

# CJ LOGISTICS SUSTAINABILITY REPORT 2016

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CJ Logistics



## ABOUT THIS REPORT

### Overview

This report is the first Sustainability Report published by CJ Logistics. We will continue to provide sustainability reports every year in order to disclose our economic, social and environmental activities and achievements. We also plan to utilize this report as a communication channel that reflects the interests and requirements of our stakeholders, as well as our efforts in the area of sustainability management.

### Reporting Period and Scope

This report is based on our sustainability performance between January 1, 2016 and December 31, 2016, and its content includes quantitative data from the last three years. Some content from up to May 2017 were provided when deemed necessary to aid stakeholders' understanding. The scope of this report includes all the Korean business sites of CJ Logistics, though some areas of the report include overseas business sites.

### Reporting Standard

This report is prepared in accordance with the Core Option of the Global Reporting Initiative's (GRI) G4 Guidelines in order to meet international reporting standards. For details, please refer to the GRI Index on p. 84-86.

### Reporting Assurance

This report was assured by an independent agency after undergoing the verification process. The results of the review are available on p. 88-89.

### Contact Information

The CJ LOGISTICS SUSTAINABILITY REPORT 2016 is available from the CJ Logistics website at [www.cjlogistics.com](http://www.cjlogistics.com). For more details, please refer to the contact information below. We welcome the diverse feedback and opinions of our stakeholders.

### CJ LOGISTICS

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CJ Logistics aims to become one of the Top 5 logistics companies based on our network that ranges from advanced logistics markets including the USA and Europe to emerging Asian economies.

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In connection with our core competencies of logistics, CJ Logistics is implementing differentiated CSV businesses, with the goal of creating social & business value.



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As a global corporate citizen, CJ Logistics aims to contribute to the development of the international community by helping to achieve the UN Sustainable Development Goals(SDGs).

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CJ Logistics aims to improve its service quality by communicating directly with customers, and to build trust with customers by meticulously managing service quality.



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CJ Logistics is working to fulfill its corporate social responsibility by pursuing strategic social contribution activities that are linked to our business, with the goal of creating win-win ecosystems with the local communities in which we operate.

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## CEO Message



At CJ Logistics, our pledge is to be a global total logistics company that pursues sustainable growth with stakeholders through constant improvements and innovation.

### Dear Stakeholders,

CJ Logistics, the first logistics company founded in Korea, has played a role in driving economic growth, developing the domestic logistics industry and promoting convenience in Korea by keeping a pace with the country's economic development for the past 87 years.

We are actively promoting sustainability management activities by adopting and complying with global social responsibility management standards in keeping with our status as a global logistics company. Furthermore, we are ensuring that this is maintained through ongoing and genuine social contribution practices.

To create a corporate culture of compliance with fair trade regulation, CJ Logistics held a 'CP declaration ceremony' for all employees and declared our company-wide commitment to voluntary compliance. Last year, we joined the United Nations Global Compact(UNGC), a specialized agency of the United Nations, and actively reflected its ten principles in each of four areas: anti-corruption, environment, human rights and labor.

To take the lead in addressing the issue of job creation, we have created 1,000 jobs for senior citizens nationwide as of last year through the 'Senior Parcel Delivery,' a representative business model for Creating Shared Value (CSV). Furthermore, we provide customized internship training for students in Meister High Schools and Specialized High Schools through a 'Junior-Track' program, and offer them opportunities to join our company upon graduation.

We are also engaged in a range of activities to improve the environment, which include providing smart carts, an eco-friendly delivery vehicle that produces no carbon emissions, to our Senior Parcel Delivery workers. In addition, CJ Logistics is taking advantage of the unused rooftops at our logistics centers to operate solar photovoltaic facilities that produce electricity and thereby help reduce our greenhouse gas emissions. In addition, we have held public tree planting events in the city center together to create "Energy Forests" that can prevent fine dust damage and enhance the urban environment.

To inspire the enthusiasm and wisdom of our employees, to fulfill our social responsibility as a company loved by people all over the world and to create a world-class CSV model, CJ Logistics promises to continue with the following efforts.

**First,** we will rise to become one of the 'Top 5 logistics company in the world' through our diverse growth strategies. At CJ Logistics, we will expand our global network and create synergies in all areas of logistics by pursuing strategic alliances with overseas logistics companies, establishing joint-venture corporations, and using M&A to become a company that meets global standards.

**Second,** we will use our logistics capabilities to pursue CSV businesses, and participate in social contribution activities with the local community to actively fulfill our corporate social responsibilities. Based on the three core values of job creation, eco-friendliness and community contribution, we will continue to explore differentiated CSV business models linked to our core business to create social and business value.

**Third,** we will actively implement eco-friendly logistics through energy management. To reduce greenhouse gas emissions, we will optimize transportation through integrated logistics systems, shift to eco-friendly transportation systems, and introduce electric parcel trucks to realize eco-friendly logistics services.

**Last but not least,** we will lead the innovation of the logistics industry by implementing logistics 4.0 in keeping with the 4th industrial revolution. We will develop new technologies for advanced logistics operations and strengthen our cutting-edge core capabilities to provide differentiated services to our customers by utilizing our largest logistics network in Korea, our accumulated know-how and our advanced convergence technologies based on TES (Technology, Engineering, System & Solution).

Dear Stakeholders, we are wholeheartedly committed to fulfilling the promise we made to our customers and stakeholders to earn your steadfast support and patronage. Your support and interest in our sustainable growth are greatly appreciated.

Thank you.

July 2017  
CEO of CJ Logistics  
Keun-Tae Park

# INTRODUCTION

CJ Logistics provides customers with total logistics services for land, sea and air to achieve our vision of being 'The Global SCM Innovator.'

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## CJ Management Philosophy

### CJ Way

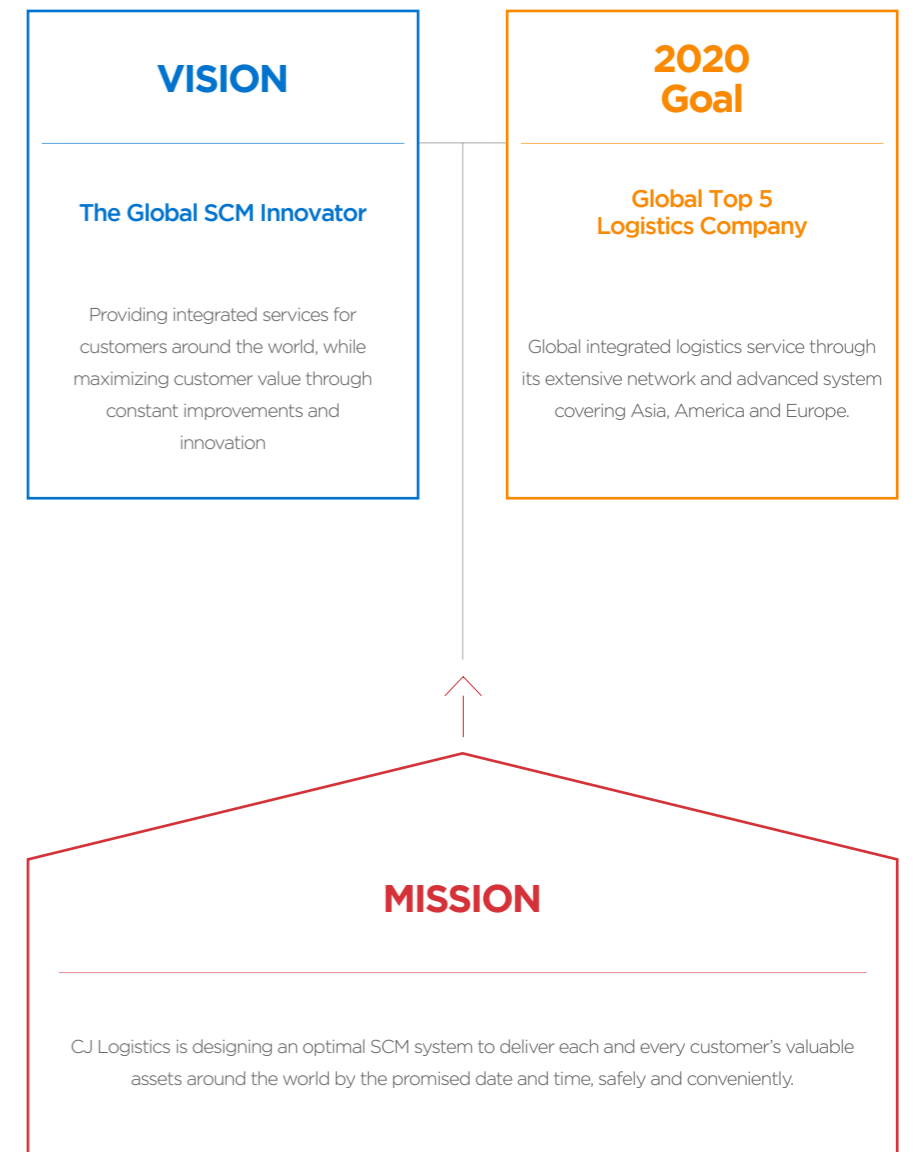
With a vision of 'Creating a New Culture for Healthy, Happy and Convenient Lifestyles,' the CJ Group will constantly provide the best value to our customers with our ONLYONE products and services. The entire CJ Group is based on the idea of 'Business Patriotism' that contributes to the nation and society through our business. At CJ, we constantly strive to provide our customers with the first, best, and differentiated products and services. Furthermore, we will strive to become the 'World's Best CJ' that constantly innovates and pursues new challenges based on CJ's core principles of 'honesty,' 'passion,' 'creativity,' and 'respect.'



### CJ Logistics Vision

### CJ Logistics Vision

CJ Logistics provides a global total logistics service that connects the entire world via land, sea and air to achieve the vision of 'The Global SCM Innovator.' Additionally, we are striving to become one of the 'Top 5 logistics company in the world' by 2020 through continuous innovation, our cutting-edge logistics infrastructure, and aggressive R&D investment.



## Overview

### CJ Logistics

When CJ Logistics was established in November 1930 it became the first logistics company in Korea, and has led the domestic logistics market for 87 years. Currently, we are expanding our global network based on 22 countries (59 corporations, 38 branches, 52 offices) in order to ensure our position as a global logistics company. CJ Logistics provides a differentiated service to our customers that encompasses contract logistics, parcel, forwarding & international express, stevedoring & transportation business and project logistics using our cutting-edge logistics technology and know-how. We strive for sustainable growth as a responsible member of the community.

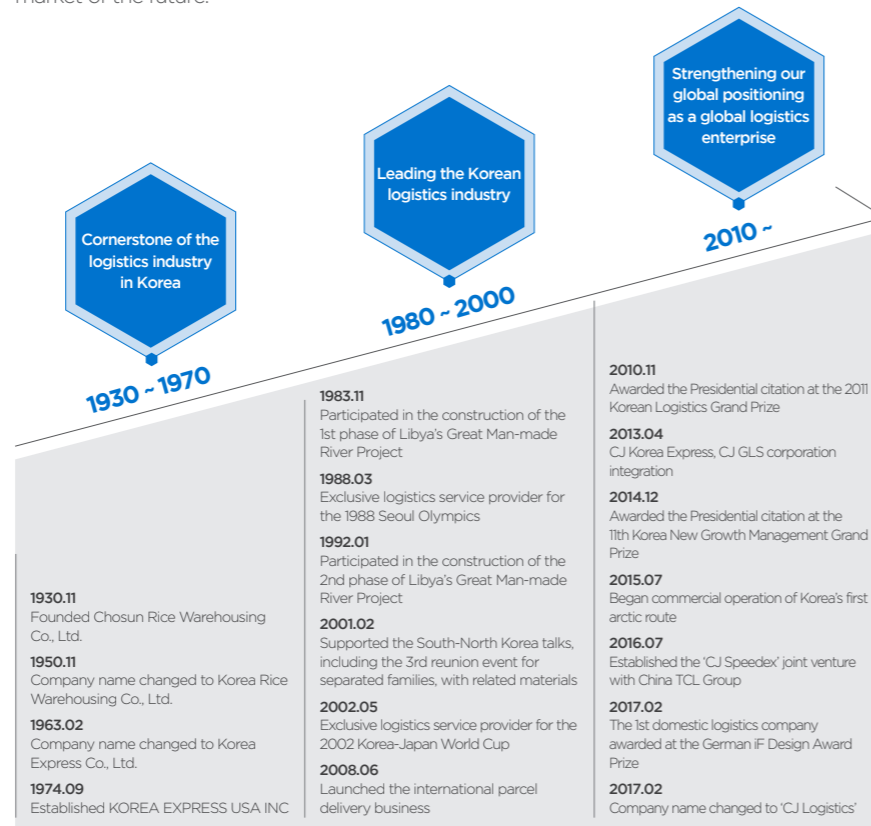
#### General Information

(As of December 31, 2016)

<b>Name of Company</b>	CJ Logistics Corporation	<b>CEO</b>	Keun-Tae Park, Kwan-Soo Shon
<b>Founded</b>	1930. 11. 15	<b>Number of Shares</b>	22,812,344
<b>Head office</b>	CJ Logistics Co. Bldg., 53, Sejong-daero 9-gil, Jung-gu, Seoul, 04513, Korea	<b>Number of Employees</b>	5,050 employees (Full-time)
<b>Business Divisions</b>	CL (Contract Logistics), Parcel, Global Business	<b>Sales</b>	6 trillion 81.9 billion KRW

#### History

CJ Logistics has written a chapter in the history of Korea's logistics industry, working and innovating continuously for 87 years to become a logistics enterprise that can represent Korea. We are expanding our global network to become a global logistics company based on the development of cutting-edge fusion technology, and are pursuing a continuous investment and growth strategy that refuses to settle for mediocrity. We are striving to become one of the world's 'Top 5 logistics company' by 2020, to lead the global logistics market of the future.



### One-Stop Logistics Solutions Concept



### Core business

CJ Logistics is leading the global logistics paradigm by rapidly responding to changes in the logistics market environment. Based on our core competencies, TES (Technology, Engineering, System & Solution), we provide total logistics services optimized for our five core business.

- CONTRACT LOGISTICS**  
We provide specialized services for industries that range from storage and unloading to transport/delivery, based on our rich experience and cutting-edge IT system.
- PARCEL**  
CJ Logistics is changing the paradigm of the parcel delivery industry thanks to our dominant infrastructure and cutting-edge logistics technology.
- FORWARDING & INTERNATIONAL EXPRESS**  
Our total logistics services include sea & air transport of import/export freight, customs clearance, and storage. In addition, we design optimized logistics processes for cargo, including heavyweight, bulk, and special cargo.
- STEVEDORING & TRANSPORTATION**  
By drawing on Korea's most extensive logistics infrastructure and freight-specific equipment (which we operate directly), we are able to provide optimally customized stevedoring & sea transportation services.
- PROJECT LOGISTICS**  
With our specialized engineering capabilities based on core in-house equipment and unparalleled experience in different regions around the world, CJ Logistics capable of offering One-Stop logistics solutions that range from international inland, sea and air transport to global EPC sites.

### Key business performance in 2016

In 2016, CJ Logistics surpassed 6 trillion KRW in revenue for the first time since our foundation thanks to growth in the global and parcel businesses. This represents a 20% increase in sales and a 22% growth in operating profit compared to 2015, demonstrating our sustainable growth capability and performance.

#### Sales by Segment

(Unit: One Thousand KRW)

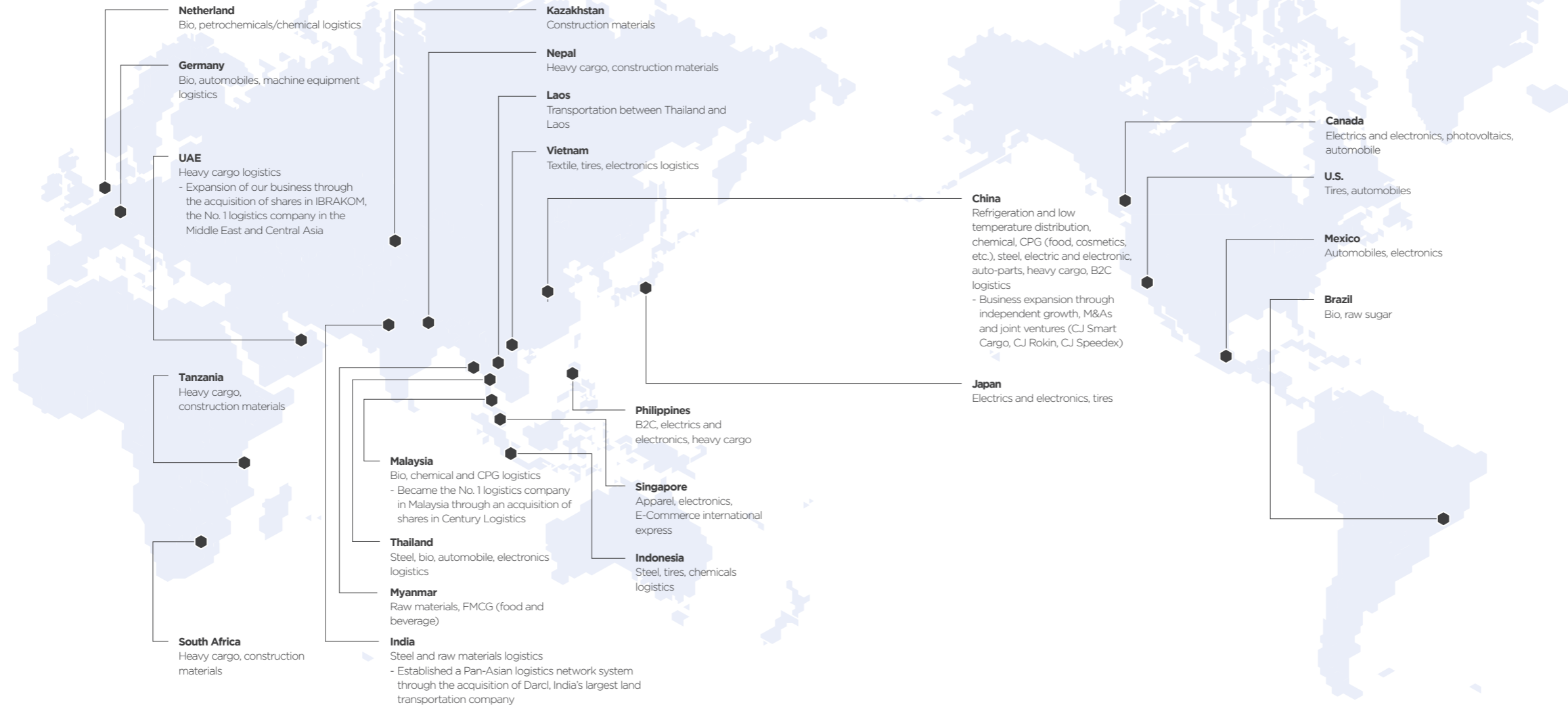
Business Division	2014	2015	2016
CL	2,025,713,098	2,141,279,181	2,432,616,615
Parcel	1,248,606,869	1,496,365,057	1,752,049,733
Global	1,285,767,328	1,418,122,166	1,897,279,294
<b>Total</b>	<b>4,560,087,295</b>	<b>5,055,766,404</b>	<b>6,081,945,642</b>

#### Credit Rating

Evaluation Authority	Effective Rating	Evaluation Date	Category of Evaluation
Korea Ratings Corporation	A1	2016.12.27	Periodic Evaluation
Korea Investors Service Inc.	A1	2016.12.23	Periodic Evaluation
NICE Information Service Co., Ltd	A1	2016.12.09	Periodic Evaluation

## Global Network

CJ Logistics has established and is operating 630 logistics centers around the world to provide a global total logistics service for its customers. In addition, we are continuously expanding our global network from the Asia to the advanced logistics markets including the USA and Europe in order to become one of 'Top 5 logistics company in the world' by 2020. We established CJ SHANGHAI Co., Ltd. in 2004 as a step into the Chinese logistics market, and entered Asian markets including those of India, Indonesia and Thailand to strengthen our positioning as a global logistics enterprise.

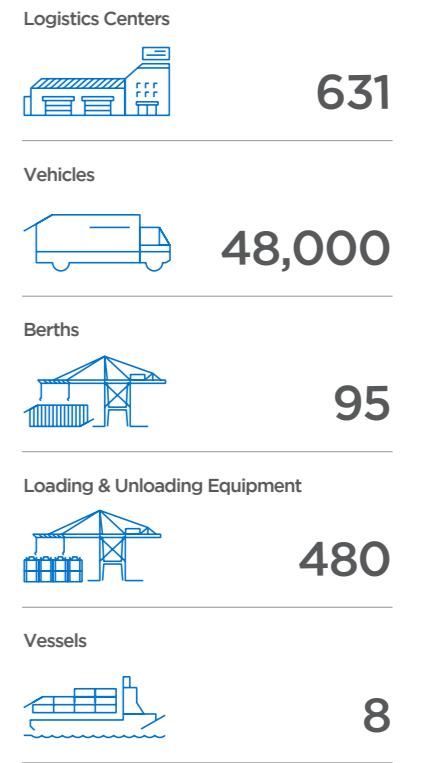


### Global Logistics Centers

(As of January 2017)

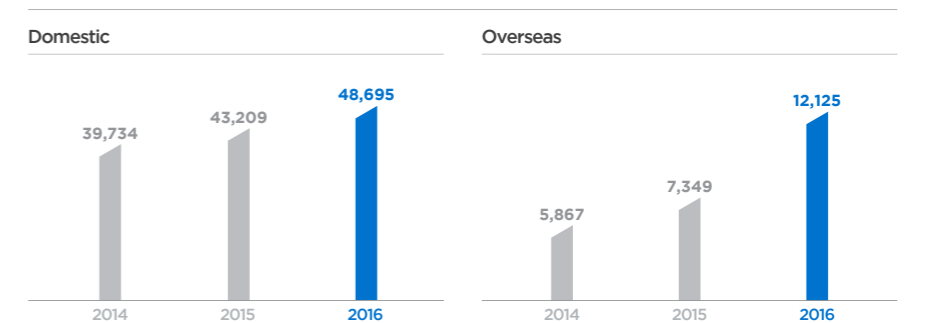
Korea	400	Singapore	6
China	138	India	2
Japan	1	UAE	1
Vietnam	5	Canada	1
Philippines	5	U.S.	7
Myanmar	1	Mexico	4
Malaysia	18	Brazil	1
Indonesia	12	<b>Total</b>	<b>631</b>
Thailand	29		

### Global Logistics Infrastructure



### Global Sales

(Unit: KRW 100 million)



## Business Division

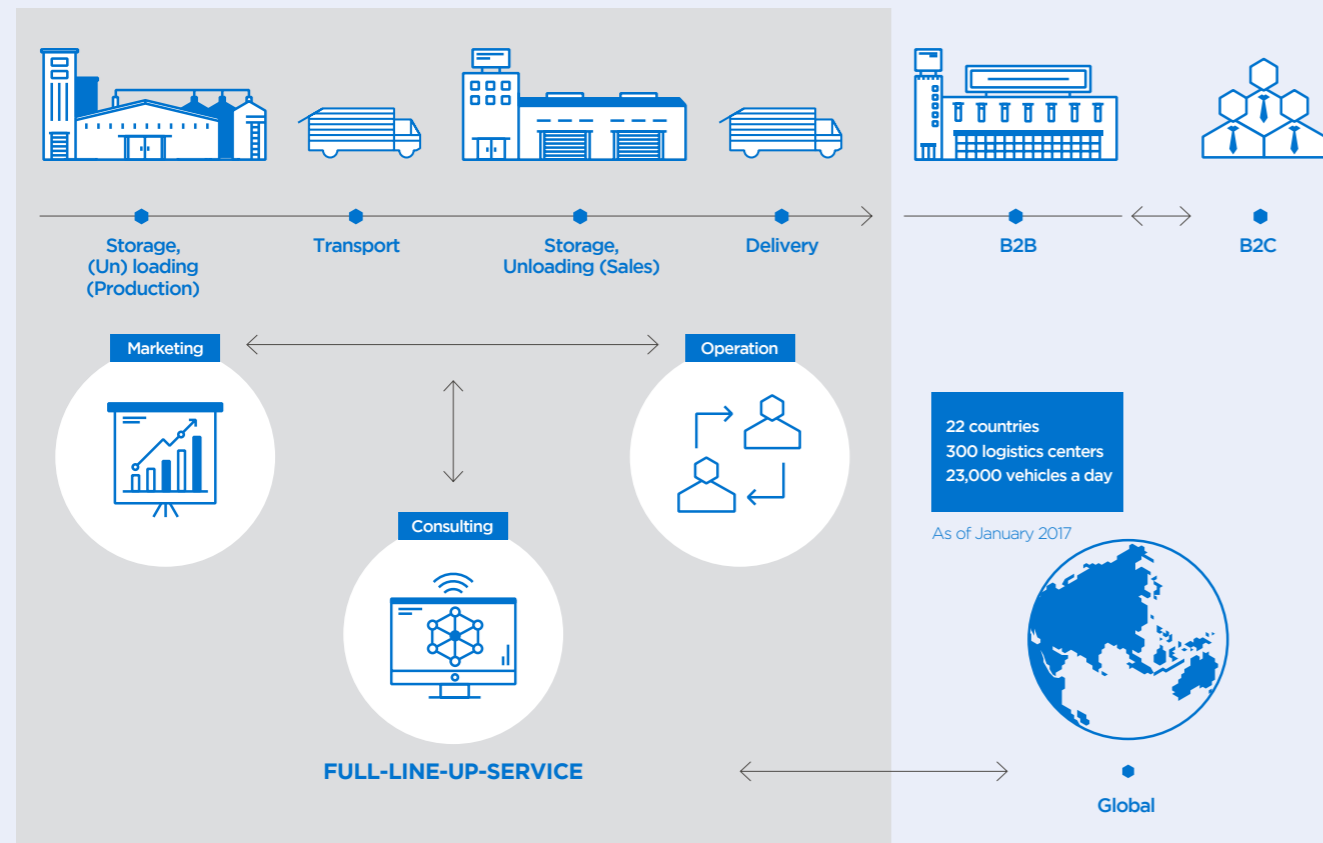
### CONTRACT LOGISTICS

CJ Logistics is focused on Warehouse & Distribution as well as TES & Consulting in the contract logistics division. With our diverse logistics technology, expertise and cutting-edge IT solutions, CJ Logistics is leading the domestic contract logistics market by providing the storage, stevedoring, transport, and delivery of a wide range of cargo items considering the characteristics of each industry. We provide logistic services to 22 countries and will enter into more than 100 countries by 2020 to lead logistics automation, robotization, and modernization as one of the world's top 5 logistics companies.



### W&D

Specialized for Industry Groups including Food (room temperature/low temperature) and Fashion (clothing, accessories)



### Network

22 countries



### Vehicles

Over 23,000 vehicles



### Domestic Contract Logistics

No. 1



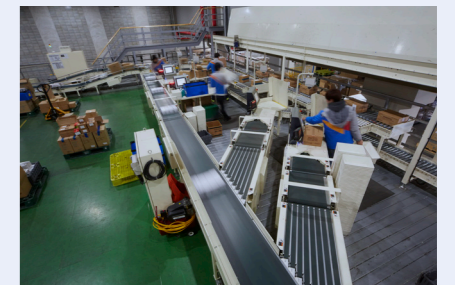
### Specialized Service for Each Industry Group

Consulting-based services for specific industries such as food, retail, and cosmetics

<b>Consumer</b>	<ul style="list-style-type: none"> <li>- Korea's largest transport/delivery network and infrastructure</li> <li>- Customized automated equipment and services</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>- A stable operation environment that makes use of the distribution service network and customized logistics solutions</li> <li>- Three temperature-based integrated logistics services</li> </ul>
<b>Fashion (Road Shop)</b>	<ul style="list-style-type: none"> <li>- Retaining a transport/delivery platform exclusively for the fashion industry</li> <li>- Development of a delivery control mobile application based on product location</li> </ul>
<b>E-Commerce</b>	<ul style="list-style-type: none"> <li>- Maintaining an exclusive center for global E-Commerce</li> <li>- Full Line up Service linked with domestic gathering/storage and international express delivery</li> </ul>



Gunpo Olive Young Logistics Center



Deokpyeong Starbucks Center

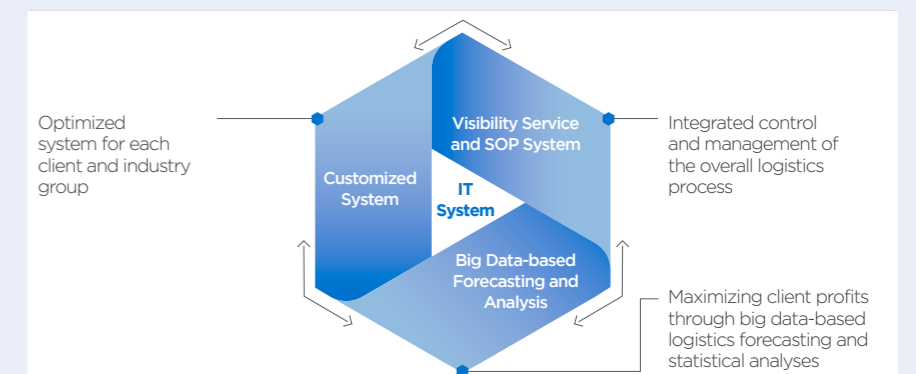
### Smart IT Solutions & Consulting for Customers

CJ Logistics provides the SCM consulting based on our own technology and practical expertise to reflect the diverse needs of our customers, and offers optimized logistics services to help customers build their own logistics center operating systems and improve their efficiency. CJ Logistics is working towards the automation and unmanned operation of logistics centers. We provide an optimal service to customers to support the systematic and efficient operation of logistics centers with highly advanced automated equipment such as the W-Navigator, MPS and PAS, as well as specialized experience.

### Korea's Top-notch IT System

CJ Logistics provides a customized logistics process for each individual customer by utilizing optimized solutions for each industry group, a visibility service that displays the logistics process, and a big data-based system.

### Features of the CJ Logistics IT System





## Business Division

### PARCEL

CJ Logistics is changing the paradigm of the parcel delivery industry with its cutting-edge infrastructure and logistics technology. We are expanding our business into global markets, including the four countries of Thailand, Malaysia, China, and Philippines, to provide differentiated delivery services. We will continue to strengthen our parcel service capabilities and enter into overseas markets to serve more than 7 countries by 2020, leading to the advancement of our global logistics environment.



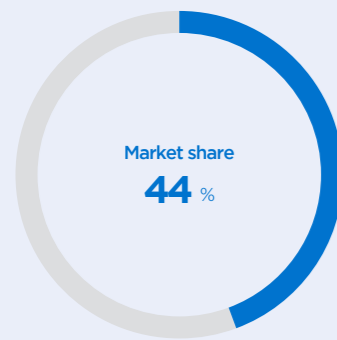
#### Customized Service

CJ Logistics strives to develop differentiated services that are a perfect match for the needs of our customers. We work to ensure consumer satisfaction by providing a range of specialized services, including Same Day Delivery, Installation Services, and more.

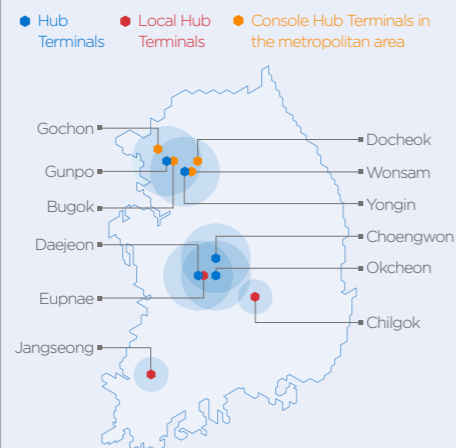
Same Day Delivery	Pick up in the morning, deliver in the afternoon
Early Morning Delivery	Fresh food delivery (Seoul Capital Area)
Quick Delivery	Delivery within 3 hours (Seoul Capital Area)
Installation Service	Large-sized product delivery and installation
ONEMAIL	Parcel service for mail
Premium Service	Special delivery service for VIPs
Perfect Delivery	Contract parcel service for high-value products
Insurance Delivery	Contract parcels for insurance companies
Other	Services related to dormitories/regional specialties/marathon races



#### Parcel Division in 2016



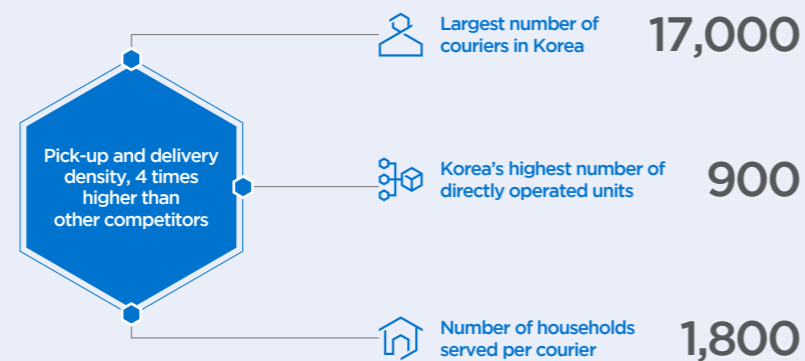
#### Nationwide Network



#### Global Network



#### Delivery Density



Number of Daily Handling Boxes

**6.7 million boxes**



Vehicles

Over **18,000 units**



Customer Satisfaction (KCSI)

No. **1** (**8** consecutive years)

#### Differentiated TES Logistics Technology

CJ Logistics works to provide the highest level of services in the industry through its dependable operation of cutting-edge logistics facilities and differentiated TES (technology, engineering, system & solution) capabilities. At CJ Logistics, we are using our cutting-edge logistics technology to promote a paradigm shift in the parcel delivery industry.

#### Adopted Cutting-edge/Automated Systems

Automation of sub-terminals	Quantity forecasting system	Network simulation engine & automated vehicle allocation	Mobile applications for customers, couriers, and employees
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## Business Division

### FORWARDING & INTERNATIONAL EXPRESS

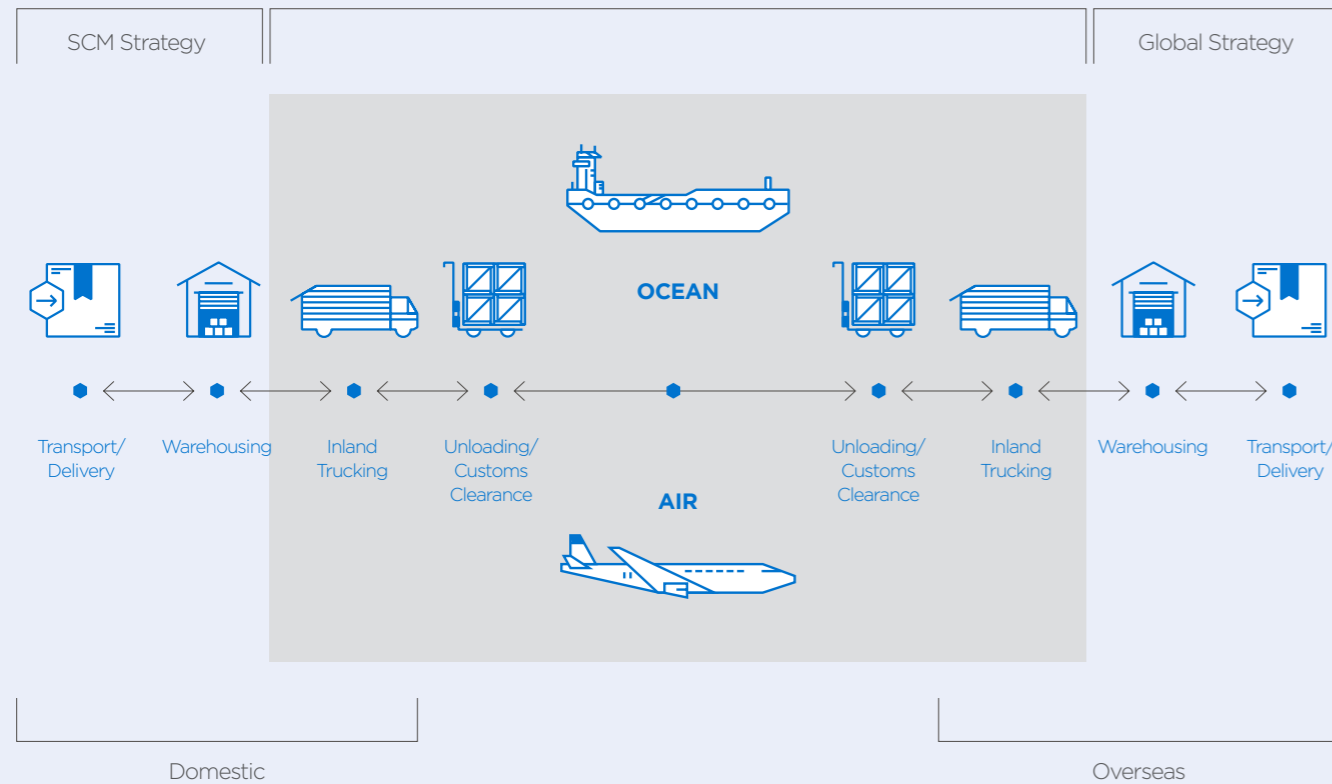
CJ Logistics offers logistics services for export/import freight that include air & sea transport, customs clearance and storage, connecting 220 countries around the world. In addition, we design optimized logistics processes for customers in the project cargo categories such as super-heavy, bulk, and special cargo.



Linked with Domestic Contract Logistics

### FORWARDING

Expansion of Contract Logistics



Customer Cargo Tracking

Every **3** hours of an update

Door to Door Service  
Over **220** countries

Global E-Commerce  
**IT** Solution



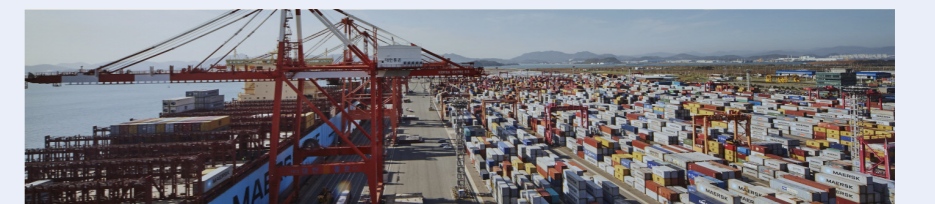
CJ Logistics aims to become one of Top 5 logistics company by 2020 through the expansion of global business areas into project and complex transport.

<p><b>Air &amp; Sea Freight Forwarding</b></p> <ul style="list-style-type: none"> <li><b>Air Freight Service:</b> Palletizing cargo to enable rapid customs clearance and transport</li> <li><b>Sea Freight Service:</b> Providing door-to-door/port-to-port services for containers and bulk cargo</li> </ul>	<p><b>Complex Transport Services</b></p> <ul style="list-style-type: none"> <li><b>Sea &amp; Air Service:</b> Providing the best solutions which combine the low cost of sea transport and the speed of air transport</li> <li><b>Point-Point Service:</b> Combining air transport and trucking to rapidly transport freight to a certain region.</li> </ul>	<p><b>Specialized Service</b></p> <ul style="list-style-type: none"> <li><b>International Exhibition Freight:</b> Safe service for the transport and installation of special cargo, such as precision devices and artwork</li> <li><b>Removal Transport:</b> Comprehensively handling packing, transport, customs clearance, and local delivery of removal cargo worldwide</li> <li><b>International Express:</b> Specific, customer-focused services that include the shipping of corporate clients' documents and samples, as well as international parcels</li> </ul>
<p><b>Special Cargo Transport</b></p> <p>Designing optimized transport services for special cargo, from customs clearance and loading/unloading to transport</p>	<p><b>Haulage Service</b></p> <p>We provide competitive services through independent vendors in major business hubs around the world exclusively</p>	

### Customer-centric SCM Solutions

CJ Logistics' forwarding service is focused on our customers. We offer differentiated SCM solutions so that customers can use our services rapidly and conveniently.

<p><b>01. Total Logistics Service</b></p> <p>CJ Logistics provides a one-stop service to optimize logistics time and costs through our Single Visibility Service, a seamless process that is carefully monitored in detail with an in-depth foundation for logistics, the top network, and unrivaled experience.</p>	<p><b>03. Global SCM Consulting</b></p> <p>We provide customized global SCM consulting and dependable local logistics operations.</p> <ul style="list-style-type: none"> <li><b>Allocation Analysis:</b> Analyzing the customer's global logistics status and designing an optimized logistics network</li> <li><b>Rationalization of Transport/Delivery:</b> Designing efficient transport/delivery routes</li> <li><b>Layout Diagnosis:</b> Diagnosing the layout of logistics centers for efficient and systematic inventory and product management</li> <li><b>Operations Indicator Management:</b> Contributing to a reduction in logistics costs for customers</li> <li><b>Improvement of Additional Services:</b> Linking with a customer's information system to analyze performance data</li> </ul>
<p><b>02. Single Visibility Service</b></p> <p>CJ Logistics rapidly responds to any abnormalities, while simultaneously reducing logistics costs and improving work efficiency.</p> <ul style="list-style-type: none"> <li><b>Mobile Service (m.cj.korex.co.kr):</b> A mobile-oriented, customized system to provide information on cargo tracking and the quantity of transported goods</li> <li><b>Overseas Partner Collaboration (Arrival Notice/Cargo Tracking):</b> Increasing work efficiency between business partners by providing shipping information and a cargo tracking service</li> <li><b>Global Location Tracking (Real-time Customer Cargo Tracking):</b> Real-time customer cargo tracking information is provided every three hours</li> <li><b>Support for Logistics Cost Analysis:</b> Systematically analyzing annual logistics costs and annual freight by region to manage overall logistics costs</li> </ul>	



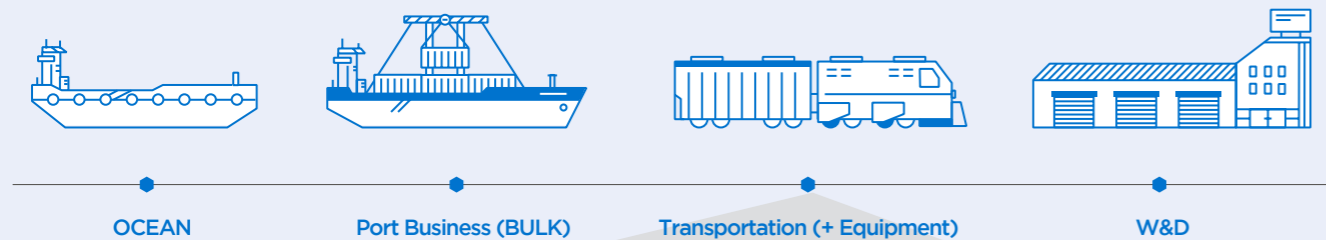
## Business Division

### STEVEDORING & TRANSPORTATION

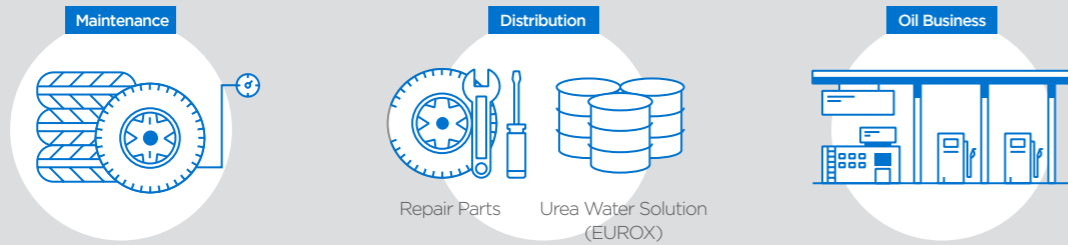
CJ Logistics uses its cutting-edge infrastructure and stevedoring equipment to provide a customized stevedoring service according to the characteristics of the customer's freight. We operate 95 berths at 20 ports out of the 31 trading ports in Korea. With heavy machinery including cranes, hawks, loaders and special equipment modules, we provide efficient stevedoring for various freights. Our bulk stevedoring sector has achieved the highest share of the Korean market by ensuring fast and safe transportation. In addition, we are maximizing our synergies by expanding our business areas into the maintenance, distribution, and Oil businesses.



#### CONVENTIONAL LOGISTICS AREA



#### Expansion of Value Chains



SYNERGY & VAS\* AREA

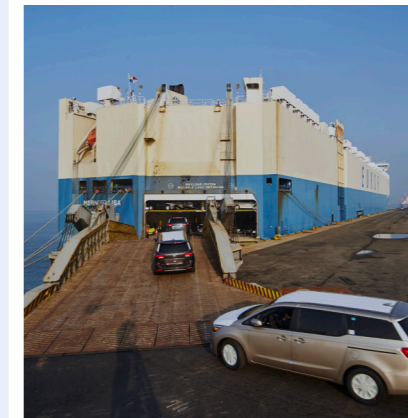
\*VAS(Value Added Service)



- Heavy Machinery  
**235** units
- Operating Vehicles  
**7,000** vehicles
- Bulk Stevedoring  
**No. 1** market share in Korea

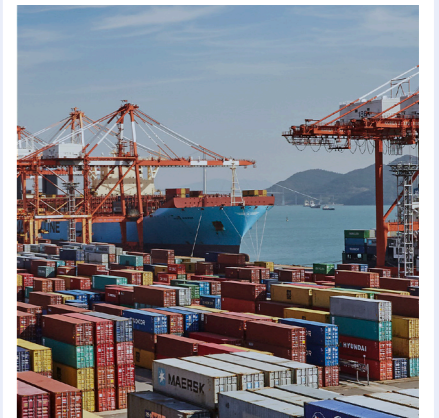


#### Marine/Port Business based on Logistics Infrastructure



Stevedoring

We operate 95 berths at 20 of the 31 trading ports in Korea. With our inventory of 235 units of heavy machinery, CJ Logistics offers a customized stevedoring service which can be available to our customers 24 hours a day.



Sea Freight

From raw sugar, grains, and minerals to scrap iron and extra heavy weight cargo, CJ Logistics is maintaining No.1 position in domestic transportation of bulk freight by various supporting of various ships (8 ships: two self-propelled vessels and three barges, two tugboats and one coal ship).

#### Value Added Services

##### Oil business



Through our network of directly operated 40 gas stations in key freight bases across the country, our differentiated oil supply service provides the highest quality products and services by working directly with Korea's four major oil companies.

##### Distribution



We have expanded our business to include sales of Eurox, a catalyst which changes the nitrogen oxide of exhaust gases into nitrogen and water, and automobile repair parts.

##### Maintenance



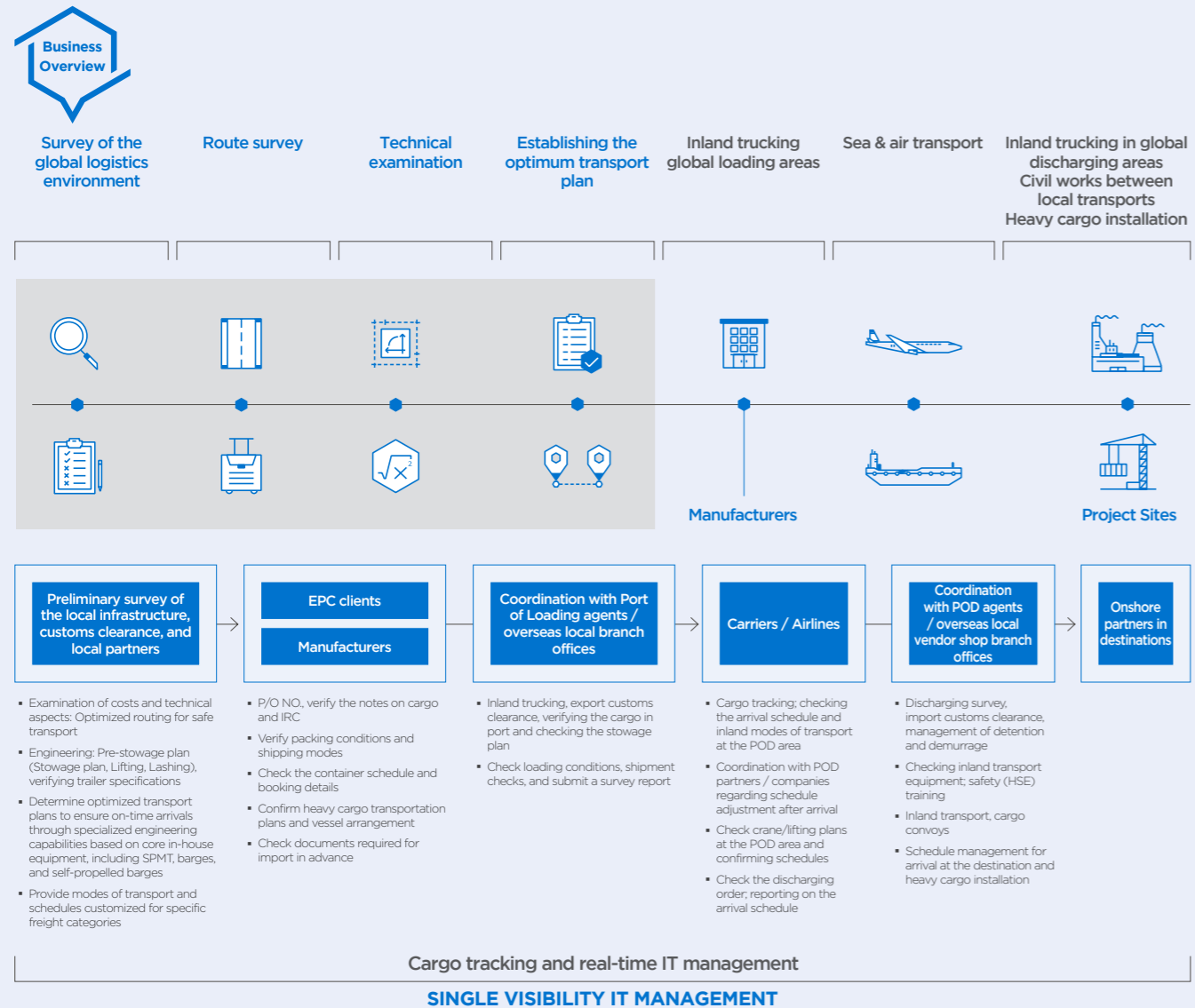
After-sales service for automakers; maintenance for large vehicles and stevedoring equipment



## Business Division

### PROJECT LOGISTICS

Through our specialized engineering capabilities and unparalleled experience with 46 projects in 26 countries, including Antarctica, CJ Logistics offers a total logistics solution. On the strength of our experience in performing a range of projects including petrochemicals, combined cycle power plants and nuclear power generation, we have been accelerating our advance into the global logistics market, spanning from land/sea/air transport to installation.



### Strengthening Capabilities by Securing Human Resources

#### Project Logistics Experts



With a staff consists of more than 130 project logistics experts, CJ Logistics offers a systematic project logistics service that includes air & sea transport, customs clearance, inland transport, and installation.

#### Engineering Experts



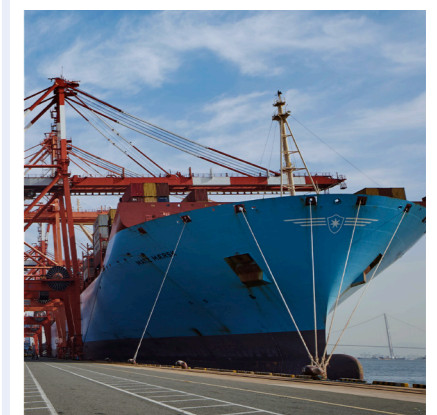
CJ Logistics maintains the highest level of specialized engineering know-how for project logistics including heavy cargo transportation plan, transportation planning and reinforcement work during local transportation by securing multinational core engineering personnel, including in the Antarctic.

### Global Project Logistics



#### Extra Heavy Weight Cargo Transportation

CJ Logistics carries out specialized extra heavy weight cargo transportation, participating in projects in the Middle East and Central Asia with our core 252 in-house equipment, including SPMT, barges, and self-propelled barges. We are also expanding our services to global EPC by increasing the scope of our operations to lifting engineering for the installation of extra heavy weight cargo, which will include the construction of a 97m distillation tower.



#### Total Logistics Service

CJ Logistics provides total logistics consulting & solutions covering all areas of project logistics, with a professional analysis and global experience in "software" elements such as customs clearance and laws of destination, as well as the "hardware" support including local transportation plans and transportation routes.

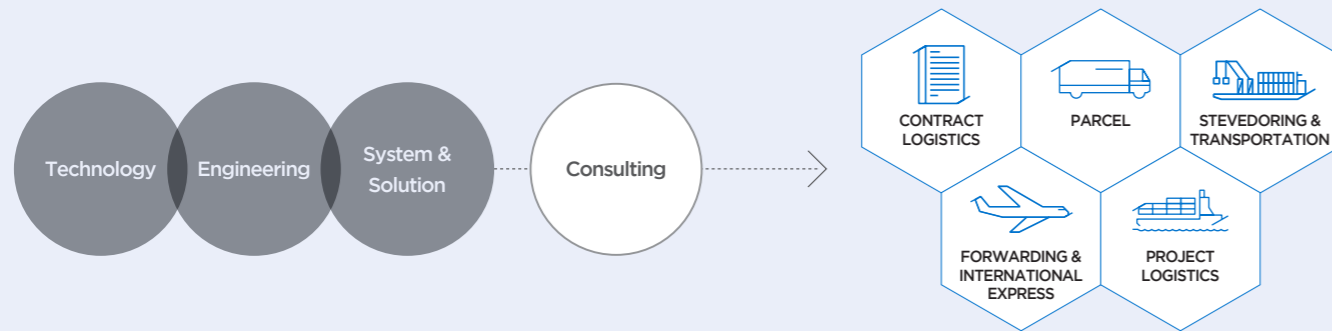


## TES

### TES, CORE COMPETENCY AT CJ LOGISTICS

TES, the core competency of CJ Logistics, stands for Technology, Engineering, System & Solution. As we prepare for the fourth industrial revolution, we are actively developing cutting-edge logistics technology by rapidly responding to the ever-changing logistics market environment with cutting-edge logistics capabilities based on TES. We are also contributing to the activation of the industrial ecosystem by linking these achievements with technical support for SMEs and start-ups.

#### TES Framework



Total Monitoring & Control Center MCC



Autonomous Transportation Robot Test



Autonomous Transportation Robot Operation

#### Building a Smart Logistics Platform

	Technology	Engineering	System & Solution	Consulting	Major Activities	Future Plans
<b>Technology</b>	To strengthen our technology-based business capability and lead the future of logistics technology, we have developed automation technology improving logistics center operation efficiency, unmanned robotic convergence technology for building a smart logistics center, and data and algorithm-based intelligent operation technology.	With so many changes taking place in the business environment, rapid and precise decision-making is one of the highest important aspects for a company. We design optimal operation models through scientific analysis methods and systematic approaches to help our clients make prompt and accurate decisions.	CJ Logistics provides end-to-end total solutions, from logistics centers to end customers, based on the consulting expertise we have accumulated with global clients from countless industry groups as well as the latest technology, including artificial intelligence, big data, and IoT. We also provide customized IT services for customers in industry groups by optimizing logistics services and realizing high value added services.	With extensive experience and resources across diverse industry sectors, we provide our clients with a variety of consulting services such as: supply chain strategy, process optimization, and logistics operation management. Our consulting solutions are tailored to the market to help our clients reduce costs, increase productivity, and make better business decisions.	<ul style="list-style-type: none"> <li>Automation technology to improve logistics efficiency</li> <li>Robot convergence logistics technology for transfer and stowage</li> <li>Drone operating technology for Last Mile delivery innovation</li> <li>IoT-based logistics resource sensing and control technology</li> </ul>	<ul style="list-style-type: none"> <li>B2B2C Hybrid Logistics Platform Service</li> <li>Building a Smart Logistics Center based on Convergence Robotics</li> <li>Customized delivery services including unmanned shipping and packaging</li> <li>IoT-based real-time integrated control and risk prediction service</li> </ul>
<b>Engineering</b>					<ul style="list-style-type: none"> <li>Improved management productivity and enhanced information transparency through the standardization of data, technology and processes</li> <li>Design of an advance base and transport/delivery network according to future cargo forecasting</li> <li>Maximize work efficiency through the optimization of equipment, layout, pricing, inventory levels, and loading</li> <li>Value reproduction through systematic management and our knowledge based on experience and case information of analysis, design, and operation</li> </ul>	<ul style="list-style-type: none"> <li>Network optimization service</li> <li>Logistics center design service</li> <li>Process design optimization service</li> <li>Big data platform services</li> </ul>
<b>System &amp; Solution</b>					<ul style="list-style-type: none"> <li>IT services in all logistics areas including warehouse management, forwarding, transport &amp; delivery, and parcel delivery</li> <li>Customized IT services for a range of industries, including automobile, consumer goods, distribution, pharmaceutical, low temperature, and steel</li> <li>Logistics function specialized services including E-Commerce, open cargo information network, and mobile Track &amp; Trace, etc.</li> <li>High value added service of new technology convergence operation and analysis including IoT, Big Data, and Artificial Intelligence (Deep Learning)</li> </ul>	<ul style="list-style-type: none"> <li>Building a global integrated (Contract Logistics, Parcel, Forwarding) system</li> <li>Creating a portfolio in each industry group</li> <li>Advanced service platform for new business</li> <li>AI-based customer contact service automation</li> </ul>
<b>Consulting</b>					<ul style="list-style-type: none"> <li>M-SCORE, a consulting methodology specially developed by CJ Logistics to identify issues with clients' supply chain and provide them with optimal solutions that include warehouse design, network design, transportation strategy, and process improvement</li> <li>SCM consulting team, a team of highly skilled and knowledgeable consultants with industry-specific expertise</li> </ul>	<ul style="list-style-type: none"> <li>Expand consulting services for overseas subsidiaries and affiliates, helping them improve consulting capabilities</li> <li>Strengthen consulting competence in following industries: automotive, electronics, textile, and apparel</li> <li>Expand consulting business portfolio internationally, especially in China, U.S., and Southeast Asia</li> <li>Shift our consulting capabilities to Business divisions/Overseas corporations</li> </ul>

# GENERAL ISSUE

CJ Logistics continues to work with our stakeholders to carry out fair and transparent management activities. We will create social value through our business activities and contribute, to sustainable social development.

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## Governance Structure

### The Board of Directors

As of March 2017, the Board of Directors consists of five members. To ensure that objective and independent decisions are made on major issues of company management, more than half of the members of the Board of Directors are outside directors. The board of directors is organized based on expertise, business conditions, and the times of organization. CJ Logistics places no restrictions in terms of education, gender, religion or birthplace on its directors.

#### Board of Directors

Category	Name	Major career experience	Committee
Inside Director	Keun-Tae Park	Former Chairman of Daewoo International China	<ul style="list-style-type: none"> <li>Chairman of the Remuneration Committee</li> <li>Member of the Outside Director Recommendation Committee</li> </ul>
	Kwan-Soo Shon	Former Chairman of CJ GLS	<ul style="list-style-type: none"> <li>Member of the Remuneration Committee</li> </ul>
Outside Director	Do-Yeop Kwon	Former Minister of Land, Transport and Maritime Affairs	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee</li> <li>Member of the Remuneration Committee</li> <li>Member of the Outside Director Recommendation Committee</li> </ul>
	Yeong-Seon Yoon	Former Commissioner of Customs	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Remuneration Committee</li> <li>Chairman of the Outside Director Recommendation Committee</li> </ul>
	Chan-Muk Choi	Attorney of the law firm Kim & Chang Former Chief Prosecutor of the Seoul Central District Prosecutor's Office	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Remuneration Committee</li> <li>Member of the Outside Director Recommendation Committee</li> </ul>

#### Ensuring the Independence of Outside Directors

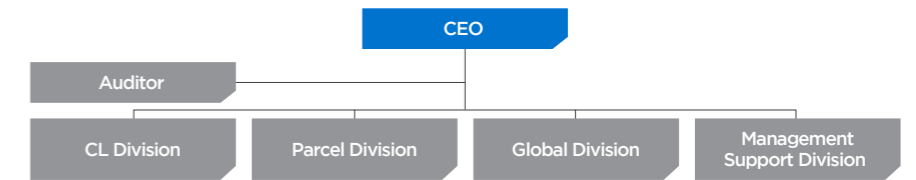
To ensure the independence of the outside directors, our company's Articles of Association include criteria on the terms and appointment of the outside directors to the Board of Directors. A director's initial term is limited to three years, and the term of outside directors can be extended up to six years through one consecutive appointment. These regulations ensure that outside directors perform based on their expertise and take appropriate restraint roles.

#### Ensuring Expertise & Transparency

For ensuring the independence of the Board of Directors, CJ Logistics operates the Outside Director Recommendation Committee that refers candidates who meet qualifications in terms of career and expertise in law, accounting, and business capability, which are necessary for business operations, through fair appointment procedures. When reviewing outside director candidates, we review their qualifications and expertise, including fairness and ethics. Outside directors are appointed through the Board of Directors at the General Shareholders' Meeting. Furthermore, outside directors are allowed to serve as an outside director of other companies pursuant to the provisions of the Commercial Act. However, if such an appointment is deemed to be unacceptable according to social norms, we will call for the interim resignation of the outside director in question from the Board of Directors.

#### Ensuring the Independence of the Audit

To carry out transparent and legitimate audit work, the Audit Department, which reports to the CEO, is operated in such a way that minimizes the impact of internal and external stakeholders. In addition, the Cyber Audit Office and Whistle system are operated to ensure that partner companies and internal employees can report any problems, including unlawful acts by our employees or the abuse of authority, with the utmost confidentiality.



#### Major Activities

A total of ten Board of Directors' meetings were held in 2016, with outside directors having a 90.0% attendance rate. Major management items including M&As and business performance were reported to the Board of Directors to enhance the transparency and responsibility of management, even when they did not meet the standards for holding a Board of Directors' meeting.

#### Operational Status

Category	Unit	2014	2015	2016
BOD meetings	Number convened	7	8	6
Extraordinary BOD meetings	Number convened	1	3	4
Total BOD meetings	Number convened	8	11	10
Item/Report	Number convened	16	27	20
Attendance rate of inside directors	%	66.7	100.0	85.0
Attendance rate of outside directors	%	93.8	98.0	90.0

#### Activating Communication

The Board of Directors of CJ Logistics is a top management decision-making body that collects and reflects the opinions of various stakeholders and strives to activate communication in order to fulfill its responsibility and role. In particular, the Board of Directors regularly provides information on our management performance and plans to outside directors. Outside directors are able to present various opinions and policies based on their expertise, and the Board of Directors reflects these in the company's management activities.

### Evaluation and Remuneration

#### Performance Evaluation

The performance of directors is evaluated based on the attendance rate (BOD/Committees of the BOD) and business performance. In addition, we conduct the performance evaluation by considering their fairness, business understanding, and expertise.

#### Performance Remuneration

CJ Logistics determines performance remuneration through the 'Remuneration Committee,' a committee of the BOD, by considering KPI, management indicators, roles and contributions, and through executive rules to ensure that the remuneration for performance is fair. Directors' bonuses will be paid based on their contribution to the company's performance. If there are any violations of our regulations or damages to our company, director's bonuses will be reduced or eliminated to clarify responsibility for their management performance.

#### Directors and Corporate Officers Insurance

CJ Logistics has 'Directors and corporate officers' insurance' for executives including the CEO in order to prevent uncertainties including financial bankruptcies, and to reduce damage to the corporate image and the financial burden arising from possible management risks (class actions, liability, etc.) in order to protect shareholders.

## Compliance Management

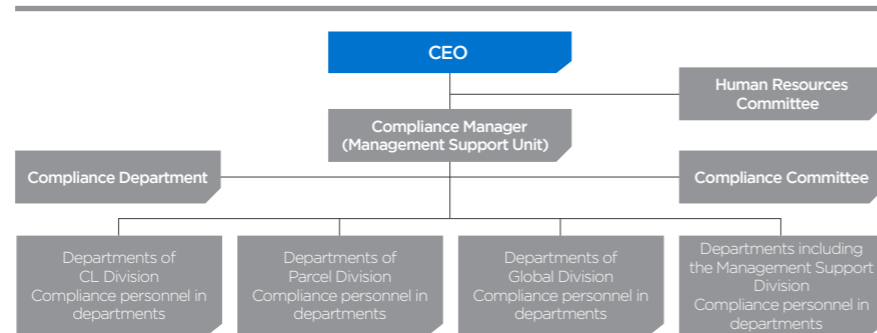
### Direction of Compliance

CJ Logistics has implemented a Compliance Program (CP) to ensure 'compliance and fair trade' by considering the social need for management transparency and strengthening compliance management. We are actively engaged in a range of activities to improve our International Creditworthiness and to manage the compliance risk systematically.

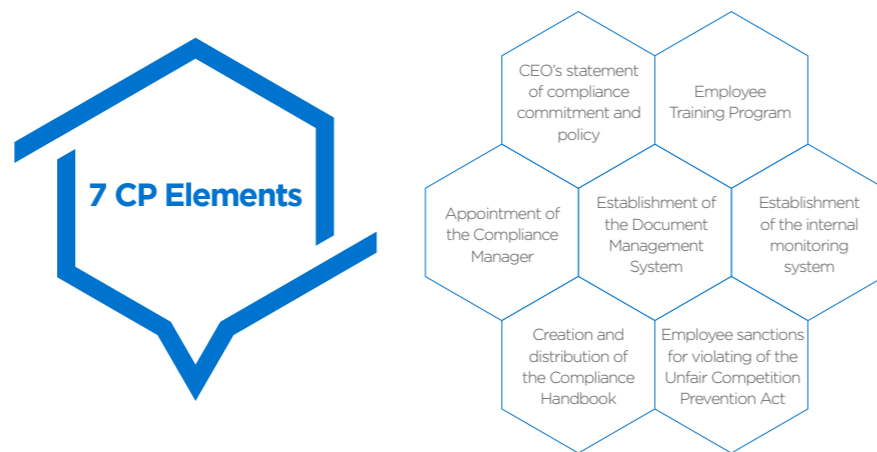
### Compliance Management System

CJ Logistics defined '7 CP elements' in January 2017, and established detailed operational guidelines such as the CP operation regulations and business contents. The CEO declared a 'Compliance Statement' that has formed the basis for implementing compliance management at company-wide level. In addition, we have created and distributed the 'CJ Logistics Fair Trade Compliance Handbook' and are promoting the internalization of compliance management based on the Fair Trade Act and the Subcontract Act. We also have established a CP education program which includes CP education, an internal monitoring system, employee sanctions for violating the Unfair Competition Prevention Act, and a document management system.

### Organization and Institutions



### Key Components of the Fair Trade Compliance Program



### CEO's Statement of Compliance Commitment and Policy

In January of 2017, we held a 'CP Declaration Ceremony' to create an environment for fair trade compliance. To this end, the CEO of CJ Logistics has declared voluntary compliance to all employees. In addition, all employees have pledged online to practice compliance management.



CP Declaration Ceremony

### Fair Trade Compliance Management System

CJ Logistics elected a Compliance Manager for fair trade through the Board of Directors, who was assigned the responsibility and authority over the CP operation. We have set up a CP department and operational regulations, and designated compliance personnel for departments to spread a culture of fair trade compliance.

### Creation and Distribution of the Compliance Handbook

In March 2017, CJ Logistics distributed Compliance Handbook for fair trade based on business practices and case studies, with the aim of helping all employees to better understand how we comply with fair trade practices and making such examples available for actual business use. We plan to update the handbook consistently to reflect future changes in the business direction, legal amendments, and changes in case law.

### Employee Training Program

We carry out case studies on the particular behaviors that violate fair trade in each business for all employees. In order to increase use of the Compliance Program, special training are provided for departments and employees who are likely to violate fair trade practices in consideration of their position. In order to enhance CP utilization within the global sector, formal and education related lectures are included in the workshop program every quarter, to prevent neglect and exaggeration of reporting which has been conducted.

### Establishment of Internal Monitoring System

The most important element of running the CP is the preventing and monitoring violations of the Unfair Competition Prevention Act. Accordingly, we operate a systematic internal monitoring system which consists of auditing, supervision, and reporting. We are administering an audit organization under CEO to carry out audits by minimizing the impact of internal and external stakeholders when an employee is found guilty of unlawful facts or of making unfair demands based on their position. Beyond this, we conduct an audit by receiving reports from employees and partners in private through the Cyber Audit Office and VOP (Voice of Partner) on our website. The Compliance Manager also reports major matters such as monitoring activity plans and performance to the CEO and Board of Directors at least once a semester, and monitors the operational status of the system.

### Employee Sanctions for Violating the Unfair Competition Prevention Act

CJ Logistics has established a culture of complying with fair trade practices by ensuring that the company addresses illegal acts are penalized both rapidly and reasonably. We have set up internal regulations to impose the appropriate sanctions on employees who violate the Unfair Competition Prevention Act, and make efforts to internalize the compliance culture defined in the Unfair Competition Prevention Act by preparing a plan for rewarding employees who demonstrate excellence in putting the CP into practice.

### Establishment of the Document Management System

The systematic documentation and archiving of records related to the CP is an essential element for the promotion of a compliance culture. For the reason being, CJ Logistics appointed a CP document manager and established a CP document management system which includes a declaration of compliance, compliance management and pledge of action for compliance management.

### Future Plan

CJ Logistics will establish a fair trade compliance policy which includes external stakeholders such as customers and investors in order to establish a sound and transparent compliance culture. In addition, we plan to operate a win-win coordination committee for partners to resolve their grievances, as a way of laying the foundation for mutual growth with partners.



## Risk Management

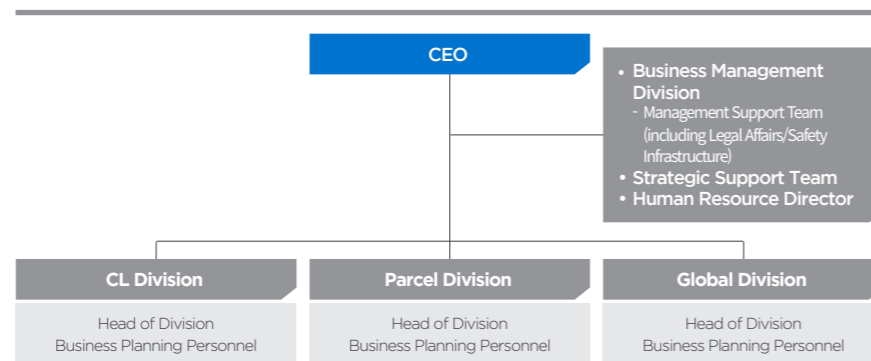
### Management Direction

CJ Logistics is engaged in the integrated monitoring of financial and non-financial risks that may arise while conducting business. We define those risks that are discovered during monitoring as core risks, and these are managed by each designated department so that prompt action can be taken.

### Strengthen the Risk Management Capacity

CJ Logistics has developed the optimal solutions for each type of risk in order to enable an immediate response to any situation. We respond to risks through close connections between the headquarters, local sites and overseas sites. We also have established a sustainability management system by indexing the risks.

Risk Management Organization Chart



### Types and Elements of Risk Management

The scope of our company-wide risk management encompasses financial risks such as operational, market, and regulatory risks, as well as non-financial risks such as unfair trade, money entertainment, safety & environmental accidents, and customer complaints which may adversely affect the company's reputation.

<b>Business</b>	Operational Risk	Organizational process design, etc.
	Market Risk	Exchange rate risk, interest rate, liquidity, etc.
	Regulatory Risk	Changes in related systems and policies, etc.
<b>Employee</b>	Labor and Management Risk	Strikes, sabotage, labor conflict, etc.
	Illegal activity risk	Unfair trade, embezzlement, bribery, sexual harassment, etc.
	Safety & Environment Risk	Personnel/equipment accidents, environmental pollution, natural disasters, etc.
<b>Customer</b>	Customer relationship risk	Complaints, objections, etc.
	Information security risk	Information leaks, system failures, etc.

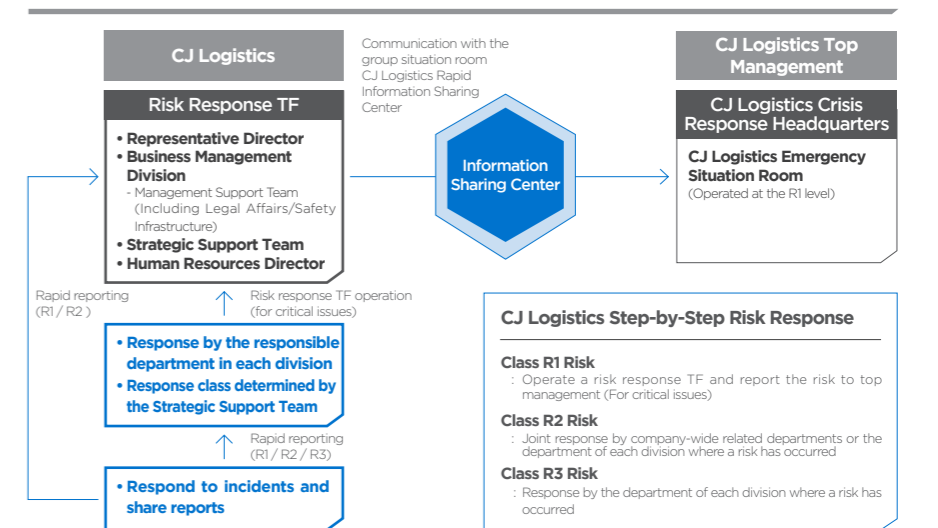
### Tax Policy

CJ Logistics is complying with all applicable laws and regulations and ensuring the full payment of taxes for all our business activities maintaining our tax policy. As a global company, CJ Logistics engages in business activities in various countries. CJ Logistics take steps to ensure that we correctly understand the tax laws and regulations of each country and observe them in an honest and transparent manner. If a decision regarding taxes is required during the course of business, our tax organization will carefully review any issues to make a final decision in collaboration with the related departments.

## Risk Response Process

CJ Logistics has identified a number of risks that have a significant impact on business operations, and established a system to promptly respond to emergencies in the event of an accident. CJ Logistics has introduced a mobile reporting system which enables immediate reporting at any time and place, so that we can immediately share the risks occurring at our overseas sites and take action in each situation.

Risk Response System



**CJ Logistics Step-by-Step Risk Response**

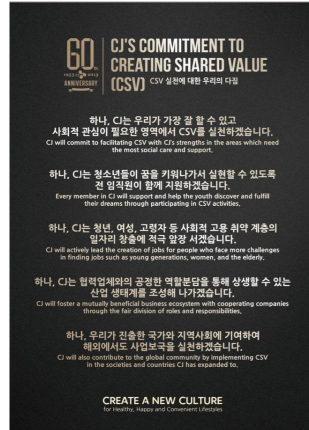
- Class R1 Risk**: Operate a risk response TF and report the risk to top management. (For critical issues)
- Class R2 Risk**: Joint response by company-wide related departments or the department of each division where a risk has occurred
- Class R3 Risk**: Response by the department of each division where a risk has occurred

## Mid and Long-term Risk Response

CJ Logistics establishes and takes proper measures in each situation after considering the risk factors that can have a significant impact on the overall business from a mid and long-term perspective, through an ongoing analysis of the management environment.

	Background	Response Direction
<p><b>Increasingly Competitive Global Market</b></p>	<ul style="list-style-type: none"> <li>The market competitiveness of logistics companies who offer transportation services based on networks will be affected by a range of factors including securing new bases, introducing high technology and service innovation. Competition in the industry is intensifying as global total logistics services improve, and for this reason we need to establish a mid and long-term response strategy.</li> </ul>	<ul style="list-style-type: none"> <li>We expand our business scope to new global markets including M&amp;A deals, while making continuous efforts to provide differentiated services to our customers through R&amp;D activities. We also strive to secure market competitiveness early, enhancing our consumer and brand credibility through quality improvement.</li> </ul>
<p><b>Adaptation to Climate Change</b></p>	<ul style="list-style-type: none"> <li>Responding to climate change response has become a major issue in the international community. As government regulations are changing including the GHG target management system and emissions trading system, changes in the energy paradigm are also accelerating.</li> <li>For logistics companies that use various modes of transport to conduct their business activities, there is a growing need to manage the financial impacts of environmental regulations.</li> </ul>	<ul style="list-style-type: none"> <li>We are committed to manage greenhouse gas emissions at our business sites, and make efforts to reduce emissions through the economic operation of transportation. We will establish a long-term strategies and invest in facilities to focus on reducing environmental impacts.</li> </ul>
<p><b>Customer Information Protection</b></p>	<ul style="list-style-type: none"> <li>As the informative society becomes more sophisticated, the social consensus on the need of protecting personal information has been constantly increasing.</li> <li>In particular, legal regulations on the management of personal information collected in business activities are expanding. The level of a company's information management system becomes a crucial issue which can affect customer relations.</li> </ul>	<ul style="list-style-type: none"> <li>We are strengthening the maintenance and management of our personal information management system (ISO27001, ISMS) certification to reinforce our customer information protection system and ensure compliance with government regulations. The Information Strategy Team, a dedicated organization, focuses on monitoring and reinforcing information access control continually so that we can take preemptive action against identity theft.</li> </ul>

## CSV System



CJ's Commitment to Creating Shared Value

## CJ CSV Management

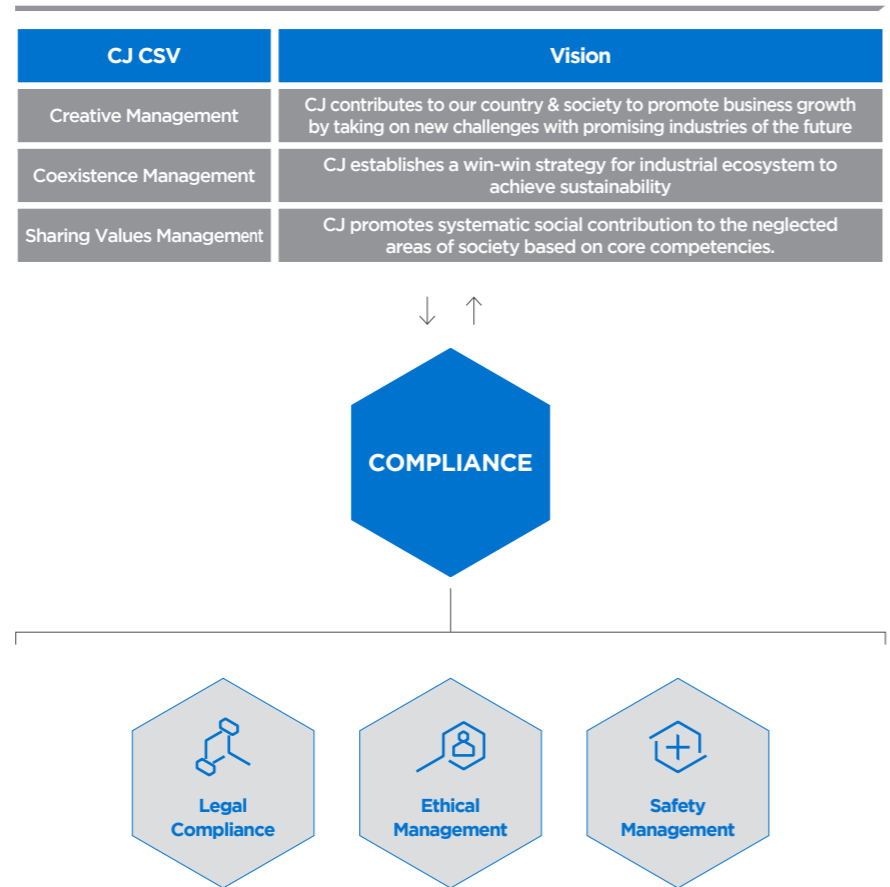
The purpose of CSV management is to contribute to solving social problems by implementing new shared values. It covers from creative, coexistence, sharing values management, toward creating social values. CJ Logistics makes various efforts to contribute to society by utilizing our core business capabilities based on CJ's CSV management philosophy.

\* CSV: Creating Shared Value

### CJ's Commitment to Creating Shared Value

- CJ will** commit to facilitate CSV with CJ's strengths in the areas where social care and support are needed the most.
- CJ will** support and help the youth discover and fulfill their dreams through participating in CSV activities.
- CJ will** actively lead the creation of jobs for people who face more challenges when finding jobs like younger generations, women, and the elders.
- CJ will** foster a mutually beneficial business ecosystem with companies cooperating through the fair division of roles and responsibilities.
- CJ will** also contribute to the global community by implementing CSV in the societies and countries where CJ has expanded to.

### CJ CSV Management System



## Stakeholder Engagement

### Communication with Stakeholders

CJ Logistics defines its customers, partners, shareholders, local communities, and employees as major stakeholder groups. CJ Logistics also establishes a bilateral communication channel for each groups to collect their opinions. By this, we actively listen to stakeholders' opinions to develop the mutual trust.

### Expand Stakeholder Engagement

CJ Logistics embraces the diverse opinions of our stakeholders using communication channels through in which they can directly participate. The company takes care of reflecting their feedback in major management decisions including those made by the Board of Directors.

### Major Communication Channels and Core Issues

Major Stakeholders	Communication Channels	Core Issues in 2016
 <b>Customer</b>	<ul style="list-style-type: none"> <li>Customer Care Center: Online/Call Center</li> <li>Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Expanding Customer Communication Channels</li> <li>CRM Enhancement</li> <li>Improving Customer Satisfaction</li> </ul>
 <b>Partner</b>	<ul style="list-style-type: none"> <li>CJ Partners Club</li> <li>Cyber Ombudsman</li> <li>Voice of Partner</li> </ul>	<ul style="list-style-type: none"> <li>Coexistence Cooperation</li> <li>Shared Growth</li> <li>Compliance with Fair Trade</li> </ul>
 <b>Shareholders</b>	<ul style="list-style-type: none"> <li>General Shareholders Meeting</li> <li>Quarterly and Annual IR Activities</li> <li>Participation in Domestic and Overseas Conferences</li> <li>1:1 meetings, E-mails and Conference calls</li> </ul>	<ul style="list-style-type: none"> <li>Mid and Long-term Strategy Development</li> <li>Business Portfolio</li> </ul>
 <b>Local Community</b>	<ul style="list-style-type: none"> <li>CSV/Local Community Contribution Activities</li> <li>Partnerships with NGOs</li> <li>Support for Sports</li> </ul>	<ul style="list-style-type: none"> <li>Local Community Contribution</li> <li>Providing Cultural Benefits for the Underprivileged</li> <li>Sponsorship of Sports Teams</li> </ul>
 <b>Employee</b>	<ul style="list-style-type: none"> <li>Labor Union</li> <li>Channel CJ, CKN, Nim Newsletter</li> <li>In-house Proposal Section, Knowledge DB, ICON Plaza, Club (COP)</li> <li>In-house Campaigns, Member Conference</li> </ul>	<ul style="list-style-type: none"> <li>Achievement of Management Goals</li> <li>Promoting a better Work &amp;Life Balance</li> <li>Efforts to Promote "Change and Innovation"</li> </ul>

## Materiality Test

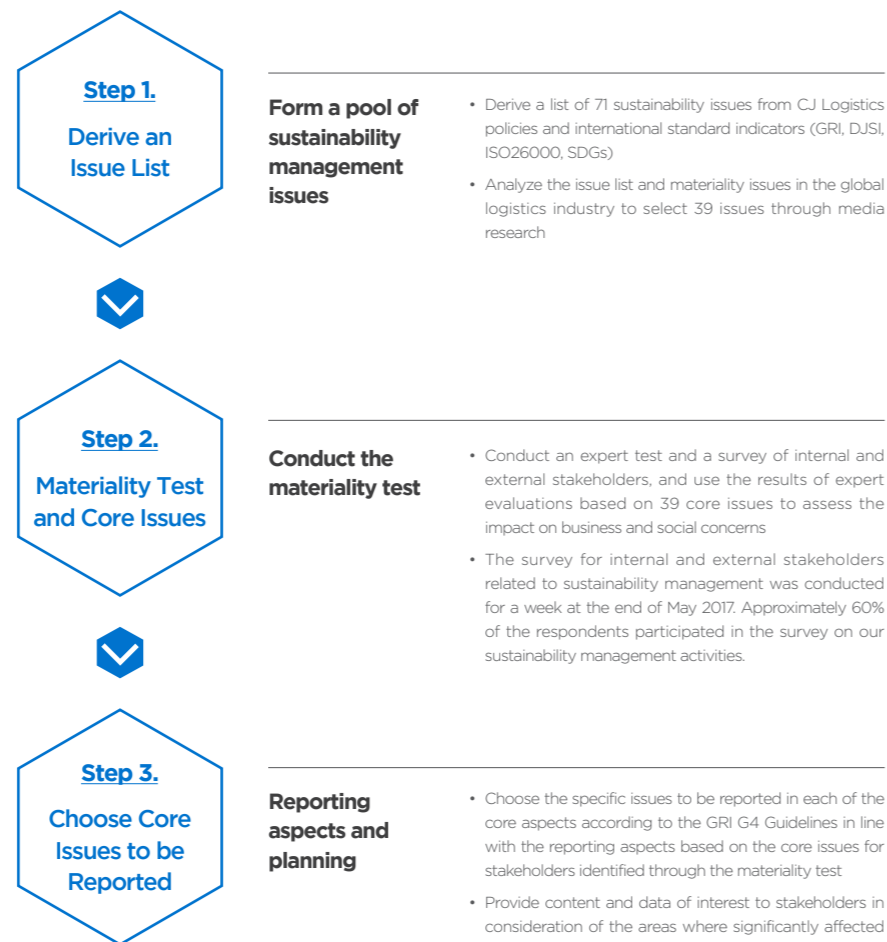
### Overview of the Materiality Test

CJ Logistics first selected the core issues that need to be addressed by analyzing various stakeholder issues in response to changes in the global business environment. We undertake a materiality test that comprehensively identifies the business environment with internal and external stakeholders.

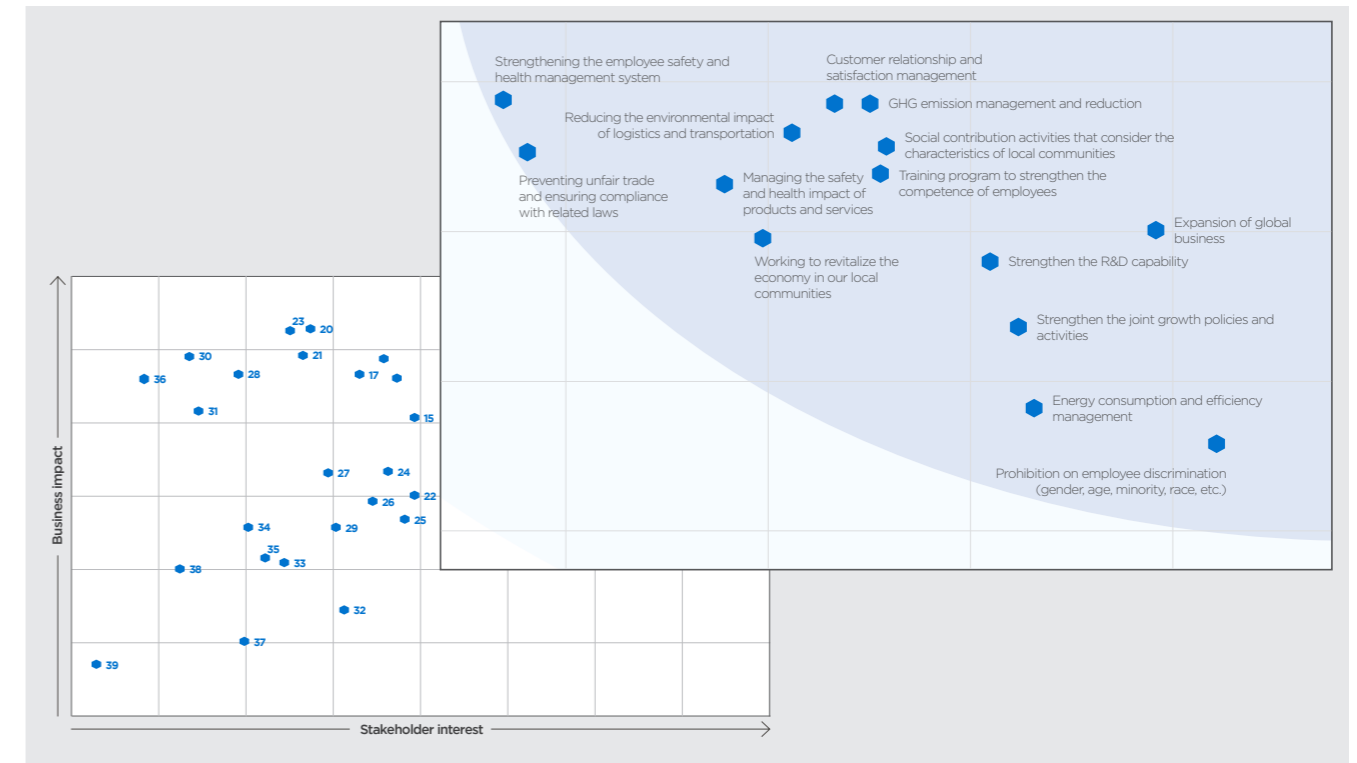
#### Principle of Materiality Test

We selected the core issues related to sustainability management and covered the issues in this 2016 sustainability report based on GRI, the global sustainability report guidelines. The selected core issues have been considered as major issues taking into consideration on both impact on CJ Logistics and the interests of our stakeholders.

#### Materiality Test Process



### Materiality Test Matrix



### Materiality Test Results

Of the 39 issues originally derived, CJ Logistics identified '14 core issues' through the materiality test. The designation of 'core issues' means that they are issues of common interest to stakeholders, which have a high impact on management activities. We systematically manage the core issues through continuous consultation with the relevant departments, and reflect this management in future business processes to allow us to ensure sustainability among our actual business activities. In addition, we will continue to develop the materiality test system by expanding the participation of stakeholders and listening to feedback.

Category	Core Issue	Core Aspect	Report Section	Page
Economy/General Management	Expansion of global business	Economic Performance	Competitiveness enhancement	p.42-45
	Strengthen the R&D capability			
Environment	GHG emission management and reduction	Energy Emission Transportation	Environmental management	p.46-49
	Reducing the environmental impact of logistics and transportation			
	Energy consumption and efficiency management			
Environmental management	Customer relationship and satisfaction	Product and Service Labeling, Marketing Communications, Customer Privacy	Customer Satisfaction	p.50-55
Community Involvement and Development	Social contribution activities that consider the characteristics of local communities	Indirect economic effect	Local Community	p.70-75
	Efforts to revitalize the economy in local communities	Local Community		
Labor/Human Rights	Training program to strengthen the competence of employees	Providing equal employment opportunity, wage, training and education for both genders Diversity and equal opportunity Prohibition of child labor and forced labor	Human resource management	p.56-61
	Prohibition against employee discrimination (gender, age, minority, race, etc.)			
Supply Chain	Strengthen the joint growth policies and activities	Anti-corruption	Supply Chain Management	p.66-69
Fair Operating Practices	Prohibition of unfair trade, and assurance of compliance with related laws			
Customer Issue	Safety and health impact management of products and services	Industrial Safety and Health Customer Safety and Health	Health and safety	p.62-65
Labor/Human Rights	Strengthen the employee safety and health management system			

## SDGs

### Efforts to Fulfill the SDGs

As a global corporate citizen, CJ Logistics strives to contribute to the achievement of the Sustainable Development Goals (SDGs), the most crucial common goals that the UN and the international community pledged to achieve from 2015. The SDGs consist of 17 Goals and 169 Targets aimed at the sustainable growth of all countries around the globe, and include the alleviation of poverty and inequality, responses to climate change, economic growth, and decent jobs. CJ Logistics strives to contribute to the sustainable development of the global civil society by understanding and actively participating in the purpose and direction of the SDGs.



- GOAL 1** End poverty in all its forms, everywhere
- GOAL 2** End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- GOAL 3** Ensure healthy lives and promote well-being for all, at all ages
- GOAL 4** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- GOAL 5** Achieve gender equality and empower all women and girls
- GOAL 6** Ensure the availability and sustainable management of water and sanitation for all
- GOAL 7** Ensure access to affordable, reliable, sustainable and modern energy for all
- GOAL 8** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- GOAL 9** Build a resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- GOAL 10** Reduce inequality within and among countries
- GOAL 11** Make cities and human settlements inclusive, safe, resilient and sustainable
- GOAL 12** Ensure sustainable consumption and production patterns
- GOAL 13** Take urgent action to combat climate change and its impacts
- GOAL 14** Conserve and sustainably use the oceans, seas and marine resources
- GOAL 15** Protect, restore and promote the sustainable use of terrestrial ecosystems
- GOAL 16** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- GOAL 17** Strengthen the means of implementation and revitalize the global partnership for sustainable development

### Link to SDGs

CJ Logistics selected the goals among the 17 SDGs in consideration of opportunities and crisis factors based on our mid and long-term sustainability management direction. We plan to identify new activities based on high-relevance goals, and continue to expand our links with SDGs based on our goals.

<p><b>Senior Parcel Delivery</b></p>	<p>The Senior Parcel Delivery is the first CSV service model in the logistics industry ever adopted to provide quality employment for senior citizens, and is being implemented through cooperation among CJ Logistics, the central government, and local government. The Senior Parcel Delivery initiative is a business in which seniors (60 and older) who live in apartments or residential complexes deliver parcels from delivery centers to apartments or residences using eco-friendly electrical vehicles. CJ Logistics is expanding its eco-friendly green logistics and creating sustainable and quality jobs with various stakeholders through the Senior Parcel Delivery program.</p> <p><b>For more information, see page 72.</b></p>		
<p><b>Energy/Urban Forest</b></p>	<p>The 'Energy Forest' project has been implemented on abandoned roads and lands to protect the environment and enhance the sustainability of communities. The trees growing in energy forests will be processed into wood pellets, creating a future bio-energy source that will allow low-income families to heat their homes. We are developing an urban beekeeping system in a rooftop garden at our logistics terminal to restore the urban ecosystem and promote plant diversity. In addition, we are creating environmental value through eco-friendly activities that include support for children's forest experience programs and donations of recycled resources.</p> <p><b>For more information, see page 73.</b></p>		
<p><b>Implementation of Eco-friendly Logistics</b></p>	<p>CJ Logistics is optimizing transportation using an integrated logistics system to meet the emissions targets set by the National GHG and Energy Target Management System, and to reduce greenhouse gas emissions from business processes. We are pushing toward a modal shift to eco-friendly means of transportation, and are introducing electric courier trucks to strive for eco-friendly logistics services.</p> <p><b>For more information, see page 49.</b></p>		
<p><b>Establishment of the Compliance Program</b></p>	<p>We have introduced the Compliance Program (CP) to establish a sound and transparent corporate culture across the industrial ecosystem based on institutional compliance for the diffusion of compliance management. We have established a regular monitoring system for internal and external stakeholders, operate various reporting channels, and systematically manage compliance risks over the mid and long term.</p> <p><b>For more information, see pages 30-31.</b></p>		

# CORE ISSUE

As a corporate citizen, CJ Logistics will pursue harmonious growth with our various stakeholders including customers, employees, partners, and local communities in consideration of our economic, social, and environmental impacts.

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62	HEALTH AND SAFETY
66	SUPPLY CHAIN MANAGEMENT
70	LOCAL COMMUNITY

## STRENGTHEN COMPETITIVENESS

### Rationale

As the global market continues to grow at a slower pace and interest rates remain low, various environmental changes have emerged in the logistics industry. As a result, it is more important to implement smart logistics based on the service innovation by expanding the logistics infrastructure and promoting automation. CJ Logistics will create a new value by providing competitive services that lead the global logistics paradigm, while preemptively discovering new growth engines through an analysis of domestic and overseas market trends.

### CJ Logistics' Response

#### Major Activities



- Strengthen global competitiveness
- Establish future logistics bases
- Secure R&D infrastructure and excellent employees

#### Future Plan and Goal



- Strengthen professional competencies by business/region
- Secure emerging market networks
- Expand R&D investment in new logistics technology







## Secure Sustainable Growth Engines

As competition intensifies due to the spread of global protectionism and slow growth of the global trade volume, CJ Logistics is thoughtfully seeking differentiated management strategies and core business capabilities. CJ Logistics will leap forward to become one of the 'Top 5 total logistics enterprises' who leads the logistics industry by securing local employees with expertise in each region, and promoting advanced logistics technology innovations through bold R&D investments.

### Strengthen Global Competitiveness

CJ Logistics has established mid and long-term strategies for its global business divisions, and established roadmaps to achieve specific goals and strategic tasks.

Category	Activities
 <b>Global Division</b>	<ul style="list-style-type: none"> <li>Identify strategic customers by strengthening expertise in industries</li> <li>Secure new growth engines through diversification of the business portfolio</li> <li>Strengthen localized core competencies, including professional training</li> </ul>
 <b>China Division</b>	<ul style="list-style-type: none"> <li>Maintain and strengthen its unique position in the specialized logistics market</li> <li>Accelerate growth by expanding platform-based new growth engine businesses</li> <li>Strengthen the company's market position through expansion of Local/industry/VC</li> </ul>
 <b>Forwarding Division</b>	<ul style="list-style-type: none"> <li>Maximize orders from large global accounts</li> <li>Expand growth engine businesses including international express</li> <li>Achieve core competencies at the global level</li> </ul>
 <b>Project Division</b>	<ul style="list-style-type: none"> <li>Expand the growth base through diversification of the order pool and discovery of new business</li> <li>Establish a logistics network system through On/Off-shore connection</li> <li>Achieve core competencies through small-scale M&amp;A</li> </ul>

## Expansion of Logistics Bases

As of January 2017, CJ Logistics has secured 631 logistics centers around the world. CJ Logistics has built flagship centers in Korea and in other countries. We have a state-of-the-art logistics infrastructure which includes transportation vehicles, logistics equipment, ships/docks, and stevedoring equipment to provide stable storage, stevedoring and transportation services.

### Activation of Major Overseas Sites

CJ Logistics is expanding our unique new logistics areas all over the world through the network expansion with systematic consulting and M&As based on cutting-edge logistics solutions and TES capabilities.

### Continuous Development of Logistics Technology

Since our implementation of an RFID system in 2003, CJ Logistics has developed various logistics technologies that are necessary in the field. For example, we developed MPS (Multi-Purpose System), W-Navigator, ExPAS in the assorting/picking sector, the Intelligent Scanner for inspection technology, and Cool Guardian (cold chain technology). We have also developed picking/sorting technology, inspection technology, and packaging automation technology using transportation robots to build our 'Smart Logistics Center,' and are researching and developing the utilization of drones to innovate our delivery system.

#### History of New Technology Development

2016.01	Signed up an MOU for a 'Pilot Project for The Verification of Safety in New Industries Utilizing Drones'
2016.04	Construction of automated apparel return equipment and integrated operating system (2nd center in Hobub)
2016.04	Received the Korea Star Awards 2016 for 'Smart Cube'
2016.05	Opened the CJ Logistics TES Innovation Center
2016.05	Completed W-Navigator's Cross-docking model development for low temperature centers and applied the system to the Yongin Center
2016.06	Developed a 'Development of the high wind resistant drone system capable of safe flight under the wind speed condition up to 13m/s'
2016.06	Developed 'Human Oriented Automation Technology for warehouse operation'
2016.08	Developed 2D barcode scan model of the batch inspection system
2016.08	Applied ITS at parcel sub terminals (Chilgok, Jangseong, Bugok and etc.)
2016.09	Applied MPS and W-Navigator in China
2016.10	Developed a LTE communication-based drones operating system and crash response technology
2016.11	Conducted a trial parcel service using drones
2016.11	Completed successfully the national R&D project, 'Light weight material handling machine development for improving logistics work efficiency'

#### Participation in National Projects through Public-Private Partnerships

CJ Logistics is engaged in conducting R&D projects in cooperation with the Korean government's Ministry of Trade, Industry and Energy and the Ministry of Land, Infrastructure and Transport with a focus on the development of basic/original technologies, and advanced talent training in the logistics field. As a result, we are improving our position as a leading logistics company. In 2016, we successfully completed 'Light weight material handling machine development for improving logistics work efficiency' and participated in three national projects additionally.

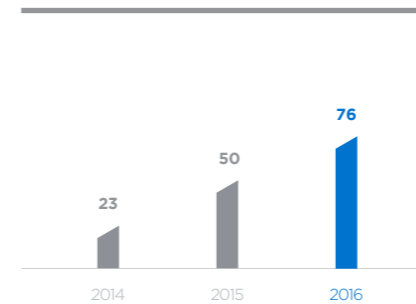
#### Development of Industry-Academia Collaborative Technology Development

CJ Logistics is utilizing TES capabilities to promote joint technology development in collaboration with universities and start-ups. In March 2016, we signed a MOU with Dongguk University to promote 'Industry-Academia Cooperative Education in The Field'. CJ Logistics is conducting a research on dedicated drones for logistics centers in collaboration with domestic start-up companies with excellent competence. We expect that this industry-academia cooperation will combine the strengths of our new technology development expertise and increase our technology utilization. We are also actively contributing to the revitalization of the logistics industrial ecosystem.



TES Innovation Center

#### R & D personnel (Unit: Person)



### R&D Infrastructure Expansion

CJ Logistics will pursue forward-looking technological innovation with differentiated TES capabilities, and intends to leap forward to become one of the 'Top 5 total logistics company' based on our cutting-edge logistics services in the era of the 4<sup>th</sup> industrial revolution involving a convergence of information and communication technologies.

#### Operation of the Total Logistics Research Institute (Certified as a company-affiliated research institute)

The Total Logistics Research Institute of CJ Logistics is strengthening its R&D and consulting capabilities, leading a new logistics technology and industry trends. The institute is the only 'Operation Based Total Solution Consulting Provider' in Korea. It is staffed by top class SCM experts with a broad understanding of the global logistics market and various industries, as well as advanced unmanned logistics technology. We provide optimized solutions for our customers' innovative global logistics visions, and offer a competitive advantage.

#### Establishment of the TES Innovation Center

The TES Innovation Center is the outpost of TES and is leading the future logistics paradigm based on disruptive technology. The Center engages in TES research and development verification that are changing the logistics business with smart technologies. We are pursuing constant innovation as a leading logistics enterprise by establishing a R&D platform based on Open Innovation. You can watch the development of TES fusion technologies including transportation robots, drone, and smart packaging.

#### Efforts to Secure Excellent R&D Employees

To secure next-generation growth engines of CJ Logistics, it is essential to acquire, nurture, and maintain talented R&D employees. CJ Logistics attracts R&D employees through industry-academia cooperation programs with the top domestic universities, as well as on-campus recruiting at major universities. We are also building an autonomous research organizational culture, contributing to improving the creativity and earnings of our researchers. We plan to focus on strengthening the leading technology base in the global logistics industry by securing excellent R&D employees in a long term.

#### Future Plan

CJ Logistics is rapidly responding to the emergence of new technology environments including robotics, IoT, big data, artificial intelligence, augmented reality, drones, and 3D printing by continuously building our capacity. To become a Top 5 total logistics company, we plan to expand the R&D infrastructure and realize a sustainable logistics environment. We also have the long-term goal of developing innovative technologies that will lead the logistics industry through continuous R&D investment, and achieving differentiated competitiveness.

## ENVIRONMENTAL MANAGEMENT Rationale

Natural disasters are increasing due to the abnormal high temperatures and heavy rains that are being caused by global warming, and environmental problems such as fine dust and water shortages emerging as important global environmental issues. Many countries including Korea along with a number of corporations are struggling to solve these problems. Environmental changes serve as various crisis and opportunity factors for CJ Logistics management, from an institutional, material, and financial perspective.

## CJ Logistics' Response

### Major Activities



- Operation of the environmental management system
- Greenhouse gas reduction and energy saving
- Eco-friendly logistics activities

### Future Plan and Goal



- Enhance the Environmental Management System
- Establish a strategy to respond to climate change
- Expand the use of eco-friendly transportation vehicles, including electric cars



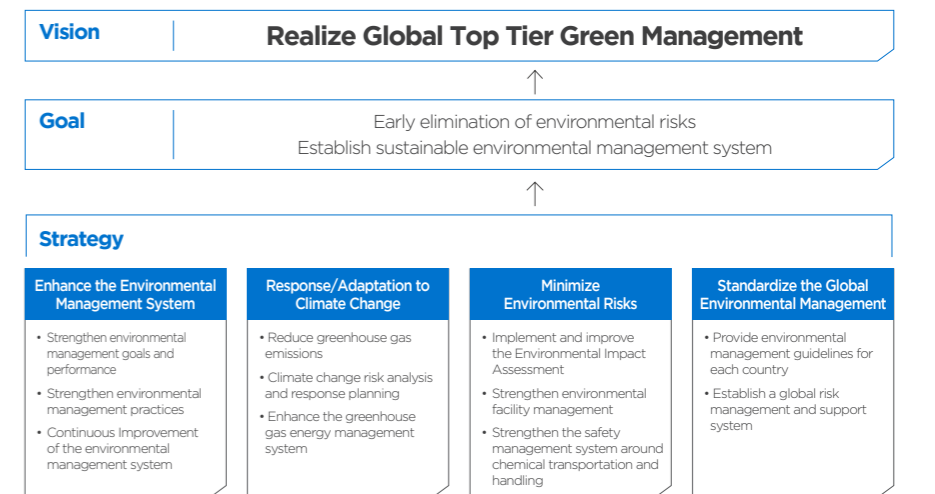
## Management Direction

We are minimizing our negative impacts on the environment, responding to climate change in the international community and promoting environmental management to participate in environmental protection efforts in light of the nature of global total logistics services. By doing so, we are establishing an enterprise-wide environmental management system and continue to expand our green activities, such as greenhouse gas emissions management and eco-friendly logistics.

## Establishment of the Environmental Management System

CJ Logistics is an eco-friendly logistics company. We have established an environmental management system in accordance with our safety and health environmental management policy to prevent environmental risk factors in advance. We have set our vision of "Realizing Global Top Tier Green Management" and four strategic tasks to build a sustainable environmental management system. In addition, we set environmental impact reduction targets, establish internal standards that exceed legal standards, and implement a systematic approach to environmental management.

### Environmental Management Vision and Strategy



## Environmental Management Organization

CJ Logistics operates an environmental organization which consists of the Safety and Environment Team of the head office, an environmental organization consists of environmental officers, and the environmental managers of each workplace, to promote environmental management. The 'Safety and Environment Team,' which is the department in charge of environmental management, is responsible for such activities at the enterprise level. We also establish enterprise-wide environmental management strategies and guidelines and integrated our management of environmental performance at each business site. In line with the expansion of our global business, we are also striving to strengthen our environmental management at overseas business sites.

## Environmental Management System Certification and Training

Since Incheon Branch acquired ISO 14001 certification in 1999, we have expanded the scope of the certification to all of our offices and have maintained the certification to this date. We established environmental management guidelines to manage our evaluation of the environmental impact of actual business operation based on the certification standards. In addition, we are strengthening our internal capacity to operate the environmental, safety and health management system by conducting internal auditor training.



**Waste Management**

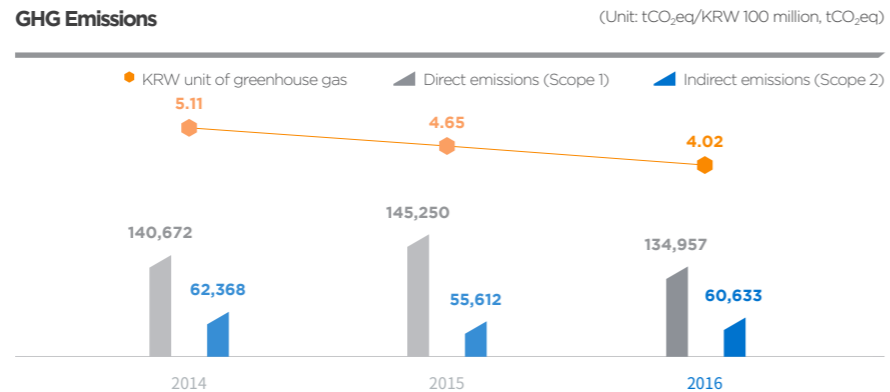
Waste management guidelines have been established and applied to minimize and efficiently manage the waste generated from our business. We manage the amount of waste generated according to internal standards and process to minimize environmental pollution and save resources, and plan to build a performance management system for all sites.

**Response/Adaptation to Climate Change**

Our head office and business sites are registered in the National Greenhouse Gas Management System to monitor the amount of energy used, systematically calculate and manage greenhouse gas emissions. Based on this system, we have set a goal of reducing our GHG emissions by 2021 through the research and analysis of GHG data such as energy costs, GHG emissions, and reduction targets for our business sites.

**GHG Control**

We operate a greenhouse gas management system which records the energy usage of all our business sites and calculates greenhouse gas emissions automatically. We register all energy usage used in business activities such as monthly electricity consumption, vehicle fuel consumption, and other energy usage, and manage statistical management and trends in order to meet our emission targets according to the Management of Targets for GHGs & Energy.



\* KRW unit of greenhouse gas is based on domestic sales.

**Energy Usage**

Category	Unit	2014	2015	2016
<b>Total energy usage</b>	TJ	3,269	3,231	3,147
<b>Electricity</b>	TJ	1,284	1,145	1,249
<b>Fuel</b>	TJ	1,985	2,086	1,916
<b>KRW unit of energy</b>	TJ/ KRW 100 million	0.08	0.07	0.06

\* KRW unit of energy is based on domestic sales.  
\* Fuel consumption differs from actual usage according to the GHG and energy verification method.

**Minimizing Energy Usage**

We are continuously providing Eco-Driving training to our drivers in order to address driving habits that waste energy such as rapid start, rapid acceleration, sudden braking and engine idling. We are also actively implementing energy saving activities for buildings and lighting equipment. In addition, we continue to reduce electricity usage through new installation or replacement investments such as high-efficiency LED or induction lamp in our building interior lighting, including at our distribution centers. We will continue to reduce the energy consumption of buildings and vehicles in 2017, and the amount of total reduction is expected to 10,842 tCO<sub>2</sub>eq.

**GHG Offset Activity**

We are pursuing various activities to protect the environment and increase environmental awareness. In 2013, we signed the 'Agreement for Energy Forest Project on Abandoned Highway Roads' with the Korea Forest Service, the Korea Highway Corporation, and Green Korea United to build forests and to supply the wood pellets produced by the project as heating fuel to welfare facilities. In addition, we are implementing a city center greening project and an ecological experience training for a local children's center. These activities are effective for absorbing carbon dioxide, a major cause of global warming, and improving the quality of life in local communities.

**Implementation of Eco-friendly Logistics**

CJ Logistics promotes energy saving and reduces carbon emissions by optimizing transportation through establishing the loading plan, determining the transportation route and selecting transportation vehicles based on customer orders and vehicle availability. In addition, we are pushing toward a modal shift from road transport to energy efficient transport means, such as railway and ships, and making vehicle operation more efficient. We are expanding our eco-friendly parcel services by investing in eco-friendly electric equipment through our Senior Parcel Delivery program. By operating electric cars as a pilot project in Jeju Island. We are also striving to implement green logistics to reduce energy consumption and GHGs by installing high-efficiency lighting in new or existing logistics center buildings.

**Green Network**

**Eco-friendly logistics using network**  
CJ Logistics is reducing energy consumption and carbon emissions by using the strengths of our logistics network to reduce the number of vehicles. We optimize delivery routes by interconnecting transportation between logistics bases, induce energy saving, and reduce carbon emissions by replacing individual operating trucks with mass transport, complex transport, and joint logistics.

**Green Facility**

**Utilizing highly efficient, environment-friendly vehicles, equipment and logistics facilities**  
We take an eco-friendly approach to logistics and in our equipment and facilities. This is shown through our purchase of low pollution, low fuel consumption SCR type trucks, expansion of vehicle size, green parcel service using electric bicycles and four-wheeled vehicles, conversion of electricity energy source for port cranes, and photovoltaic power generation utilizing the rooftop of our distribution center.

**Green System**

**Logistics efficiency based on an integrated logistics IT system**  
CJ Logistics is pursuing efficiency in vehicle operation through real-time vehicle control, transportation route optimization using freight information-based transportation planning, integrated allocation of cars, and improvement of cargo loading return rate. In addition, we are promoting a modal shift from road transport to energy efficient transport means, such as railway and ship, by making vehicle operation more efficient and analyzing the total quantity of cargo based on a integrated logistics system.

**Green Management**

**GHG inventory system operation**  
To meet global standards, CJ Logistics acquired certifications for our environmental management system (ISO14001) in 1999 and GHG inventory in 2009. We manage the GHG emissions of all operations from stevedoring, land transportation, and parcel using our environmental management system and GHG inventory system, and provide regular Eco-Driving training to address wasteful driving habits such as sudden starts, sudden braking, idling, etc.



Trial Service of Electric Car Parcels in Jeju Island

**Trial Operation of an Electric Car Delivery Service on Jeju Island**

CJ Logistics is introducing electric car deliveries to protect the ecosystem in Jeju Island. During the month of November 2016, we operated electric car deliveries on a trial basis for parcels being delivered to some areas of Jeju Island in order to get feedback from the on-site delivery personnel. Compared to diesel vehicles, electric cars can reduce our operating costs by 25%, while reducing CO<sub>2</sub> (1.1 ton/year-vehicle) and generating fine dust (5.49 kg /year). It allows us to provide environmentally friendly logistics services. We plan to continue our efforts to promote this service by improving safety and convenience, considering the charging infrastructure and institutional support.

**Future Plan**

CJ Logistics is planning to upgrade the GHG management system to realize low-carbon green management by saving energy and reducing greenhouse gas emissions. Specifically, we are planning to replace the lighting used in our logistics centers with high-efficiency lighting to reduce electricity consumption. We establish energy reduction methods for transportation to reduce mobile combustion, which is the main greenhouse gas emission source. We participate in the climate adaptation consulting project supported by the Ministry of Environment and the Korea National Adaptation Center for Climate Change. We are working to reorganize our climate change prevention system through risk assessment and climate change adaptation plan report using the government program titled CRAS (Climate Change Risk Assessment System).

## CUSTOMER SATISFACTION

### Rationale

It is important to reflect customer needs in order to respond effectively to the rapidly changing business environment and gain a competitive advantage right away. Customer management is a necessary strategy for a company to survive in the logistics business considering the various new competitors and business models. CJ Logistics will establish customer trust by promoting communication with customers and strengthening service quality management to become a leader of sustainable logistics company.

### CJ Logistics' Response

#### Major Activities



- Provide the No.1 parcel service
- Diversify customer communication channels
- Implement customer information protection activities

#### Future Plan and Goal



- Continuous service improvement and new services
- Enhance customer service capabilities
- Enhance the information security system



Gonjiam Mega HUB



Wheel Sorter System

### Providing the No.1 Parcel Service

CJ Logistics strives to provide faster and safer delivery services for the various customer bases through its cutting-edge logistics system.

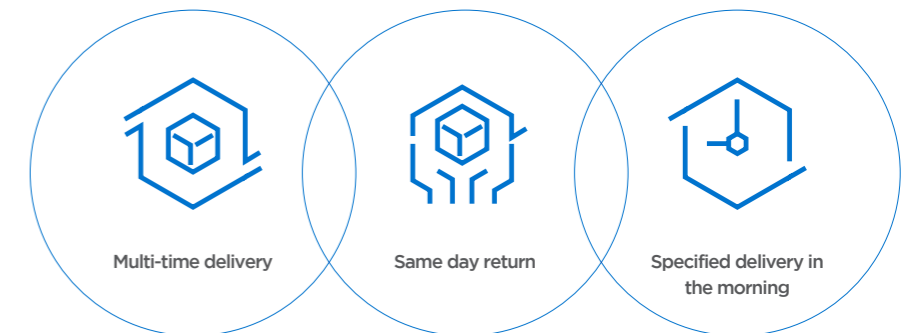
#### Construction of the Gonjiam Mega HUB

CJ Logistics is building the largest logistics hub terminal in Asia with the goal of operation starting in October, 2018. Occupying a total area of 300,000m<sup>2</sup>, the Gonjiam Hub Terminal will be equipped with cutting-edge logistics systems and equipment including a smart packaging system, intelligent scanner and RFID automatic inspection system. We will lead the paradigm shift in the logistics process by investing 400 billion KRW in the Hub Terminal in order to improve the quality of service by expanding the processing capacity and improving delivery efficiency.

#### Sub Terminal Classification Automation

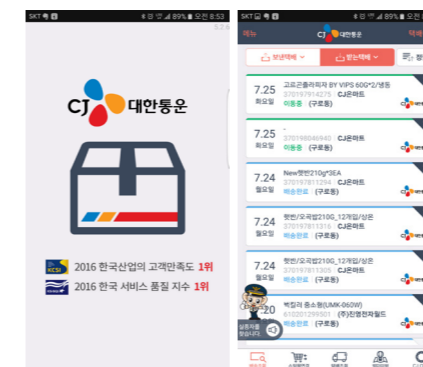
In 2016, CJ Logistics introduced a 'Wheel Sorter' system for the automatic sorting of products. The wheel sorter system will be installed in all 195 regional terminals by the first half of 2018, starting with six sub terminals including Gangseo, Ulsan, Gwangju, Namyangju and Incheon branches. The automated sorting function by this first wheel sorter system in the Korean parcel industry will enable us to offer new services to our customers including two parcel deliveries per day, same day return, and specified delivery in the morning.

#### Expected Effect of the Wheel Sorter System



#### Mobile Parcel Service

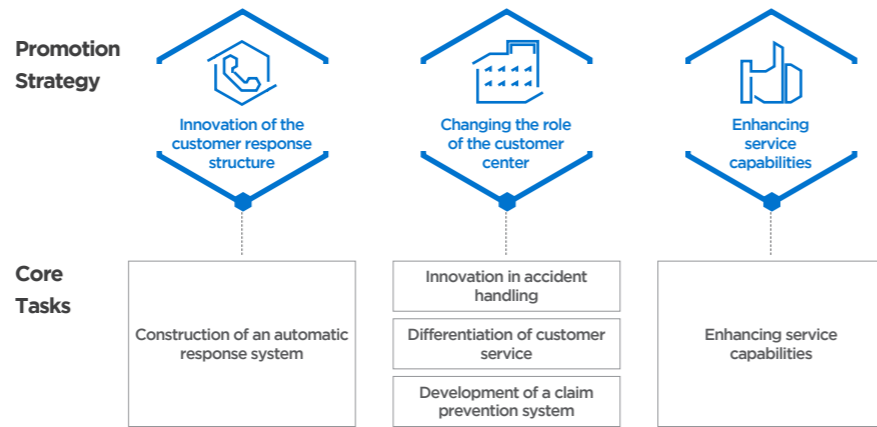
For the first time in Korean parcel industry, CJ Logistics' parcel app recorded more than 3 million downloads in September 2016. CJ Logistics is firmly establishing a new customer service channel. Focusing on customer convenience, the parcel app provides a variety of functions such as booking, returning and tracking delivery. It also provides a photo of the courier who will be making the delivery, and the current location of products by a delivery notification function. When there is an incoming phone call, the app displays information regarding our courier on a customer's smartphone screen. It allows a customer to take the call without worrying about voice phishing. We are building a system to provide GPS-based real-time delivery completion and designation of delivery location functions. We plan to expand the parcel app to provide convenience to customers as an integrated parcel platform.



CJ Logistics Parcel App Screen

### Strengthening Customer Communication

CJ Logistics sets five core tasks to strengthen communication with customers, and is engaged in various activities to achieve them. We intend to strengthen our internal competencies and provide differentiated customer service using a systematic approach.

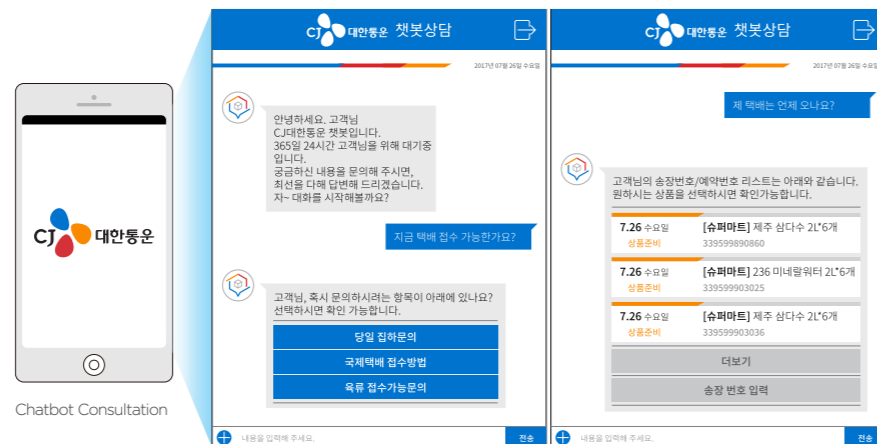


### Diversification of Customer Communication Channels

CJ Logistics receives and resolves inquiries through our online customer service center, care line, etc. We are also strengthening communication with our corporate customers through our portal system.

### Building an Automatic Response System

CJ Logistics aims to enhance customer convenience by enabling a rapid response to customer inquiries through establishing an automated response system, including chatbot consultation and visible ARS. Our introduction of 'Chatbot,' an artificial intelligence (AI) consulting system, will have the effect of activating two-way communication with customers as well as responding in real time. It will also enable us to accumulate data on potential customer inquiries, which will enable us to respond more quickly in the future. In the mid and long-term perspective, this will help us to form a truly first-class parcel service. CJ Logistics will strive to improve customer convenience by introducing the first artificial intelligence (AI) consulting system in the logistics industry through continuous technology development.



### Customer Satisfaction Management

CJ Logistics gives service satisfaction surveys to its client companies once a year through the customer portal system and to individual customers via mobile. We are also actively participating in external assessments to improve our service.

### Main Awards Received for Customer Satisfaction in 2016

Korean Customer Satisfaction Index (KCSI)	Korean Standard-Service Quality Index (KS-SQI)	National Brand Competitiveness Index (NBCI)	Korea Brand Power Index (K-BPI) in 2016
No.1	No.1	No.1	No.1
in the parcel sector for 8 consecutive years	in the parcel sector	5 consecutive years	

### 1st Place in the Parcel Sector for 8 Consecutive years

In the KCSI survey awarded by KMAC, CJ Logistics has received 1st Place in the parcel sector for 8 consecutive years. This is a recognition of our diverse efforts and activities, such as launching 'the CJ Faster Delivery' (industry's first nationwide delivery service), providing a delivery app for the convenience of our customers, and building our computer system disaster recovery center. CJ Logistics will strive to improve our service and discover new services by putting ourselves in the customer's shoes.

### Fostering Professional Parcel Personnel

CJ Logistics is mindful of the need for excellent customer-facing services, and focuses on training its parcel specialists to respond to customer needs quickly. By doing this, we operate training programs based on best practices and give in-person training programs such as 'Maintain Service Basics.' We have also implemented the 'Morning Talk' program to improve service quality by ensuring smooth communication between managers and employees.

### Service Certification System

CJ Logistics runs a 'Service Certification System' to improve our customer service and have selected employees with excellent service for improving CS through motivation activities such as certifications and incentive payments. In addition, we monitor 12 assessment indicators to assess our customer satisfaction and service level and maintain our service quality.

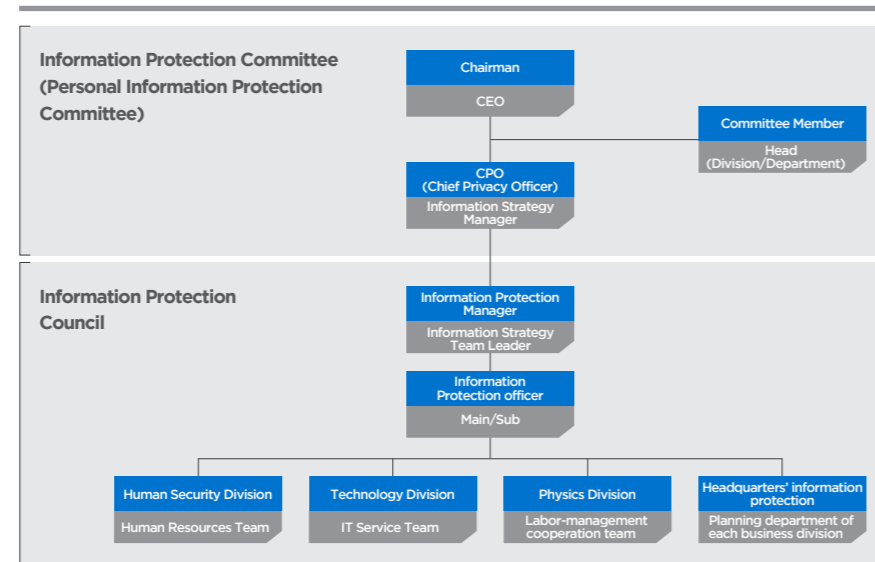
### Protection of Customer Information

As information technology evolves and the issue of personal information leaks grows in significance, CJ Logistics is building a strong privacy system to protect our customers' privacy. We comply with the Personal Information Protection Act and the Information and Communications Network Act to protect the personal information of our customers. We have also set our own personal information processing policy and have informed our customers regarding our use, management, and utilization of personal information. As a high-tech logistics industry pursuing IT convergence, CJ Logistics is strengthening its information security technology and management system.

### Information Protection Organization System

We operate an information protection system under the CPO (Chief Privacy Officer) and the customer service executive with the supervision of the CEO (general security officer). The committee members and information security officers of each division attend the customer service council, which is held once a quarter to share information security issues and discuss ways to strengthen the security system.

### Information Protection Organization System Diagram



### Information Management Standards

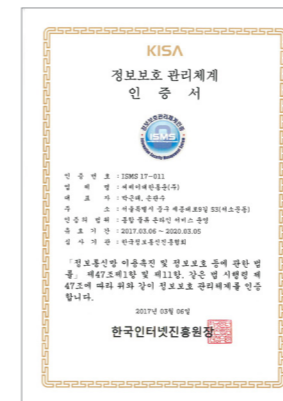
CJ Logistics classifies information assets into five stages based on our internal information protection provisions to strengthen the protection of personal information. In addition, we have established integrated management guidelines for storing and destroying invoices in accordance with the Personal Information Protection Law to prevent the leakage and exposure of personal information during the parcel service. Furthermore, we continue to emphasize the importance of protecting personal information by educating all employees. The destruction of invoices and documents shall be carried out once a year in accordance with the guidelines for invoice destruction, and the shredding of documents shall be performed by a document shredding company. Only parcel data from the last 3 months can be searched through the business system, and it will be deleted after a 5-year backup period as per the requirements of the Framework Act on National Taxes.

### Information Protection System Certification

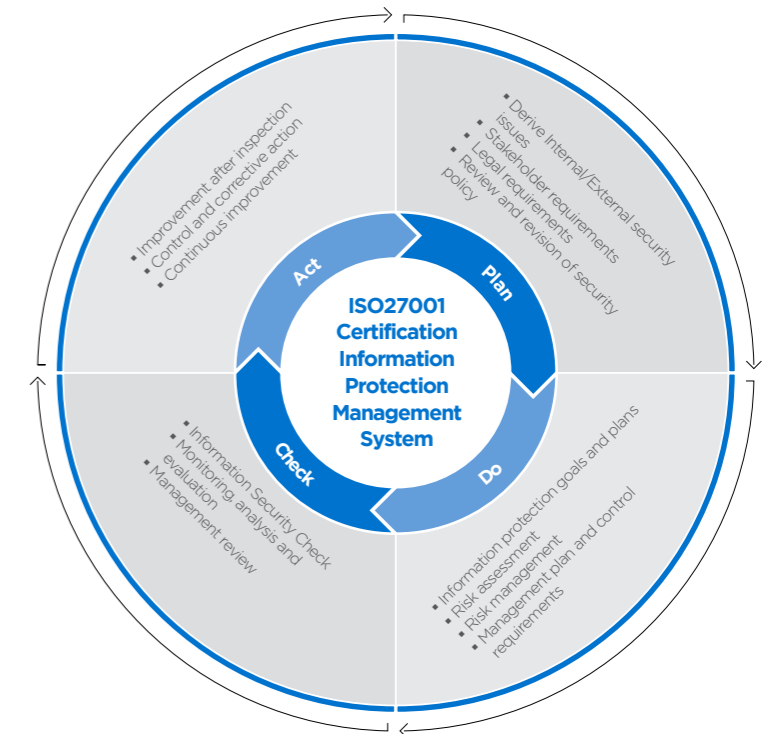
In 2009, we acquired ISO27001 (ISO Information Security Management System Certification) by establishing a global level information protection system, a first in the domestic logistics industry. In March 2017, we also acquired ISMS, the national information security management system certification, to secure and protect customer logistics information. We will continue to improve our information protection system by introducing solutions to prevent information leaks and centralizing documents.



ISO27001 certification



ISMS certification



### Information Security Check

Under the supervision of the CJ Safety Management Office, CJ Logistics performs security checks on business partners and corporate networks including websites, servers, and databases. We also check the compliance level of our parcel service business partners that are entrusted with the personal information of our customers to manage and prevent the possibility of information exposure.

### Privacy Awareness

To prevent personal information leaks, we regularly provide employee training on the topic. In addition, security-related newsletters and quizzes are posted on the intranet to increase the security awareness level among employees.

### Future Plan

CJ Logistics operates VOC consultation bodies to improve customer satisfaction. We will make improvements based on three strategies: innovation in the customer response structure, change in the role played by the customer center, and enhancement of service capabilities. We will permanently remove long-term unused customer information to prevent the exposure of personal customer information by employees, and improve the reliability of information security by maintaining the certification of the information security system.

## HUMAN RESOURCE MANAGEMENT

### Rationale

CJ Logistics continuously improves the working environment of employees based on the recognition that employees are the core of the company. We also provide a range of educational opportunities to enable our employees to grow into global talents. In addition, we respect the rights of employees and stakeholders, including human rights protection and respect for diversity, in our management activities. We will create a sound corporate culture and fulfill our corporate social roles and responsibilities.

### CJ Logistics' Response

#### Major Activities



- Establishing a culture of respect for human rights
- Fostering global talent
- Win-Win labor-management relations
- Promotion of employee welfare

#### Future Plan and Goal



- Establish a human rights policy and introduce due diligence
- Enhance the Global Expatriate Pool (GEP) System
- Expand and activate complaint handling channels
- Establish a system for innovating the company's HR and culture



### Management Direction

CJ Logistics makes a range of efforts to support the growth and development of employees based on the principle of 'Injaejeil (people first),' the founding idea of CJ group. CJ Logistics aims to grow together with employees by building a desirable organizational culture in which employees can enjoy a sound balance between work and life, with the belief that corporate competitiveness relies on "exceptional talents."

### Respect for Human Rights

CJ Logistics respects the human rights of all stakeholders as well as employees. As supporters of the Universal Declaration of Human Rights, we prohibit child labor and forced labor, and ensure that there is no discrimination or unreasonable treatment due to nationality, race, gender, or university affiliation. We have taken a systematic approach to monitoring and addressing the issues of child labor and discrimination based on gender. CJ Logistics recognizes that securing diversity and compliance with the principle of non-discrimination are important factors in enhancing organizational competitiveness, and will continue to reflect them in the management system.

### Recruitment

CJ Logistics follows the CJ Group's HR policy with the goal of becoming one of the "Top 5 total logistics enterprises" by hiring global talents. CJ Group's recruitment process is fair and transparent, and we do our best to hire talented employees while avoiding any inappropriate discrimination during the recruitment process.

#### The CJ Employee Model



#### Honest, passionate and creative talent

- A talented individual with a positive attitude and a sense of willingness
- A talented individual who does his/her best



#### Talent with global capacity

- A talented individual with language skills and the global mindset required by the global market
- A talented individual who respects cultural diversity



#### Talent with expertise

- A talented individual with core skills and outstanding competitiveness in his/her field
- A talented individual who keeps up with trends in the business division in which he/she is engaged, and is a lifelong learner

#### Employees

(Unit: Person)

Category			2014	2015	2016
Employee	Type of Employment	Management officers	32	39	46
		Regular	4,911	5,007	5,050
		Short-term & Temporary	358	347	316
	Gender	Male	4,644	4,726	4,703
		Female	657	667	709
Total			5,301	5,393	5,412
New Recruitment	Type of Employment	Regular	324	337	388
		Short-term & Temporary	190	154	77
	Gender	Male	457	396	364
		Female	57	95	101
	Total			514	491

## Human Resources Development

### Fostering Global Talent

CJ Logistics has implemented a range of support systems to develop global logistics talents. We provide all employees, from staff to leaders, with customized job training, leadership program and certification support. In 2015, we established a GEP (Global Expatriate Pool) training system to foster global talent, to make a personal competency development plan and to implement IDP (Individual Development Plan). In 2016, we classified global competencies into four areas (job specialty, language competency, cross-cultural, and leadership) and created a wide range of training & development opportunities. In addition, we have a Human Resource Development Center that provides a variety In-house training program to strengthen the capabilities of our employees.

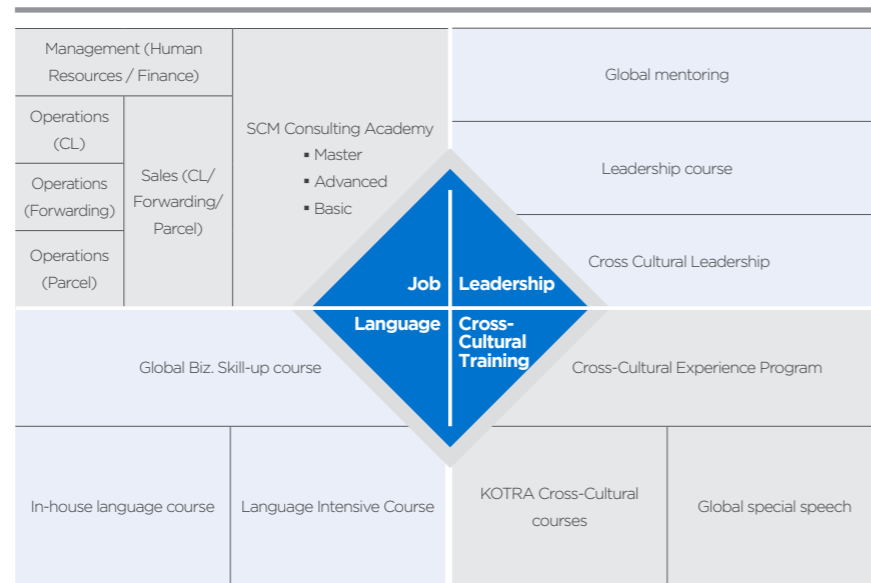


Global Education



Introductory Training for New Employees

### Global Expatriate Pool (GEP) System



### Introduction of the New Global Program

In response to the extension of global business, CJ Logistics has established a new program that will enable all employees to take on challenges and experience the global market. We support overseas workplace experience programs located in major entry countries, various activities to experience global businesses as well as overseas work schedules for executives & manager level. We also plan to introduce an unpaid leave system in which employees can design and implement their own global training plan. CJ Logistics will provide various programs for employees to grow into global talents.

### Enhancing Employees' Core Competency

CJ Logistics operates four levels of job training courses to strengthen the core competency of all employees. We also run the SCM Consulting Academy to nurture top level consultants who combine theory and field experience. The Academy consists of three courses (Basic-Advanced-Master) and works with external training & development institutions to maximize educational effectiveness. In addition, we operate a job circulation system for employees in the global headquarters to improve their core competency and expertise. CJ Logistics will provide diverse opportunities for our employees to grow into professional global logistics experts.

### Job-based Training & Development System

<b>L.4</b>	SCM Consulting Academy (SCM Consultant: Basic / Advanced / Master course)						
<b>L.3</b>	SCM B.D Advanced	PI Expert	CL Expert			Parcel Expert	Forwarding Expert
<b>L.2</b>	SCM B.D Basic	Logistics cost	Transportation & Delivery	Warehousing	Information system	Parcel Delivery	Freight Forwarding
<b>L.1</b>	Basic Logistics Course			Job Course by KILA			

- L.4(Level 4) : Consulting Course
- L.3(Level 3) : Expert Course

- L.2(Level 2) : Advanced Course
- L.1(Level 1) : Basic Course

## Performance Evaluation and Compensation

CJ Logistics applies a performance-oriented evaluation and compensation system to provide fair evaluation and compensation. To this end, we ensure the compensation and promotion are administered without discrimination in accordance with the principle of respect for human rights. New employees are compensated at the same rate, regardless of gender. To keep pace with changes in the external environment, we have adopted a performance-oriented HR system. CJ Logistics will grow with its employees and create achievements through systematic HR system management.

### Job Performance

To respond to the rapidly changing global competition, CJ Logistics has adopted a performance-oriented HR system that compensates fairly based on the job value and performance contribution of all employees. We have motivated our employees by running a performance-oriented promotion system. To do this, we manage individuals and organizations from their annual goal setting to performance evaluations through the PMDS (Performance Management & Development System), including goal setting, intermediate checks and performance evaluations.

### Performance-Oriented Compensation System

CJ Logistics determines five wage levels of performance evaluation based on wage by job class. We have developed an integrated evaluation for the long-term process of all employees, rather than focusing on short-term performance. In this way, we support the development and advancement of each employee. In particular, we have introduced the GCP Challenge incentive system and will provide organizational incentives for achieving GCP goals as well as achieving step-by-step goals in the process, thereby providing our employees with active challenges and growth opportunities as we make the leap toward becoming a company with global lifestyle culture.

### CJ Personnel and Culture Innovation System Reorganization Direction

Category	Reorganization direction
<b>Position/Promotion</b>	<ul style="list-style-type: none"> <li>▪ Reorganization of position system based on expertise/role</li> <li>▪ Abolish the seniority system and provide promotion based on the potential for higher roles</li> </ul>
<b>Evaluation</b>	<ul style="list-style-type: none"> <li>▪ Transition to communication and fostering type development system</li> <li>▪ Improve evaluation of Organizational Unit Forced Distribution Method</li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>▪ Establish a compensation system that can provide exceptional compensation for employees with high performance and fast track</li> </ul>

**2016 Labor-Management Council Performance** (Unit: ea)

Category	Items	Number of Agreements	Agreement rate
Management	6	6	100%
Union	4	4	100%
Subtotal	10	10	100%

**Win-Win Labor-Management Relations**

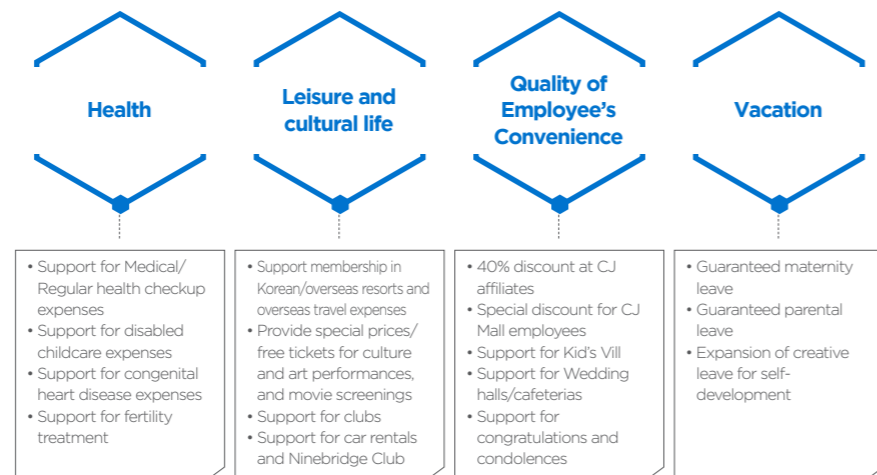
CJ Logistics strives to build sound labor-management relations based on mutual trust, rationality and principles, avoiding unnecessary confrontations and boundaries. There have been no disputes or conflicts between labor and management at our company for 56 years, and no disputes in the area of wage negotiation for 18 consecutive years.

**Labor-Management Council**

CJ Logistics operates an 'Open Council,' a labor-management council, whose purpose is to improve the productivity and welfare of labor and management through participation and cooperation. We hold meetings on a quarterly basis as well as special meetings when necessary. The council has tabled a number of main proposals including the management plan, performance allocation, greater welfare benefits, and grievance handling, in accordance with the Act on the Promotion of Worker Participation and Cooperation.

**Work-Life Balance**

CJ Logistics operates diverse programs to create a comfortable and pleasant work environment based on the belief; that 'Employee happiness leads to efficient business performance.' We help maintain harmony in the workplace by providing a wide range of welfare systems in four areas: health, leisure/cultural life, convenience of life, and vacations.

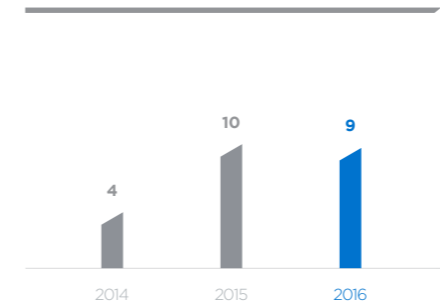


Certificate of Excellent Labor-Management Culture



Meeting for Working Mothers

**Online Resolution System for Employee Grievances** (Unit: ea)



**Step-by-Step Introduction of the Flexible Time System**

CJ Logistics will gradually introduce a flexible time system so that employees can design their working hours based on the characteristics of the organization. We introduced a flexible time system to promote the efficient work-time management, and want to handle optimal working conditions by expanding the application of the system so that employees can change their commute time according to their situation.

**Establishing an Effective Corporate Culture**

CJ Logistics improves business processes to establish an efficient corporate culture. To this end, we are streamlining our reporting procedures to minimize unnecessary work. In addition, we are strengthening the collaboration system between organizations by encouraging club activities, and giving awards for examples of excellent cooperation among departments to promote communication among members.

**Family-Friendly Program**

CJ Logistics has adopted a system of 'Family Day' twice a month to avoid unnecessary evening work and company dinners, and to improve the work environment for female employees. We have created a family-friendly corporate culture by preparing new programs such as childcare leave for the school entrance period, and shorter working hours for emergency childcare from 2017. We also expanded the periods for existing programs such as paternal leave and shorter working hours during pregnancy.

**Counseling Service for Employees**

We run an employee counseling program ('Tong, Tong, Tong' center) to help employees better handle stress and exhaustion related to work and personal affairs. Counseling can be provided for any issue, ranging from personal troubles to work difficulties. If an employee makes an online request for counseling, the relevant department will respond within 7 days to resolve the issue promptly. We strive to create a stable work environment for employees.

**Improvements in Work Conditions**

CJ Logistics operates a variety of welfare systems to improve the working environment for our Service Masters, including the employees of our partners. To this end, we have organized a system to support their congratulations and condolences by arranging alternative personnel to reduce their work burden. We also make efforts to reduce their financial burden by providing expanded support for their children's school expenses. In addition, we operate a health bus equipped with health check-up equipment to provide total health check-up services to Service Masters, who may have difficulty arranging a conventional doctor's appointment due to the nature of their work.

**Future Plan**

In addition to basic welfare benefits, CJ Logistics is making efforts to expand support for employees. Furthermore, we will continue to increase our employee welfare programs in order to maintain a harmonious balance between work and life, and to create an organizational culture that helps employees and the Company to share their vision.

## HEALTH AND SAFETY

### Rationale

Safety and health are critical, both as essential employee rights and in creating customer satisfaction and value. CJ Logistics is implementing workplace safety and health management with CJ Group. CJ Logistics recognizes safety management is a key element for enterprise development. We are striving to establish safety and health culture at entire-company level. To this end, we are working with all stakeholders including employees to carry out various activities to spread awareness of safety and health, and to strengthen our competitiveness based on mutual trust.

### CJ Logistics' Response

#### Major Activities

- Establish and operate a safety management system
- Create a culture of safety and health



#### Future Plan and Goal

- A more advanced safety and health system
- Establishment of a culture of respect for safety and health including education, training, and campaigns



### Management Direction

CJ Logistics is striving to minimize unsafe environments and to create a safe working environment under the CJ Group's safety management policy, 'Commitment to creating an ONLYONE safety culture where the safety of our customers and employees is the top priority.' In addition, we recognize that the management of industrial, traffic, and facility safety is essential for our sustainable development, and are making group-wide efforts to secure a world-class level of safety competitiveness.

### Health and Safety System

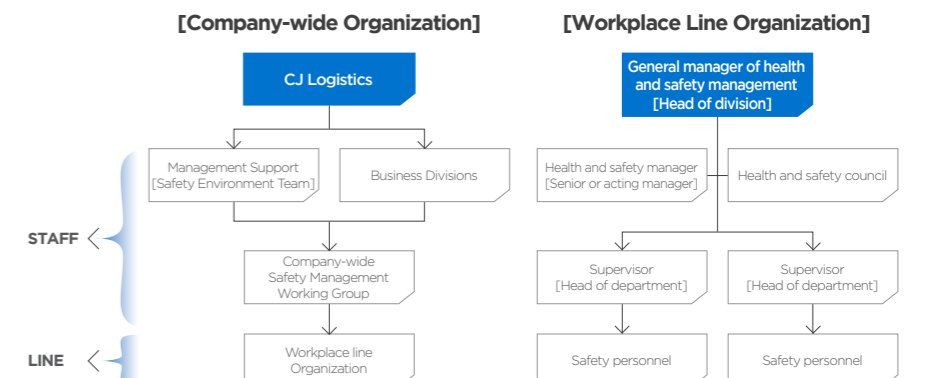
CJ Logistics has devised a safety management system based on a mid-to-long-term master plan for safety management under the group's Safety Management Department. We aim to establish a world-class safety first culture by systematically integrating each affiliate's safety management function. In addition, CJ Logistics is promoting various safety activities to check safety and health information sharing and the management system between line-staff by operating a safety-related council and strengthening safety and health as a logistics company.

#### Health and Safety Strategy



### Health and Safety Organization

Safety Management Committees have been held with the executives of CJ and affiliates to assess safety management actions and decide upon investments to be made in the safety, environment, and information infrastructure. In addition, the Company-wide Safety Management Working Group inspects and makes decisions on company-wide safety management activities at the RM (Risk Management) meeting, which all executives attend every month. The Company-wide Safety Management Working Group reflects the opinions of each division on important issues about safety and health, such as the establishment of an industrial accident prevention plan, selection of safety and health education items, and monitoring/improvement of the work environment.





### Establishment of a Safety Management System

CJ Logistics has established an aligned safety management system that our employees and partners should follow, based on CJ's Safety Regulations. Moreover, we have implemented guidelines for SDR (Safety Design Review) and risk assessments to prevent safety issues related to our business operations. In addition, we operate a safety management system that meets legal requirements by developing business guidelines for managing various risk factors, and establishing a management system.

### Health and Safety Certification

We have established a safety and health management system in all business areas including transportation, stevedoring, storing, forwarding and parcel, as well as in all branches and business sites. In 2011, we were the first in the industry within Korea to acquire OHSAS18001, the safety and health management system certification. We have laid the foundation for global standardization in the area of safety management, and are maintaining our certification through efforts to implement more secure logistics services.

### Strengthening Logistics Safety

In order to prevent the safety accidents that may arise as a logistics company, we are introducing various types of safety enhancement activities for safe business operations. We utilize a smart integration logistics system that integrates information technology into safety management, and our management visits the workplaces to inspire safety awareness. To prevent risk factors, we have established an internal auditing system to reduce and manage risks. We also are practicing safety management for our logistics vehicles and business sites through a systematic management process to prevent accidents.

### Safe Operation Management Through a Smart Integrated Logistics System

We are promoting the safe driving of our vehicles by installing mobile app and digital operation recorders in our vehicles, while introducing a smart integrated logistics system that exchanges data with the Integrated Logistics Control Center in real time. The Center identifies the current status of the logistics vehicle and analyzes the digital driving record information in real time, monitoring 10 safety indicators such as sudden starts, sudden braking, and sudden acceleration presented by TS to reduce various safety accidents. Drivers can also use the mobile APP to identify vehicle dispatching instructions, cargo information, loading and unloading area maps, announcements, nearby traffic accident information, and safe driving indicator information to ensure a safer and more efficient service.

### Strengthen the Safety Management Capacity

Safety managers of each division regularly perform safety inspections to improve the safety management system. To prevent the risk of industrial accidents by employees and partners, we have been working with the Korea Occupational Safety and Health Agency every year to implement special training on industrial safety in consideration of the characteristics of logistics services. For our parcel terminal, we are building a safety management process by participating in a win-win cooperation program to create a safe working environment for our employees and partners based on the characteristics of the parcel terminal itself, which must accommodate many employees. We are working toward win-win safety management activities that take the safety of our employees and partners into account.

### Preventing Traffic Accidents through Technical Support

The company installed rear view surveillance cameras to prevent accidents from occurring while our delivery vehicles are reversing. Advanced Driver Assistance Systems (ADAS), a technical support device, is also installed in our delivery vehicles to prevent accidents caused by driver carelessness, such as driving while drowsy and neglecting to look ahead.

### Advanced Inspection of Logistics Facilities

To eliminate risk factors at all of our sites and facilities in Korea, we regularly carry out safety inspections of facilities, either independently or through a commissioned external organization, in order to identify the remedial measures required. We also carry out pre-safety inspections during times of high risk due to weather such as heavy rain, heavy snow, cold waves, and typhoons. Moreover, we conduct a SDR (Safety Design Review) to check and ensure the safety of our facilities from the planning stage upon investing in new/additional buildings and the installation of logistic equipment.

### Developing a Transportation Management System for Hazardous Chemicals

CJ Logistics has established a hazardous chemical transport management system based on supply chain management, beginning with the signing of a Safety Partnership (MOU) with partners in December 2016. The ultimate aim is to develop a solution for the safe transportation management system by promoting cooperation among CJ Logistics, partners, and external professional organizations. We will develop a transportation management checklist, a transportation management guide, an emergency response system manual, and a safety app to support safety transportation management based on mutual cooperation.

Establishment of Partnerships	Establishment of a Partner Management System	Support for the Safe Transportation Management of Partners	Performance Spreading Activities
<b>Establishment of Partnerships between CJ Logistics and partners</b> <ul style="list-style-type: none"> <li>Partnership agreement between CJ Logistics and partners</li> <li>Establishing a support strategy through CJ Logistics' internal partnership program</li> </ul>	<b>Reflect an advanced partner management system</b> <ul style="list-style-type: none"> <li>Develop checklists and procedures for partner management</li> <li>Develop and disseminate a hazardous/toxic substance management manual</li> <li>Reflect partner evaluations and the management system</li> </ul>	<b>Strengthen partners' capacity</b> <ul style="list-style-type: none"> <li>Develop training programs for partners and transporting associations</li> <li>Provide support for the construction of harmful chemical transport infrastructure</li> <li>Provide a public relations plan for accident response, safety management, etc. (video, booklet, vehicle supplies, etc.)</li> </ul>	<b>Prepare a way to spread non-participating partners</b> <ul style="list-style-type: none"> <li>Finding and spreading best practices</li> <li>Supplying partners with training materials and supporting programs</li> </ul>

### Group Training Achievements for Drivers Involved in Accidents

Category	Unit	2014	2015	2016
<b>Number of training sessions</b>	Times	11	10	11
<b>Number of trainees</b>	Person	233	164	246



Health and safety training

### Creating a Safety and Health Culture

CJ Logistics is participating in efforts to build a 'safety-first' culture for the group, and is promoting activities to build its own safety and health culture that reflects corporate characteristics. In particular, we are working to internalize safety and health management for our employees and partners through the early acquisition and maintenance of safety and health management system certifications, and various safety and health education programs.

### Health and Safety Training and Drills

We run various safety and health training and drills to reduce the occurrence of safety accidents and to enable life and property to be protected through swift action in the event of an accident. In particular, safety education is provided to enhance the safety awareness among employees who are at risk of various safety accidents. Through the accident case studies, we provide information on how to deal with accidents involving logistics equipment and facilities. We also provide training on emergency response methods such as theoretical education and training on emergency situations to prevent the occurrence and spread of safety accidents and damage.

### Safety and Health Awareness

CJ Logistics has a 'CJ Safety Day' when CEOs and executives conduct site visits. This encourages the identification of potential risk factors, decision-making and taking action to eliminate risks. We also apply a 'Good driving mileage' system, under which a driver is given 10 points for honoring a pledge to abide by traffic laws for one year. We are spreading awareness of safety and health through various safety and health campaigns.

### Future Plan

CJ Logistics plans to enhance our safety and health management system and implement a variety of safety programs with partners to build a win-win cooperation system based on the operation of a strong safety management system and the development of a safety culture. We will enhance our competitiveness by providing high-quality services to our customers, while increasing the safety of our employees and partners by providing logistics services based on safety.

## SUPPLY CHAIN MANAGEMENT

### Rationale

CJ Logistics is creating economic value through our business and striving to create value for society and the environment. We especially intend to strengthen our win-win cooperation with partners so that CJ Logistics and all its partners can grow together. In addition, we will help our partners to build a sustainable growth base and ensure a healthy corporate culture. In addition, we will support SMEs and Start-ups to activate industrial ecosystem. CJ Logistics will make efforts to spread a healthy corporate culture that supports building a sustainable growth base for stakeholders.

### CJ Logistics' Response

#### Major Activities



- Fair supply chain selection and management
- Support Activities for Partners
- Finding and fostering SMEs/start-ups

#### Future Plan and Goal



- Establish a sustainability assessment and management system for partners
- Strengthen the win-win growth of partners and SMEs



### Management Direction

CJ Logistics is expanding its communication channels based on mutual trust to strengthen the competitiveness and win-win management of partners on the foundation of CJ's win-win philosophy. We want to create a win-win growth ecosystem in the logistics industry and manage supply chain management risks by improving our partners' management processes and promoting support and win-win partnerships for our partners and Service Masters.

#### Supply Chain Management System

- Reasonable win-win growth through mutual competition among proven partners
- Establishing mutual trust and cooperation through fair partner selection



### Sustainable Supply Chain Management

CJ Logistics has established internal regulations related to its supply chain, such as the management of partners, and is promoting a variety of support activities to support a fair and transparent trading culture while strengthening the capabilities of its partners. We will set and disclose our goals for sustainable supply chain management, and work to support fair purchasing ethics.

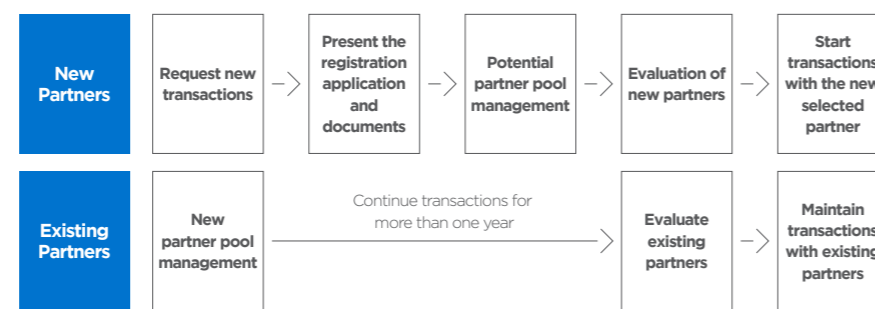
#### Fair Partner Selection

CJ Logistics established the 'Fair Trade Win-Win Operating Regulations' to encourage employees to recognize the importance of fair trade relationships and win-win cooperation with partners. We also comply with the 'Monopoly regulations and fair trade law,' 'Fair Transactions in Subcontracting Act' and 'Three Guidelines on Fair Trade Win-Win Agreement' to carry out a policy of transparent supply chain operation.

## Evaluating Partners' Sustainability

We evaluate the management/financial factors (technology, quality, price) and sustainability factors (safety, compliance) of our partners. We offer them incentives, such as the opportunity to be a favored partner in the following year, and provide special programs to any partners who are selected as excellent partners in the comprehensive evaluation that we carry out each year. In order to maintain a win-win growth relationship with purchasing partners, we hold meetings at least once a year to share corporate policy directions and to receive the partners' opinions.

### Partner Registration and Evaluation Process Map



## Expanding Support for Win-Win Growth

CJ Logistics recognizes that it is bound together with its partners in a common destiny, and for this reason offers various win-win growth programs such as human resource development, financial and welfare support to help its partners grow with global competitiveness. We are also implementing a win-win philosophy through SME support.

### Communication and Support for Partners

We receive complaints from partners through our website. Reports received are processed immediately, and the result is shared with the reporting partner. In addition, we help our partners strengthen their capacity through various programs.

### Financial Support for SME Partners

CJ Logistics has established a 36 billion KRW win-win fund to support the financial stability of our outstanding partners, in cooperation with KDB Bank since 2012 and with Woori Bank since 2014. In 2016, 20 partners have been provided with loans at reduced interest rates through the win-win fund. We hope that the fund will help not only to eliminate the financial difficulties of SME partners but also will strengthen their competitiveness.

### Support for Outsourced Service Masters

CJ Logistics has established various benefits and welfare systems for outsourced Service Masters, helping them to reduce their economic burden and to enjoy healthy lives. Typical welfare programs for outsourced Service Masters include support for children's school expenses, congratulations and condolences, health check-ups, and capacity building training courses. A particularly effective program has been the 'Medical Checkup Bus,' which travels nationwide to provide comprehensive medical testing for our busy outsourced Service Masters. CJ Logistics will continue to operate a welfare system for outsourced Service Masters to improve their quality of life and to enhance the competitiveness of both the company and its partners, while taking the lead in creating a win-win culture for the parcel industry.



Signing Ceremony for the Gyeonggi Province Public Logistics Development Business Agreement



Signing Ceremony for the Business Agreement for Improving Logistics Environment of SMEs to China



Signing Ceremony for Finding and Fostering Promising SMEs/Start-ups

## Strengthen Win-Win Growth with SMEs

### Public Logistics Center for SMEs

CJ Logistics signed a "Gyeonggi Province Public Logistics Development Business Agreement" with Gyeonggi Province in April 2016. Through this agreement, Gyeonggi Province is leasing a 15,000-square-meter logistics center within the Gunpo logistics complex of CJ Logistics, thereby helping SMEs that do not have their own logistics facilities by allowing them to use the logistics center and service at low prices. This is the first example in Korea of local governments cooperating with companies through the 'sharing economy.' CJ Logistics will contribute to creating a win-win ecosystem through active support.

### Increasing Support for Exports by SMEs

In order to enhance the export competitiveness of SMEs in China's market, we signed a 'Business agreement on improving the logistics environment for Korean SMEs in China' with the Small and Medium Business Administration. As a result, we provide total logistics services to SMEs linking Korea and China, and are working to reduce their logistics cost through research of delivery demand and small quantity freight logistics. We also are cooperating in providing logistics centers located in major ports in China (Shanghai, Tianjin, etc.) to SMEs.

### Discovering and Fostering Promising Logistics Start-ups

CJ Logistics is actively supporting logistics start-ups through its Total Logistics Research Institute, contributing to the activation of the industrial ecosystem as a leading logistics company. In March 2016, we signed a business agreement to find and foster promising start-ups with the Startup Forum, and hosted the '2016 Promising Startup Competition for the Global Market.' We provide a variety of support programs for the selected start-ups, including patent registration, accounting services, incubation, and global market entry. CJ Logistics will continue to cooperate with those start-ups to enhance the diversity of the logistics industry, and make further efforts to create an environment in which start-ups can grow independently.

### App in App - 'Byeolmi Yeohaeng (Gourmet travel)'

CJ Logistics provides its 'Byeolmi Yeohaeng (Gourmet travel)' service so that consumers can easily purchase local specialty products. 'Byeolmi Yeohaeng' is an app that allows local small businesses to sell local specialty products in Korea. You can buy products without having to sign up. In addition, CJ Logistics has recommended local specialty products through its more than 16,000 Service Master employees, supporting win-win growth with local businesses.

## Future Plan

CJ Logistics is seeking ways to grow together with its partners by supporting their business capabilities. In addition, we plan to set up standards to support the sustainable growth of partners, establish a management system to prevent supply chain risks, and build a foundation for win-win growth with our partners.

## LOCAL COMMUNITY

### Rationale

CJ Logistics is actively working to develop solutions to global issues that will enable sustainable development for all people, and is expanding business with the goal of CSV. In order to develop the local community, we are carrying out various social contribution activities in which employees participate based on our business characteristics. CJ Logistics will continue to work to fulfill its social responsibilities as a member of society, and to work with local communities.

### CJ Logistics' Response

#### Major Activities



- Senior Parcel Delivery
- Contribution to an eco-friendly society
- Participation in community activities
- Sports Sponsorship

#### Future Plan and Goal



- Diversification of social contribution activities linked to business characteristics
- Encouraging employees to participate in volunteer activities



### Management Direction

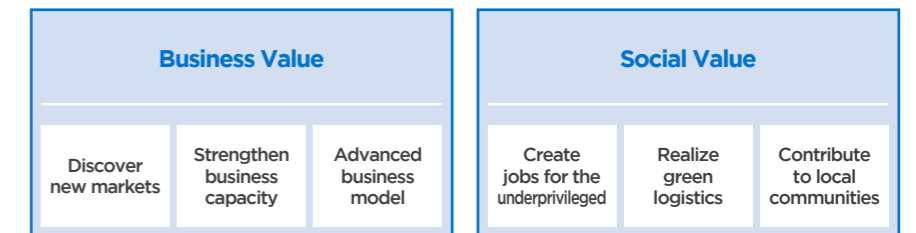
CJ Logistics has established three core values (job creation, eco-friendliness, community contribution) to address social issues such as aging, environmental pollution, and income inequality based on CJ's CSV management philosophy. We are pursuing corporate social responsibility by developing our CSV business utilizing our logistics capability, and are taking the lead in social contribution activities for local communities.

### CSV System

In 2013, CJ Logistics established the 'CSV Management Team' to discover CSV business models based on its core competencies and expertise in logistics, and to create social and business value. We will use our core business capabilities to contribute to solving social problems, and will continue to expand our social contribution activities to help develop local communities.

### Strategy Direction

Create social / business value through differentiated CSV business model based on logistics core competencies and expertise



### Core Value



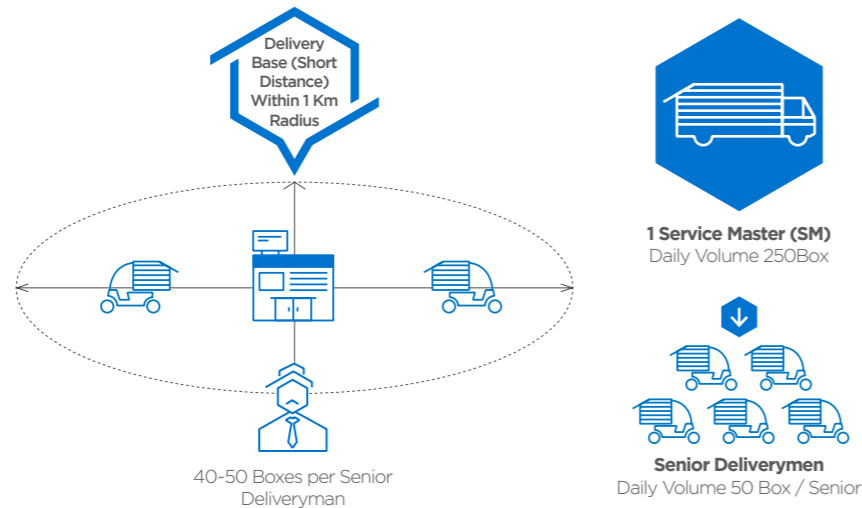
## Representative CSV Projects: Senior Parcel Delivery

### Background

CJ Logistics launched its 'Senior Parcel Delivery' program to provide jobs for seniors in order to solve the problem of poverty among seniors, which is getting worse due to the nation's low birth rate and the aging population. Senior Parcel Delivery is a CSV business model to provide quality jobs for seniors and support their economic independence.

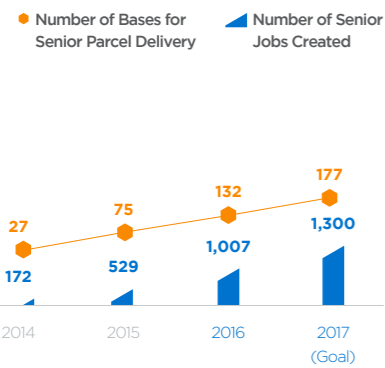
### Senior Parcel Delivery Model

Seniors independently collect and deliver packages from delivery bases in apartment complexes and nearby residential areas. The cargo volume of one typical employee is shared by 4-5 senior employees. We are spreading the social value of job creation for seniors and improving efficiency through our Senior Parcel Delivery Model. 100% electric carts are used for the Senior Parcel Delivery to provide eco-friendly delivery and reduce the physical burden on seniors. We have developed eco-friendly delivery equipment in cooperation with SMEs, to contribute to the advancement of the logistics industry.



### Key Performances and Future Plan

As of December 2016, a total of 1,007 seniors were employed at 132 bases in Korea through the Senior Parcel Delivery model, contributing to the expansion of senior jobs. In 2016, we were presented with an award by the Minister of Science, ICT and Future Planning at the 11th 'Korea Social Contribution Awards,' and were recognized for our contribution to national development. We have also been recognized for our achievements including the Senior Parcel Delivery program in the case book of UN Global Compact SDGs and overseas media. CJ Logistics will contribute to maximizing social value by expanding business areas and beneficiaries, and will work to create a win-win ecosystem that can help all stakeholders.



Create a healthy logistics ecosystem in which all stakeholders can grow together







Senior Parcel Delivery



## Broadening of Eco-Friendly Social Contribution

CJ Logistics is engaged in eco-friendly social contribution activities to reduce GHG and to recycle resources. To this end, we have established partnerships with various stakeholders, including NGOs and public corporations. We have implemented the 'Energy/Urban Forest' to protect the local environment and increase biodiversity. In addition, we are making efforts to raise environmental awareness and fulfill our environmental responsibilities as a corporate citizen through forest experiences and resource recycling projects.

### Eco-Friendly Social Contribution Activities

Category	Contents	Activities
 <b>Energy Forest</b>	GHG offset Project through Energy Forests on abandoned highway roads	<ul style="list-style-type: none"> <li>- Forests No. 1-7 (Total: 60,000m<sup>2</sup>, Trees: 35,000)</li> <li>- GHG offset registration (four places)</li> </ul>
 <b>Urban Forest</b>	Promoting biodiversity through urban beekeeping in a rooftop ecological garden at our logistics terminal	<ul style="list-style-type: none"> <li>- Began urban beekeeping at the rooftop ecological garden at the Gunpo Logistics Terminal</li> <li>- No. 1 Urban Forest at the Myeong-dong YWCA in October 2015</li> <li>- No. 2 Urban Forest at Han River Gwangnaru in April 2016</li> </ul>
 <b>Ecological Experience Training for Neglected Children</b>	Ecological Experience Training for neglected children donated by the Community Chest of Korea	<ul style="list-style-type: none"> <li>- More than 1,000 students each year in the Seoul/Gyeonggi Children's Center</li> <li>- Selected as the 'Wha shoop (forest)' Program organization</li> </ul>
 <b>Recycling Project</b>	Promoting resource recycling through the sales and transportation of donated items by our employees with the 'Beautiful Store'	<ul style="list-style-type: none"> <li>- Signed the 'Sharing and Circulation agreement' with the 'Beautiful Store' in December 2014</li> <li>- Donate all the donated items from employees and workplaces to the 'Beautiful Store'</li> </ul>



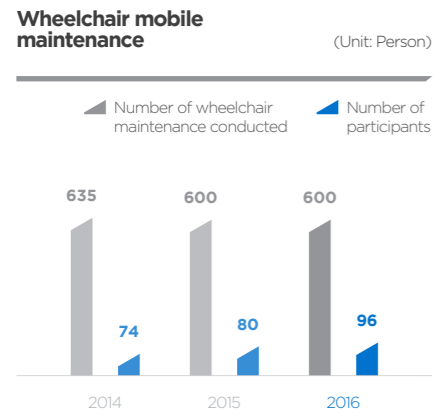
Ecological Experience Education



Urban Forest Tree-Planting Event

### Expanding Participation in Community Activities

CJ Logistics is engaging in a number of social contribution activities to contribute to the development of local communities. We operate the 'Sharing Hope' volunteer group, a company-wide social service organization. A total of 1,505 employees (6,215 hours) participated in the volunteer activities in 2016. Beginning in 2017, we plan to diversify our social contribution activities and expand the scope of our volunteer groups to strengthen our social contribution activities with local communities.



#### 'Run the wheel' Wheelchair Mobile Maintenance

Since 2012, CJ Logistics has regularly visited special schools and welfare centers along with the Independent Living Solidarity for Severely Disabled Persons to provide free maintenance and cleaning of wheelchairs. Wheelchair mobile maintenance is a special social contribution program that is linked to the core competencies of CJ Logistics. We help people with severe disabilities to move safely through continuous maintenance activities. CJ Logistics has donated a wheelchair maintenance vehicle equipped with a steam cleaner for sterilization cleaning, a small generator, a compressor and a welding machine. We will continue to work with NGOs to identify and support various programs that can improve the lives of disabled persons.

#### 'Generation Empathy' Smartphone Education

Since March 2016, CJ Logistics has been conducting monthly "smartphone education sessions for seniors" to teach senior citizens to use smartphones. To this end, our employees teach senior citizens about various ways to use smartphones (taking photos, using messenger apps, etc.) through activities that enable our employees and senior citizens to understand one another better.

#### Blood Drives to Share Hope

CJ Logistics has conducted large-scale blood drive campaigns every year under the slogan of "Get Healthy by Blood Donation" in cooperation with the Korean Red Cross Society. We have conducted the campaign in consultation with local blood donation centers, taking into account the characteristics of 24-hour logistics sites such as ports and parcel terminals. The blood donation cards collected through this campaign are donated annually to the Korean Leukemia Child Foundation, a private pediatric cancer group, for the treatment of children suffering from pediatric and reproductive anemia.

#### Donations by the CJ Donors Camp

CJ Logistics' employees are actively participating in sharing based on CJ's three social contribution principles (sustainability, business linkage, and employee participation). All employees participate in the 'CJ Donors Camp,' an online donation platform that supports educational projects for children and youth.



Wheelchair Mobile Maintenance



Blood Drives to Share hope

#### Sharing Gimjang with Love

CJ Logistics has held the 'Sharing Gimjang with Love' event every year as a way of sharing with our neighbors. More than 100 people including employees and local women's associations attended the event in 2016, making 1,000 heads of kimchi and donating them to 250 seniors in Jung-gu area, adding to the meaning of sharing love. In addition, more than 200 employees have participated as volunteers every year in the 'Sharing Gimjang with Love' event as a social contribution effort. We continue to promote meaningful social contribution activities for our neighbors.

#### Lunch Box Donation

All employees in our branches participate in a volunteer program that delivers lunch and rice for senior citizens who live alone, as well as welfare facilities such as seniors' welfare centers and social welfare centers. We cooperate with seniors' welfare centers in local communities to support the delivery of lunchboxes (for summer and winter). We also participate in the delivery and collection of lunch boxes twice a week for senior citizens who live alone.

#### Sports Sponsorship

CJ Logistics has contributed to the expansion of sports culture by sponsoring golf and motorsports since 2016. CJ Logistics has searched and trained sports prospects and supported local sports events to expand and activate sports and community culture.

#### Golf Sponsorship

CJ Logistics supports the discovery of rising golf stars, and is sponsoring a total of six athletes including Si-Woo Kim, the youngest PGA Tour winner.

#### Motor Sports

We are participating as a title sponsor in 'Superrace Championship', the largest motor sport competition in Korea, and run our own racing team, 'CJ Logistics Racing.' In addition, we support admission for children from local children's centers located near the venue where the competition is held, and participate in community contribution activities by running a variety of experience programs with employee volunteers.

#### Future Plan

In 2017, CJ Logistics will continue our social contribution activities linked to various sectors of our logistics business. We will expand the opportunities for employees to participate in social contribution activities, fulfill our corporate social responsibilities, and contribute to the welfare of local communities. We also will contribute to business development by diversifying our business and expanding our logistics network through social contribution activities that take advantage of our business characteristics. In addition, we will improve the current social contribution activities and maximize social value by expanding beneficiary regions and hierarchies to create a logistics ecosystem that benefits all stakeholders.




Golf Sponsorship



Motor Sports

# APPENDIX



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## FINANCIAL INFORMATION

## Consolidated Statements of Financial Position

(As of the end of the fiscal year, unit: KRW million)

Subject	2014	2015	2016
[Current assets]	1,264,507	1,239,298	<b>1,511,133</b>
Quick assets	1,254,842	1,229,393	<b>1,495,885</b>
Inventories	9,665	9,905	<b>15,248</b>
[Non-current assets]	3,278,349	3,261,191	<b>4,010,060</b>
Investment assets	186,356	243,433	<b>294,521</b>
Tangible assets	1,793,169	1,772,594	<b>2,036,543</b>
Investment properties	160,027	139,383	<b>152,831</b>
Intangible assets	936,967	917,708	<b>1,368,106</b>
Other non-current assets	201,830	188,073	<b>158,059</b>
Total assets	4,542,856	4,500,489	<b>5,521,193</b>
[Current liabilities]	869,980	1,285,580	<b>1,362,369</b>
[Non-current liabilities]	1,392,216	843,204	<b>1,419,559</b>
Total liabilities	2,262,196	2,128,784	<b>2,781,928</b>
[Equity attributable to owners of the parent entity]	2,238,815	2,323,261	<b>2,346,093</b>
Current capital	114,062	114,062	<b>114,062</b>
Capital surplus	2,238,116	2,248,615	<b>2,248,654</b>
Retained earnings	(531,051)	485,479	<b>541,606</b>
Other capital	439,319	(511,198)	<b>(511,196)</b>
Other accumulated earnings	(21,631)	(13,697)	<b>(47,033)</b>
[Non-controlling interests]	41,845	48,444	<b>393,172</b>
Total equity	2,280,660	2,371,705	<b>2,739,265</b>
Number of companies included in the consolidation	47	48	<b>75</b>

## Consolidated Statements of Comprehensive Income

(As of the end of the fiscal year, unit: KRW million)

Subject	2014	2015	2016
Revenue(Sales)	4,560,087	5,055,766	<b>6,081,946</b>
Operating income	167,079	186,634	<b>228,444</b>
Continued business income	72,406	63,217	<b>68,210</b>
Discontinued business income	(12,954)	(14,233)	-
Net income	59,452	48,984	<b>68,210</b>
Attribution of net income			
Equity holders of parent company	57,255	45,943	<b>55,791</b>
Non-controlling interests	2,197	3,041	<b>12,419</b>
Total comprehensive income	32,374	60,692	<b>30,984</b>
Continued business earnings per share	KRW 3,779	KRW 3,104	<b>KRW 3,166</b>
Discontinued business earnings per share	KRW (493)	KRW (468)	-
Basic earnings per share	KRW 3,286	KRW 2,636	<b>KRW 3,166</b>

## PERFORMANCE DATA

## Economic Performance

(As of the end of the fiscal year)

Category	Subject	Unit	2014	2015	2016	Note
Sales by Division	CL	KRW million	2,025,713	2,141,279	<b>2,432,617</b>	Stevedoring, transport, storage, construction, maintenance, etc.
	Parcel	KRW million	1,285,767	1,496,365	<b>1,752,050</b>	Stevedoring, transport, storage
	Global	KRW million	1,248,607	1,418,122	<b>1,897,279</b>	Gathering, delivery
	Total Sales	KRW million	4,560,087	5,055,766	<b>6,081,946</b>	
Distribution of economic value per stakeholder	Partners	KRW million	13,000	13,000	<b>13,000</b>	Win-Win fund
	Shareholders and investors	KRW million	65,708	53,170	<b>50,726</b>	Dividends, interest on borrowings
	Local Community	KRW million	23,061	32,175	<b>36,220</b>	Donation
	Employee	KRW million	502,215	505,996	<b>564,495</b>	Wages, retirement benefits, other employee benefits
	Government	KRW million	14,126	17,096	<b>22,809</b>	Income tax expense

## Environmental Performance

(As of the end of the fiscal year)

Category	Subject	Unit	2014	2015	2016	Note
Greenhouse gas	Total Emissions	tCO <sub>2</sub> eq	203,040	200,862	<b>195,574</b>	
	KRW unit	tCO <sub>2</sub> eq/ KRW 100 million	5.11	4.65	<b>4.02</b>	Domestic sales
	Scope 1	tCO <sub>2</sub> eq	140,672	145,250	<b>134,957</b>	
	Scope 2	tCO <sub>2</sub> eq	62,368	55,612	<b>60,633</b>	
Energy	Total energy usage	TJ	3,269	3,231	<b>3,147</b>	
	Electricity	TJ	1,284	1,145	<b>1,249</b>	
	Fuel	TJ	1,985	2,086	<b>1,916</b>	Fuel consumption differs from actual usage according to the GHG and energy verification method
	KRW unit	TJ/KRW 100 million	0.08	0.07	<b>0.06</b>	Domestic sales
Water	Total water usage	Ton	13,381	12,929	<b>12,798</b>	Head office
Wastewater and waste	Wastewater generation	Ton	13,381	12,929	<b>12,798</b>	Head office
	Total waste generation	1000L	174	173	<b>177</b>	Head office
Environmental investment	Total environmental protection expenditure/investment	KRW million	205	484	<b>913</b>	

## Social Performance

(As of the end of the fiscal year)

Category	Subject	Unit	2014	2015	2016	Note
Employees	Total	Person	5,301	5,393	<b>5,412</b>	
Employees by type	Management officers	Person	32	39	<b>46</b>	
	Regular	Person	4,911	5,007	<b>5,050</b>	
	Short-term & Temporary	Person	358	347	<b>316</b>	
Employees by gender	Male	Person	4,644	4,726	<b>4,703</b>	
	Female	Person	657	667	<b>709</b>	
New employees	Regular	Person	324	337	<b>388</b>	
	Short-term & Temporary (excluding dispatched employees)	Person	190	154	<b>77</b>	



## PERFORMANCE DATA

### Society

(As of the end of the fiscal year)

Category	Subject	Unit	2014	2015	2016	Note
Employees from Socially Disadvantaged Groups	Employment of persons with Disabilities	Persons	67	73	74	Including Permanent and Contract Employees
		%	1.3	1.4	1.4	
	Employment status of Women	Persons	657	667	709	
		%	12.4	12.4	13.1	
	Employment status of National Veterans	Persons	73	75	72	
		%	1.4	1.4	1.3	
Female managers	Number of female managers	Persons	69	79	96	
	Total number of managers	Persons	1,201	1,216	1,256	
	Percentage of female managers	%	5.7	6.5	7.6	
Employee Turnover ratio	Total Employee Turnover	Persons	348	326	288	
	Total Employee Turnover ratio	%	6.6	6.0	5.3	
Performance evaluation	Number of employees subject to performance evaluations	Persons	4,818	4,926	4,945	Employees who have been working for less than three months in the year, such as employees who have been working since October or who have been laid off, are not eligible for evaluation.
	Permanent Employees (Office workers)	Persons	2,935	2,932	3,059	
	Permanent Employees (Site workers)	Persons	1,632	1,676	1,620	
	Permanent and Contract Employees	Persons	251	318	266	
	Number of employees subject to performance evaluation	Persons	4,818	4,926	4,945	
	Performance evaluation ratio	%	100	100	100	
Maternity leave and parental leave	Employees who took maternity leave	Persons	45	36	32	
	Employees who returned from maternity leave	Persons	31	30	32	
	Return ratio (Employees who returned from maternity leave)	%	68.9	83.3	100	
	Employees who took parental leave	Persons	50	56	40	
	Employees who returned from parental leave	Persons	31	40	35	
	Return ratio (Employees who returned from parental leave)	%	62.0	71.4	87.5	
	Employees who worked for more than 12 months after returning from parental leave	Persons	24	17	26	
Retention ratio (employees who worked for more than 12 months after returning from parental leave, or who have returned to work from previous years)	%	72.7	54.8	65.0		
Industrial accidents	Industrial accident rate (Korea)	%	0.40	0.25	0.33	
	Regular workers	Persons	8,752	9,249	9,742	Industrial Accident Compensation Insurance Act Standard
	Number of accident victims	Persons	35	23	32	
Number of accident victims	Rate of occupational diseases and injury	Persons	-	-	-	
	Number of occupational diseases	Persons	1	2	-	
	Work-related fatalities	Cases	11	14	5	
Work-related fatalities-Partner	Education Status of Employees	KRW million	2,400	2,820	3,970	
	Total education cost		232,739	249,203	271,951	
	Education cost per person	KRW 1,000/Person	489	563	786	Based on Permanent Employees
	Training time per person	Time/Person	47.4	49.8	53.9	
Sexual harassment prevention education (office worker)	Number of employees participating in education	Persons	5,220	5,274	5,386	
	Training time	Time	15,660	5,274	5,386	
	Sexual harassment education training time per person	Time/Person	3.0	1.0	1.0	Based on number of employees participating in education
Social contribution of employees	Total participation time	Time	16,770	11,670	6,215	Excluding duplicate estimates
	Total participation time	Persons	1,374	1,850	1,505	Excluding duplicate estimates
Social Contribution Donation	Total donation amount	KRW million	23,061	32,175	36,220	

## AWARDS AND AFFILIATIONS

### Awards Record




#### AEO Record

2017.04	2017.04	2017.01	2015.10	2014.05
Authorized Economic Operator (AEO) Certificate - Warehouse Operator	Authorized Economic Operator (AEO) Certificate - Transporter	Authorized Economic Operator (AEO) Certificate - Customs Broker	Authorized Economic Operator (AEO) Certificate - Ground Handler	Authorized Economic Operator (AEO) Certificate - Freight Forwarder
				

#### Main Record

2017.05	2017.05	2016.11	2016.09	2014.12
Maintained ISO14001 Environmental Management System Certification	Maintained OHSAS18001 Safety and Health Management System Certification	ISO9001 Quality Management System Certification	Certified Excellent Logistics Company	Certified Green-Logistics Company
				

#### Awards Record

2017.02	2016.10	2016.08	2016.02
IF Design Awards, Corporate Identity/Branding	1 <sup>st</sup> Place in Parcel sector of KCSI for 8 <sup>th</sup> consecutive year (awarded by KMAC)	1 <sup>st</sup> Place in Parcel service (awarded by NBCI)	1 <sup>st</sup> Place in total logistics service sector of Korea's Most Admired Companies (awarded by KMAC)
			

#### Major Association Memberships

Korea Integrated Logistics Association	AEO Promotion Association	Korea Industrial Safety Association	Korea Chamber of Commerce and Industry
Harbor Logistics Association	Korea Construction Association	Korea Fire Safety Association	Korea Employers' Federation
Korea International Trade Association	Korea IoT Society	Green Logistics Society	UN Global Compact

## UN Global Compact

In July 2016, CJ Logistics joined the United Nations Global Compact (UNGC), a voluntary corporate initiative that encourages corporate social responsibility. CJ Logistics is committed to the ten principles of UNGC including human rights, support for labor, preserving the environment, and anti-corruption. We will continue to promote the corporate sustainability management by participating in a global standard initiative on corporate social responsibility.



### The Ten Principles of the UN Global Compact, and Related Activities

Category	Principle	Activities	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> <li>CJ Logistics supports and declares international human rights declarations such as the UNGC Principles for Enhancing Women's Capacity (WEPs).</li> <li>We provide sexual harassment prevention education for all employees (office and technical workers)</li> </ul>	57, 82-83
	2. ensure that they are not complicit in human rights abuses.		
Labor	3. Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> <li>Operation of Labor-Management Council</li> </ul>	60
	4. Businesses should eliminate all forms of forced and compulsory labor.	<ul style="list-style-type: none"> <li>Comply with child labor and forced labor regulations of International Labor Organization (ILO)</li> <li>Comply with Korean labor standards</li> </ul>	57
	5. Businesses should effectively abolish child labor.		
Environment	6. Businesses should eliminate discrimination with respect to employment and occupation.	<ul style="list-style-type: none"> <li>Performance Evaluation and Compensation based on job performance</li> <li>Protect victims of sexual harassment by operating a confidential internal reporting system</li> </ul>	57, 59
	7. Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> <li>Acquired and maintained company-wide environmental management system certification (ISO14001)</li> <li>Implemented greenhouse gas and energy target management system through the greenhouse gas management system</li> </ul>	48-49
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> <li>Implemented GHG offset activities such as the 'Agreement for Energy forest project on abandoned highway roads'</li> <li>Made efforts to reduce energy consumption such as Eco-driving education and energy saving facilities</li> </ul>	48-49
Anti-corruption	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>Realized Eco-friendly Logistics through Modal Shift</li> <li>Implemented an electric car parcel delivery service trial on Jeju Island</li> </ul>	49
	10. Businesses should work against corruption in all of its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>CP 7 element rules</li> <li>Appointment and operation of the Compliance Manager</li> <li>Establishment of an internal monitoring system such as the direct audit organization and the whistle system</li> </ul>	28, 30-31

## CJ Logistics' Declaration of Human Rights



**CJ Logistics aims not only to achieve economic performance through creative management activities based on our founding philosophy of 'Business Patriotism' in which we contribute to the nation and society through our business, but also to practice social responsibility as a corporate citizen.**

CJ Logistics has joined the United Nations Global Compact (UNGC) and is committed to its ten principles including human rights, labor, environment, and anti-corruption. We also signed WEPEs (Women's Empowerment Principle) to declare compliance with global human rights standards.

As we support the Universal Declaration of Human Rights, we prohibit child labor and forced labor and strive to prevent any kind of discrimination and unreasonable treatment due to nationality, race, gender, or school attended. In addition, we provide education and training for employees to ensure a safe and pleasant working environment and prevent safety accidents, and support our affiliates and business partners in their efforts to achieve human rights management.

CJ Logistics has a variety of communication channels that aim to prevent potential human rights violations during our business activities. We are dedicated to listening to customer opinions through CJ Whistle, Tong-Tong-Tong, proactive HR services, Round Table, telephone consultations and online VOC for customers.

CJ Logistics will always be a companion that contributes to a prosperous future for humanity, by respecting life and acting as a global corporate citizen that contributes to society and fulfills its responsibilities.

July 2017  
CEO of CJ Logistics  
**Keun-Tae Park**

## GRI G4 Index

### GENERAL STANDARD DISCLOSURE

Classification	Index	Index Description	Page	Note
Strategy and Analysis	G4-1	Statement from the most senior decision-maker	4-5	
	G4-2	Provides a description of Key impacts, risks, and opportunities	32-33	
Organizational Profile	G4-3	Report the name of the organization	10	
	G4-4	The primary brands, products, and services	10-11, 14-25	
		The location of the organization's headquarters	10	
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	12-13	
	G4-7	The nature of ownership and legal form	10	
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	12-13	
	G4-9	Scale of the organization	10-11, 78	
	G4-10	Total workforce	79	
	G4-11	The percentage of total employees covered by collective bargaining agreements	84	Disclosed through wage determination survey submitted to the Ministry of Employment and Labor
	G4-12	The organization's supply chain	66-69	
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	84	No change
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	32-33		
G4-15	List Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	38-39, 82-83		
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	81		
Identified Material Aspects and Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	78	
	G4-18	The process for defining the report content and the Aspect Boundaries	2	
	G4-19	List all the material Aspects identified in the process for defining report content	36-37	
	G4-20	For each material Aspect, report Aspect Boundary within the organization	2	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	2	
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	84	N/A
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	84	N/A	
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	35	
	G4-25	Basis for identification and selection of stakeholders with whom to engage	35	
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	35	
Report Profile	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, including through its reporting	35	
	G4-28	Reporting period (such as fiscal or calendar year) for information provided	2	
Governance	G4-29	Date of most recent previous report (if any)	2	
	G4-30	Reporting cycle (such as annual, biennial)	2	
	G4-31	Provide the contact point for questions regarding the report or its contents	2	
	G4-32	Report the 'in accordance' option the organization has chosen	2	
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	88-89	
	G4-34	Report the governance structure of the organization, including committees of the highest governance body	28-29	
	G4-38	Report the composition of the highest governance body and its committees	28	
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	28-29	
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	28	
	G4-49	Report the process for communicating critical concerns to the highest governance body	29	
Ethics and Integrity	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	29	
	G4-51	Report the remuneration policies for the highest governance body and senior executives	29	
	G4-52	Report the process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management Report any other relationships which the remuneration consultants have with the organization	29	
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	29	
	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	8-9, 30-31, 34	
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	30-31	
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	28, 31	

## GRI G4 Index

### SPECIFIC STANDARD DISCLOSURE

Classification	Index	Index Description	Page	Note
<b>ECONOMIC</b>				
Economic performance	DMA	Disclosures on management approach	42	
	EC1	Direct economic value generated and distributed	78-79	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	33, 48	
Indirect Economic Impacts	DMA	Disclosures on management approach	70	
	EC8	Significant indirect economic impacts, including the extent of impacts	71-75	
<b>ENVIRONMENTAL</b>				
Energy	DMA	Disclosures on management approach	46	
	EN3	Energy consumption within the organization	48, 79	
	EN5	Energy intensity	79	
	EN6	Reduction of energy consumption	48-49	
	EN7	Reductions in energy requirements of products and services	48-49	
Water	DMA	Disclosures on management approach	46	
	EN8	Total water withdrawal by source	79	
Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	73	
	EN12	Description of significant impacts of activities, products, and services on Biodiversity	73	
	EN13	Habitats protected or restored	73	
Emissions	DMA	Disclosures on management approach	46	
	EN15	Direct greenhouse gas(GHG) emissions (scope 1)	48	
	EN16	Energy indirect greenhouse gas(GHG) emissions (scope 2)	48	
	EN18	Greenhouse gas (GHG) emissions intensity	48	
	EN19	Reduction of greenhouse gas(GHG) emissions	48-49	
Effluents and Waste	EN22	Total water discharge by quality and destination	79	
	EN23	Total weight of waste by type and disposal method	79	
Products and Services	DMA	Disclosures on management approach	46	
	EN27	Extent of impact mitigation of environmental impacts of products and services	48-49	
Transport	DMA	Disclosures on management approach	46	
	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	49	
Overall	DMA	Disclosures on management approach	46	
	EN31	Total environmental protection expenditures and investments by type	79	
<b>SOCIAL</b>				
<b>LABOR PRACTICES AND DECENT WORK</b>				
Employment	DMA	Disclosures on management approach	56	
	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	79-80	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	60-61	
Occupational Health and Safety	LA3	Return to work and retention rates after parental leave, by gender	80	
	DMA	Disclosures on management approach	62	
Training and Education	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	80	
	DMA	Disclosures on management approach	56	
Diversity and Equal Opportunity	LA9	Average hours of training per year per employee, by gender, and by employee category	80	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	80	
Equal Remuneration for Women and Men	DMA	Disclosures on management approach	56	
	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	79	
Supplier Assessment for Labor Practices	DMA	Disclosures on management approach	56	
	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	59	
Labor Practices Grievance Mechanism	LA14	Percentage of new suppliers that were screened using labor practice criteria	68	
	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	85	No such case
	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	61	

GRI G4 Index

SPECIFIC STANDARD DISCLOSURE

Classification	Index	Index Description	Page	Note
<b>SOCIAL</b>				
<b>HUMAN RIGHTS</b>				
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	68	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	80	
Non-discrimination	DMA	Disclosures on management approach	56	
	HR3	Total number of incidents of discrimination and corrective actions taken	86	No such case
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	60	
Child Labor	DMA	Disclosures on management approach	56	
	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	57	
Forced or Compulsory Labor	DMA	Disclosures on management approach	56	
	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	57	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	61	
<b>SOCIETY</b>				
Local Communities	DMA	Disclosures on management approach	70	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	71-75	
	SO2	Operations with significant actual and potential negative impacts on local communities	86	No such case
Anti-corruption	DMA	Disclosures on management approach	30	
	SO4	Communication and training on anti-corruption policies and procedures	30-31	
	SO5	Confirmed incidents of corruption and actions taken	86	No such case
Supplier Assessment for Impacts on Society	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	68	
	SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	86	No such case
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	61	
<b>PRODUCT RESPONSIBILITY</b>				
Customer Health and Safety	DMA	Disclosures on management approach	50	
	PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	51-53	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	86	No such case
Product and Service Labeling	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	86	No such case
	PR5	Results of surveys measuring customer satisfaction	53	
Marketing Communications	DMA	Disclosures on management approach	50	
	PR6	Sale of banned or disputes products	86	No such case
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	86	No such case
Customer Privacy	DMA	Disclosures on management approach	50	
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	86	No such case

Verification Statement of Greenhouse Gas Emissions



INDEPENDENT VERIFICATION STATEMENT

CJ Logistics Corporation

**INTRODUCTION** CJ Logistics Co. implements annual MRV based on standards including ISO 14064 to comply with the GHG reduction target of Kyoto protocol. KMR confirms the verification results of 2016 as below.

- SCOPE**
- Organizational boundary : the whole business as a company of credit allocation
  - Verification object workplaces :
    - Seoul head office and 31 workplaces
  - Reporting period : Calendar year of 2016
  - Reporting greenhouse gas : CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>
  - Type of emission : Direct Emissions (Scope 1), Indirect Emissions (Scope 2)
  - The level of assurance : Reasonable assurance (materiality threshold : ±5.0%)

- STANDARDS**
- ISO 14064-1 (2006), ISO 14064-3 (2006), WRI/WBCSD GHG Protocol (2004)
  - Verification guidelines for the ETS operation (Notification No. 2016-015, MOSF)
  - KMR GHG & energy verification manual and procedure, IPCC Guidelines (2006)

**RESULTS**

GHGs Emission	Scope1	Scope2	Total (tCO <sub>2</sub> e)
2016	134,957	60,633	195,574

Energy Consumption	Fuel	Electricity	Steam	Total (TJ)
2016	1,916	1,248	0	3,147

**CONCLUSION** KMR confirms that the calculation of the Greenhouse gas emissions and energy consumption of the organization are proper.

March, 31st, 2017

Korea Management Registrar

Authorized By   
Ki Ho Park, President

## INDEPENDENT ASSURANCE STATEMENT

### Introduction

CJ Logistics Corporation.(hereinafter referred to as “CJ Logistics”) commissioned DNV GL Business Assurance Korea Ltd. (hereinafter referred to as “DNV GL”), part of DNV GL Group, to undertake independent assurance of the ‘CJ Logistics Sustainability Report 2016’ (the “Report”). The assurance engagement is based on assumption that the data and information provided to DNV GL are prepared in good faith.

### Scope of assurance

The assurance engagement of DNV GL is limited to data in 2016. The assurance engagement includes;

- Evaluation of the Report for the adherence to the principles for defining report contents and the principles for defining report quality as set forth in GRI G4
- Evaluation of the process for determining material aspects and management approach to material issues, and process of generating, gathering, and managing qualitative and quantitative data

### Verification Method

We performed our work based on DNV GL’s assurance methodology VeriSustain™<sup>1</sup>, which is based on our professional experience and international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000). We provide a limited level of assurance over non-financial disclosure presented in the Report. The audit was carried out in June and July 2017. The site visits were made to Headquarters in Seoul, Korea. The assurance engagement was conducted in the following method based on sampling.

- 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 computerized system
- reviewed the outcomes of the materiality assessment

### Limitations

The engagement excludes the sustainability management, performance and reporting practices of CJ Logistics’ other subsidiaries, associated companies, suppliers, contractors and any third-parties except CJ Logistics specified in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Financial statements of CJ Logistics, data announced on DART system of the Financial Supervisory Service(<http://dart.fss.or.kr>), and data on the website([www.cjlogistics.com](http://www.cjlogistics.com)) of CJ Logistics subject to assurance are not included in the scope of assurance. Data assurance was conducted by checking the basis in a limited scope, including inquiry, analysis, and limited sampling method, on the data collected by CJ Logistics. The aggregation and calculation process for building economic performances is reviewed and tested by the audit team. Also, environmental and social data were verified using the aggregated data. The directors of CJ Logistics 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 Logistics in accordance with the terms of reference. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

### Conclusion

Based on 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 as set forth in GRI G4 nor is prepared ‘in accordance’ with GRI G4 Core option. Further opinions with regards to the adherence to the following Principles are made below;

#### Stakeholder Inclusiveness

CJ Logistics has identified internal and external stakeholder groups including customers, business partners, shareholders, local communities and employees. CJ Logistics engages with selected stakeholders. Engagement ways, major expectations and concerns of stakeholder groups and CJ Logistics’ corresponding responses and communication ways are described in the Report.

#### Sustainability Context

The backgrounds of selected material issues(reporting aspects) help us understand the sustainability and the performance of business strategy of CJ Logistics. In addition, the report discloses the corresponding responses to stakeholder issues by reporting the key activities and the future plans & goals for each material issue (reporting aspects).

### Materiality

CJ Logistics conducted materiality assessment while preparing the Report. Various issues have been derived by analyzing the topics affecting CJ Logistics’ business activities, various global standards, internal information, competitors’ reports and news articles. Issues have been prioritized material reporting issues. The audit team evaluated whether the material issues prioritized from the materiality assessment, the impact of material issues, and the response to those issues are also reflected in the Report.

### Completeness

The Report provides stakeholders with information on the actions and decisions of CJ Logistics on material sustainability issues during the reporting period within the scope of reporting. The audit team has not noted that the material information is intentionally omitted that may influence the decision-making process of stakeholders during the engagement.

### Accuracy and Reliability

The Report provides stakeholders with information on the actions and decisions of CJ Logistics on material sustainability issues during the reporting period within the scope of reporting. The audit team has not noted that the material information is intentionally omitted that may influence the decision-making process of stakeholders during the engagement. processing data and information, and verified the supporting documents and records. The level of depth on data testing is limited to the data input by each facility.

### Disclosure of Management Approach

CJ Logistics provides management approaches to the reported material issues derived from materiality assessment and describes the importance of the issues and the activities to manage issues.

### Opportunity for improvement

The following summarizes improvements in addition to comments on above principles, do not affect the conclusions of the report but are provided to encourage continuous improvement.

- It is the good practice to prepare the first report as per internationally accepted guidance. This would enhance the credibility of the Report. The reporting scope for some information is not limited to the performances from domestic activities in 2016, but CJ Logistics reports the performances from overseas business operations, considering the current business expansion to overseas and performance trends. In addition, for some aspects, the data in the last three years are presented. It is an attempt to provide meaningful information to stakeholders.
- In order to add value to sustainability management and reporting, CJ Logistics could establish the process of gathering information and reporting the performance in material issues. Also CJ Logistics could clearly set up and disclose the reporting criteria, the reporting period and boundaries of respective aspects reported. The monitoring process of quantitative key performance indicators could be developed and applied.

### 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. The audit team has complied with DNV GL Code of Ethics during the assurance engagement.

1 August 2017  
Seoul, Korea

 In Kyoon Ahn

Country Representative  
DNV GL Business Assurance Korea Ltd.



<sup>1</sup> The VeriSustain protocol is available upon request at DNV GL’s website ([www.dnvgl.com](http://www.dnvgl.com))

# CJ LOGISTICS SUSTAINABILITY REPORT 2016

**CJ LOGISTICS WILL CONTRIBUTE  
TO SUSTAINABLE SOCIAL DEVELOPMENT.**

WE WILL LEAP FORWARD TO BECOME ONE OF  
THE 'TOP 5 TOTAL LOGISTICS ENTERPRISES' THAT AIMS  
TO CREATE SOCIAL VALUES AND TO PURSUE A SUSTAINABLE  
GROWTH BASED ON CONTINUOUS CHANGES AND INNOVATIONS.

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## **CJ LOGISTICS SUSTAINABILITY REPORT 2016**

More detailed information regarding reported content  
and the report's PDF version are available CJ Logistics'  
official website.

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