

**CJ CHEILJEDANG  
TAX POLICY**



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At CJ CheilJedang, we understand voluntary compliance with tax obligations is a hallmark of good corporate citizenship and recognize it as an important part of our contribution to the national economy and our shareholders by maximizing their profits and proactively managing tax risk. To this end, we have established standards and procedures to maintain transparency in our compliance policy.

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#### TAX MANAGEMENT PRINCIPLES

We ensure full compliance with the laws and regulations under the following principles:

- **Compliance with Tax Laws and International Standards**

We ensure that all of our domestic and overseas business transactions fully comply with the applicable laws and regulations of the relevant tax authorities based on our accurate understanding of the relevant tax laws.

- **Transparent and responsible tax management**

We operate our business with integrity and pay our tax obligations in accordance with clear internal guidelines, responding to any regulatory requirements in a responsible and transparent manner.

- **Reducing tax risks**

We are committed to minimizing tax risk by proactively considering tax issues prior to making key management decisions, such as strengthening business competitiveness and global investments.

- **Complying with administrative guidance from tax agencies**

We strive to strictly comply with the administrative guidance that tax agencies exercise based on related laws and regulations

- **Prohibition of Tax Structures Having No Commercial Substance**

We limit the exchange of goods and services that is structured to fictitiously overstate profits, and reflect only those transactions in which actual profits were generated through relevant asset exchange in the tax structure.

- **Establishment of the Standards for International Transactions**

The company strives to strictly comply with tax obligations and does not consider transactions or tax structures that have no commercial substance, such as utilizing tax havens or transferring profits to low-tax countries, with the purpose of relieving tax costs unfairly.



The company, including its domestic and overseas subsidiaries, does not make intentional use of tax treaty loopholes and special provisions thereunder to utilize tax havens that relieve tax costs. We strive to strictly comply with the administrative guidance that tax agencies exercise based on related laws and regulations

#### **COMPLIANCE WITH ARM'S LENGTH PRINCIPAL**

At CJ CheilJedang, we have set a transfer price policy and monitor its compliance to prevent any tax issues in accordance with the OECD guidelines for the purpose of setting the arm's length price in the transactions between the company's overseas affiliates. We keep precise records of transactions by and among the overseas subsidiaries based on the principle of independence, calculate arm's length transfer pricing so that a taxable income is allocated to each country in line with our value-added activities carried out in the country, and prohibit any improper risk allocation or profit transferring value created to low-tax jurisdictions. For this purpose, our overseas subsidiaries maintain close communication with local tax consultants to prevent any issues with our transfer price and manage risks by keeping our headquarters fully informed of any issues.

In particular, since 2017, we have provided tax agencies authorities with information on transfer prices in accordance with the legislation for submitting tax information by country for the prevention of BEPS (Base Erosion and Profit Shifting).

#### **CONTRIBUTION TO LOCAL COMMUNITY**

At CJ CheilJedang, we fulfill our tax obligations in every country in which we operate our business as part of our contribution to its financial stability. By serving our roles as a tax payer and investor, we help create jobs and boost local economies as we purchase products and services.

#### **OPERATION OF TAX MANAGEMENT ORGANIZATION**

The Financial Operations Department is a specialized department composed of certified tax specialists and dedicated to improving expertise in this area. It periodically reports to the CFO, the top decision maker. By hiring certified public experts, we maintain the highest level of expertise and seek external consultation to manage tax risks and apply it in our decision-making process. The details of the operation are as follows:

- External consultation is reflected in our final decision when it comes to tax issues.
- Certified tax professionals are hired to assess overall tax risks and establish a management system to enhance our organizational performance.
- Managers are appointed for each tax item to ensure timely response to issues and compliance with procedures.
- Investment plans and internal transactions including tax issues are reported to the Board of Directors for approval.



## TAX RISK MANAGEMENT

At CJ CheilJedang, we are committed to preventing any tax risks in all our business undertakings and recognize the importance of compliance when it comes to risk management.

- Establish tax policy and regulations and apply any changes in the tax laws to our practice.
- Document and store decision-making information about tax reports, supporting materials and tax issues.
- Meetings are held between tax managers of each group for case studies and internal regulations.
- External consultation is considered when dealing with tax risks.

## TAX RISK MANAGEMENT PROCESS

In order to reduce the uncertainties in dealing with diverse tax laws and regulations and the complexity of the tax information system in every country we operate our business, we maintain a self-assessment process to manage and identify tax risks.

- Analyze external economic conditions and management environment to identify risks.
- Review correlation between probabilities and organizations based on risk scenarios.
- Analyze financial and non-financial impact of risks.
- Establish strategies and action plans by core risks.
- Monitor risks on a regular basis.

## DISCLOSURE OF TAX INFORMATION

In 2017, we established our tax policy and will continue to revise this policy to reflect any changes to our business environment. We will actively communicate with other stakeholders related to taxation.

Further information can be found on the CJ CheilJedang website.

([www.cj.co.kr/kr/about/sustainability/report](http://www.cj.co.kr/kr/about/sustainability/report)) and detailed tax information for each country is disclosed through our Sustainability Report.

[ATTACHMENT. DOCUMENT SUMMARY]

Classification	Details
Version	5.0
Date of initial establishment	2017.04
Date of latest revision	2023.08
Management Organization	Financial Operation Division
Executive in charge	CFO
Revised Contents	Prohibition of transferring value created to low-tax jurisdictions
Contact	<a href="mailto:sustainability@cj.net">sustainability@cj.net</a>
Policy Reference number	20230901-00000487