not only able to supply enzymes stably but also maintain consistent quality throughout the world.

**Sustainable Purchasing Strategy through Supplier Standard** We disclose general information pertaining to suppliers to all suppliers through the CJ Procurement Information System ([www.cjpis.co.kr](http://www.cjpis.co.kr)). We publish and distribute the booklet "Jeulgeoun Donghang(Happy Companion) with suppliers", and the notice is given by email. Moving forward, we will select KPI to be opened to suppliers through collaboration with a credit-rating agency and put them up in the portal site with a view to operating and managing our purchasing policy in a transparent and fair manner.

**Sharing Benefits with Partners according to Performance** We carry out joint tasks with partners such as cost reduction and quality improvement, productivity improvement, and new product development, and share the benefits generated from those projects according to prior contract. We share the task progress at the monthly 'Shared Growth Committee' meeting; evaluate the completion rate compared to the goal; and reward partners who have achieved outstanding results during the year.

## CJ CheilJedang's Promise to the Open Future

CJ CheilJedang is devoted to providing open opportunities for growth for domestic SMEs and building a healthy industrial ecosystem by establishing a sustainable shared growth model. We will establish advanced purchasing ethics, customs and strategies and implement them in order to systematically manage suppliers. In addition, we will execute a partner selection risk management and evaluation process that can be applied simultaneously to each business division (Food, Bio, etc.) in order to maintain a consistent purchasing quality and support suppliers' independent viability improvement activities. Meanwhile, the shared growth support activities that were revolving around domestic partners will be expanded to domestic and foreign food companies and farms, to promote harmonious win-win cooperation within the food industry.

### CASE STUDY

As part of benefit sharing with Honey Bee, we implemented purchasing innovation and process improvement projects. We secured cost competitiveness by changing suppliers and enhanced productivity through process improvement, and shared those benefits with Honey Bee.



Each year, CJ CheilJedang published the booklet "Jeulgeoun Donghang(Happy Companion) with Suppliers" and transparently opens related information to achieve sincere shared growth.

# SOCIAL CONTRIBUTION

Win-win with the local community



## ASPECT REPORT

### / Trends in Global Business Area

Global companies are moving toward a mutually complementary relationship with the local community as corporate citizens. Not stopping at just social contribution activities or donations, we provide an opportunity for self-support, creating shared value between the local community and the company.

### / The Reason for Choice

Surveys conducted on CJ CheilJedang's major stakeholder groups have shown a high degree of interest on 'Implementing strategic social contribution activities linked with business strategy' at 25%. We believe the reason behind this interest is the reality of domestic agriculture today that is closely related to the foods business, which is one of CJ CheilJedang's major business areas. In this report aspect, we will introduce rural support programs and employee volunteer activities.

## WITH CJ TO EARTH

### / Case of Reflecting Global Issue – CSV Project In Vietnam

Since our entry into Vietnam as part of private-public sector collaboration project in 2014, we are implementing CSV projects to enhance the rural value chain in Vietnam. Vietnam is a strategic country with close business friendship with CJ CheilJedang, and we utilize it as the base for sourcing diversification. However, Vietnam's agricultural technology level is low compared to the volume of agricultural produce, and lack competitiveness in infrastructure and processing facilities, leading to low income of the farmers. In consideration of these issues surrounding the Vietnamese rural area, we are implementing a global CSV project in Ninh Thuan Province in collaboration with our major stakeholders KOICA, Yeungnam University and K-Water from 2014 to 2017. The goal of the project is to increase the income of the residents and enhance their self-support capabilities, thus enhancing the value chain of the Vietnamese rural area. One of the major achievements in 2015 was selecting a chili seeds fit for cultivation in Ninh Thuan Province, and we plan to further expand the cultivation area in 2016.

## Partner in Enhancing Local Communities' Competitiveness

CJ CheilJedang implements "Jeulgeoun Donghang(Happy Companion)" with the aim of sharing growth with the agricultural sector, SMEs and local communities. In particular, we understand the importance of agriculture as the essential industry within the food industry, and we maintain cooperative relationships to improve the fundamental competitiveness of agriculture.

### / **Win-Win Cooperation with Rural Areas**

From our belief that agricultural development is closely linked to the development of the food industry, we put our efforts into enhancing competitiveness and profitability of the rural farms. Agriculture is also a national basic industry directly linked with food security and the root of the foods industry, but low productivity and aging of the rural demographic and free import of foreign agricultural products hinder the growth and advancement of the agricultural industry. CJ CheilJedang contributes the rural communities to secure differentiated competitiveness by developing and supplying new seeds, and providing training in farming techniques and cultivation methods.

**Strategy and Principles for Win-Win with Rural Communities** CJ CheilJedang supplies seeds developed by the company and conducts contract farming and transfers farming know-how. Farmers are able to secure a stable buyer, enhance productivity and reduce cultivation costs that lead to higher income, while the company can safely secure high quality raw materials, which in turn consumers can use with trust, and this forms an ecosystem of virtuous circle.

**Supplying Seeds Developed by Us** We develop high value added seeds to enhance agricultural productivity, and among the seeds developed, we supply those with outstanding productivity to the farms. In particular, we proceed with contract farming using seeds whose stable performance have been verified, and commercialize the agricultural products harvested. As an example, the "CJ Happy Bean No. 1" is an outstanding seed with high yield and can be harvested with machines, and has been acknowledged to have contributed to the income of the farmers. We will continue to actively develop high value added seeds, practice win-win cooperation with the rural areas and contribute to the competitiveness of the domestic agricultural industry.

**Guidance on Farming Techniques and Cultivation Methods** We regularly visit the contract farms to check on the crop situation and encourage the farmers to produce good quality raw materials. In particular, we tested a new farming technique that allows the reduction of production costs and same-time harvesting, which substantially contributed to increasing the farms' income. The domestic chili pepper industry is steadily shrinking in terms of farming area and output, which is caused by decreased net profits due to higher labor costs. We are spreading farming methods to lower production costs as a way to solve this issue.



▲ Kimchi cabbage farm in Mungyeong

### CASE STUDY

#### Seed Development Examples

**'CJ Happy Bean No. 1'** This seed has high yield and can be harvested using machines. We plan to proceed with contract farming in Jeju-do in 33 farms with farming land size of 364ha.

**'Big Bud Rice'** The germ of this rice is 3 times bigger, and is not damaged during milling because it is recessed and is thus 3 times more nutritious. The Big Germ Rice is a rice seed with heightened functionality and was launched as "Big Bud Rice Hethban" November 2014.

**'The Han No. 1 Kimchi Cabbage'** Unlike existing Kimchi cabbage, it contains high amounts of polyphenols, an antioxidant. The inner leaves have an orange color and the crispy texture lasts longer when made into Kimchi.

**'Long Leaf Kimchi Cabbage'** This is exclusively for matkimchi and has longer leaves compared to normal cabbage, and the crispy texture lasts longer and softens less during distribution, making it suitable for making Kimchi for export or homes.

**Contract Farming** We conduct contract farming so that farmers will have a stable source of demand and the company will secure a stable supplier. Currently rice, soybeans and mung beans are produced in over 20 area under contract farming, and the produce is used as raw material for our products.

#### CASE STUDY

##### Establishment of Seed Company 'CJ Breeding'

In March 2015, we established 'CJ Breeding', the new seed company. 'CJ Breeding' was established with the goal of securing stability of raw materials by developing differentiated seeds, and to contribute to enhancing domestic agricultural competitiveness. As an R&D based company specializing in seeds, the company will continue to expand the type of crops for seed development and supply them to the farmers for shared growth. We gather farmers and plant breeders as shareholders to practice sincere benefit sharing, which is a win-win cooperation model where a corporation, the academia and farmers continue to create added value through collaboration. In particular, in the basic crops field such as soybeans, rice and Kimchi cabbage, we are developing excellent seeds with high yields and supply them to the farms for cultivation. Based on these outstanding seeds, we plan to introduce 'CJ Happy Bean No.1', 'The Han No.1 Kimchi Cabbage', bean sprouts and Kimchi.



## Employees' Participation in Social Contribution in the Local Community

Well aware of the social responsibility of a company, we strive to spearhead social contribution in the local community through employees' active participation. As a member of society, we will tap into the competence that we have and be reborn as a company that creates shared value with the local community that is truly meaningful, and we will contribute to the advancement of the country and society and grow together with the society.

### / Joining Hands for Volunteer Work

CJ CheilJedang established the CSV Management Team in 2013 to plan social contribution activities that utilize its core competences and is focusing on implementing those plans into action. The CSV Management Team actively implements 'Management of Sharing' based on the founding philosophy 'Saeopboguk (building a stronger nation through business prosperity)' and 'Gongjogongyeong(Coexistence and Co-prosperity)' by carrying out activities such as Donors Camp, Food Bank, and the Volunteer Week that promotes volunteerism by organization unit.

**Donors Camp** Donors Camp is CJ CheilJedang's representative social contribution program which aims to cultivate future human assets and stop the inheritance of poverty through education. We provide various education support for marginalized children and teens, and introduced the online sharing system that enables donors to participate conveniently. The teachers working at institutions for marginalized children such as local children's center, study room and rural branch school post a teaching proposal through the internet on the type of education they need, which the donor directly chooses the proposal they want to contribute to. The CJ Sharing Foundation matches the same amount to the donated amount and takes it directly to the site.

**Representative Programs of The Donors Camp** We operate the 'Growing Dream Camp' that helps children at the study room find their paths, and a program that dispatches college students to study rooms as character development mentors, and we provide two-way support for both the college students and children. In addition, we support the retraining and recharging program for study room teachers in order to fundamentally improve the education level of the low-income group.







**Food Bank** Food Bank is the food sharing program that distributes food to the marginalized groups. Major CJ subsidiaries such as CJ Foodville, CJ Freshway and CJ O'Shopping participate together with CJ CheilJedang in food donation and employee volunteering, carrying out activities in many ways. In particular, we not only donate food but also specially-made gift set "Jeulgeoun Donghang(Happy Companion) - Food Bank Sharing of Hope Gift Set" which consists of basic Food Ingredients such as sugar, Gochujang and flour. In 2015, 380 employees made 18,000 gift sets and personally delivered them through the Moving Food Market program to individuals who have limited mobility. This is an example of an integrated contribution service.

**FLEA-MARKET** We hold the flea market events for employees where they can exchange goods and donate the revenue. The KRW 6 million that was raised at the flea market were used toward the children participating in the Donors Camp. In addition, this event provides an opportunity for employees to rediscover the value of things that were unused, strengthen solidarity and recycle resources. The Flea Market has become a regular activity of the Open Committee and will continue to be held in order to enhance the unity and communication among employees.

**Regular Blood Donation** Employees at CJ CheilJedang regularly donate blood on the understanding that blood is a social resource that is essential in maintaining the life of patients who are in dire need of even one drop. In 2015, 519 employees donated their valuable blood for the good cause. Donating blood was a precious experience that uses part of the body as a resource and help save others' lives.

**Volunteer Week Campaign** With the understanding that utilizing the outstanding competence and talent of employees not only in the aspect of performing business but also as a precious social asset is social contribution in true meaning, we conduct employees' volunteer activities tapping into their personal talents. We designate Volunteer Week twice each year and encourage social contribution activities, and implement social contribution activities customized to the specialized talents of employees at each business location. In the first Volunteer Week that took place in November 2015, over 800 employees participated and donated 2,500 hours in social contribution activities.

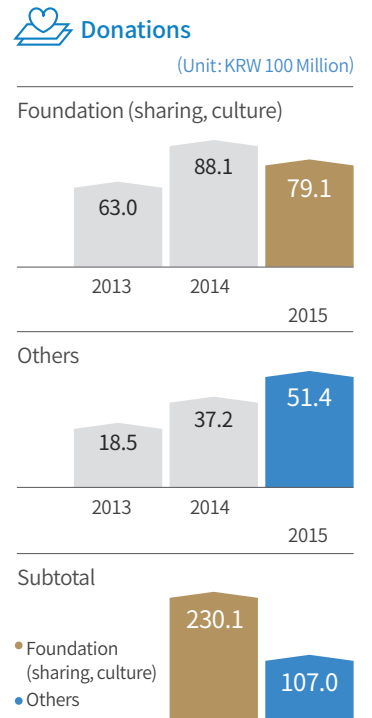
**Employees' Volunteer Service Results**

	 Participation time (hours)	 Number of participants* (persons)	 Average hours/person (hours/person)	 Participation rate (%)
2013	5,847	897	1.3	19
2014	20,081	2,515	4.3	59
2015	16,538	2,048	3.5	43

\*(Overlapping persons were excluded)

**CJ CheilJedang's Promise to the Open Future**

In 2016, CJ CheilJedang will continue its social contribution activities linked to food business competence such as food, culture and rural area support. We will organize a voluntary steering organization dedicated to social contribution, and we will plan and operate social responsibility activities in the local community that can interconnect individual talents. In addition, we will build the foundation for socially responsible management in the global business sites in order to solidify our role as a global sustainable management company that fulfills its responsibilities and duties in the overseas business locations.



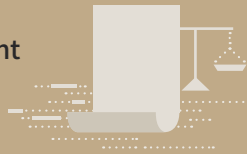
# **STRUCTURE OF SUSTAINABILITY**

52p \_\_\_ Governance



We aim for a healthy CJ CheilJedang through fair and transparent governance.

54p \_\_\_ Integrity Management



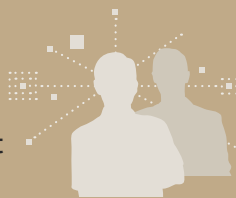
We devote ourselves to integrity management founded upon CJ Group's unique value system

56p \_\_\_ Risk Management



We will further advance the company-wide risk management system to achieve stable business

58p \_\_\_ Human Resources Management



We build 'Injaejeil(People First)' CJ CheilJedang where members are happy

## Ensure Transparent Governance through Fair Operation of BOD

### Formation and Operation of the Board of Directors

As of 2015 December 31, CJ CheilJedang's board of directors is comprised of 3 internal directors and 4 external directors. The directors are guaranteed a 3-year term so they can make decisions considering long-term management performance. The candidate for inside director is selected by the BOD, and candidates for external directors are selected by the External Director Candidate Recommendation Committee, and the final appointment is decided at the General Shareholders Meeting. To ensure independence, individuals who have vested interest in the company such as spouses or lineal ascendants or descendants of the largest shareholder or inside director are not appointed. Meanwhile, in the appointment of external directors, the candidate's high social reputation and expertise are the first considerations, and we provide support so that they can make balanced decisions through visits and meetings for a close assessment.

**Committees under the BOD** Under the BOD there are 3 committees which are the Audit Committee, External Director Candidate Recommendation Committee, and Remuneration Committee. Both the Audit Committee and the External Director Candidate Recommendation Committee are comprised of all external directors, ensuring the independence of the BOD.

▶ **Audit Committee** The Audit Committee is comprised of 4 external directors (Lee Ki-su, Choi Jeong-pyo, Kim Gap-soon, and Bang Yung-jue), and have the authority for financial and work-related auditing, asset status investigation, and appointment and change of external auditors. The authority to participate as a committee member is granted at the General Shareholders Meeting. The Committee's duty is to monitor and supervise in order to ensure the company adheres to fiscal legality and transparency, and fairness in the company's management activities.

▶ **External Director Candidate Recommendation Committee** This committee takes the role of recommending candidates for external directors. The external directors candidates are selected from those individuals that are qualified according to the law, company's articles of incorporation and BOD rules. This committee is wholly comprised of external directors (Lee Ki-su, Choi Jeong-pyo, Kim Gap-soon, and Bang Yeong-ju) to ensure independence.

▶ **Remuneration Committee** The Remuneration Committee was installed to ensure fairness in performance evaluation on which remuneration policy and long-term incentives for executives are based. The Remuneration Committee decides agendas on the establishment and amendment of the executives' remuneration system, and the executives' performance index for the payment of long-term incentives.



### BOD Organizational Chart



Internal directors	Name	Position	(Re) appointment date	External directors	Name	Position	(Re) appointment date
	Son Gyeong-sik	CEO	2013.03.22		Lee Ki-su	external directors	2013.03.22
	Lee Jae-hyeon	CEO	2013.03.22		Choi Jeong-pyo	external directors	2013.03.22
	Kim Cheol-ha	CEO	2014.03.21		Kim Gap-sun	external directors	2013.03.22
					Bang Yung-jue	external directors	2014.03.21

**Operation of Bod Based on Expertise and More Responsibilities** When appointing external directors, various factors including age, academic background, expertise and career are considered comprehensively. In particular, we consider the expertise to fit our business and we appoint individuals with abundant experience and knowledge in the fields of business, economics and medicine. The external directors who are selected fairly take the role of monitoring and holding in check major agendas relating to the management of the company.

**Bod Activities** The BOD convenes regularly according to the yearly operational plans, and we encourage the members' attendance. BOD members decide on matters regulated by law or company's articles of incorporation; matters delegated by the General Shareholders Meeting; basic principles in managing the company; and important matters in running the company. In addition, we report on the major decisions made at the BOD and BOD committees and the attendance of the members in our business reports, and disclose the information transparently to the stakeholders.

**Major Decisions of the BOD**

Order of Meeting	Date	Agenda Items	Attendance (%)
1	2015.02.05	Approval of the 8th Financial Statements and Annual Report, operation status report on internal fiscal management system	86
2	2015.03.03	Convocation of the 8th General Shareholders Meeting, operation status report on internal fiscal management system, report on compliance control system	86
3	2015.03.20	Changing of executives rules	86
4	2015.05.11	Appointment of compliance officer, transaction approval between director(s) and company, consolidated performance report of 2015 1Q	86
5	2015.07.13	Transaction approval between director(s) and company	86
6	2015.08.10	Transaction approval between stakeholder and company, consolidated report on first half of 2015	71
7	2015.11.09	Consolidated performance report of 2015 3Q	86
8	2015.12.14	Transaction approval between stakeholder and company, approval of bond issue limit and delegation	86

**BOD Operation Status**

(Unit : cases)

Category	2013	2014	2015
Regular BOD meetings held	4	4	5
Temporary BOD meetings held	4	5	3
Total number of BOD meetings held	8	9	8
Agendas discussed at the meeting	18	23	18
Internal director attendance (%)	87.5	66.7	66.7
External director attendance (%)	85.7	97.1	96.9

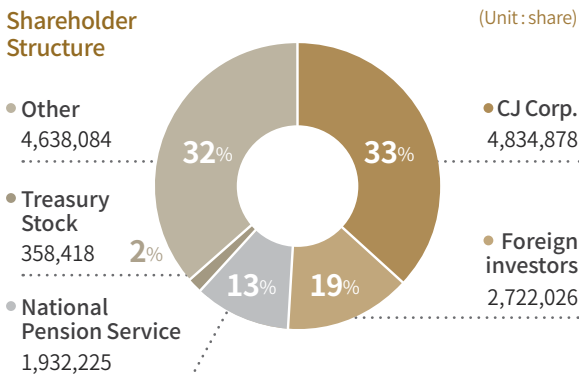
**Decision-Making Process of the BOD**

The board of directors is currently chaired by an internal director, and major agendas are distributed to all directors before the meeting to enable prior review into the matter. In addition, all directors are given equal opportunities to speak in order to prevent the monopoly of agenda presentation, and to mobilize the check and balance against the majority regarding major management agendas.

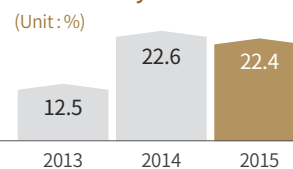
**Evaluation and Remuneration**

Executive evaluation is conducted regularly through a fair and appropriate system. In particular, in the case of registered executive officers who receive more than standard remuneration, the type of remuneration, the basis and amount are disclosed to spearhead the practice of transparent management.

**Shareholder Structure**



**Dividend Payout Ratio**



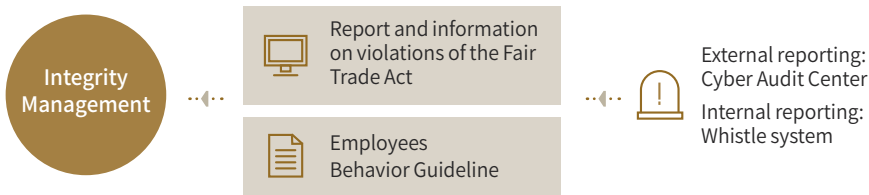


## Practicing Integrity Management by Observing the Law and Principles and Fulfilling Our Social Responsibilities

### The Integrity Management System

CJ CheilJedang strives for integrity management that is based on CJ Group’s unique value system called 'CJ WAY'. We observe the Fair Trade Act and also use the 'Regulation on Ethical Behavior' and 'Management Guideline on Purchasing Ethics' as the rules for all the employees to follow. We aim for the whole organization to move toward integrity management by establishing a system that covers both internal and external aspects.

### Integrity Management Implementation Structure



**Operation of the Cyber Audit Center** We operate the Cyber Audit Center for external customers such as clients and suppliers at CJ CheilJedang’s website. We receive reports on employees’ unfair conduct of business, unfair demands or corrupt actions, and we strictly maintain confidentiality.

**Operation of the Fair Transaction Compliance Program** CJ CheilJedang has introduced and operated the Fair Transaction Compliance Program (CP) since 2002 to prevent any possibility of violation of the Fair Transaction Act. In addition, CJ CheilJedang has all seven elements of the Fair Transaction Compliance Program in full force and continues its compliance efforts such as conducting regular education and reorganizing the legal affairs process. All employees can report or inform violations on the Fair Trade Act through the intranet.

**Regulation on Ethical Behavior** We established the 'CJ CheilJedang Regulation on Ethical Behavior' to be the yardstick on all employees’ ethical decision and behavior, and we strive for transparent and fair trade by having all employees both in Korea and abroad to pledge to practice ethical behavior. Meanwhile, considering the fact that we have many transactions with rural farms and SMEs, we have a separate 'Management Guideline on Purchasing Ethics' that is posted on the intranet and CJ Procurement Information System, and the employees of both the SMEs and CJ CheilJedang share a Purchasing Ethics Pledge.

**Main Content of the Regulation on Ethical Behavior**

- The Company will treat its employees fairly, and fulfill its duties and responsibilities toward the country and society.
- Employees will adhere to basic ethics, observe code of ethics such as prohibition of unethical behavior, and fulfill one’s duties in a fair and transparent manner.
- In the case of violation of the rules above, the action will be taken to the personnel committee and be penalized according to the rules on reward and punishment.
- When an act of violation of ethical behavior is filed through the company website or other reporting channels the company will actively investigate the incident and take all necessary measures to ensure the protection and confidentiality of the reporter.

### Legal Measures against Unfair Transactions\*

(unit : cases)

Category	2013	2014	2015
Unfair transactions	-	-	1
Legal measures taken against unfair transactions	-	-	1

\*Example of unfair trade: competitive harm, monopoly or oligopoly

### Strengthening Employees' Ethics Awareness

CJ CheilJedang encourages employees to voluntarily participate in the company's Integrity Management. All employees attend the 'Integrity Education' program to internalize 'Integrity', which is the core value of our organization, while also strengthening ethics awareness through the Ethics newsletter and Whistle system.

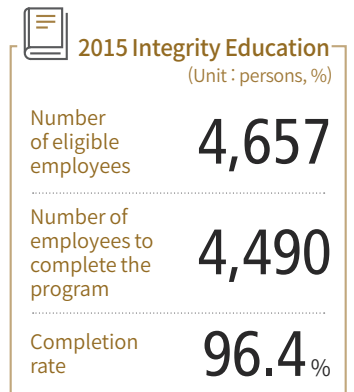
**Ethics Education for Employees** The basis for training programs for employees is 'CJ WAY' which is CJ's management philosophy and value system. 'CJ WAY' defines integrity, passion and creativity as the essential elements in building a healthy and transparent corporate culture. Among these elements, CJ CheilJedang considers 'Integrity' as the utmost value to strive for, and conducts a focused 'Integrity' education program once a year as well as anti sexual harassment training, making sure that employees receive practical ethics education.

**Regular Distribution of Ethics Newsletter** The Ethics Newsletter that consists of cases of unethical actions and the behavioral guideline for employees is distributed once or twice a month to motivate employees to practice ethical behavior. Currently, the newsletter is being distributed in our business sites in Korea, China, Indonesia, Vietnam and the Philippines, and we will expand the distribution to include all the countries in which we operate including the United States and Europe.

**Whistle System** The Whistle System is a space for communication to prevent behaviors that go against 'CJ WAY', corruption and wrong decision-making so that all employees can pursue integrity and become first class human talents. Any employee of CJ CheilJedang can report on situations or elements that breach the core values of 'CJ WAY', and may choose to remain anonymous. The CJ Group's audit team reviews the details of the report and actively investigates the issue and makes sure that the correction is implemented. The report is strictly kept confidential according to security protocol. Those who report with their names open receive benefits such as rewards.

### Spreading Ethical Management to Suppliers

We promote ethical management to suppliers so that fair trading practices may spread throughout the company including the supply chain. We define the Management Guideline on Purchasing Ethics and stipulate fair trading conditions when contracting with suppliers. In addition, when choosing a partner company and trading with them, their ethics and corporate culture are included as an important criteria. When signing a subcontracting agreement we use the subcontracting contract as suggested by the Fair Trade Commission, and have them sign the 'Partner Company Integrity Pledge' before entering into agreement with them. Moreover, we prohibit suppliers from giving gifts or making monetary exchanges, and make sure those who violate this rule will suffer cancelation of contract or legal responsibilities. Ultimately, we aim to contribute to spreading transparent trading customs and win-win growth culture by pursuing win-win cooperation based on fair partnership with our suppliers.



▲ Whistle System

## Securing Sustainability through Stable Risk Management

### Strengthening Enterprise-Wide Risk Management System

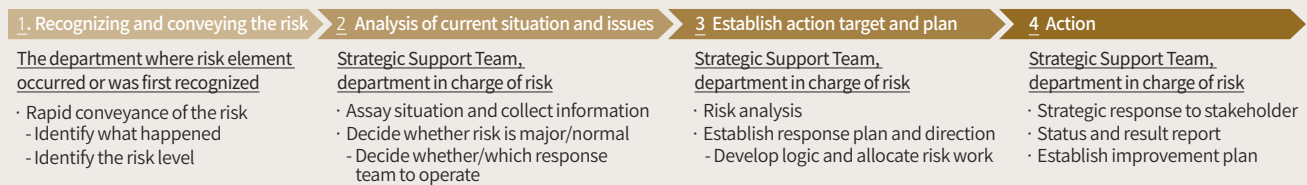
We strengthened the risk management system and provide detailed judgment criteria to enhance the enterprise-wide risk response capability. As such, we clearly defined the duties and authority of each organization, and built a system that enables quick response through a mobile app and PC web. In addition, we conduct an ex post evaluation on whether the risk management rules have been observed and improvement measures have been taken to provide continued feedback on risk response, and promote risk awareness to all employees through company-wide education.

### Classification of Enterprise-Wide Risks

Classification		Risk Type in Detail
Environment	Environment-related accident (pollutant, hazardous substance, etc.)	Leakage of pollutant, hazardous substance, toxic gas, violation of law
Industrial Safety	Safety accidents at business location (fire, disaster)	Fire/explosion, industrial disaster, violation of law
Quality	Accident related to product quality (quality anomaly, law violation)	Production stoppage and retrieval of stock, violation of law
Process	Process-related accident (production stoppage, out-of-stock)	Production stoppage due to facility malfunction
Food Safety	Accidents related to food safety	Toxic substance, food terrorism, public recall due to deficiency, administrative disposition
Customer	Customer claim	Harm to the customer's body, exposure to the media and the internet
Finance	Finance-related accident that can happen throughout management	Tax investigation, Fair Trade Commission's investigation, investigation by the court, management by Financial Supervisory Service, omission of public notice
Information/System	Leakage of customer information	Leakage of customer's personal information, system error, leakage of company information
Purchasing	Accident related to purchasing from suppliers or affiliate companies	Filing at the Fair Trade Commission for illegal transaction with partner company or affiliate company, law violation related to raw materials/packaging materials, supply stoppage
Relation with Authorities	Issues related to government authorities	Negative legislation/regulation or amendment, made into an issue with negative lighting
Media	Spread of negative issue through the media or social networking service	Reported in public broadcast, 4 major newspapers, or spreading in the internet SNS
Legal affairs	Legal issues arising from overall business activities	Civil/criminal/administrative intellectual property lawsuit, investigation and disposition by the prosecutor's office or administrative body, defamation of company's product brand, legal issues concerning overseas branches and business sites
Win-Win Shared Growth	Accidents involving CSV or CSR activities	Business appropriate for the medium-term, invasion of small-store business, misunderstanding on CSV activities
Personnel	Internal and external mishap related to human resources, law violation related to assembly and related regulations	Accidents/mishaps involving employees, dispute action, assembly, protest, illegal dispatch
Sales	Accidents occurring during sales activities	Unfair trading, consumer harm within the shop, safety accident, B2B claim
Export	Customs clearance rejected at exporting country	Issue of customs clearance being rejected at exporting country, local law violation, retrieval of goods

**Enhance the Execution Capacity of Risk Management** We regularly conduct mock exercises for quick sharing of the risk status for the staff at each business division and employees at overseas business sites. We prepare guidelines and response scenarios for each situation and distribute them throughout the company. In addition, we developed the risk response evaluation index and continue to take feedback and improvement measures. Through this process, we strengthen our ability to respond quickly and accurately, and enhance our risk response competence.

### Risk Management Process



## Major Risks

CJ CheilJedang has flagged 'climate change' and 'fluctuation in grain supply and demand' as the major risks that will greatly affect future business, and responds proactively against those risks.

**Climate Change Risk** With increased external interest on climate change we are putting our efforts into responding to the increasing administrative costs. We established the roadmap for climate change response by stage and efficient energy management, and introduced advanced energy optimization technologies to achieve the set goals, and continue to improve our internal policies and training to enhance our climate change and energy management level.

**Fluctuations in Grain Supply and Demand Risk** In order to respond to decrease in demand and revenue as well as cost increase caused by changing global grains production and prices, we have an internal organization under the Food Ingredient Business Division to monitor the grains market conditions at all times. In addition, the research institute in charge of Food Ingredients continues research to develop substitute materials in order to proactively prepare for changing grains procurement conditions.

## Financial Risks

As a company with global operations, CJ CheilJedang strives to minimize foreign exchange risks, especially the uncertainty caused by currency fluctuations and changes in profit/loss. In addition we continue monitoring international grains prices and interest rates to enable a more aggressive financial risk management.

**Financial Risk Management System** The financial risk management system is divided into market risk management activities and transaction confirmation activities, and each are managed separately. Market risk management activities include measurement and management, analysis, reporting of market risks and tracking market conditions. Meanwhile, transaction confirmation activities include inspection of compliance with management principles and review of financial transactions. In addition, the Finance Team and relevant teams such as the grains importing department operate a monthly foreign exchange and derivatives committee, thereby building an advance warning system on grains price and exchange rate risks.

## Non-Financial Risks

We put our efforts into preventing non-financial risks as well. We designate controlling departments for immediate and appropriate response to various risk factors such as environmental risks and production process-related risks.

**Water Resource Risk** Regions suffering from chronic water shortage are steadily increasing worldwide. Water resource has become one of the priority elements among the Global environmental issues. Thus, CJ CheilJedang's business sites under the Bio Business Division both domestically and abroad have strengthened their water risk management system, and continues to manage the water sources.

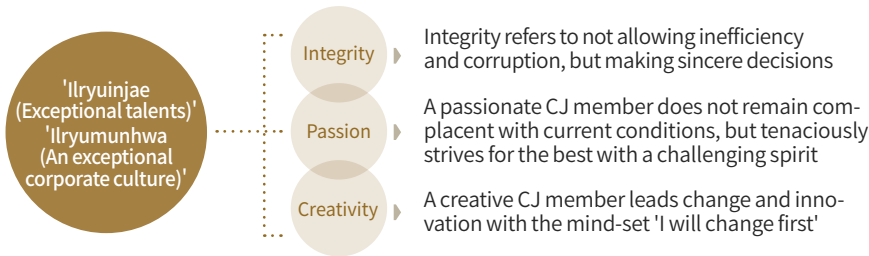
**Production Process Risk** We are building a process to prepare against risks at the head office and between production lines at each business sites. We have set up a separate guideline to prepare for exposure to hazardous substances and safety accidents that may occur during the production process. Meanwhile, we are strengthening the management level through a safety accident prevention process, which ensures quick measures and the safety of the employees in the event of an accident, and minimizes the impact on the local community and environment.

## Competitive Employee with Competitive CJ

### 'Injaejeil(People First)'

Based on its founding philosophy of 'People First' – putting top priority on people, CJ CheilJedang is committed to the growth and development of its employees. With the belief that the highest competitiveness lies in the employees, we aim to be reborn into a company that grows and leaps toward the world together with the employees.

#### Core Idea of 'Injaejeil(People First)' Philosophy



**Employment Status** We monitor at the company level whether there are violations or unjust treatment based on the Labor Standard Act and other labor-related regulations. In addition, we minimize the irregular employment to guarantee stable employment and long years of service. Meanwhile, we continue to carry out new recruitment for the organizational flexibility and to create jobs, and aim to expand the scope of employment to the socially disadvantaged groups such as the disabled, veterans and part-time workers.

### Respect for Human Rights

CJ CheilJedang respects human rights of all stakeholders, including its employees. In particular, the company has included the principle of prohibiting discrimination based on gender, education and career, and has amended the employment rules to reflect the Universal Declaration of Human Rights. Meanwhile, we established a management policy to institutionally prohibit discrimination on employment, promotion, remuneration and retirement for such reasons as race, gender and physical impairment, so that related issues will not rise.

**Prohibition Of Child Labor And Forced Labor** CJ CheilJedang abides by the Labor Standard Act, and declares the prohibition of child labor and forced labor in principle. The company has internally monitored forced labor possibilities during the annual labor inspection and no violation has been found. The company strictly prohibits forced labor in any form or duty.

**Prohibition Of Sexual Harassment And Discrimination** CJ CheilJedang asserts efforts in many aspects to prevent sexual harassment and discrimination in the workplace. We conduct regular sexual harassment prevention education for all employees, and related regulations are stipulated in personnel regulations and operation guidelines. We have a quick response system in place that involves immediate reporting to the head of the department and the human resources management team to punish the perpetrator if a case of sexual harassment occurs in the workplace.

#### New Recruitments (Unit: persons)

Category	2013	2014	2015
New recruits in Korea	519	472	670
Male	394	331	461
Female	125	141	209
New recruits overseas	927	806	1,201
Total	1,446	1,278	1,871

#### Employment Status for Socially Disadvantaged Groups (Unit: persons)

Category	2014	2015
Disabled	45	45
Veterans	22	22
Part-time	120	124
Dispatched	29	24

#### Retirement Rate

Category	2013	2014	2015
Job change and retirement (persons)	514	462	398
Job change and retirement rate (%)	10.7	9.5	7.9

#### Number of Employees who Completed Human Rights Education

Category	2013	2014	2015
Total human rights education hours (hours)	16,004	8,270	4,666
Employees who completed human rights (%)	97.5	100	99.6



**Talent Cultivation**

CJ CheilJedang conducts education emphasizing the value of talent cultivation so that CJ WAY will be internalized in everyone, and supports employees to develop their competences. We not only provide various education opportunities including job training, leadership education and global education to help employees achieve their target and create performance, we also operate the 'Global Post' program that dispatches employees with high degree of understanding in the business to have them explore business development possibilities in the global market. In addition, we have job rotation, department and division rotation, and career development management programs to ensure talented employees are continuously cultivated.

**Competence Development** Every year, we conduct collective and online education to enhance employees' work competences. This internalizes CJ's core values throughout the organization, while helping employees achieve fundamental results through standardizing the way of work and innovation. In addition, we provide training to cultivate experts in the production field through programs such as understanding the value chain and leadership at the workplace, and we hope that these programs will contribute to continued process improvement and innovation in the field.



**Performance Evaluation and Compensation**

In order to bring out the best results, we clearly define management goals for each employee and present in detail their competence achievement goals. In addition, we provide full support to the employees through meetings and coaching between team leaders and staff so that performance management goals will be implemented and employees will continue to grow. The results between targets and achievement rate is managed through fair and transparent evaluation process, and we make sure that employees receive reasonable compensation according to their jobs and competences through a process of equal and multi-faceted evaluation process.

**Job & Performance Based HR System** The job & performance based HR system was introduced in 2000, and is used to objectively evaluate the job value and performance and reflect them in promotions and HR management. Thus, each individual is evaluated objectively based on their competence and achievements instead of academic background, career or gender.

**Fair Compensation System** There is no discrepancy in wages based on gender, and employees receive compensation based on data that was built through fair evaluation of their achievements, performance and individual competence. In addition, we provide incentives to individual and organization according to their performance to motivate the employees

**Employee Education Status**

Category	2013	2014	2015
No. of employees	4,938	4,904	5,240
Total education hours	196,668	290,229	290,058
Education hours per capita (hour/person)	39.8	59.2	55.4
Total education expenses (KRW 100 million)	49.4	55.1	56.2
Education expense per capita (KRW 1 million)	1.00	1.12	1.07

**Subjects of Regular Performance Evaluation and Career Development Assessment**

Category	2013	2014	2015
Employees subject to evaluation (persons)	4,278	4,472	4,721
Ratio of employees subject to evaluation (%)	100	100	100

## Building an Advanced Corporate Culture

CJ CheilJedang strives to build a corporate culture that makes a Great Workplace. We have various welfare benefits and communication systems designed to heighten employees' satisfaction and enable them to balance work and life, so that we will build an advanced corporate culture.

**Open Council** CJ CheilJedang has built and operates the Open Council, which is the 'Labor-Management Council' at each region and business site. Instead of using the term 'Labor-Management Council' which distinguishes workers from the employer, we use the term 'Open Council' to convey open communication between labor and management as well as open management. The purpose of the Open Council is to bring company's sound advancement and enhance members' social and economic status based on mutual trust. Meetings are held regularly each quarter, and temporary meetings are held whenever an agenda comes up. In addition, separate operation rules have been established for efficient operation of the Council. Agendas can be broadly categorized into enhancing welfare benefits, improving working conditions and boosting morale. Recently, some agendas discussed at the Council include self-development and promoting the culture of a learning organization, expanding maternity protection at work, and strengthening safety and health management at the business sites.

**Maternity Protection** A meeting is held each year for women employees and the management, and their opinions are reflected throughout the company's business. We implement maternity protection activities including daycare at work, flexible work hours during child rearing, and returnships for women with career breaks. We also operate the Dream High Project that provides an opportunity to experience content prepared by the company such as cooking classes for the employees' families and movie nights.

▶ **Returnships** CJ CheilJedang actively participates in creating jobs for vulnerable groups who have difficulty finding employment such as young adults, women and the elderly. We established the "CJ Returnship" program that supports women with career breaks due to maternity leave, which was the first in Korea. Employees who participate in the Returnship Program receive education for re-employment after a 6-week internship, and then appointed to a post where they can utilize their expertise. Meanwhile, we allow working moms to choose between part-time or full-time work hours to alleviate their hardships.

### Status of Maternity Leaves Taken

(unit : persons)



	2013	2014	2015
Employees eligible for maternity leave	262	247	289
Employees who took maternity leave	66	77	79
Employees who returned after leave			
Men	1	2	0
Women	37	48	52
Employees who worked for more than 12 months after returning from maternity leave	35	40	47

**Employees Counseling** We operate employees counseling program to help employees relieve their stress and recover their mental health. The family counseling center is open to employees as well as their families. The counseling topics include basic counseling such as family matters, personal counseling, career counseling, and couple counseling, and we also provide multiphasic personality test, sentence completion test, MBTI, and comprehensive psychological tests.

**Employee Refreshment Program** CJ CheilJedang provides support for various types of accommodation facilities including condominiums, pensions and hotels both domestic and abroad, to promote refreshment and leisure life of its employees. In addition, when at certain points of continued service, the company provides the vacation fee so that employees can refresh themselves regularly.

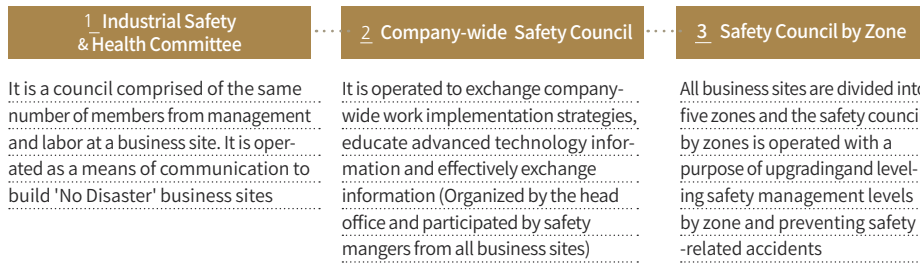
### Building Employee Safety and Health System

CJ CheilJedang promotes safety and health awareness in the business locations by setting annual objectives, risk assessments, and employee education and training. We aim to internalize the safety and health culture by raising awareness and systematically improving the safety and health system.

**Safety and Health Management System** CJ CheilJedang has established the Occupational Health and KOSHA 18001(Safety Management System) at all domestic business sites and operates systemic management on occupational health and safety through external certifications and periodic post-evaluation. Mandatory online and offline training courses are provided 4 times a year and new employees must complete an additional 8 hours of training. In addition, a survey is conducted once a year regarding the welfare facilities to identify the employees' needs for improving working conditions. Based on the survey, towels were added to the shower rooms in the employees' lounge; as well as bidets, hand sanitizers, plants in the offices, and massagers.

**Operation of the Safety and Health Council** We operate a company-wide, and for each zone, Safety and Health Councils to ensure employees are working in a pleasant, safe environment. The councils establish industrial safety and health standards and discuss, vote and improve major safety and health related issues.

### Safety and Health Council



▲ Safety and Health Council

**Risk Management At The Business Sites** All business sites CJ CheilJedang aims to realize 'no disaster business site'. Meticulous management in the safety and health sector and preventing serious industrial accidents involve taking measures to keep equipment safe; concentrated management on health risk groups through cerebral and cardiovascular disease incidence risk assessment undertaken among all employees; prevention of serious accidents such as fire, explosion & leakage and natural disasters such as torrential rain, typhoon, heavy snow; and diagnosis on potential risks by specialized institutions and tasks to minimize damages. Owing to these efforts, CJ CheilJedang's Jincheon Plant acquired the BCMS (ISO 22301) certification in October 2015, which was the first in the domestic food industry.

**Enhancing Employees' Health** CJ CheilJedang offers a health management system that considers health-related issues of the employees such as quitting smoking, moderation in drinking, exercises, and stress from work in collaboration with regional health organizations. We support health check-up fees and renewal of group personal accidents insurance, as well as supporting medical bills, programs for quitting smoking, and we operate gyms and the health administration office. In addition, with a view to alleviating economic burden in the case of employee injury or disease, we support the total medical cost if it exceeds KRW 100,000.



▲ Certificate of Outstanding Employees' Health Promotion Activities

# APPENDIX

63p \_\_\_ Financial Information

64p \_\_\_ Performance Data

66p \_\_\_ Independent  
Assurance Statement

68p \_\_\_ GRI G4 Index

## FINANCIAL INFORMATION

### Consolidated Statements of Comprehensive Income (Unit : KRW 100 million)

subject	2013	2014	2015
Revenue(Sales)	108,477	117,017	129,244
Cost of sales	87,695	92,584	100,384
Gross profit	20,781	24,433	28,860
Selling general administrative expenses	17,326	18,634	21,346
Operating Income(Loss)	3,454	5,799	7,514
Finance income	4,034	1,798	2,107
Finance costs	4,216	4,096	4,741
Profit (loss) before tax	1,267	2,429	3,648
Income tax expense	556	1,051	1,111
Profit (loss)	710	1,378	2,536
Other comprehensive income	-1,444	125	(116)
Total comprehensive income	-733	1,503	2,149

### Consolidated Balance Sheet (Unit : KRW 100 million)

subject	2013	2014	2015
Current assets	35,202	38,681	40,118
Non-current assets	92,994	94,092	97,327
Total assets	130,044	133,825	137,512
Current liabilities	36,160	40,307	43,357
Non-current liabilities	44,830	43,102	40,302
Total liabilities	81,919	84,326	83,660
Equity attributable to owners of the parent entity	28,839	29,849	31,431
Current capital	721	723	724
Capital surplus	8,959	9,101	9,183
Other accumulated earnings	(2,272)	(1,847)	(1,818)
Retained earnings	21,431	21,871	23,342
Non-controlling interests	19,286	19,649	22,421
Total equity	48,125	49,498	53,852

### Financial Status by Business Sector (Unit : KRW 100 million)

Business Division	2013		2014		2015		
	Revenue (Sales)	Operating Income(Loss)	Revenue (Sales)	Operating Income(Loss)	Revenue (Sales)	Operating Income(Loss)	
Food Business Sector	Total amount	37,677	2,221	38,400	3,223	41,502	3,485
Biotechnology Business Sector	Total amount	34,422	1,244	35,258	1,092	40,019	2,379

\* Food Business Division: Food Ingredients, Processed Foods  
 Biotechnology Business Division: Bio, Feed & Livestock



## PERFORMANCE DATA

### Economy

Retirement Pension System Status		(Unit : KRW 100 million)		
Category	2013	2014	2015	
Defined benefit (DB)	1,412	1,611	1,710	

The Ratio of Senior Executives Hired from The Local Business Location		(Unit : number of people)		
Category	2013	2014	2015	
The total number of overseas workers	8,622	8,828	10,144	
The number of workers dispatched Overseas	230	234	236	
The number of Local recruits	8,392	8,594	9,908	
The number of major local administrators (manager level and above)	449	421	461	
The number of Major local native administrators (manager level and above)	348	305	346	
Local employment rate (%)	97.3	97.3	97.7	
Local native administrators ratio (%)	77.5	72.4	75.1	

### Environment

GHG Emissions and Intensity		2013	2014	2015
Distribution	Unit			
Products produced amount (weight)	ton	3,030,343	3,132,640	3,376,195
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	145,216	137,982	142,888
Scope1 Intensity	KG co2/Product ton	47.9	44	42.3
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	143,054	149,317	162,689
Scope2 Intensity	KG co2/Product ton	47.2	47.7	48.2
Total GHG emissions	tCO <sub>2</sub> e	288,270	287,299	305,577

\*When calculating total emissions the emissions of each business sites were rounded off and added by partner company, thus the actual emission weight differ.

## Society

### Employee Status

Category	By contract				Gender				Age					
	Regular (Persons)	Regular (%)	Irregular (Persons)	Irregular (%)	Male (Persons)	Male (%)	Female (Persons)	Female (%)	Under30 (Persons)	Under30 (%)	Between30~50(Persons)	Between 30~50(%)	Over50 (Persons)	Over50 (%)
2013 Food	2,006	33	11	19	1,560	32	457	36	667	36	1,230	32	121	33
Food Ingredient	1,116	18	3	5	990	20	129	10	385	21	657	17	76	20
Bio	478	8	14	25	387	8	105	8	129	7	311	8	52	14
Feed & Livestock	368	6	2	4	330	7	40	3	103	6	239	6	28	8
Pharmaceuticals	1,171	19	3	5	946	20	228	18	263	14	870	22	41	11
Company staff	916	15	24	42	631	13	309	24	294	16	594	15	52	14
<b>total</b>	<b>6,055</b>	<b>100</b>	<b>57</b>	<b>100</b>	<b>4,844</b>	<b>100</b>	<b>1,268</b>	<b>100</b>	<b>1,841</b>	<b>100</b>	<b>3,901</b>	<b>100</b>	<b>370</b>	<b>100</b>
2014 Food	1,994	42	24	21	1,567	41	451	44	703	48	1,188	38	126	36
Food Ingredient	1,115	23	16	14	993	26	138	13	385	26	671	22	76	21
Bio	482	10	16	14	398	10	100	10	114	8	329	11	55	16
Feed & Livestock	368	8	6	5	334	9	40	4	92	6	249	8	33	9
Company staff	829	17	54	47	575	15	308	30	169	12	651	21	63	18
<b>total</b>	<b>4,788</b>	<b>100</b>	<b>116</b>	<b>100</b>	<b>3,867</b>	<b>100</b>	<b>1,037</b>	<b>100</b>	<b>1,463</b>	<b>100</b>	<b>3,088</b>	<b>100</b>	<b>353</b>	<b>100</b>
2015 Food	2,147	42	26	21	1,678	41	495	43	780	51	1,270	37	122	37
Food Ingredient	1,144	22	15	12	1,021	25	138	12	371	24	724	21	65	20
Bio	524	10	19	15	426	10	117	10	126	8	368	11	49	15
Feed & Livestock	382	7	4	3	344	8	42	4	88	6	271	8	27	8
Company staff	919	18	60	48	631	15	348	31	158	10	755	22	66	20
<b>total</b>	<b>5,116</b>	<b>100</b>	<b>124</b>	<b>100</b>	<b>4,100</b>	<b>100</b>	<b>1,140</b>	<b>100</b>	<b>1,523</b>	<b>100</b>	<b>3,388</b>	<b>100</b>	<b>329</b>	<b>100</b>

\*As of December 31

\*CJ Healthcare Division has been split as of April of 2014.

### The percentage of operations with implemented local community engagement, impact assessments, and development programs

(unit : Number of workplaces, %)

Category	2013	2014	2015
Total number of business sites	11	11	11
The number of operations with implemented local community engagement, impact assessments, and development programs	11	11	11
The percentage of operations with implemented local community engagement, impact assessments, and development programs (%)	100	100	100

## 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 2015 (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 included a review of sustainability activities and performance data over the reporting period 1st January to 31st December 2015. This included:

- Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- 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 DNV GL's assurance methodology VeriSustainTM1, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out in February and March 2016. The site visits were made to CJ CheilJedang Center. 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 and associated reporting systems as they relate to selected content and performance data;
- reviewed the outcomes of stakeholder consultation report and the materiality assessment report.

### Limitations

The engagement excludes the sustainability management, performance and reporting practices of CJ CheilJedang's associated companies, subsidiaries, 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](http://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 co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## Opinion and Observation

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4 nor is prepared 'in accordance' with GRI G4 Core option. The verification team has observed that there is general awareness of sustainability context across all different levels of the organization. Further opinions with regards to the adherence to the following Principles are made below;

### Stakeholder Inclusiveness

CJ CheilJedang has identified internal and external stakeholder groups such as Consumers and Customers, Suppliers, Governments, Shareholders, Local Communities and Employees. CJ CheilJedang engages with the stakeholders at the company and business unit levels through various channels. The examples of approaches to engagement with selected stakeholders are described in the Report. In the future, CJ CheilJedang could present the reasonable expectations and interests of stakeholders and report corresponding actions taken in the Report.

### Sustainability Context

CJ CheilJedang has stated the definition of the Creating Shared Value (CSV) based on the social and environmental value and its business context in the Report. Its efforts to generate CSV and various performances associated with sustainability are presented. The stakeholders can review the improvement of sustainability performance with indicators. CJ CheilJedang could provide the transparent information to the stakeholder with regard to core initiatives and relevant performance targets to achieve CSV.

### Materiality

CJ CheilJedang has conducted materiality assessment to prepare the Report. The relevant issue pool is formed by analysing the key issues from the global sustainability initiatives and standards, the topics which industry peer group considers material and the subjects covered by mass media. The issues in the pool are rated by stakeholders via survey in terms of the impact for the prioritization. The audit team has reviewed the materiality assessment process. In addition, CJ CheilJedang has grouped the material issues into 5 aspects and presented its management approaches in the Report.

### Completeness

The Report has covered the sustainability strategy, management approach and sustainability performances of CJ CheilJedang for the reporting period. Environmental and Social performances reported are only collected from the facilities in Korea while Economic performances of all facilities across the world are presented in the Report. CJ CheilJedang could consider including in its boundaries all overseas facilities that generate significant sustainability impacts and those over which it exercises significant influence.

### Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL's competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

April 2016

Seoul, Korea

Country Representative DNV GL Business Assurance Korea Ltd.

In Kyoon Ahn 

## GRI G4 Index

### GENERAL STANDARD DISCLOSURES

Index	Index description	Page	Reporting rate	Note
<b>Strategy and Analysis</b>				
G4-1	CEO Message	2~3p	•	
G4-2	Key impacts, risks, and opportunities.	2~3, 56-57p	•	
<b>Organization Profile</b>				
G4-3	The name of the organization	2~3p	•	
G4-4	The primary brands, products, and services.	9p	•	
G4-5	The location of the organization's headquarters.	About this Report	•	
G4-6	The number of countries where the organization operates, and names of countries	10~11p	•	
G4-7	The nature of ownership and legal form.	52~53p	•	
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	10~11p	•	
G4-9	The scale of the organization	10, 11, 63p	•	
G4-10	Employees by employment contract, permanent employees by employment type and workforce by region	65p	•	
G4-11	The percentage of total employees covered by collective bargaining agreements.	60p	•	
G4-12	The main elements of the supply chain in relation to the organization's primary activities, products, and services.	38~45p	•	
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership	68p	•	No material change
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	56~57p	•	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	26p	•	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	61p	•	
<b>Identified Material Aspects and Boundaries</b>				
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	10~11p	•	
G4-18	the process for defining the report content	16~17p	•	
G4-19	the material Aspects identified in the process for defining report content.	16~17p	•	
G4-20	Aspect Boundary within the organization	16~17p	•	
G4-21	Aspect Boundary outside the organization	16~17p	•	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About this Report	•	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report	•	
<b>Stakeholder Engagement</b>				
G4-24	A list of stakeholder groups engaged by the organization.	15p	•	
G4-25	The basis for identification and selection of stakeholders with whom to engage.	15p	•	
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	15p	•	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	15p	•	
<b>Report Profile</b>				
G4-28	Period for information provided	About this Report	•	
G4-29	Date of most recent previous report	About this Report	•	
G4-30	Reporting cycle	About this Report	•	
G4-31	The contact point for questions regarding the report or its contents.	About this Report	•	
G4-32	GRI Content Index for the 'in accordance' option chosen.	68~71p	•	
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	66~67p	•	
<b>Governance</b>				
G4-34	The governance structure of the organization, including committees of the highest governance body.	52~53p	•	
<b>Ethics and Integrity</b>				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	54~55p	•	

## SPECIFIC STANDARD DISCLOSURES

ECONOMIC				
Index	Index description	Page	Reporting rate	Note
<b>Economic Performance</b>				
EC1	Direct economic value generated and distributed	63p	•	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	24, 28p	◦	
EC3	Coverage of the organization's defined benefit plan obligations	64p	•	
EC4	Financial assistance received from government	-	◦	
<b>Market Presence</b>				
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-	◦	
EC6	Proportion of senior management hired from the local community at significant locations of operation	64p	•	
<b>Indirect Economic Impacts</b>				
	DMA	46p	•	
EC7	Development and impact of infrastructure investments and services supported	46-49p	◦	
EC8	Significant indirect economic impacts, including the extent of impacts	46-49p	◦	
<b>Procurement Practices</b>				
	DMA	38p	•	
EC9	Proportion of spending on local suppliers at significant locations of operation	43p	•	
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	43p-45p	•	
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	43p-45p	•	
<b>ENVIRONMENTAL</b>				
Index	Index description	Page	Reporting rate	Note
<b>Materials</b>				
	DMA	38p	•	
EN1	Materials used by weight or volume	43p	•	
EN2	Percentage of materials used that are recycled input materials	69p	•	As a foods company, CJ CheilJedang does not reuse or recycle raw materials
<b>Energy</b>				
	DMA	26p	•	
EN3	Energy consumption within the organization	29p	•	
EN4	Energy consumption outside of the organization	29p	•	
EN5	Energy intensity	29p	•	
EN6	Reduction of energy consumption	29p	•	
EN7	Reductions in energy requirements of products and services	29p	◦	
<b>Water</b>				
	DMA	26p	•	
EN8	Total water withdrawal by source	31p	•	
EN9	Water sources significantly affected by withdrawal of water	-	◦	
EN10	Percentage and total volume of water recycled and reused	31p	•	
<b>Emissions</b>				
	DMA	26p	•	
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	64p	•	
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	64p	•	
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	-	◦	
EN18	Greenhouse gas (GHG) emissions intensity	64p	•	
EN19	Reduction of greenhouse gas (GHG) emissions	30p	•	
EN20	Emissions of ozone-depleting substances (ODS)	-	◦	
EN21	NOX, SOX, and other significant air emissions	31p	•	



## ENVIRONMENTAL

Index	Index description	Page	Reporting rate	Note
<b>Effluents and Waste</b>				
	DMA	26p	●	
EN22	Total water discharge by quality and destination	-	○	
EN23	Total weight of waste by type and disposal method	30p	●	
EN24	Total number and volume of significant spills	-	○	
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	○	
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	-	○	
<b>Products and Services</b>				
	DMA	26p	●	
EN27	Extent of impact mitigation of environmental impacts of products and services	24, 30p	●	
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	30p	●	
<b>Compliance</b>				
	DMA	26p	●	
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	70p	●	No non-compliance of environmental laws and regulations have occurred during the reporting period
<b>Supplier Environmental Assessment</b>				
	DMA	38p	●	
EN32	Percentage of new suppliers that were screened using environmental criteria	-	○	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	41p	●	

## SOCIAL LABOR PRACTICES AND DECENT WORK

Index	Index description	Page	Reporting rate	Note
<b>Employment</b>				
	DMA	58p	●	
LA1	Total number and rates of new employee hires and employee turnover ( age group, gender, and region )	58p	●	
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	59p	●	
LA3	Return to work and retention rates after parental leave, by gender	60p	●	
<b>Occupational Health and Safety</b>				
	DMA	61p	●	
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	61p	○	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-	○	
LA7	Workers with high incidence or high risk of diseases related to their occupation	-	○	
LA8	Health and safety topics covered in formal agreements with trade unions	61p	○	
<b>Training and Education</b>				
	DMA	59p	●	
LA9	Average hours of training per year per employee by gender, and by employee category	59p	●	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	59p	○	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category DMA	59p	●	
<b>Equal Remuneration for Women and Men</b>				
	DMA	59p	●	
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	59p	●	

## LABOR PRACTICES AND DECENT WORK

Index	Index description	Page	Reporting rate	Note
<b>Labor Practices Grievance Mechanisms</b>				
	DMA	60p	•	
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	60p	•	

## HUMAN RIGHTS

Index	Index description	Page	Reporting rate	Note
<b>Non-discrimination</b>				
	DMA	58p	•	
HR3	Total number of incidents of discrimination and corrective actions taken	71p	•	No incidents of discrimination have occurred during the reporting period.
<b>Child Labor</b>				
	DMA	58p	•	
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	58p	•	
<b>Forced or Compulsory Labor</b>				
	DMA	58p	•	
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	58p	•	
<b>Supplier Human Rights Assessment</b>				
	DMA	39p	•	
HR10	Percentage of new suppliers that were screened using human rights criteria	41, 44p	◦	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	41, 44p	•	

## SOCIETY

Index	Index description	Page	Reporting rate	Note
<b>Local Communities</b>				
	DMA	46p	•	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	65p	•	
SO2	Operations with significant actual or potential negative impacts on local communities	71p	•	No business site had significant negative impact on local communities during the reporting period.
<b>Healthy and distributable foods</b>				
	DMA(Disclosures on Management Approach)	32p	•	

## PRODUCT AND SERVICE LABELING

Index	Index description	Page	Reporting rate	Note
<b>Product and Service Labeling</b>				
	DMA	32p	•	
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	43p - 45p	•	
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	35p	◦	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	◦	
PR5	Results of surveys measuring customer satisfaction	36p	•	

**CJ CHEILJEDANG**  
Sustainability Report 2015

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