

# CJ CHEILJEDANG

## SUSTAINABILITY REPORT 2018



# ABOUT THIS REPORT

## OVERVIEW

CJ CheilJedang prepares a Sustainability Report every year to transparently disclose the company's sustainability management goals and performances and utilizes the report as a communication channel with stakeholders. We will continue to share our progress of creating shared values with stakeholders through the publication of Sustainability Reports.

## REPORTING PERIOD AND SCOPE

This report covers activities and performances from January 1st to December 31st, 2018, and includes some information about the first four months of 2019 to enhance our stakeholders' understanding of the data. The scope of the report encompasses all domestic and overseas business sites of CJ CheilJedang, except for the logistics business. The economic performance category includes data for all domestic and overseas business sites, while the category of social and environmental performance is focused on domestic business sites that is verifiable by an external agency. Data including overseas performance is specified in footnotes or with additional description.

## REPORTING PRINCIPLES

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

## EXTERNAL ASSURANCE

This report underwent a third-party verification process by the independent agency, DNV GL, to improve the accuracy and credibility of the contents herein. Please refer to pages 80-81 for details and the assurance provider's feedback.

## CONTACT

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

## CJ CHEILJEDANG

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

PHONE +82-2-6740-1114

EMAIL sustainability@cj.net

PUBLISHED DATE April 2019

## INTERACTIVE PDF

This report was published as an Interactive PDF including hyperlinks to relevant web pages.

[🔗](#) - Direct to web page

## COVER STORY



We expressed our determination for business operations using images relating to our own Food and Bio business as well as our material issues including shared growth with stakeholders, social, environment and global impacts. Based on these core issues, the Report presents our will to lead a healthy dietary culture and contribute to society's sustainable growth.

## EXTERNAL EVALUATION OF SUSTAINABILITY MANAGEMENT

### INCLUDED IN THE DJSI ASIA PACIFIC FOR FOUR CONSECUTIVE YEARS

For the first time as Korean food industry, CJ CheilJedang was included for four consecutive years in the DJSI(Dow Jones Sustainability Indices) Asia-Pacific Index, which was created jointly by the international sustainability index provider, S&P Dow Jones Indices and the Swiss-based RobecoSAM. Overall, the company was highly recognized in 27 evaluation categories in the economic, environmental and social criteria. In particular, CJ CheilJedang earned even greater appreciation than the previous year for our performance in the sectors of customer relationship management and supply chain management(economy), occupational health and safety and social reporting(society), environmental policy, climate strategy, and packaging(environment).

### RECEIVED 'THE BEST' GRADE IN THE SHARED GROWTH INDEX

For the first time in the food industry, we earned 'The Honorary Company for Shared Growth' in the Shared Growth Index for three consecutive years. This Index was designed by the Fair Trade Commission and the Korea Commission for Corporate Partnership to establish fair trade practices between large companies and SMEs and facilitate mutual growth through evaluations. CJ CheilJedang will steadily expand our support for SME suppliers and their mutual growth based on our management philosophy, leading the creation of an industrial ecosystem for shared growth with stakeholders.



External Evaluation



26\_Promote a Safe and Healthy Dietary Culture



31\_Lead the Global Market with Eco-Friendly Bio-based Strategies



36\_Drive Responsible Production for Sustainable Life and Environment



42\_Create an Industrial Ecosystem for Inclusive Growth



49\_Realize Harmonious Local Community

# CONTENTS

## LETTER FROM CEO

04. Letter from the CEO

## OVERVIEW

08. OnlyOne CJ  
10. Global CJ  
12. Our Business  
16. Performance Overview

## MATERIAL ISSUES IN SUSTAINABILITY

20. CJ CheilJedang CSV  
22. SDGs COMPASS  
23. Stakeholder Engagement  
24. Identifying Key Issues in Sustainability  
26. Issue 1. Promote a safe and healthy dietary culture  
31. Issue 2. Lead the global market with eco-friendly bio-based strategies  
36. Issue 3. Drive responsible production for sustainable life and environment  
42. Issue 4. Create an industrial ecosystem for inclusive growth  
49. Issue 5. Realize a harmonious local community

## STRUCTURE OF SUSTAINABILITY

56. Governance  
58. Integrity Management  
60. Risk Management  
62. Customer Satisfaction  
64. Human Resources Management

## APPENDIX

69. Financial Information  
70. Sustainability Management Data  
76. Awards and Certification  
77. GRI Content Index  
80. Independent Assurance Statement

## LETTER FROM CEO



“CJ CHEILJEDANG WILL COMMUNICATE WITH STAKEHOLDERS, FULFILL SOCIAL RESPONSIBILITIES, AND IMPLEMENT A SUSTAINABLE MANAGEMENT THAT CREATES FINANCIAL PERFORMANCE AND SOCIAL VALUE”

Greetings to our respected stakeholders,

Looking back on the global business environment in 2018, there were growing uncertainties in the worldwide economy triggered by the China-U.S trade war and U.S' exclusive economic growth. South Korea experienced continued increase in exports, but most business sectors other than the semiconductor industry faced difficulties. The domestic market also suffered due to slow employment growth and investment.

During such a difficult time, CJ CheilJedang has consolidated a strong presence in the market with our major businesses and core products. The company has also continued to make headway based on our founding philosophy, 'Contributing to the national economy'. We have also maintained responsible supply and production based on 'Happy Companion', a platform for shared growth with SMEs to promote a balanced growth in the food industry. Following the development and production of fermentation-based amino acid, we have also carried out eco-friendly projects on the global stage with our ambition to set foot into the Green Bio market.

The year 2019 will be another rough year with prolonged global trade war and the possibility of financial instability in emerging countries due to tightened monetary policies in developed countries. Nevertheless, CJ CheilJedang's management and employees will endeavor to set goals two levels ahead to overcome limitations, following our slogan of 'Challenge Beyond Possibility'.

In order to achieve the best possible outcome, our 2019 business strategy is as below.

**First, we will take a huge leap forward for our global business.**

Global business represents the future of CJ CheilJedang.

We will mobilize all of our resources to accomplish groundbreaking growth in our global business.

**Second, we will become an unrivaled company.**

We will simultaneously achieve world-class competitiveness for our products and pursue more efficient business management, strengthening our leading position in various categories in the market.

For these goals, we will complete the following tasks in each business sector.

Processed Food business will focus on superb flavors, manufacturing competitiveness, and global infrastructure, Bio business will focus on new technologies, distinctive approaches, and R&D capacity, with these infrastructure and R&D capacity we will develop into an innovative global lifestyle company.

In addition, we will identify social and environmental issues throughout our value chain, create shared values with our business capacity, and build a sustainable business ecosystem for shared growth.

CJ CheilJedang pledges to actively communicate with our stakeholders, fulfill our social responsibility, implement our sustainability management to create both financial and social values.

We hope you will continue to show support for our growth and advancement.

Thank you.

**HYUN-JAE SHIN** CEO of CJ CheilJedang

*H. J. Shin*





# OVERVIEW

- 08 OnlyOne CJ
- 10 GLOBAL CJ
- 12 OUR BUSINESS
- 16 PERFORMANCE OVERVIEW



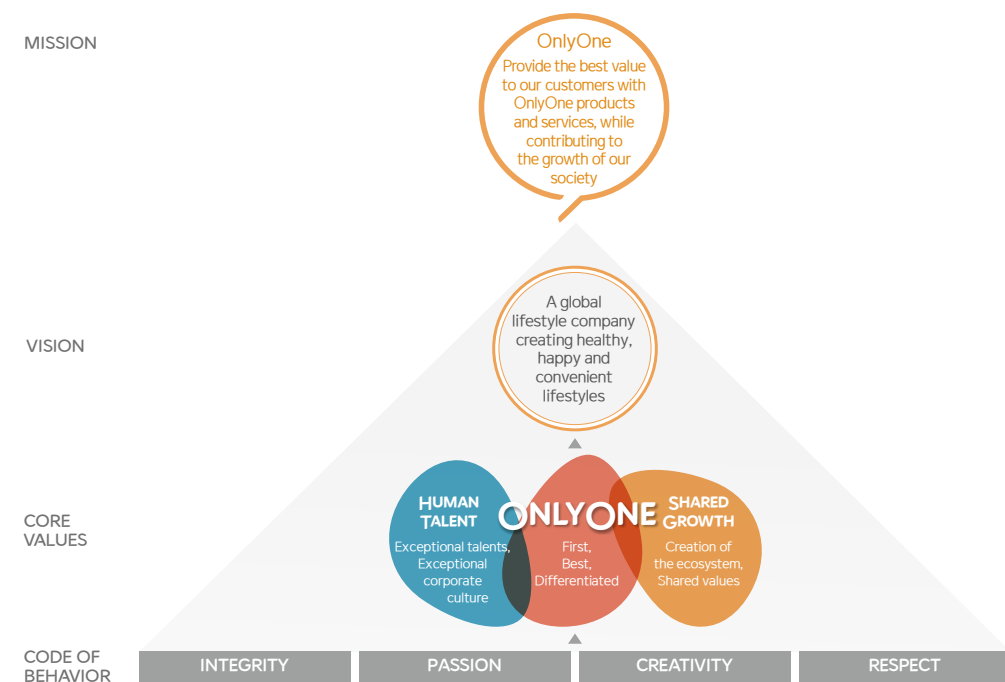
# OnlyOne CJ

## CJ MANAGEMENT PHILOSOPHY

CJ pursues a unique lifestyle that invigorates our customer's day-to-day. CJ has taken the initiative in spreading our culture across a wider world. We present new values to help them lead a healthier, more pleasant, and convenient life style. We act based on code of behavior of integrity, passion, creativity, and respect on top of our core values of Only One<sup>1)</sup>, human talent and shared growth. With these behavior and core values CJ has contributed to develop as a global lifestyle company and create shared values in areas where social interest is needed, thereby contributing to the growth of our society.

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

### MISSION AND VISION



### BUSINESS OVERVIEW

For the past six decades, CJ CheilJedang has led the advancement of the Korean food industry and contributed to the overall growth of the biotech industry.

#### Food Business

We are leading 'K-Food' culture to create a healthy and convenient lifestyle with distinctive Korean food.



#### Bio Business

We provide a wide range of products and solutions in the nutrition and health sectors with our latest technologies in microorganism fermentation and refining.



## INTRODUCTION OF CJ CHEILJEDANG

CJ CheilJedang was established in 1953 as a sugar manufacturer based on the founding philosophy of 'Contributing to the national economy', the belief that a company should contribute to national economic growth and the improvement of people's lives and ultimately to society. As a leading general food company in Korea, we are operating our businesses to enrich the health and well-being of our customers. We will expand the scope of our business to the global stage through revolutionary growth. Also, CJ CheilJedang will endeavor to overcome our limitations under the slogan of 'Challenge Beyond Possibility' to build our global competitiveness and fulfill founding philosophy.

### COMPANY PROFILE

Company Name	CJ CheilJedang Co., Ltd.	Employees	6,550 persons
Type of Business	Food, Bio	Total Assets(Consolidated)	KRW 19.5 trillion
Address	CJ CheilJedang, 330, Dongho-ro, Jung-gu, Seoul, Korea	Total Equities(Consolidated)	KRW 7.3 trillion
Foundation Date	Nov. 5, 1953	Sales(Consolidated)	KRW 18.7 trillion
CEO	Hyun Jae Shin	Operating Profit(Consolidated)	KRW 823.7 billion
		Credit Rating	Commercial paper: A1, Corporate bonds: AA

## INTRODUCTION OF CJ BLOSSOM PARK (R&D CENTER)

### R&D VISION

CJ Blossom Park places a priority on R&D investment and performance to achieve the company's goal to become the World Best CJ. To this end, we keep up with market trends, analyze social and environmental impacts, and design our R&D strategies based on the results. With the efforts made by R&D groups in Food, Biotech and Integrated Technology as well as the company-wide future technology research group, we will achieve significant growth in our business and explore new and promising businesses for the future.

### R&D INFRASTRUCTURE

In 2015, an R&D complex called CJ Blossom Park was established to integrate multiple research centers for our Food and Bio business. The Park is now gaining momentum through comprehensive research projects among different divisions in addition to the R&D efforts of each business sector. In 2016, we established the CJ Research Center America in the U.S. to build infrastructure for the global growth of the company.

### CJ CHEILJEDANG OPEN INNOVATION

CJ CheilJedang is planning to invest KRW 20 billion for three years to foster startups through partnerships with promising Korean venture enterprises and launch an idea incubation program with academic institutions as part of the Open Innovation initiative. We will continue to conduct such projects to lead R&D innovation.

### R&D HUMAN RESOURCES

Unit: Person

Category	2016	2017	2018
Food	293	280	326
Biotech	261	260	238
Integrated Technology	66	81	110
Future Technology*	-	9	33
R&D Planning	48	46	60
Total	668	676	767

\* Newly established in Dec. 2017

### R&D INVESTMENT

Unit: KRW 100 million

Category	2016	2017	2018
Food	507	564	537
Biotech	466	477	525
Integrated Technology	90	96	103
Future Technology*	-	-	33
Total	1,063	1,137	1,198

\* Newly established in Dec. 2017

## INTRODUCTION OF CJ BLOSSOM CAMPUS (INTEGRATED FOOD PRODUCTION COMPLEX)

CJ Blossom Campus is a smart factory that turns the results of CJ Blossom Park's R&D efforts into innovative products. It produces home meal replacement products loved by consumers all around the world, such as 'Hetbahn' and 'Bibigo'. Products that lead the trend of K-Food are developed at CJ Blossom Park and produced at CJ Blossom Campus.

### OnlyOne SPIRIT

CJ CheilJedang's OnlyOne Spirit lies in the largest integrated food production complex in Korea with the first, best and differentiated features—approximately 165,000 m<sup>2</sup> of space utilizing eco-friendly cutting edge technologies.

### ADVANCED ECO-FRIENDLY TECHNOLOGY

CJ Blossom Campus covers a wide range of production and logistics activities using cutting-edge digital technologies. It will become a base camp for CJ CheilJedang's future business and for expanding into the global market.

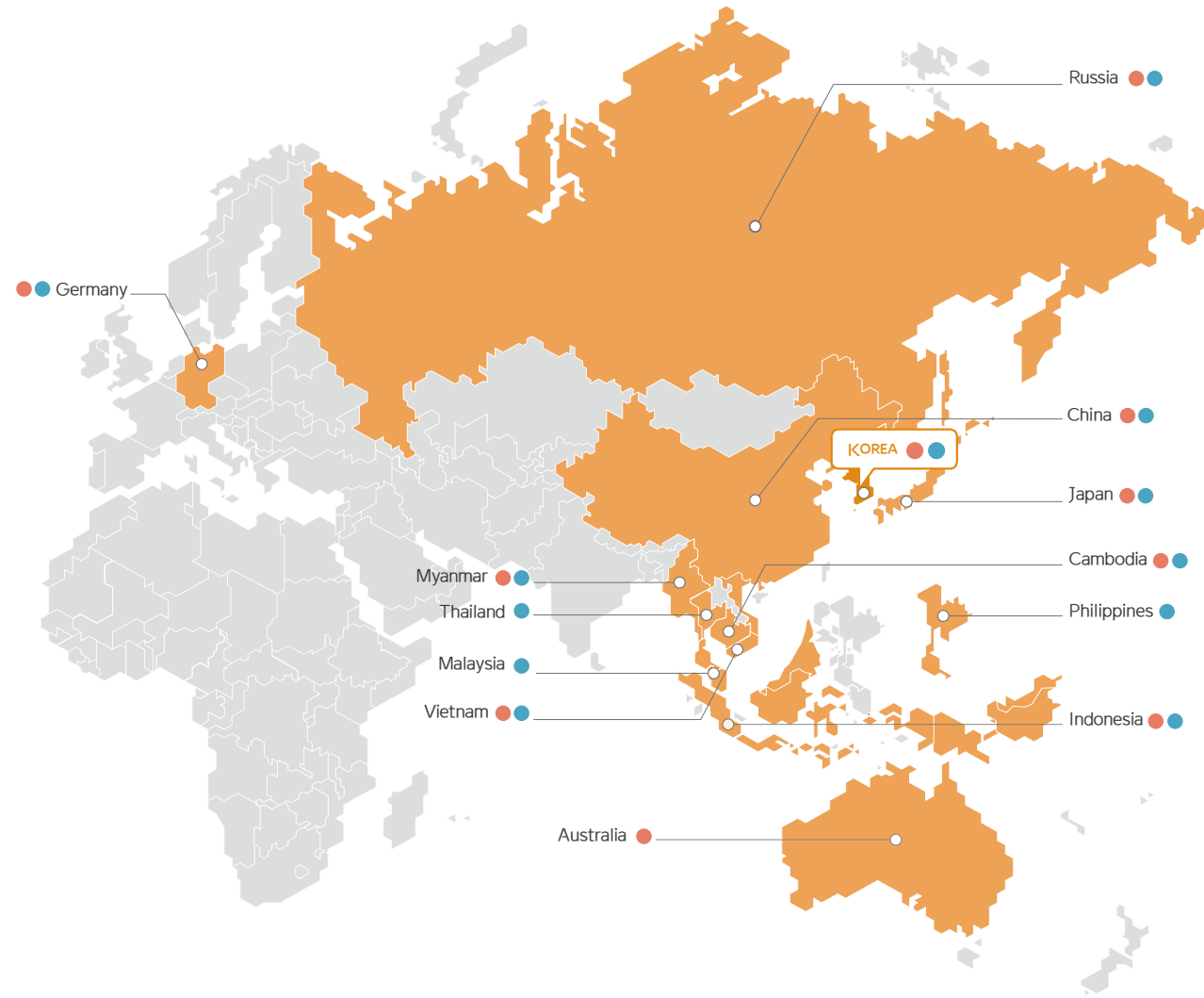


Aerial view of CJ Blossom Campus



# GLOBAL CJ

CJ CHEILJEDANG PRODUCES AND SELLS PRODUCTS IN MARKETS BEYOND THE BORDERS OF KOREA. WE HAVE BUSINESS AND HUMAN RESOURCES OFFICES FOR GLOBAL COMPETITIVENESS NOT ONLY IN ASIAN MARKETS SUCH AS CHINA AND VIETNAM, BUT ALSO IN OTHER COUNTRIES, INCLUDING THE U.S. AND BRAZIL.

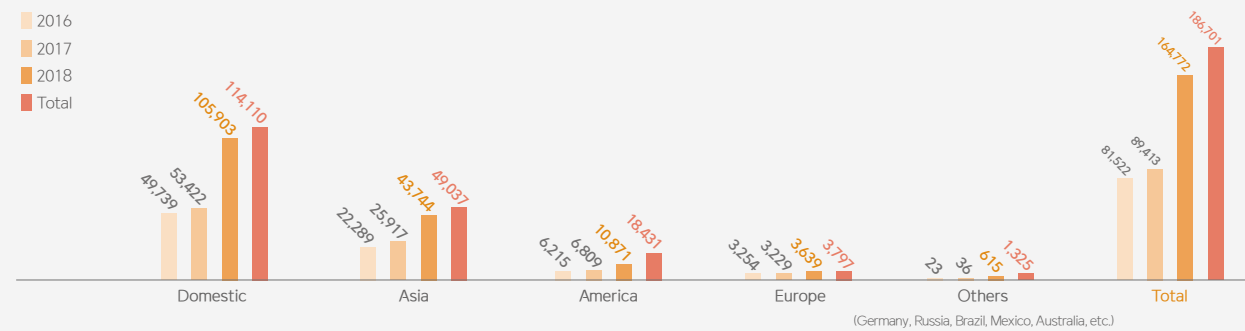


Detailed Global Network

- Food Business
- Bio Business

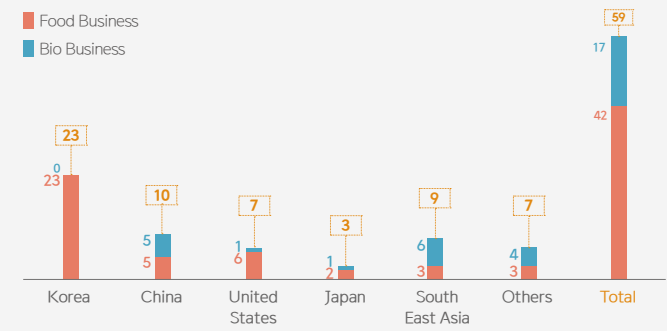
## REGIONAL SALES IN 2018

Unit: KRW 100 million



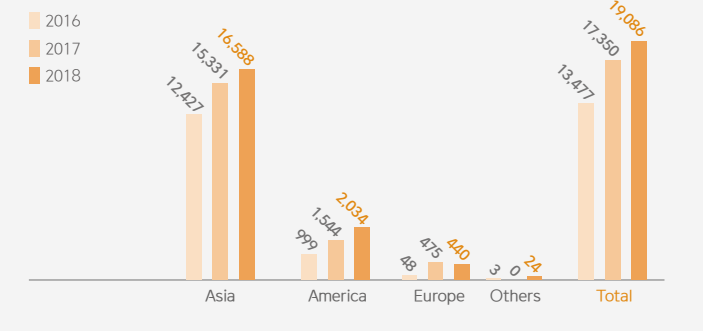
## OVERSEAS BUSINESS LOCATIONS IN 2018

Unit: Number of locations



## EMPLOYEES IN OVERSEAS OPERATIONS IN 2018

Unit: Person





# OUR BUSINESS

## FOOD

CJ CheilJedang's Food business actively takes into account the social trend of pursuing health, convenience and other customer needs to provide products of excellent flavor and distinctive quality. Our Food business keeps growing with our premium brand power of 'bibigo', 'Hetbahn', 'Gourmet', 'TheHealthy', and 'Beksul'. We are also leading the globalization of Korean food by developing 'Bibigo' into a global brand.



Head of CJ CheilJedang Food Business Division  
**SIN HO KANG**

“CJ CheilJedang will become a global No.1 food company leading the K-Food culture by spreading the excellence of Korean food around the world.”

### HOME MEAL REPLACEMENT(HMR)

Focusing on the brand 'Bibigo', we keep up with the rapidly-changing modern lifestyles by developing HMR products with which people around the world can easily experience Korean food at home. 'Hetbahn', which maintains the freshness of products through the daily rice polishing system, is a dominant OnlyOne brand that opened up the cooked rice product market in Korea. With the launch of 'Hetbahn Cupbahn', it is growing into an unparalleled brand that represents substitute food products for the future.

### PROCESSED MEAT & FROZEN FOOD

'TheHealthy' is a brand that offers tasty and healthy processed meat products made of quality ingredients without the use of food additives that may raise consumers' concerns. 'SPAM®' products are produced in Korea through a technical partnership agreed in 1987 between CJ CheilJedang and an American food company, Hormel. In the Frozen Food business, we aim to achieve the best quality products so that consumers can feel as if they are dining out. We have also organized our line-up consisting of various products including dumplings, frozen rice, Korean and Western side dishes, pizza and other snacks with our brands 'Bibigo' and chef-made quality 'Gourmet' evolving the domestic and overseas' frozen food market.



### FRESH FOOD

CJ CheilJedang takes the initiative of spreading 'K-Food' culture by providing Kimchi an iconic traditional Korean food. We are leading the growth of the domestic Kimchi market with 'Bibigo' Kimchi products made with quality ingredients, and enhancing our consumers' convenience in using our products by applying our distinctive packaging method to new products.

### SEASONING

'DASIDA', which represents the flavor of homemade Korean meals, is a unique brand that has been embraced by Korean consumers for over forty years since 1975 as it helps consumers easily enrich the flavor of food and top off their favorite dishes. 'Haechandle' is a leading traditional paste brand, which boasts our authentic fermentation technology to achieve the flavor of traditional paste, the basis of Korean dishes.

### SEAWEED, DESSERT, SNACK & HEALTH-FUNCTIONAL FOOD

'Bibigo' seaweed products, which are enjoyed by many people around the world, are made with the effort to preserve the unique flavor of seaweed and heighten the appeal of TheHealthy and clean ingredient. Also, a variety of ready-to-eat dessert products of the brand 'Petitzel', including jelly, puddings and cakes, are also loved by our consumers. In the health-functional food business, we have launched 'BYO', a brand featuring plant-based lactobacillus found in fermented Korean food, and functional ingredients including ginseng. These represent our continued efforts to help consumers lead a healthier life.

### SWEETENERS

CJ CheilJedang also leads the sweetener market by going beyond our reputation as the first sugar manufacturing company and constantly conducts R&D of products, such as 'Oligosaccharide', a fiber-rich sweetener, 'Xylose Sugar', a sweetener that reduces the sugar level in our bodies, and 'Allulose', a sweetener with zero calories. We are also expanding our portfolio of specialty ingredients, such as flavored syrup, based on our competitiveness with sugar ingredients.



### FLOUR

We have pioneered a new category of business by paying attention to the trend of convenient food, including 'Cup Jeon(traditional Korean pancake)' using organic natural ingredients and other pancake products with home baking mixes. In the B2B market, we are providing distinctive solutions with high-value-added products that meet the needs of customers and are steadily expanding the scope of markets.



### EDIBLE OIL

In the Korean cooking oil market that was mostly focused on soybean oil, CJ CheilJedang is acting as a game-changer by launching trendy products, including premium oil products using olive, grape seed and canola, and flavored oil products using green onion and garlic. In the B2B market, we are receiving positive feedback by introducing differentiated oil products are specific to the characteristics of customers.



### STARCH

Our Starch business is focused on corn starch and fruit sugar. but, we are expanding the business with functional products including 'Tagatose', attracting high expectations for growth and increased market share in the functional ingredient industry.





# OUR BUSINESS

## BIO

CJ CheilJedang's Bio business safely provides a wide range of R&D-based products of the highest quality, including amino acids and feed, helping people all around the world live healthier, better lives. In our Bio business, the company has continuously invested in R&D to bring out innovative technologies such as L-Methionine. In the Feed & Livestock business, CJ CheilJedang has strengthened our business capacity to expand overseas production bases and marketing networks, helping us grow into one of the world's top bio companies. Now we are stepping into new Bio areas, including amino acids for food and medicine, eco-friendly biomaterials, inedible biomass, functional feed with alternative antibiotics, and high-growth, high-efficient feed, to become an established leader in the global Bio industry.



CEO, Head of CJ CheilJedang Bio Business Division  
**HYUN JAE SHIN**

“Our Bio business provides the highest quality products and solutions for customers, utilizing the world's best eco-friendly bio technologies and global production bases.”

### ANIMAL NUTRITION & HEALTH

By developing new technologies and methods through R&D, CJ CheilJedang maintains an unrivaled position in the global market. We have developed five major amino acids (lysine, threonine, tryptophan, valine, and methionine) using our world's first eco-friendly bio fermentation methods, as well as new products such as feed amino (arginine, histidine et al.).

### TRYPTOPHAN

In the tryptophan market, we achieved KRW 226.8 billion in sales and 54% of market share in 2018. Tryptophan is one of five essential amino acids, and it is generally used to reduce the stress of pigs and improve their potential for growth.

### VALINE

We recorded KRW 79 billion in sales and 65% of market share in the 2018 valine market. Along with leucine and isoleucine, valine is utilized for the muscular development of livestock. In the past, valine was mostly used for hog farming, but we pioneered a new market in the poultry industry through technical marketing. Now we are focusing on expanding demand and sales.

### AMINATURE AMINO ACID, DELIVERED FROM NATURE

### HUMAN NUTRITION & HEALTH

We have the largest share in the global market for nucleotides, a type of flavor enhancer. Through steady development of future-oriented products, we are expanding our product portfolio with the natural food ingredients and flavoring and amino acids for food (including arginine, citrulline and naturally-fermented 'cysteine').

### NUCLEOTIDES

In the nucleotide market, CJ CheilJedang reached KRW 328.9 billion in sales and 56% of market share in 2018. We aim to maintain our unequalled position in the premium flavor enhancer market through continuous efforts to develop and launch natural food ingredients and flavorings.

### FEED FOR DOMESTIC DAIRY FARMING

Through upgraded products and field consulting, we achieved market share of 9.2% in 2018, seeing KRW 49.4 billion in sales. For 2019, we are planning to increase productivity to create value for farmers, reinforcing our superior capability over other companies.

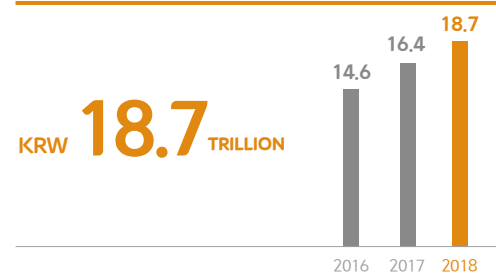


# PERFORMANCE OVERVIEW

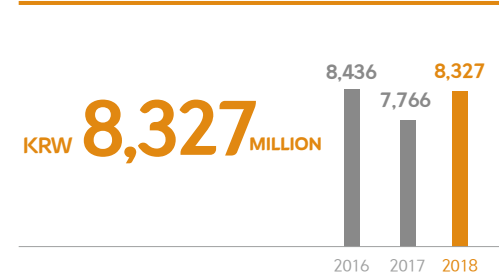
CJ CheilJedang pursues sustainable growth based on economic reliability, environmental soundness and social responsibility. We practice corporate sustainability to fulfill our responsibility for all stakeholders, including shareholders, customers, employees, suppliers, and local communities. We also publish a sustainability report, which discloses the results of our efforts in the previous year.

## ECONOMY

SALES(Consolidated)

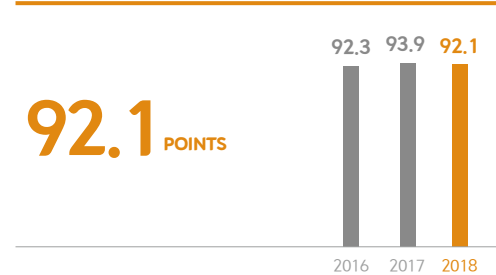


OPERATING PROFIT(Consolidated)



## CUSTOMERS

CUSTOMER SATISFACTION INDEX

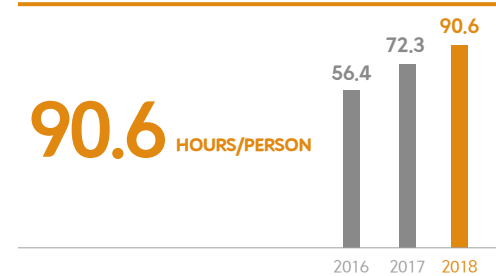


CONSUMER CENTERED MANAGEMENT CERTIFICATION

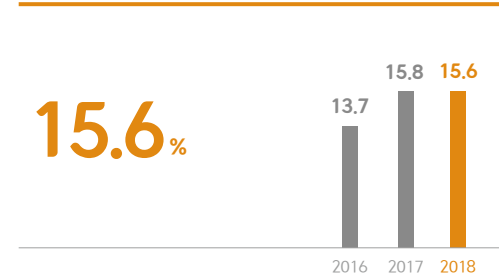


## EMPLOYEES

EDUCATION HOURS

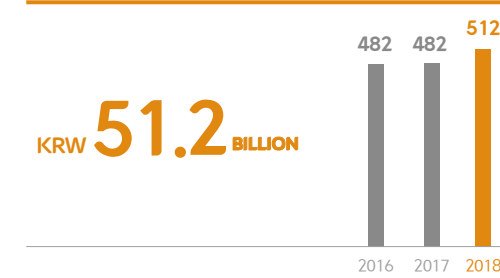


PROPORTION OF FEMALE EXECUTIVES/ MANAGERS(Manager level or above)



## SUPPLY CHAIN

FINANCIAL SUPPORT FOR SME SUPPLIERS(Win-Win Fund)



FARMING AREA UNDER CONTRACT CULTIVATION

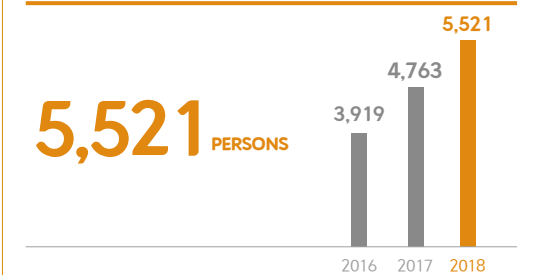


## LOCAL COMMUNITIES

CORPORATE CITIZENSHIP AND PHILANTHROPY

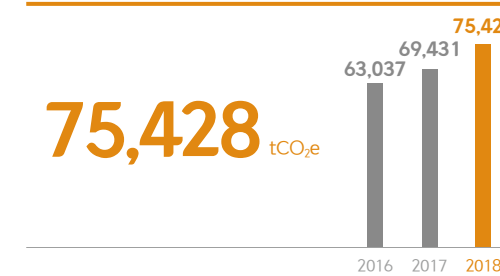


NUMBER OF VOLUNTEERS

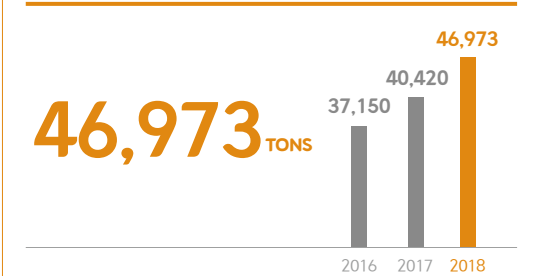


## ENVIRONMENT

REDUCTION IN GHG(Greenhouse Gas) EMISSIONS(Accumulated)



USE OF RECYCLED PACKAGING MATERIALS





A photograph of two men shaking hands in a bright, modern interior. They are sitting on wooden pallets in front of a large window that looks out onto a lush green landscape. The man on the left is wearing a light blue button-down shirt and khaki pants. The man on the right is wearing a white sweater over a light blue collared shirt and blue trousers. The scene is well-lit with natural light from the window. In the foreground, there is a wooden pallet table with a laptop, papers, and two red mugs.

# MATERIAL ISSUES IN SUSTAINABILITY

20	CJ CheilJedang CSV
22	STAKEHOLDER ENGAGEMENT
23	SDGs COMPASS
24	KEY ISSUES IN SUSTAINABILITY MANAGEMENT
26	Issue 1. Promote a safe and healthy dietary culture
31	Issue 2. Lead the global market with eco-friendly bio-based strategies
36	Issue 3. Drive responsible production for sustainable life and environment
42	Issue 4. Create an industrial ecosystem for inclusive growth
49	Issue 5. Realize a harmonious local community



- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

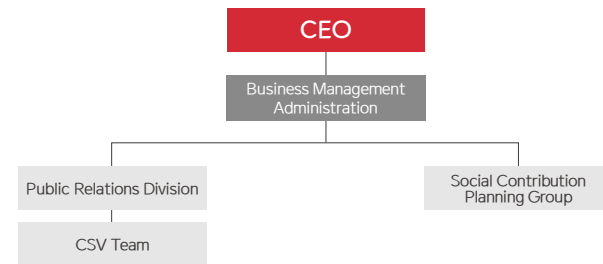
# CJ CHEILJEDANG CSV

## CSV(CREATING SHARED VALUE) MANAGEMENT SYSTEM

CJ CheilJedang strives to strengthen the long-term competitiveness of our business with our management philosophy and create a sustainable industrial ecosystem to become a global company respected by the country and society. Our CSV management that our entire value chain follows, is based on three principles of: legal compliance, ethical management, and safety management. We wish to become a global lifestyle company that creates health, happiness and convenience for all. Furthermore, the company pursues sustainable growth based on our founding philosophy, 'Contributing to the national economy,' in order to contribute to an enhanced social economy and healthier lives for people.

## CSV ORGANIZATIONS

CJ CheilJedang announced 'The Implementation of CSV' in 2013 as 'Contributing to the national economy' to respond to the changing social demands. Using CJ's newly-defined core capabilities, we have constructed responsible CSV organizations to pursue the execution of distinctive social contribution businesses that provide social value.



## JOINT DISCUSSION FOR SOCIAL CONTRIBUTIONS

CJ Group operates the Social Contribution Council to secure transparency in the process of donation for every corner of society that is in need of financial support. CJ Group aims to keep the donations transparent and reasonable by establishing the donation process on the group level. CJ CheilJedang also has our own Social Contribution Committee, which consists of the CEO, CFO(Business Management Administration, Head of the Finance Unit), the heads of compliance support and CSR departments. A meeting of the Committee is called when between KRW 100 million and KRW 1 billion of funds are available for donation. For a larger donation, we call a BOD meeting to make decisions. The Social Contribution Committee strictly examines the purpose and details of any donation to make sure the funds go to the right place.

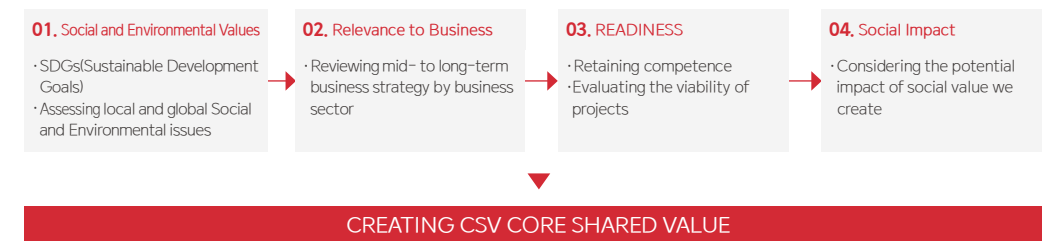
### ORGANIZATIONAL CHART OF CJ CHEILJEDANG'S SOCIAL CONTRIBUTION COMMITTEE



## CREATING CSV CORE SHARED VALUE

CJ CheilJedang operates our business by placing top priority on shared growth with local communities and creating social value. Key values are selected with consideration for environmental and social impacts both inside and outside the company.

### PROCESS TO CREATING CSV CORE SHARED VALUE



## CJ CHEILJEDANG CSV CORE SHARED VALUE AND MAJOR AGENDA

Focusing on the three CSVs of 'health and well-being', 'sustainable environment', and 'shared growth with society', we manage measures to create value with a detailed major agenda.

VISION	<b>'A RESPECTED GLOBAL COMPANY' THAT BUILDS A SUSTAINABLE BUSINESS ECOSYSTEM FOR SHARED GROWTH</b>		
MANAGEMENT PHILOSOPHY	<b>CREATIVE CONTRIBUTING TO THE NATIONAL ECONOMY = CSV(CREATING SHARED VALUES)</b>		
AREAS OF COMMITMENT	<b>HEALTH AND WELL-BEING</b>	<b>SUSTAINABLE ENVIRONMENT</b>	<b>WIN-WIN WITH THE SOCIETY</b>
MEASURES TO CREATE VALUES	We create a healthy society by providing OnlyOne products and services.	We minimize the environmental impact of all production activities, contributing to the sustainable environment.	We improve the capacity of the domestic and overseas supply chain and create an industrial ecosystem to fulfill harmony with local community.
MAJOR AGENDA	<ul style="list-style-type: none"> <li>· Develop new products to consider the health of customers, including low-protein rice and functional sweeteners</li> <li>· Secure food safety to build trust with our customers</li> <li>· Reduce dietary imbalance</li> </ul>	<ul style="list-style-type: none"> <li>· Develop eco-friendly processes and new energy sources</li> <li>· Develop eco-friendly products</li> <li>· Protect resources of local communities by increasing energy efficiency, managing water resources, and reducing GHGs</li> <li>· Developing recyclable packaging solutions and nature-based raw materials</li> </ul>	<ul style="list-style-type: none"> <li>· Support our partners in the supply chain to enhance their capacity</li> <li>· Provide SME suppliers with opportunities for growth and carry out 'Happy Companion' activities to reinforce our business portfolio</li> <li>· Facilitate shared growth with farmers by developing differentiated and specialized seeds and stabilizing contract cultivation</li> <li>· Provide educational opportunities and emotional support to teenagers</li> </ul>
PROCESS	<b>INTERNALIZE SUSTAINABILITY MANAGEMENT THROUGHOUT THE ENTIRE VALUE CHAIN</b>		
COMPLIANCE	<b>LEGAL COMPLIANCE, ETHICAL MANAGEMENT, AND SAFETY MANAGEMENT</b>		



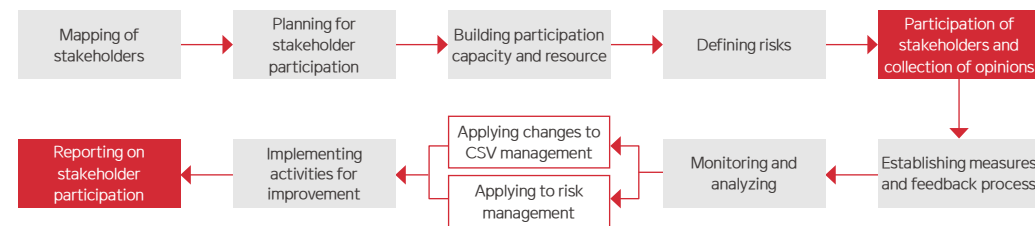
- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

# STAKEHOLDER ENGAGEMENT

## STAKEHOLDER PARTICIPATION SYSTEM

CJ CheilJedang defines major stakeholder groups as customers, supply chains, shareholders and investors, and communities in promoting sustainable management. We encourage stakeholders' participation through various communication channels in and outside of the company and provide feedback by establishing response plans for identified opinions and issues. Afterwards, the issues are continuously monitored and analyzed, and the results are reflected in CSV change management and risk management. Through these activities, we intend to reduce possible risks, including our financial, operational, and reputation, and sustainable management. Afterwards, the improvement activities are implemented and are disclosed to stakeholders through sustainability reports and the website.

### STAKEHOLDER PARTICIPATION SYSTEM



## COMMUNICATION WITH STAKEHOLDERS

CJ CheilJedang listens to the opinions of various stakeholders and seeks to reflect them in our CSV management and creation of shared value. We collect feedback through the communication channel of each stakeholder group, and review it on a regular basis to reflect their opinions in our business management.

Category	Major Issues	CJ CheilJedang's Activities	Communication Channels
Customer	<ul style="list-style-type: none"> <li>Managing relationships with customers</li> <li>Protecting the personal information of customers</li> </ul>	<ul style="list-style-type: none"> <li>Developing health-conscious products</li> <li>Receiving ISMS</li> <li>(Information Security Management System) Certification Improving products by reflecting VOC(Voice of Customer)</li> </ul>	<ul style="list-style-type: none"> <li>CJ CheilJedang website</li> <li>Product Label Inspection Group</li> <li>Customer Relations Center</li> <li>T.O.P(Trend Opinion Panel)</li> </ul>
Supply Chain	<ul style="list-style-type: none"> <li>Addressing supplier grievances</li> <li>Selecting and managing suppliers</li> <li>Supporting SME suppliers and farms</li> </ul>	<ul style="list-style-type: none"> <li>Selecting suppliers with fair practices who comply with purchasing ethics</li> <li>Operating programs to support SME suppliers</li> <li>Conducting support activities to strengthen the competitiveness of farms</li> <li>Reinforcing communication with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Shared Growth Portal</li> <li>CJ Partners Club</li> <li>Mutual Cooperation Center for Food Safety</li> <li>CJ Partners Meeting</li> <li>VOC for shared growth</li> <li>CJ Breeding Corp.</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>Economic performance including stock price</li> <li>Stability and transparency of governance</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining stable governance and transparency</li> <li>Initiating business that can increase corporate values and boost growth</li> </ul>	<ul style="list-style-type: none"> <li>General shareholders meeting</li> <li>Quarterly and annual IR activities</li> <li>Disclosure</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>The economically and socially disadvantaged</li> <li>Fulfilling corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging employees to participate in volunteering activities</li> <li>Carrying out social contribution activities</li> <li>Fair and transparent process for donations</li> </ul>	<ul style="list-style-type: none"> <li>Donors Camp</li> <li>CJ Welfare Foundation, CJ Culture Foundation</li> <li>Food Bank</li> <li>Community Chest of Korea</li> <li>Local welfare institutions</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Securing and developing human resources</li> <li>Managing relations between labor and management</li> <li>Resolving employee grievances</li> <li>Managing safety and security</li> <li>Maintaining work-life balance</li> <li>Fair performance and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Operating a fair recruitment process without discrimination</li> <li>Operating a labor-management communication channel</li> <li>Securing a communication channel for employees</li> <li>Supporting welfare and health management of employees</li> <li>Creating a family-friendly corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Online recruitment fair</li> <li>Open Council</li> <li>Channel CJ CheilJedang</li> <li>Café La Mer(Psychological counseling)</li> <li>Group newsletter 'nim'</li> <li>Intranet discussion room</li> <li>Whistleblowing system</li> <li>Newsletter</li> </ul>

# SDGs COMPASS

CJ CheilJedang strives to achieve the 17 SDGs(Sustainable Development Goals) through systematic social value-based management with our intrinsic business management activities. SDGs are the sustainable development goals outlined by the UN for the sustainable growth of the international community to deal with universal issues of humanity, environment, economic and social. We will integrate CSV projects based on the SDGs into our key business strategies throughout the value chain to explore new growth opportunities and contribute to resolving social issues. CJ CheilJedang will make continuous efforts to fulfill the SDGs and cooperate with global partners to address challenges in the world.



Statement of Support for the UN SDGs

### CJ CSV-SDGs LINKAGE

<b>1 NO POVERTY</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>Food Bank</li> <li>CJ Breeding Corp.</li> <li>CJ Donors Camp</li> <li>Chan Chan Chan Project (food support for single-parent family)</li> </ul>	<b>2 ZERO HUNGER</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>Food Bank</li> <li>CJ Breeding Corp.</li> <li>CJ Donors Camp</li> <li>Chan Chan Chan Project (food support for single-parent family)</li> </ul>	<b>3 GOOD HEALTH AND WELL-BEING</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>Food Bank</li> <li>CJ Breeding Corp.</li> <li>Development of products for good health('Hetbahn' low-protein rice, BYO)</li> <li>Sponsorship for Good-bye Atopy Camp</li> <li>Mutual Cooperation Center for Food Safety</li> </ul>	<b>4 QUALITY EDUCATION</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>CJ-UNESCO Girl's Education of Human Rights</li> <li>CJ Donors Camp</li> <li>Chan Chan Chan Project (food support for single-parent family)</li> </ul>	<b>5 GENDER EQUALITY</b> <ul style="list-style-type: none"> <li>CJ-UNESCO Girl's Education of Human Rights</li> <li>CJ CheilJedang's Declaration of Human Rights</li> <li>Family-friendly company certification</li> </ul>	<b>6 CLEAN WATER AND SANITATION</b> <ul style="list-style-type: none"> <li>Minewater Barcordrop Campaign</li> <li>Development of low-carbon, highly-efficient feed</li> <li>CJ Breeding Corp.</li> </ul>
<b>7 AFFORDABLE AND CLEAN ENERGY</b> <ul style="list-style-type: none"> <li>Use of new and renewable energy resources(fermented soybean meal, woodchips, etc.)</li> <li>Operation of the energy committee</li> <li>Increase in energy efficiency through process improvement</li> </ul>	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>Naeil Chaem Deduction System</li> <li>Happy Companion</li> <li>Win-Win Academy</li> <li>Mutual Cooperation Center for Food Safety</li> <li>CJ new material open innovation</li> <li>Joint agreement on reducing the wage gap through cooperation between large companies and SMEs for shared growth</li> </ul>	<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>Win-Win Academy</li> <li>CJ Breeding Corp.</li> <li>Increase in R&amp;D human resources and investment</li> <li>CJ new material open innovation</li> </ul>	<b>10 REDUCED INEQUALITIES</b> <ul style="list-style-type: none"> <li>Employment of socially disadvantaged people</li> <li>CJ CheilJedang's Declaration of Human Rights</li> <li>Development of halal food</li> </ul>	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> <ul style="list-style-type: none"> <li>Cultural Heritage Custodian activities</li> <li>Social contribution for resource circulation(Recycling of 'hetbahn' containers and used crayons)</li> <li>Sustainable packaging</li> <li>Management of disposal process for waste and pollutants</li> <li>Tree planting activities using new bio materials</li> </ul>	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>Mutual Cooperation Center for Food Safety</li> <li>Development of eco-friendly fermentation methods</li> <li>Sustainable packaging</li> <li>Use of manufacturing by-products as resources</li> <li>Increase in energy efficiency through process improvement</li> <li>Management of disposal process for waste and pollutants</li> </ul>
<b>13 CLIMATE ACTION</b> <ul style="list-style-type: none"> <li>Sustainable packaging</li> <li>Development of low-carbon, highly-efficient feed</li> <li>Use of new and renewable energy resources(fermented soybean meal, woodchips, etc.)</li> <li>Operation of the energy committee</li> <li>Increase in energy efficiency through process improvement</li> </ul>	<b>14 LIFE BELOW WATER</b> <ul style="list-style-type: none"> <li>Development of low-carbon, highly-efficient feed</li> <li>Minewater Barcordrop Campaign</li> </ul>	<b>15 LIFE ON LAND</b> <ul style="list-style-type: none"> <li>Development of low-carbon, highly-efficient feed</li> <li>Minewater Barcordrop Campaign</li> <li>CJ Breeding Corp.</li> <li>Use of manufacturing by-products as resources</li> <li>Purchase of sustainable food ingredients(RSPO palm oil, etc.)</li> <li>Establishment of animal welfare policies</li> </ul>	<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> <ul style="list-style-type: none"> <li>Sustainability management education for employees and suppliers</li> <li>Joining the UNGC</li> <li>CJ CheilJedang's Declaration of Human Rights</li> </ul>	<b>17 PARTNERSHIPS FOR THE GOALS</b> <ul style="list-style-type: none"> <li>CSV project for rural development in Vietnam</li> <li>CJ-UNESCO Girl's Education</li> <li>Joining the UNGC</li> <li>UN SDGs fulfillment</li> </ul>	

### CASE STUDY

#### Case Fulfilling the SDGs 'Chan Chan Chan Project'



100 persons x 2 types of side dishes x 6 times

Some domestic studies and research showed that single parents struggle to manage child-rearing and work due to lack of income and the negative perception of them in society. In 2018, CJ Cultural Foundation launched CJ Hello Dream, a program to support single-parent families to help their children grow healthily. With the participation of our employees, we designed and conducted the 'Chan Chan Chan Project', which is based on the social contribution principles of the company. In this project, our employees cooked side dishes using CJ CheilJedang food products and delivered them to single-parent households. We made the most of the company's capacity as our chefs organized the menu with ease of storage and nutrition in mind. We conducted this event six times in 2018, and provided two types of side dishes to each household. In order to maintain this project as a true social contribution activity, not simply a one-time event, CJ CheilJedang will diversify the types of side dishes and expand the scope of coverage to support as many single-parent households as possible.

- CJ CheilJedang CSV  
Stakeholder Engagement  
SDGs COMPASS
- Key Issues in Sustainability Management**
- Issue 1. Promote a safe and healthy dietary culture
  - Issue 2. Lead the global market with eco-friendly bio-based strategies
  - Issue 3. Drive responsible production for sustainable life and environment
  - Issue 4. Create an industrial ecosystem for inclusive growth
  - Issue 5. Realize a harmonious local community

# KEY ISSUES IN SUSTAINABILITY MANAGEMENT

## IDENTIFYING KEY ISSUE PROCESS

CJ CheilJedang established the key issues in sustainability management by considering the internal management environment, major issues within the industry, and the opinions of internal and external stakeholders. We conducted an online survey to collect feedback of stakeholders.

### STEP1. Develop a list of sustainability management issues

We comprehensively examined industrial characteristics, changes in the business environment, and internal issues related to CJ CheilJedang, and made a list of 36 sustainability management issues(7 for the economy and overall business management; 9 for the environment; 6 for employees; 5 for customers; 4 for the local community; 5 for the supply chain).

#### Analysis of internal issues

- Business management goals and sustainability management challenges
- The list of sustainability management issues from the previous year

#### Analysis of international standards

- International standards, initiatives and evaluation indices for sustainability management(GRI Standards, ISO 26000, SASB, DJSI, UN SDGs)
- Media research(articles about CJ CheilJedang released between January 1 and December 31, 2018)
- Benchmarking of leading companies(Sustainability management issues reported)

### STEP2. Conduct a survey of stakeholders and perform an analysis

We identified significant issues related to internal and external stakeholders regarding the 36 sustainability management issues. For selected issues we examined how such issues affect the financial performance, operation, strategies and reputation of the company.

#### Respondents to the survey

CJ CheilJedang employees, suppliers, NGOs, NPOs, customers, government institutions, sustainability management experts and research institutes, enterprises, the staff in charge of sustainability management, shareholders and investors, etc.

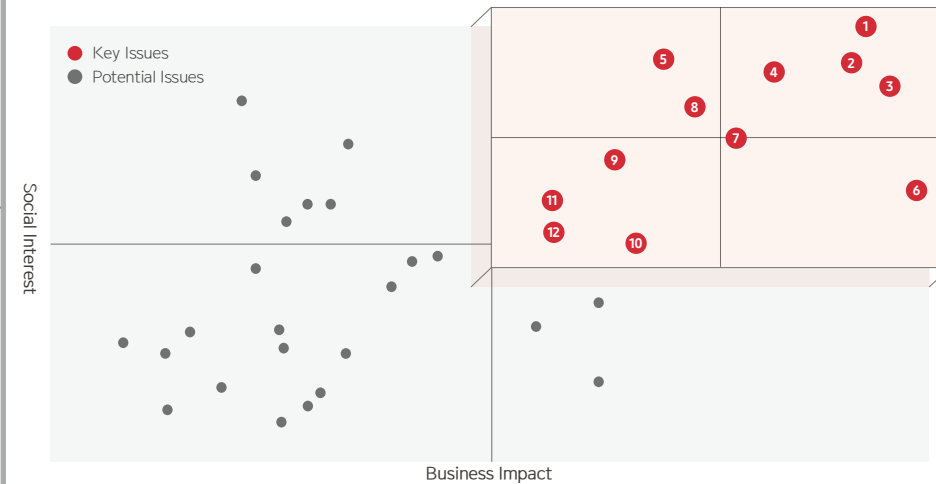
#### Survey period

December 17 to 28, 2018

Through materiality assessment, CJ CheilJedang selected 12 important sustainability management issues and constructed reports based on important issues.

### STEP3. Materiality Assessment

Based on the results of the survey analysis, we calculated the impact of each issue on the operation and performance of the company(business impact) and the concerns and expectations of external stakeholders(social interest), and finally selected 12 key issues.



## SELECTION OF AGENDAS TO BE REPORTED

The final 12 key issues were reorganized into five themes for CJ CheilJedang to focus on from the perspective of sustainability management. This report contains relevant information on the key issues, which are generally based on the GRI Standards. The key issues were chosen from various categories, including business

management, economy, customers, local community, supply chain and environment. Each of the 12 key issues was analyzed for its impact on the financial performance, operation, strategies and reputation of the company from a business perspective through an additional impact evaluation.

NO.	CATEGORY	ISSUE	IMPACT				AGENDA TO BE REPORTED					GRI STANDARDS
			Finance	Operation	Strategy	Reputation	101	102	103	104	105	
1	Customer	Development of products and services considering the health of customers			Strategy	Reputation	101	102	103	104	105	416-1
2	Local community	Contribution to boosting the local economy			Strategy	Reputation	101	102	103	104	105	203-1
3	Customer	Efforts to enhance the safety of products			Operation	Reputation	101	102	103	104	105	416-1
4	Local community	Social contribution activities using the characteristics of the business			Strategy	Reputation	101	102	103	104	105	203-1
5	Supply chain	Shared growth throughout the supply chain			Strategy	Reputation	101	102	103	104	105	203-1
6	Environment	Development of eco-friendly products and services			Strategy	Reputation	101	102	103	104	105	non-GRI
7	Business management & economy	Diversified generation of economic value	Finance		Operation	Strategy	Reputation	101	102	103	104	201-1
8	Supply chain	Evaluation and management of supplier sustainability			Operation	Reputation	101	102	103	104	105	414-1, 2
9	Local community	Investment support for social infrastructure			Operation	Reputation	101	102	103	104	105	203-1
10	Business management & economy	Improvement of R&D			Operation	Reputation	101	102	103	104	105	non-GRI
11	Business management & economy	Expansion into the global market			Operation	Reputation	101	102	103	104	105	non-GRI
12	Environment	Climate change measures			Operation	Reputation	101	102	103	104	105	305-1, 2, 4

- 101 Promote a safe and healthy dietary culture
- 102 Lead the global market with eco-friendly bio-based strategies
- 103 Drive responsible production for sustainable life and environment
- 104 Create an industrial ecosystem for inclusive growth
- 105 Realize a harmonious local community





As product safety is the basic principle of CJ CheilJedang's Food Business Division, we contribute to promoting the health of the people by developing products considering the health and nutrition for customers.

## PROMOTE A SAFE AND HEALTHY DIETARY CULTURE

### HOW WE MANAGE

CJ CheilJedang's food business, one of our major business divisions, pursues sustainable growth and fulfills its social responsibility by constantly exploring product safety, the health of consumers and making efforts on their behalf. This chapter describes the company's infrastructure for improving the quality and safety of food products, and introduces the development, release and outcome of products made with the health of consumers in mind.

Food safety issues can be detected throughout the whole value chain, from plant design to R&D, supply chain, production and distribution. If relevant issues are not properly managed, penalties and other financial damages may incur and there could be an adverse impact on our reputation. But the disclosure of food safety information can be a way of managing food safety risks and inform potential impacts to investors. It can also build a reliable image of the company in terms of product safety. In addition, we disclose information on products manufactured focusing on consumer health, and shows the results of our efforts to fulfill our social responsibility as a food company.

### 2018 KEY FACTS & FIGURES



**KRW 2 TRILLION**  
2018 HMR\*

Accumulated sales



**NUTRITIONAL BALANCE**

LAUNCH OF HMR PRODUCTS  
Care Food



**FSSC22000**  
CERTIFIED

All domestic business sites



**NUTRITION AND HEALTH**  
HOSTING A MEETING WITH EXPERTS



**CJQMS\*\* (ICT) ESTABLISHED**  
Domestic and overseas business sites

\* Based on 'hetbahn', 'hetbahn cupbahn', one-dish meals, 'Bibigo', porridge, soup, stew, dumplings, cooked frozen food, Kimchi, frozen/refrigerated noodles, and frozen convenience food

\*\* CJ Quality Management System

## DOMESTIC QUALITY AND SAFETY CAPACITY TO OVERSEAS BUSINESS SITES

CJ CheilJedang prevents risks in advance and ensures the quality and safety of all products and business sites through the systematic management of raw materials to consumer products. As a leader of the globalization of K-Food, CJ CheilJedang will expand our domestic quality and safety capacity to overseas business sites to secure our principle of 'Global No.1 Food Safety Management'.

### QUALITY AND SAFETY DIVISION

CJ CheilJedang organized a food safety division for the first time in Korea in 1997. Now, our Quality and Safety Division is comprised of four teams(Global Prevention Team, Quality & Safety Prevention Team, Quality Management Team, Food Safety Team) alongside the Quality & Safety Center. The division complies with domestic laws and regulations and deals with global food quality and safety issues according to the company's internal management rules, which are even stricter than relevant laws.

### QUALITY AND SAFETY DIVISION



### ESTABLISHMENT AND OPERATION OF CJQMS\* ICT, AN INTEGRATED FOOD SAFETY SYSTEM FOR DOMESTIC AND OVERSEAS BUSINESS SITES

CJ CheilJedang built an integrated food-safety ICT system, CJQMS, in 2017 and now operates the system in Korea and three other countries. This unified system works throughout the whole value chain from R&D to purchasing, production and sales. It helps the company efficiently operate a preemptive management system regarding the inspection of business sites, defect detection, regulations and labeling, quality standards, selection of suppliers, and quality and evaluation. This ICT system is now in operation in Korea, China, the U.S. and Vietnam.

\*\*CJQMS(CJ Quality Management System)

### INTERNATIONAL FOOD SAFETY CERTIFICATION OF OUR BUSINESS SITES

In order to examine the safety of our whole value chain and improve reliability, we received several international food safety certifications. In particular, all of our domestic business sites have obtained FSSC22000(Food Safety System Certification), a certification system designed by the GFSI(Global Food Safety Initiative) for food manufacturers operating a food safety management system. We are planning to receive certification for all overseas business sites by 2020.

### OPERATION OF THE PRODUCT QUALITY IMPROVEMENT GROUP

Our 'HMR Quality Improvement Group' was organized to produce HMR products, which have been highly praised by consumers for their safer production methods. The group consists of experts for each product category, and is dedicated to improving and managing production sites to provide consumers with safe products.

- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

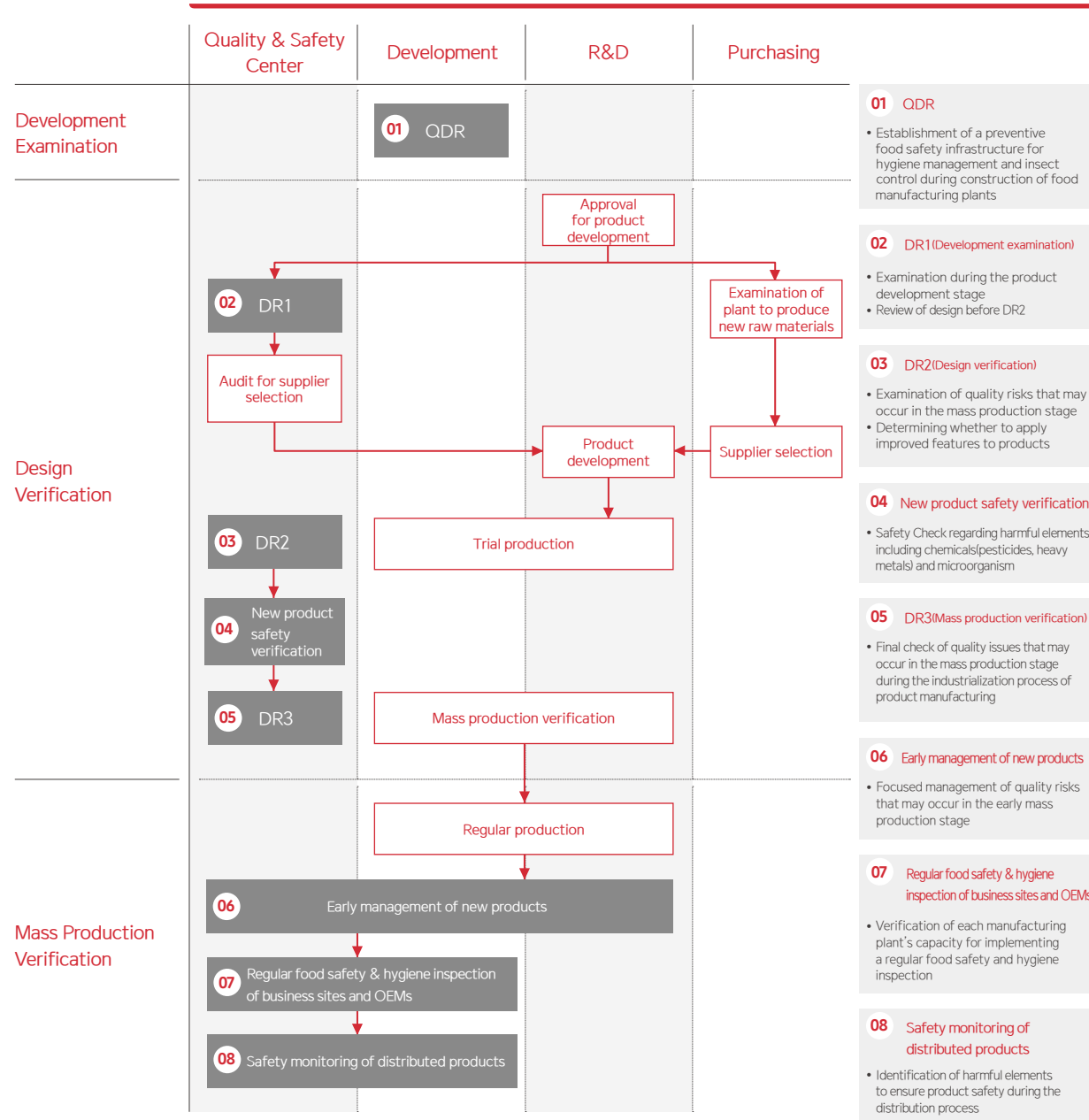
FOOD SAFETY EVALUATION THROUGHOUT ALL PROCESSES

In order to provide safe products to consumers, CJ CheilJedang gives top priority to food safety in the entire process from the construction of food manufacturing plants to R&D, purchasing of raw materials and distribution.

In the construction stage for food manufacturing plants in Korea and other countries, we use QDR(Quality Design Review) to prevent potential food safety risks in the production process.

In the product development stage, we examine and verify the safety of product designs through the DR process. When in need of a supplier for a new type of raw material, we conduct an audit to check that they can provide safe raw materials. Before regular production begins, we first carry out a trial production(DR2) and then go on to the mass production verification stage(DR3), only selecting products that have been passed the new product safety verification. Those that have not passed the test cannot be produced. Only products that have passed all test procedures can be mass-produced in the regular production stage. After the regular production stage, we focus on managing risks that may occur in the early stages of mass production of new products. We check the capacity of each manufacturing plant with a regular food safety inspection and conduct monitoring to ensure that safe products are provided to consumers.

PRODUCT SAFETY VERIFICATION PROCESS



※ According to policy, the next step is not permitted if the conditions are not met.

DEVELOPMENT OF PRODUCTS TO IMPROVE THE HEALTH AND NUTRITION OF CONSUMERS

CJ CheilJedang prioritizes the health and nutrition of consumers alongside the flavor of our food products. We undertake steady efforts to develop and launch low-sugar, low-salt, and nutritionally balanced products for the health of consumers, as well as products for patients with specific diseases. Our Institute of Food R&D is planning to develop and integrate nutrition plans and trial strategies to provide a nutritional solution by 2020.

HEALTHY SWEET FLAVOR

CJ CheilJedang was the first company in Korea to produce sugar in 1953. We have since evolved to produce a healthy sweet flavor. In 2011, we launched 'Xylose Sugar,' which reduces the absorption of sugar in the body, and 'Tagatose,' a functional sweetener that controls blood sugar levels. We also released 'Allulose,' a super low-calorie sweetener. Since these products help consumers reduce blood sugar levels and consume fewer calories compared to previous sugar products, they have been applied to a wide range of our food products. In 2018, we launched zero-calorie, zero-sugar desserts 'Petitzel Water Jelly Zero' and 'Hanppuri Kikemon Red Ginseng' using 'Allulose', a low-calorie product for children.



LOW-PROTEIN RICE FOR PATIENTS WITH A CONGENITAL METABOLIC DISEASE

In 2009, we released 'Hetbahn Low-protein Rice' for patients who need to control their consumption of protein due to phenylketonuria, a rare disease. Sales of this product are slightly lower than investment due to the small number of patients in Korea who need to control their protein consumption. However, we believe that, regardless of profit we have an obligation to the people who helped us put this product on the market in the first place. Since 2010, we have hosted PKU(Phenylketonuria) Camp every year to provide 'Hetbahn Low-protein Rice' to participants and to offer additional donations to fulfill our social responsibility.



Hetbahn Low-Protein Rice

RESEARCH ON LACTOBACILLUS IN KOREAN FOOD – HEALTHY INTESTINES AND BETTER IMMUNITY

Lactobacillus brand 'BYO' commenced its lactobacillus research on fermented Korean food in 2007. As a result, the brand has developed and launched 'BYO CJLP243 with 2-billion Live Lactobacillus' for healthy intestines and 'BYO Expert Care Plant Skin Lactobacillus', a functional product for skin immunity. 'CJLP243,' a type of lactobacillus found in Kimchi that can withstand harsh environments, received a patent after nine years of research. It has the effect of alleviating stress-induced intestinal troubles, helping all age groups improve their intestinal health. 'CJLP133' is another lactobacillus that we launched after it was first recognized by the Korean Ministry of Food and Drug Safety for its function of improving skin immunity. It has also received approval from the U.S. FDA for the safety of its ingredients. 'CJLP133' is a healthy, functional product with a proven effect of improving results on the skin irritation index and SCORAD(SCORing Atopic Dermatitis).



Left: BYO CJLP243 with 2-billion Live Lactobacillus

Right: BYO Expert Care Plant Skin Lactobacillus

CASE STUDY

Health and Nutrition: Conducting Meetings with External Experts



We are operating an external consultation committee to set a fair standard of nutrition and relevant policies. We organized the committee with specialized consultants as the core with Korean Nutrition Society, and the committee officially launched in April of 2019. We are planning to conduct regular meetings twice a year and hold additional meetings when necessary. We plan to secure the objectivity of our company's nutritional policies by receiving consultation from experts according to their expertise.



External Consultation Committee



MATERIAL ISSUES IN SUSTAINABILITY

- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

HEALTHY AND TASTY 'THEHEALTHY'



TheHealthy

'TheHealthy' proposes a new lifestyle with the tasty and healthy dishes that retain the original taste and texture of the ingredients. A good dish contains the original taste and flavor of the ingredients. So 'TheHealthy' always starts with the ingredients and enhances the original taste by adding time to the ingredients. 'TheHealthy', which embodies the original taste and health of the ingredients, helps you to share happy meals every day with people you love.

LAUNCH OF PRODUCTS THAT REFLECT GLOBAL POPULATION TRENDS

CJ CheilJedang launches products that reflect recent population trends. Considering the increase in the number of single-person households, we strive to achieve qualitative advancement beyond the quantitative growth of HMR products by diversifying the menu and upgrading our offerings. We recently introduced 'Care Food' as the newest HMR product line, targeting those who need dietary help with regard to health issues. In addition, we launched halal-certified products that conform to strict ingredient handling criteria as part of our efforts to improve the available options for religious consumers.

DIVERSIFICATION AND UPGRADING OF HMR PRODUCTS

For HMR products, which have been widely embraced CJ CheilJedang is making efforts to create substantial meals, that people can enjoy at home. In 2018, we launched 'Bibigo Porridge' using our outstanding know-how and recorded high sales in a short period of time. We are planning to increase the demand for porridge by releasing high-quality products that we usually have when dining out. Our new products include 'Bibigo Frozen Noodles' and 'Gourmet Frozen Noodles', so that consumers can easily have restaurant-quality noodles at home without the need to defrost. We will make more products to provide a substantial meal that is both healthy and delicious.

PIONEERING THE CARE FOOD MARKET

HMR's trend of focusing on convenience has accelerated with the changing social structure, as consumer demand for tasty functional products with higher nutrition and reduced sodium is on the rise. Considering this trend, CJ CheilJedang has defined Care Food as the next HMR product. We are planning to start in the B2B market by focusing on ordinary diets for patients in a pilot project and later expand the scope of our Care Food business to the general consumer market. We have reduced the content of sodium by 25% compared to existing products by utilizing our sodium reduction technology. We will continue to add more products by constantly investing in R&D.

HALAL K-FOOD

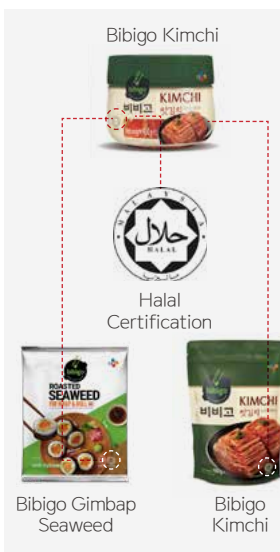
CJ CheilJedang sells halal-certified products to encompass all religions in the course of globalizing K-Food. We currently export 45 types of JAKIM-certified products(24 'Hetbahn' products, 10 'Bibigo Kimchi' products, 11 seaweed and seaweed snack products) to Singapore, Malaysia and other Muslim countries. We also have an ongoing development project for halal-certified traditional pastes, expecting to push toward the wider globalization of traditional Korean pastes. Halal products are now highlighted as clean and safe food, and are well-received even by general consumers.

K-FOOD ORIENTED GLOBAL FOOD COMPANY

CJ CheilJedang have been raising the pride of Korean cuisine with dumplings, Kimchi, seaweed, and gochujang through the global brand 'Bibigo'. In particular, Bibigo products maintains its position as the market leader in the US aiming to become a world leader by building factories in Europe, Russia, China and Vietnam. In addition, we acquired Schwan's Company in 2018, a big US frozen company and became the global No. 1 leader in K-Food company.



Bibigo Porridge Gourmet Frozen Noodles



Bibigo Gimhap Seaweed Bibigo Kimchi



In 2018, CJ CheilJedang's Bio business division celebrated the 30th anniversary of the foundation of its first overseas subsidiary in Pasuruan, Indonesia.

LEADING THE GLOBAL MARKET WITH ECO-FRIENDLY BIO-BASED STRATEGIES

HOW WE MANAGE

Companies need to strengthen their global competitiveness to create economic value and secure market status. Furthermore, sustainable management should be implemented by minimizing social and environmental impact in corporate operations such as research, development and production.

CJ CheilJedang's bio business unit leads the global bio market based on our unique technology and global foothold. The year 2018 marked the 30th anniversary of overseas expansion and maintained the world's largest market share for feed amino acid products, a feed additive. In addition, we maintain and improve the quality of our products by developing testing methods and standards in the bio sector, including the recognition of the quality test method(KOLAS, the international authorized testing agency). Also, we are actualizing the ideology of 'sustainable bio-cycle' which allows us to return to nature what we gain from it. We strive to create a healthy livestock industry by launching related products through constant research and development for improved livestock health and nutritional balance.

2018 KEY FACTS & FIGURES

<p><b>CATEGORY FOR QUALITY TESTING KOLAS*</b> Amino acid(7 cases) in-house method accreditation</p>	<p><b>OVERSEAS BUSINESS 30TH ANNIVERSARY</b></p>	<p><b>GLOBAL MARKET SHARE 1ST</b> Lysine, tryptophan, nucleotides, valine</p>
<p><b>DEVELOPMENT OF NATURAL FLAVOR</b> Cysteine, HG20</p>	<p><b>DEVELOPMENT OF ECO-FRIENDLY MATERIALS</b> Biodegradable adhesives and plastics</p>	<p><b>EXPANDED PORTFOLIO OF FERMENTED AMINO ACIDS</b> Isoleucine, leucine, tyrosine</p>

\* KOLAS(Korea Laboratory Accreditation Scheme): Under the Korean Agency for Technology and Standards of the Ministry of Trade, Industry and Energy

- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

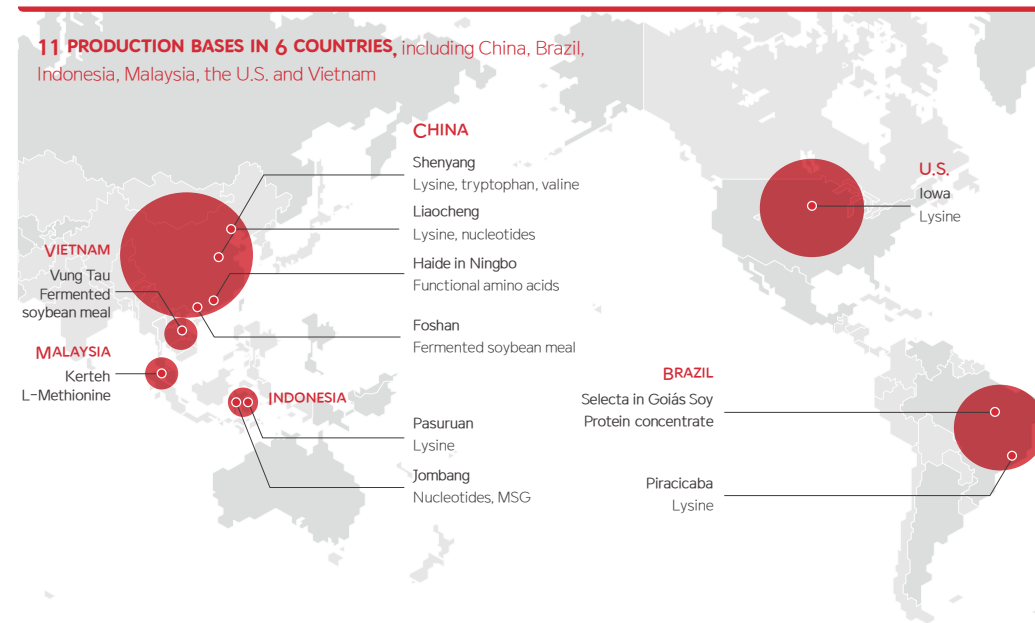
## EXPANSION OF GLOBAL BIO BUSINESS

CJ CheilJedang leads the global bio market with our advanced technologies. Our portfolio is diversified through distinctive R&D competitiveness, going beyond a mere expansion of productivity. Since we stepped into the global market, we have consistently achieved qualitative and quantitative growth for the past three decades. CJ CheilJedang will continue to secure our local and global growth engines using our globalization strategies.

### GLOBAL PRODUCTION BASES

Starting with the construction of a plant in Pasuruan for the Bio business, our first overseas production base, we invested in making global competitiveness by establishing new production bases, expanding the scale of existing bases, and taking over global companies. As a result, we have production plants all over the U.S., Brazil, China and Southeast Asia.

GLOBAL PRODUCTION BASES FOR CJ CHEILJEDANG'S BIO BUSINESS



### CONSOLIDATED POSITION IN THE GLOBAL MARKET

For our Bio business, CJ CheilJedang utilizes our world-class fermentation and refining technologies for food additives including MSG, nucleotides and arginine and for amino acid such as lysine, threonine, tryptophan, valine, methionine, and soy protein. In terms of amino acids for feed, our four product categories—lysine, tryptophan, nucleotides and valine—maintain the largest share in the global market. In 2017, CJ CheilJedang the top position in the soy protein concentrate market by acquiring Selecta, a producer of soy protein concentrate.

### GLOBAL CERTIFICATION FOR QUALITY TEST METHODS OF INSTITUTE OF BIOTECHNOLOGY

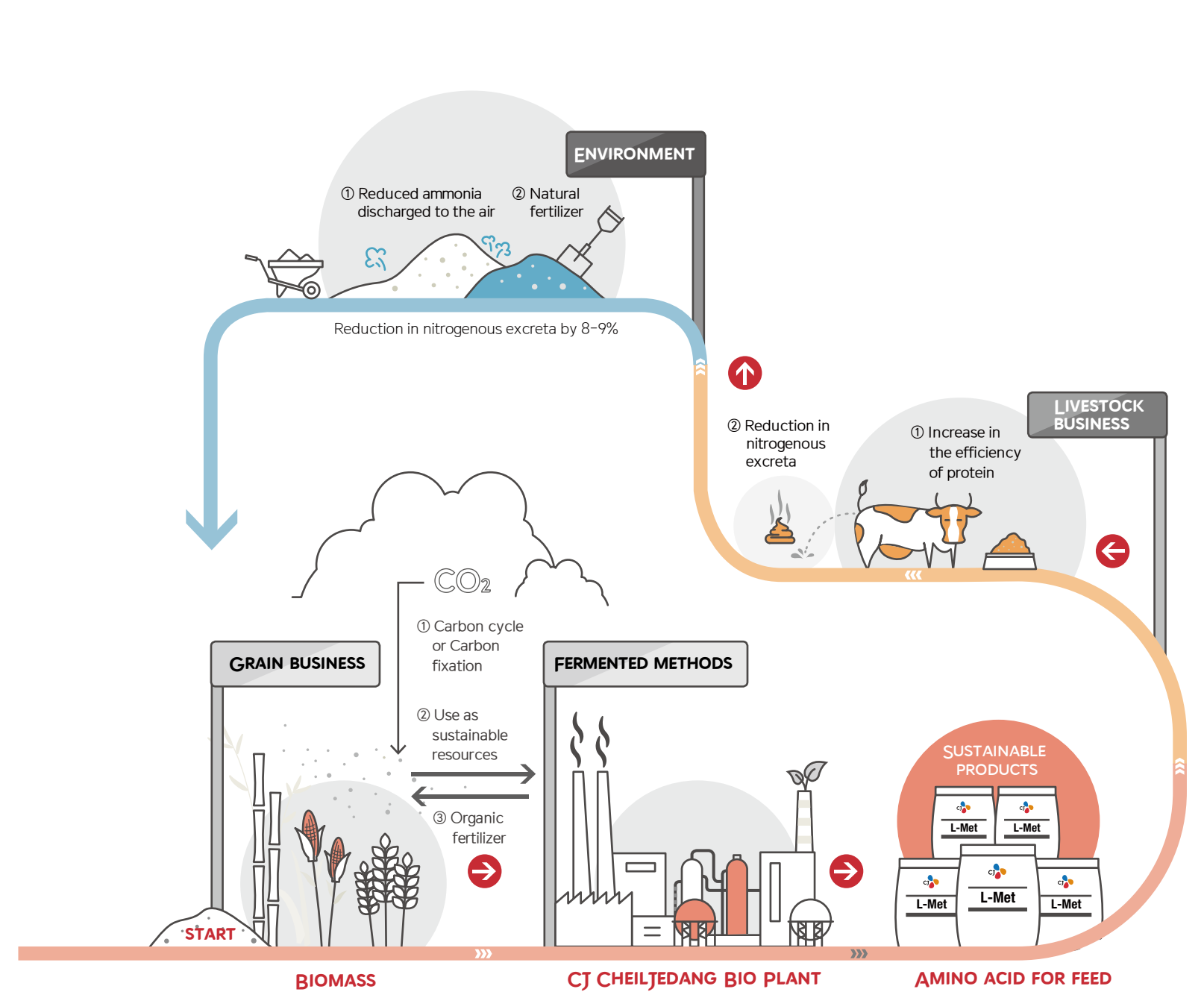
In 2017, Bio Research Center received accreditation from the governmental accreditation body, KO-LAS(Korea Laboratory Accreditation Scheme), under the Korean Agency for Technology and Standards(KATS) of the Ministry of Trade, Industry and Energy, for testing method of nucleotides and amino acids which are eco-friendly, green bio materials. It was the world's first accreditation in the field of nucleotides and an opportunity for us to win public confidence regarding testing. In 2018, Bio Research Center obtained additional recognition for our proprietary testing methods used in our research centers and business sites with seven amino acid products. This was the first case of a Korean company being accredited for its own testing methods. In 2019, are planning to receive additional accreditation for eight testing methods, including three products with specifically low contents (composite seasoning and granule products). Based on the distinctive technologies of our Bio Research Center, CJ CheilJedang will continue developing and exploring systematic testing methods and standards to enhance our quality competitiveness.

## INITIATION OF SUSTAINABLE BIO

CJ CheilJedang's Bio business performs a sustainable bio cycle, using technology to obtain materials from nature and then return them. Products that utilize natural materials are made, while aiming to reduce the environmental impact from consumption and disposal and pursue a model for discovering social value.

### SUSTAINABLE BIO CYCLE

CJ CheilJedang's amino acid products for feed alleviate financial burdens on farms and contribute to reducing environmental impact. Including lysine, which lean mass up, our various amino acid additives enhance the immunity and health of animals and improve the efficiency of feed, helping farms reduce management expenses. Increased efficiency of feed means decreased overuse of protein in feed, reducing nitrogen pollution in animal waste and the resulting environmental impact.





- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

Meeting SMART criteria as a Good Development Cooperation Model for UN SDGs

**ECO-FRIENDLY FERMENTATION PROCESS**

CJ CheilJedang applies an eco-fermentation process method in producing amino acid products for feed such as lysine, methionine, threonine, tryptophan, valine and cysteine. Rather than the conventional method of hydrolyzing duck down, hog hair and human hair using acid, we complete our eco-friendly fermentation process for mass production using corn. With this method, we can reduce the amount of discharged wastewater and waste gas, while addressing issues of air and soil pollution.

**DEVELOPMENT OF NEW ECO-FRIENDLY BIO MATERIALS**

CJ CheilJedang is developing new bio materials to meet future standard. By improving our Bio R&D capability and developing technology we are planning to make specialized products ranging from new ingredients for feed to those for food and plants.

**DEVELOPMENT OF INDIGESTIBLE BIOMASS**

CJ CheilJedang successfully produced glucose with a quality equal to that of existing edible biomass-based glucose using indigestible biomass, one of the raw materials abundant in Southeast Asia(especially in Indonesia). We are also conducting research on eco-friendly, high-value-added outcomes from by-products of indigestible biomass.

**DEVELOPMENT OF ECO-FRIENDLY FEED WITHOUT FISH MEAL**

CJ CheilJedang developed eco-friendly shrimp feed and fishmeal-free feed, by remarkably reducing the content of fishmeal. The demand for fishmeal is rapidly growing with the steady rise in farmed fish production, which has the potential to destroy marine ecosystems by decimating fish stocks. Some alternatives are currently being developed with salmon and trout. By developing this eco-friendly feed for shrimp with significantly lowering fish meal content, we are protecting the environment and marine ecosystems.

**CASE STUDY**

**RECOGNITION FOR SUSTAINABILITY OF BIO BUSINESS**



In 2016, CJ CheilJedang's R&D and amino acid products have been recognized by UN SDGs(Sustainability Development Goals) and have satisfied the SMART criteria. Our efforts to reduce nitrogen emissions using amino acids for feed, such as lysine, improved the livestock business environment. Another notable result was the company's contribution to anti-poverty and food security in reducing grain resources required for livestock farming. This achievement is meaningful in that our ongoing sustainability management was recognized by the international community. We will continue to uncover more opportunities for sustainability management in various business sectors of the company.



**RESEARCH INTO LIVESTOCK HEALTH**

In the product development stage, CJ CheilJedang continues to conduct research on enhancing the health of livestock and increasing customer satisfaction, and applies this research to the development of feed and feed additives that prevent animal diseases and increase immunity.

**FEED/FOOD ADDITIVES**

BIOTECTOR®, a bacteriophage\* used as feed/food additive, is harmless to the human body and livestock, and has strong bactericidal effect against Salmonella, pathogenic *E.coli* and *Clostridium perfringens*\*\*.

Through the development of phage cocktails, we would more efficiently prevent the bacterial diseases such as fowl typhoid, pullorum disease, Salmonellosis originated from food animals, avian colibacillosis, enterotoxigenic colibacillosis, and poultry necrotic enteritis.

\* Bacteriophages: Since they are naturally designed to target specific bacteria, they selectively destroy harmful pathogens while leaving useful bacteria behind. It can also be used as an alternative to antibiotics, reducing the incidence of antibiotic resistance and super bacteria.  
 \*\* Clostridium perfringens: This is an anaerobic and intrinsic bacterium in intestines. It can cause necrotic enteritis when immunity decreases, leading to issues in the poultry and hog farming industries.

**DEVELOPMENT OF FUNCTIONAL FEED ADDITIVES**

CJ CheilJedang launched a new feed product for the poultry industry that controls microorganisms and improves immunity. This product enhances the gastrointestinal functionality in livestock, resulting in controlling pathogens and increasing digestibility. It also improves the productivity of livestock farming by increasing immunity with toxin extinguisher. This product has been satisfied with customers since 2018 and achieved 185,000 tons of sales.

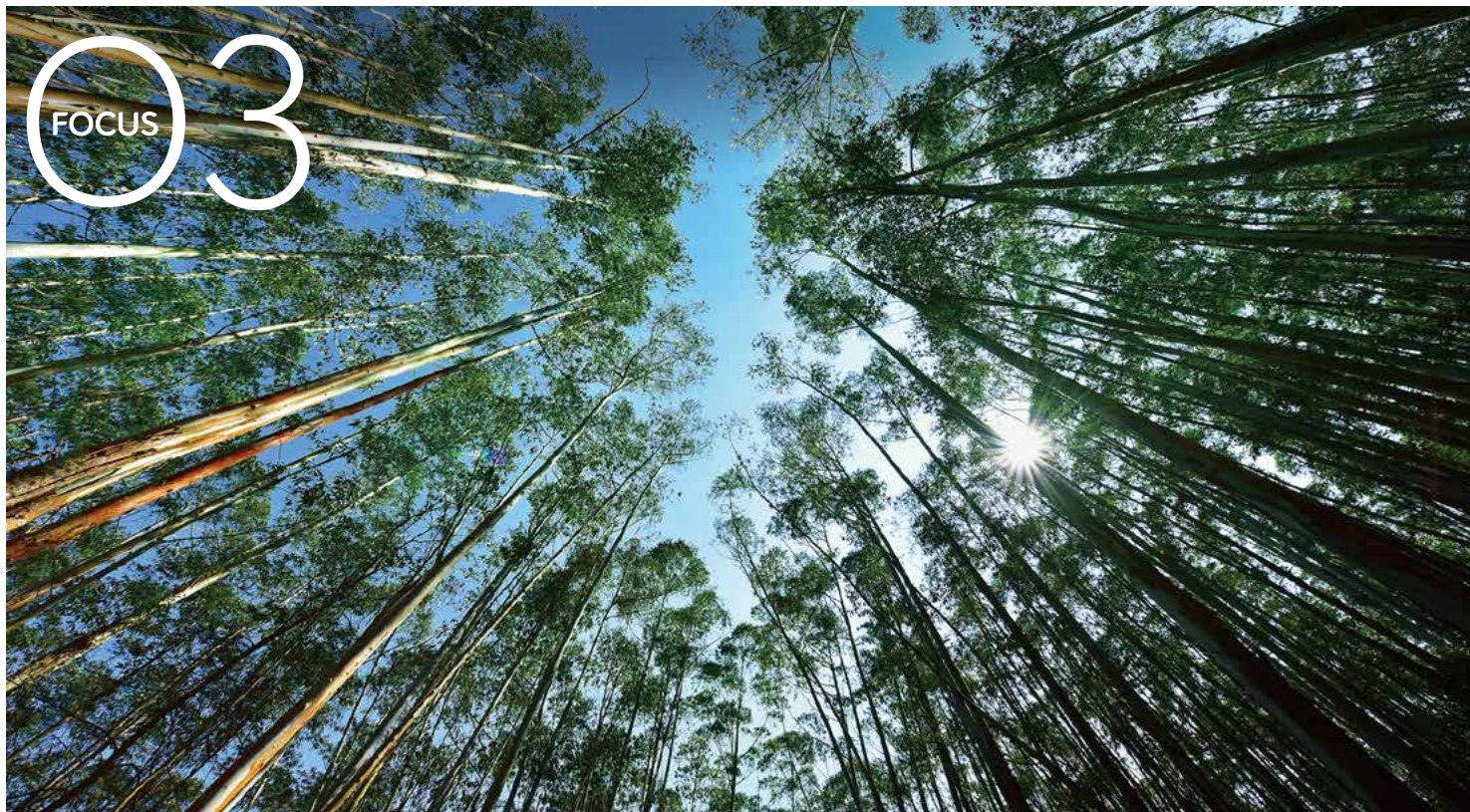
**RENEWAL OF FEED PRODUCT WITH HIGH-QUALITY FUNCTIONAL PROTEIN**

CJ CheilJedang carried forward the business for renewal of feed for swine to enhance performance in Vietnamese farms. To help growth of piglets and their immunity, our development has been focused on decreasing & preventing diarrhea by functional & balanced proteins. As for growers and finisher pigs, we designed the product with a balance between energy and lysine, boosting the growth rate of pigs and the efficiency of the feed. Moreover, we also used economical raw materials in view of product pricing.

**ICT BUSINESS FOR THE HEALTH OF MILK COWS**

CJ CheilJedang has been engaged in increasing the productivity of farms by utilizing ICT equipment as part of our project for healthy milk cows and healthy farms. We chose to use a device that can be inserted through the mouth of a cow to its stomach to easily check its health. This method increases the productivity of farms that use CJ CheilJedang's feed and helps cows healthy by preventing diseases in advance and clearly identifying the current farm conditions. We are currently planning to distribute this ICT equipment to more farms.





## DRIVE RESPONSIBLE PRODUCTION FOR SUSTAINABLE LIFE AND ENVIRONMENT


### HOW WE MANAGE


A manufacturing industry uses a great deal of energy during manufacturing to distribution of products. Given the characteristics of the food industry, an immense amount of water is used for cooking, processing and cleaning finished products, while large quantities of raw materials are utilized to produce packaging materials. Energy production and consumption have an impact on the environment including climate change, and the discharge of wastewater causes additional risks, directly and indirectly affecting the management of a company.

Under the leadership of the department in charge, CJ CheilJedang endeavors to minimize its environmental impact by analyzing environmental risks of its domestic business sites, including its headquarters, while carrying out activities to manage environmental data and reduce emissions. In particular, the Energy Committee takes charge of managing energy efficiency, improving the processes to increase the efficiency of energy and expanding the introduction of renewable energy. Moreover, we strictly manage waste and wastewater to discharge them according to legal procedures, and exert efforts to reduce waste intensity. As a global company, CJ CheilJedang recognizes that strict management of environmental impact should not be limited to its domestic business sites, and will expand the environmental management framework and infrastructure horizontally to overseas business sites. We are planning to provide more information on relevant performance in the sustainability report.

### 2018 KEY FACTS & FIGURES

 **ENVIRONMENTAL MERIT AWARD**  
**COMMENDATION FROM MINISTER OF ENVIRONMENT**

 **GHG EMISSION INTENSITY**  
**0.108**  
tCO<sub>2</sub>e/product-ton

 **WATER USAGE INTENSITY**  
**1.44**  
Ton/product-ton

 **WASTE DISCHARGE INTENSITY**  
**0.015**  
Ton/product-ton

 **GREEN COMPANY DESIGNATION MAINTAINED**  
3 business sites

## PROMOTE ENVIRONMENTAL MANAGEMENT

CJ Group presents the vision of becoming ‘a world-class green company’ to establish a sustainable environmental management system for the future, on which CJ CheilJedang operates on. In particular, our sustainability management in the environmental sector(reduction of GHG emissions, management of resource recirculation and water usage) is based on environmental management goals, such as increasing target GHG emissions and strengthening environmental competence. We preemptively prevent environmental risks, including the leakage of chemical substances, odor and other issues. We also carry out the standardization of the local environmental management system and comply with the international environmental certification system(ISO 14001) to apply the same environmental management criteria to all our business sites.

### ENVIRONMENTAL MANAGEMENT ORGANIZATION

CJ CheilJedang’s environmental management is handled by the Environmental Safety Team of the Global Production Support Team at the headquarters. The company has also organized an Environmental Safety Team at each business site in 2017, which cooperates with the team at the headquarters to reinforce the capacity to deal with environmental safety affairs.



### ENGAGEMENT IN ENVIRONMENTAL MANAGEMENT CERTIFICATION AND EVALUATION

CJ CheilJedang obtained Green Company certification for three domestic business sites—Incheon Plant 1, Busan Plant, and Incheon Freezing Plant. Incheon Plant 1 passed re-designation evaluation in 2018 and will maintain the Green Company certification until 2021. We also prepare for the CDP and CDP Water Evaluation—the Carbon Disclosure Project and Water Management Information Disclosure Project—on a regular basis. This demonstrates that we have been recognized objectively for our environmental management performance by adopting rapidly changing global environmental policies. In preparation for the establishment and implementation of the integrated instructions of the Environmental Footprint for the food sector in 2020, we are carrying out a research project of the Ministry of Agriculture, Food and Rural Affairs in cooperation with an LCI(Life Cycle Inventory) Database company. This research began in 2016 and is supposed to span three years. With this project, CJ CheilJedang will improve its competitiveness in the European food market and pave the way to become a global food company that can actively cope with the environmental regulations.



### ENVIRONMENTAL SAFETY DIAGNOSIS

CJ CheilJedang conducts environmental safety diagnosis of its domestic business sites on a regular basis to check compliance with environmental safety regulations and relevant company rules. Our headquarters takes charge of diagnosis in the fields of environment, safety, electric safety and health. Aspects found to be inadequate are managed by proper actions to prevent legal issues. In 2018, we ran a safety diagnosis CJ Group, with which we upgraded based on tightened internal standards of the company.

## STRENGTHEN CLIMATE CHANGE MEASURES

The Environmental Safety Team manages GHG emissions and energy consumption to reinforce the company’s competence in climate change. By designating the employee(s) in charge of GHG affairs at each business site including the headquarters, we strive to properly react with swift actions, report when controlling GHG emissions and address other climate change issues.

### PERFORMANCE EVALUATION OF CLIMATE CHANGE MANAGEMENT

To manage and reduce climate change risks, we consider the climate change management outcome in the performance evaluation of the employee(s) in charge. The result is used in the promotion and incentive decision process. In particular, the management performance of GHG emissions and energy consumption takes up a significant share of the evaluation of the employee(s) at the headquarters. Since it is also associated with the evaluation of the relevant employees at each business site, climate change management performance is directly linked to the evaluation.

### CLIMATE CHANGE RISK MANAGEMENT

CJ CheilJedang has defined and managed risks associated with climate change as follows to alleviate the impact of climate change risks on business management conditions and the environment.

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



- CJ CheilJedang CSV  
Stakeholder Engagement  
SDGs COMPASS  
Key Issues in Sustainability Management  
Issue 1. Promote a safe and healthy dietary culture  
Issue 2. Lead the global market with eco-friendly bio-based strategies  
Issue 3. Drive responsible production for sustainable life and environment  
Issue 4. Create an industrial ecosystem for inclusive growth  
Issue 5. Realize a harmonious local community

## GHG EMISSIONS REDUCTION

CJ CheilJedang sets an annual target to manage GHG emissions at its domestic business sites. We actively take actions in preparation for the GHG emissions trading system, and have generated financial outcome by trading emissions credit.

### GHG EMISSIONS MANAGEMENT

Our GHG emissions in 2018 were 396,205 tCO<sub>2</sub>e(intensity: 0.108 tCO<sub>2</sub>e/product-ton), an increase from 363,942 tCO<sub>2</sub>e(intensity: 0.102 tCO<sub>2</sub>e/ton) in 2017. This figure is attributed to the changes in production due to the M&A of Young-woo frozen food and the construction of Jincheon BC(Blossom Campus) as well as the expansion of facilities at Busan Plant. Also, In 2018, 21 internal projects will be implemented to reduce GHG emissions and reduce 5,997 tCO<sub>2</sub>e. In addition, CJ CheilJedang reduced 11,554tCO<sub>2</sub>e over three years from June 2015 to April 2018 through the “GHG Reduction Project through Unused Energy Reclamation by installing Young-woo frozen food economizer”.

### RESPONSE TO THE GHG EMISSIONS TRADING SYSTEM

In 2018, in response to the government’s policy of facilitating the trade of GHG emissions credits, we sold 2,500 tons plus 56,500 tons carried forward from the previous year, achieving KRW 1.36 billion of financial performance.

## ENERGY CONSUMPTION REDUCTION

CJ CheilJedang has an Energy Committee that oversees the management of energy efficiency. The committee disseminates the energy-saving target set by the headquarters and the direction of relevant activities to the committee members at each business site. The committee members report about whether the goals are achieved, promoting energy innovation. We also designed the energy efficiency management roadmap for advanced management. We use the internal process and KPIs to successfully stabilize the energy efficiency management system.

### ENERGY CONSUMPTION MANAGEMENT

In 2018, our energy consumption was 9,102 TJ(intensity: 0.002 TJ/product-ton), an increase from 8,383 TJ(intensity: 0.002 TJ/ product-ton) in 2017. Energy consumption inclined due to the M&A of Young-woo frozen food and the construction of Jincheon BC, along with the increase in the production of major products, such as ‘Hetbahn’ and dumplings.

### ENERGY CONSUMPTION REDUCTION THROUGH PROCESS IMPROVEMENT

CJ CheilJedang focuses on reducing energy by upgrading the manufacturing process of food ingredients. The production of food ingredients such as sugar and starch requires more energy than processed food. We thus try to improve the manufacturing process of food ingredients to use less energy. In 2018, we carried out an integrated operation of enrichment facilities for making starch syrup, saving natural gas usage by roughly 600,000 Nm<sup>3</sup>. We also optimized the input of steam in the sugar crystal process to reduce natural gas consumption by 300,000 Nm<sup>3</sup>.

#### CASE

#### INCREASED USE OF RENEWABLE ENERGY



In 2018, we installed and commenced the operation of the solar cell system at CJ Blossom Campus(R&D) Center while also installing and operating the solar cell system at newly built CJ Blossom Campus(Intergrated Food Production Base). As a result, we increased the production of renewable energy and used 1,108 TJ of renewable energy.

Even in overseas business sites, we increased the utilization of renewable energy, reducing our impact on the local environment. At our business site of Selecta, we generated electricity and heat by operating a highly-efficient combined heat and power plant that uses eco-friendly woodchips as fuel. Produced energy is utilized throughout all processes, while surplus power is shared with neighboring regions, maximizing energy efficiency. We are also considering the construction of a combined heat and power plant using woodchips that replaces existing LNG fuel at our business site in Piracicaba.

## WATER RESOURCE CONSUMPTION MANAGEMENT

CJ CheilJedang’s Environmental Safety Team manages water resources and prevents relevant risks. Our Energy Committee deals with water resource management issues and takes proper actions. We conduct the water resource management examination throughout every scope of the production process, and report and share the result in the regular management meeting.

### WATER USAGE AND WASTEWATER DISCHARGE MANAGEMENT

Our water consumption in 2018 was 5,296,319 tons(intensity: 1.448 ton/product-ton), increased from 4,866,925 tons(intensity: 1.359 ton/product-ton) in 2017. This was because the production of ‘Hetbahn’, dumplings and Kimchi products soared, while that of sugar and cooking oil that use less water in the manufacturing process dropped. In particular, the operation of the newly constructed ‘Hetbahn’ line at Busan Plant was one of the main causes of increased water usage.

The amount of discharged wastewater in 2018 was 3,791,837 tons(intensity: 1.036 ton/product-ton), an increase from 3,092,809 tons(intensity: 0.864 ton/product-ton) in 2017. The main causes of such an increase were the M&A of Young-woo frozen food, the construction of Jincheon BC, and the increased water consumption in the ‘Hetbahn’ manufacturing process. Wastewater from our business sites is processed at our wastewater disposal facilities first and then discharged, not directly to nearby rivers or streams but to local sewage treatment plants. It needs to be additionally treated to maintain the level of discharged wastewater within 30% compared to the legal criteria. Treated wastewater directly discharged to nearby rivers or streams is also managed to be within 30% of the legal criteria, not having a major impact on the environment.

### WATER RESOURCE RISKS

Considering the characteristics of our food and beverage manufacturing business, we utilize water in the cleaning and sterilization process, and thus thoroughly manage water resource risks. We strictly follow the source water management regulations and various relevant regulations and rules regarding wastewater. Wastewater issues are likely to have a bigger negative impact on local communities, so we are well aware of the need to apply more stringent standards. Since the introduction of the green management system in 2011, we have set the internal management criteria to be stricter than the relevant law and regulations, thereby systematizing the water resource management system. In case the upstream area of the region where the company wants to construct production facilities is designated as a water resource protection zone, we reselect another safe region that is free from water pollution risk, even bearing the increase in cost and difficulties in the logistics system. We also expand investment in the wastewater reutilization system in preparation for an increase in water costs and restrictions on the water supply as a government policy.

### EXPANSION OF WATER RESOURCE MANAGEMENT ACTIVITIES IN THE SUPPLY CHAIN

CJ CheilJedang has employed and operates an internal risk assessment method to evaluate water quality risk factors within the supply chain. We also collect data about the use, discharge and collection of water resources and evaluate the impact of water-quality risk factors following each step. In preparation for the implementation of the EU ‘Environmental Footprint Certification System’, we are building the LCI(Life Cycle Inventory) DB for raw and subsidiary materials of SME suppliers, focusing on products to be exported to Europe.

- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

## WASTE REDUCTION

Our Environmental Safety Team is committed to minimizing waste generated in the production process and increasing the recycling rate. As part of such efforts, we set the goal of reducing the waste intensity by 30% from 2015. To achieve this we are conducting the training program for relevant departments, improving the quality of packaging materials and turning by-products into resources.

### WASTE MANAGEMENT

The amount of waste discharged in 2018 was 57,592 tons(intensity: 0.0157 ton/product-ton), up from 54,342 tons(intensity: 0.0152 ton/product-ton) in 2017. The main cause of the amount of discharged waste and the increased waste intensity was the launch of new products and expanded product portfolio.

### USE OF BY-PRODUCTS AS RESOURCES

CJ CheilJedang recycles by-products from the manufacturing process to improve the environment. We have continued to invest in facilities that enhance the recovery rate of dark oil, a by-product from our cooking oil manufacturing plant, reducing the amount of wastewater to be treated. We also sell recovered dark oil as raw materials for eco-friendly ink and biodiesel.

We participated in signing the voluntary agreement for the improvement of packaging materials and structure, led by the Ministry of Environment, which is aimed at actively improving hard-to-recycle packaging materials. With this effort, we will come up with plans to improve packaging materials and structure, contributing to creating a nationwide trend of resource circulation.

Our Bio business site in Kerteh, Malaysia, makes use of by-products generated in the fermentation process, such as spent carbon and wastewater sludge, to sell them as fertilizers and fuels. Spent carbon from the refining process is used as a material for land improvement, and wastewater sludge as a raw material for organic fertilizer. The use of these two types of by-products was approved by the Malaysian Department of Environment.

## MANAGEMENT OF OTHER POLLUTANTS

CJ CheilJedang monitors pollutants that may be generated in the production process to minimize its impact on local communities, while exploring measures to prevent pollutants. We have staff that oversee the handling of harmful chemical substances, and have strengthened the chemical substance management system by diagnosing relevant facilities.

### WATER QUALITY, ATMOSPHERE AND STENCH MANAGEMENT

CJ CheilJedang established the central environmental management system to control pollutants and foul odors from the production processes. This system monitors, in real time, water pollution indicators such as COD(chemical oxygen demand), air pollutants such as nitrogen oxide, and odors that may affect nearby areas, preventing environmental accidents. We have also built an information sharing and cooperation network with relevant organizations to minimize the impact of environmental accidents on local communities.

### HARMFUL CHEMICAL SUBSTANCE MANAGEMENT

CJ CheilJedang controls harmful chemical substances through its strict management system, including the harmful chemical substance treatment facilities handled by the designated management staff. The company established and has operated a database system to manage harmful chemical substances within the EHS(Environment, Health and Safety) system, reinforcing its management capacity.

## AIR POLLUTANT MANAGEMENT AT OVERSEAS BUSINESS SITES

The Ministry of Environmental Protection of the People's Republic of China announced ultra-low-emissions standards regarding air pollution. Considering this change, we invested in environmental facilities at our Bio business sites in Shenyang and Liaocheng, China. As a result, we could significantly reduce the discharge of air pollutants, such as nitrogen oxide, sulfur oxide and dust.

### AIR POLLUTANT EMISSIONS AT THE BUSINESS SITES IN CHINA(SHENYANG, LIAOCHENG) unit: ton

Category	2016	2017	2018
NOx	809.2	412.9	218.6
SOx	416.8	263.1	72.0
Dust	991.7	259.5	17.2
Total	2,217.7	935.5	307.8

## SUSTAINABLE PACKAGING

CJ CheilJedang set the 'Sustainable Packaging 3R Policy' as the basic direction for a sustainable environment, reducing waste caused by packaging materials and caring for nature and society. Based on this principle, we increased the use of eco-friendly packaging materials, while reducing the use of unrecyclable ones to prevent the waste of resources and contributing to the expansion of eco-friendly economy for shared growth.

### 3R POLICY FOR SUSTAINABLE PACKAGING

CJ CheilJedang develops more eco-friendly and sustainable packaging methods based on the 3R Policy, which are using recyclable materials(Recycle), reducing the use of plastics(Redesign), and utilizing nature-based raw materials(Recover).

 Eco-friendly Packaging Policy

 RECYCLE	 REDESIGN	 RECOVER
<b>3R Policy for Sustainable Packaging</b>		
<p><b>Use of recyclable materials</b></p> <ul style="list-style-type: none"> <li>Use of commodity materials that are commonly recycled</li> <li>Make it easy to separate packaging materials in recycling stream</li> <li>Simplify recycling by designing the package from a single or similar materials</li> </ul>	<p><b>Redesign packaging materials</b></p> <ul style="list-style-type: none"> <li>Reduce the use of plastics</li> <li>Optimize footprint</li> <li>Extend the period of use</li> <li>Design sustainable package from the beginning</li> </ul>	<p><b>Utilize bioplastic from renewable resources</b></p> <ul style="list-style-type: none"> <li>Use of biomass sources</li> <li>Use of biodegradable and compostable materials</li> <li>Use of eco-friendly certified materials</li> </ul>

### APPLICATION OF 3R POLICY FOR SUSTAINABLE PACKAGING

Category	Product	Description
REDESIGN	All 'Hetbahn' products	Reduce the weight of containers and functional films
	Three products including 'Beksul Beef Bulgogi Marinade'	Reduce the weight of containers
	Three products including 'Gourmet Hamburger Steak'	Reduce the weight of containers
	Oligosaccharide products including 'Beksul Organic Sugar'	Apply reasonable corrugated cardboard boxes(reducing the consumption of materials)

### SUSTAINABLE PACKAGING

Our brand 'Hetbahn' has seen continued sales growth since its launch in 1997, selling over 400 million products each year. This made the brand use about 4,000 tons of plastic materials annually. To cut back on the growing use of plastics, we have reduced the thickness of containers. We have also improved the structure of containers and developed special materials to prevent any damage to containers that may be caused by reduced materials, maintaining the quality of packaging and reducing the consumption of plastic materials at the same time. As a result, we could reduce the consumption of plastics annually by about 300 tons, and now conduct R&D for continuous reduction in the use of plastics.





\* The picture shows 'Cheonjihyang 1', produced by CJ Breeding Corp., established by CJ CheilJedang to enhance its competitiveness in the agricultural, fishery and food sectors.

## CREATE AN INDUSTRIAL ECOSYSTEM FOR INCLUSIVE GROWTH

### HOW WE MANAGE

Given the characteristics of CJ CheilJedang's business, the company procures an immense amount of raw materials. If any problems occur in the supply and demand of raw materials, it may cause price fluctuations and affect the profitability of a company. Responsible sourcing of raw materials and fair trade may lead to an opportunity for a company to harness the growing demand of consumers who are interested in social responsibility. Moreover, the management of social and environmental risks in the supply chain may affect the reputation of the company, which is eventually linked to enhanced values of the company for shareholders.

CJ CheilJedang always makes efforts to alleviate social and environmental risks in its supply chain, while coming up with measures to grow together with SME suppliers and farms. Fair trade is our basic principle, and sustainability is strictly controlled throughout our supply chain. As part of our efforts to fulfill our social responsibility, we strive to create shared values by providing financial and non-financial support to SME suppliers and farms. In particular, we established CJ Breeding Corp. to address farming issues and increase the income of farms. CJ Breeding Corp., a subsidiary of CJ CheilJedang, is managed as KPI of the CEO along with 'Happy Companion', our leading brand for mutual growth. We also share the mindset for creating an industrial ecosystem for shared growth throughout the company.

### 2018 KEY FACTS & FIGURES

GHG EMISSION INTENSITY  
**0.108**  
tCO<sub>2</sub>e/product-ton



SUPPORT NAEL CHAEUM DEDUCTION SYSTEM FOR SME SUPPLIERS

**26** PERSONS



EXEMPLARY COMMERCIALIZATION CASES FROM OPEN INNOVATION

**6** COMPANIES



CONTRACT CULTIVATION AREA OF FARMS

**827.4** HA



WIN-WIN FUND OPERATION

**KRW 51.2** BILLION

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

On the basis of CJ Group's philosophy of mutual growth, CJ CheilJedang seeks to turn social issues related to shared and mutual growth into opportunities for CSV projects. We are constantly paving the way to shared growth with SME suppliers and farmers, including the introduction of 'Happy Companion' in 2011 and the establishment of CJ Breeding Corp. in 2015. The result of CJ Breeding Corp. and 'Happy Companion' is managed as KPI of CEO, and our goal is to maximize growth opportunities and shared values of our business through distinctive management of the supply chain. In 2018, we conducted the eco-friendly new material open innovation contest to support the development of new business by SMEs, taking the initiative in creating an industrial ecosystem for shared growth.

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



## STRENGTHENED COMMUNICATION WITH SUPPLIERS

CJ CheilJedang established various communication channels with suppliers under the leadership of the committee handling mutual-growth-related agendas, listening to supplier's grievances and addressing problems. We also have regular opportunities for communicating with suppliers, seek to motivate them and build mutual trust.

### SHARED GROWTH COMMITTEE

CJ CheilJedang organized and have been operating the Shared Growth Committee with the participation of CEO and directors in charge of purchasing, finance, legal affairs and quality and safety. The committee handles major agendas related to mutual growth, addresses Win-win VOCs, and hosts the CJ Partners Club meetings.

### ORGANIZATIONAL CHART OF THE SHARED GROWTH COMMITTEE



### CJ PARTNERS CLUB

CJ Partners Club is a committee comprised of CJ CheilJedang's purchasing executives and employees and its SME suppliers, which is aimed at building cooperative relationships in the supply chain and jointly developing new technologies. In 2018, a total of 65 companies participated in the regular meetings to share performances and opinions regarding food raw materials, packaging and equipment. The Club hosts the CEO seminar and supports the year-end party in June and December, respectively, facilitating mutual communication.



- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

WIN-WIN VOC(VOICE OF CUSTOMER)

Win-win VOC is a channel aimed at addressing grievances and requests of suppliers. VOCs can be reported on the CJ Shared Growth Portal. Registered VOCs are shared in the Task Force Team meeting of the Shared Growth Committee and resolved swiftly through proper procedures by designated departments based on analysis.

FAIR TRADE PRACTICES

CJ CheilJedang upholds the philosophy of CJ Group for mutual growth to establish fair trade practices with SME suppliers. We strive to create an industrial ecosystem where we can pursue shared growth.

FAIR TRADE PHILOSOPHY

On the basis of CJ Group’s philosophy of mutual growth, we set the purchasing philosophy to establish fair trade practices with SME suppliers. We essentially require our executives and employees to have the mindset for fair trade. We make purchasing-related decisions in accordance with the Purchasing Ethics Charter and the Purchasing Code of Conduct. Employees who violate the fair trade practices are penalized with disadvantages in HR affairs. The degree of shared growth with suppliers is included in the performance evaluation of purchasing employees, encouraging them to observe fair trade rules.

PURCHASING DELIBERATION COMMITTEE

CJ CheilJedang holds a monthly meeting of the Purchasing Deliberation Committee to handle and report major agendas and activities regarding suppliers. Under the leadership of the purchasing executive director, the committee is comprised of employees from the divisions of finance, legal affairs, and food SCM and CSV Team. In 2018, the scope of the committee’s deliberation contents was expanded, including the examination of the current status of financial support for suppliers and the request for dispute arbitration.

PROCUREMENT OF SUSTAINABLE RAW MATERIAL

CJ CheilJedang strives to fulfill its role as a corporate citizen in the procurement of raw materials for its products. We have established a sustainable procurement policy for raw materials to reduce environmental pollution and improve animal welfare, and we will strictly comply with them and expand the scope of the policy in the future.

PURCHASE OF ECO-FRIENDLY RAW MATERIALS

In the production process, we buy certified organic products to meet the needs of customers that put a priority on safety and health.

Raw Material	Unit	2016	2017	2018
Sugar	Ton	220	274	174
Flour	Ton	245	250	185
Soy bean	Ton	158,000	66,000	183,000
Rice	Ton	21,284	24,255	40,000

PURCHASE OF SUSTAINABLE PALM OIL

CJ CheilJedang joined RSPO\* as a regular member to purchase palm oil produced through legal means and use it in our production process. In 2018, we bought 1,256 tons of sustainable palm oil, and are planning to increase the ratio of palm oil in the total raw materials we purchase.

\* RSPO(Roundtable for Sustainable Palm Oil) certification: Certification of palm oil produced through legal procedures.

ANIMAL WELFARE

CJ CheilJedang has set the animal welfare policy to enhance the welfare of animals as part of its efforts to ensure the sustainability of raw materials. We also conform to the five major principles of animal welfare. Now we apply the animal welfare policy to part of our egg products, including ‘Animal Welfare Fertile Egg’(a set of 10 and 15 eggs). These boxes of eggs are fertile ones produced by hens that are grown in a healthy environment without stress, and are high-quality eggs procured from animal-welfare-certified farms. We obtained external certification as well for the sustainability of our products, including the non-antibiotic certification, HAC-CP(Hazard Analysis Critical Control Point System) and LOHAS(Lifestyles of Health and Sustainability).

 Sustainable Raw Material Sourcing Policy

ANIMAL WELFARE FIVE PRINCIPLES

- ① Freedom of hunger and thirst
- ② Freedom of environmental or physical discomfort
- ③ Freedom of pain, injury, or disease
- ④ Freedom to express normal behavior
- ⑤ Freedom of fear and distress

EVALUATION AND MANAGEMENT OF SUSTAINABILITY OF SUPPLIERS

CJ CheilJedang considers ESG(Environment, Social, Governance) elements from the supplier selection stage, and evaluates the sustainability of suppliers even after the contract conclusion stage. We recommend them to observe the Suppliers Code of Conduct, constantly carrying out activities to manage risks of suppliers related to human rights, ethics, safety and environment.

SUPPLIER SELECTION AND CRITICAL SUPPLIER MANAGEMENT

CJ CheilJedang apply the fair and transparent evaluation criteria in selecting suppliers, which include financial stability as well as ESG elements such as ethical business management, collusion and corruption. In particular, the result of field inspection conducted by our Food Safety Center is considered to be significant when selecting suppliers related to the purchase of raw materials. Suppliers evaluated to be inadequate are given penalties depending on the results.

Also, critical suppliers are separated and managed based on annual transaction size of suppliers, procurement items, and irreplaceability of suppliers. As of 2018, there are about 700 suppliers, and 200 of them are critical suppliers. And more than 90% of the total purchase are procured from critical suppliers.

VERIFICATION AND DIAGNOSIS OF SUPPLIERS’ SUSTAINABILITY

CJ CheilJedang visit suppliers under contract on a regular basis to verify and diagnose their sustainability. We verify consumer safety elements throughout the whole production process, from the input of raw materials to processing, packaging, storage and inspection. Exemplary cases identified in the verification and diagnosis are shared with other suppliers. We select and grant awards to exemplary suppliers by evaluating the annual goal achievement rate.

**Raw material safety verification:** All raw material supply contracts are signed based on the stipulated criteria of quality and safety. In terms of domestic agricultural products, we engaged in contracts with companies with safety certification as registered to associations of each type of raw material, such as milling, sugar manufacturing and feed. For imported agricultural products, we trade with companies that have passed the safety verification of the government.

**Product safety verification:** All products should be primarily inspected by each supplier and pass the second safety verification of CJ CheilJedang to be released.

STRENGTHENED SUPPLIER SAFETY MANAGEMENT GROUP

CJ CheilJedang commenced the recruitment of employees to oversee safety as part of our efforts to strengthen the safety control group of each supplier. Out of 19 target suppliers, safety staff were hired at 18 companies in 2017 and one company in 2018. We operate the network for hired safety management staff to enable them to share information with each other.

SUPPORT FOR CCM(CONSUMER CENTERED MANAGEMENT) CERTIFICATION OF SUPPLIERS

In order to enhance the customer-centered management of suppliers, we support them in receiving the CCM certification. Based on our CCM know-how throughout the entire value chain, we examine and diagnose the suppliers’ CCM system, while providing CCM training programs and assistance for preparation for the evaluation. In 2018, we supported the re-certification of Novarex.

SUPPLIERS CODE OF CONDUCT

To spread the culture of sustainability management to suppliers and prevent relevant risks, we enacted the Suppliers Code of Conduct and published the guidelines(Ethics, Human Rights). The code of conduct is comprised of categories of ethics, human rights, safety and environment, which is always available on our CJ Shared Growth Portal and our official website. In 2018, we conducted the training program for the code of conduct targeting suppliers that attended the CJ Partners Club, helping them understand sustainability management and forming a bond with them.

 Code of Conduct for Suppliers



- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

## SUPPORT FOR MUTUAL GROWTH WITH SME SUPPLIERS AND FARMS

We create shared values by exploring opportunities for the growth of SME suppliers, farms and CJ CheilJedang altogether, and commercializing the result of such opportunities. Beyond simple financial and technical support, we will contribute to the country and society by establishing a model that pursues mutual growth of the company and supply chain.

### OPERATIONAL SUPPORT FOR THE MUTUAL COOPERATION CENTER FOR FOOD SAFETY

CJ CheilJedang provides operational support to the Mutual Cooperation Center for Food Safety, an organization that enhances the food safety management capacity of domestic SMEs in the food industry. For SMEs, the Center provides educational programs about food safety regulations and conducts on-site diagnosis, while offering customized consulting service for receipt and renewal of the HACCP(Hazard Analysis Critical Control Point System) certification. The Center also carries out new product development support(fund, technology, human resources) project for ‘Happy Companion’ with CJ CheilJedang.

### MUTUAL GROWTH SUPPORT PROGRAM

CJ CheilJedang operate a variety of mutual growth programs that are practically helpful for SME suppliers. We provide support for quality and hygiene management as well as education, training, and fund and technical support. We introduced the Naeil Chaeum Deduction System in 2017 for the first time as a private enterprise, contributing to stabilizing the employment of SME suppliers and narrowing the wage gap.

#### MUTUAL GROWTH SUPPORT PROGRAM

Program	Description	Unit	2016	2017	2018
Training & Education	Provide basic theoretical education related to production cost, quality, food safety, the environment, general management affairs, and laws and regulations	Company	330	443	417
Finance	Operate the Win-win Fund by providing loans at an interest rate of 1-1.5%, much lower than the general interest rate	KRW 100 million	482	482	512
Quality & Hygiene	Visit SME suppliers on a regular basis and conduct on-site audit to support their capacity building for quality and hygiene management, receipt and renewal of HACCP certification, and on-site management	Hour	9,600	6,416	3,560
Employment Stabilization	Introduce the Naeil Chaeum(Brighter Future) Mutual Aid Program for the first time as a private enterprise, to address issues regarding stable employment at SME suppliers and the income gap(for 10% of SME suppliers in the CJ Partners Club, providing KRW 100 million in support for five years)	Company	-	5(10)	15(26)

#### CASE

##### SUPPORT FOR REDUCING THE WAGE GAP FOR SHARED GROWTH AND COOPERATION WITH SUPPLIERS



We signed a joint agreement on the campaign for a reduction in the wage gap through cooperation between large companies and SMEs for shared growth, as decided in the Korea Commission for Corporate Partnership. This campaign is carried out with a joint agreement among eight large companies, SMEs and the Commission to comply with three principles for proper payment(the correct amount of payment at the right timing through shared growth payment method). It is based on voluntary implementation of shared growth programs that conform to the characteristics of each company and business type. Eight large companies planned to support KRW 6.2 trillion for this campaign for three years from 2018. CJ CheilJedang will support low-interest loans, expand the number of beneficiaries of the Naeil Chaeum Deduction System, and provide welfare benefits to the employees of its suppliers.

#### CASE

##### CJ NEW MATERIAL OPEN INNOVATION



CJ CheilJedang developed plant-based eco-friendly materials utilizing our R&D capacity accumulated for six decades. In 2018, we conducted the Open Innovation Contest to provide capable SMEs with opportunities for commercialization using such new materials. We evaluated distinctiveness, specificity, marketability and social contribution level of 65 teams from 45 companies in the contest, and finally selected six companies that were awarded KRW 30 million. By sharing advanced materials as well as supporting R&D with SMEs, startups and social enterprises who has distinctive technologies and manufacturing capacity, we expect to address fine dust, odor, recycling and other environmental issues in an eco-friendly method, while creating new jobs.

#### CJ NEW MATERIAL OPEN INNOVATION AWARDING

COMPANY	PRIZE	PROPOSED IDEAS
E.G Pick	Grand Prize	Thin coating materials and release agent for improving freshness
We Lab	Best	Eco-friendly, non-toxic slime
Jungang Plant Co., Ltd.	Excellent	Complex odor treatment system
In Eco	Excellent	High-functional, eco-friendly interior finishing materials
Cosmetic Ventures	Encouragement Prize	Fine dust cleanser for children
Secret Garden	Encouragement Prize	Orchid flowerpot for decorative purposes



#### ‘HAPPY COMPANION’ – BRAND OF SHARED GROWTH WITH SME SUPPLIERS

‘Happy Companion’ is one of CJ CheilJedang’s key CSV activities. We find SME suppliers with strong competitiveness and support them with core competencies, helping them achieve sustainable growth. In cooperation with the Mutual Cooperation Center for Food Safety, we support selected companies to build food safety capacity, and use the CJ Group’s distribution channels to assist their commercialization and sales.

#### CASE

##### HAPPY COMPANION NEW PRODUCT LAUNCH

With the new product development support from the Mutual Cooperation Center for Food Safety, we released three frozen snack products under the brand ‘Happy Companion’. We reviewed the new product development plans submitted by SMEs, finally chose Chunbon as the supplier for frozen snack products, and supported them in pioneering sales channels.

#### Chunbon Frozen Snack – Three Products

We applied a container specific to the use of microwave and top-seal facilities in manufacturing this HMR product, providing convenience for cooking.



Bibigo Gochujang Roasted Pork Belly

Bibigo Stir-fried Spicy Webfoot Octopus & Pork

Bibigo Hanyang-style Bulgogi



The brand identity represents hands held together, visualizing the concept of mutual growth with stakeholders.

- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

**CJ BREEDING CORP. — REINFORCEMENT OF COMPETITIVENESS OF FARMS**

CJ Breeding Corp. is a professional seed company established by CJ CheilJedang to help farms address their issues regarding the low growth rate and aging population. Through cooperation with government, companies, and the agricultural industry, we hope to develop high-quality seeds, implement contract cultivation, develop global agri-food, and increase farm household income, thereby creating an industrial ecosystem for shared growth. We support the development and commercialization of seeds, and provide farmers with production training programs. We also conduct contract cultivation to allow farmers to have stable clients and enable companies to secure stable suppliers.

**COMPETITIVENESS REINFORCEMENT PROGRAMS FOR FARMS**

Program	Description	Unit	2016	2017	2018
Seed development	Contribute to increasing the potential of developing high-quality products in the future and creating social values through seed development	Type of seed	3	3	2
On-site training	Visit farms to provide collective and individual training programs annually or half-yearly in each region	Hour	960	1,920	2,540
Contract cultivation	Secure the market for farms and stabilize sales	ha	390	381	827

**AGRICULTURAL PRODUCTION TRAINING**

CJ CheilJedang runs the production training program for farmers aimed at sharing practical and professional information for crop cultivation and increasing farming efficiency. In this program, we visit farms to check the growing state of crops, listen to grievances of farmers, and provide networking opportunities. In 2018, four employees of our production team implemented 2,540 hours of the training program for 10 months.



\* In 2018, we initiated the 'Chan Chan Chan Project' to help single-parent families stand on their own feet and promote the Healthy growth of children, where government support is insufficient.

**CASE**

**OUTCOME OF COMMERCIALIZATION OF HIGH-QUALITY SEED THROUGH CONTRACT CULTIVATION**



'Cheonjihyang I' → 'Hetbahn Roasted-Flavor Rice'  
This product is made of 'Cheonjihyang' rice, a specialized variety of rice with excellent flavor. We launched this product with a strategy to provide a distinctive flavor of homemade, beyond the newly-cooked-rice-like quality.



'Hanareum Glutinous Rice' → 'Taeyangcho Gochujang'  
Hanareum Glutinous Rice boasts 20% higher yield compared to other varieties, an economical crop that enables farmers under cultivation contracts to achieve higher income premix. etc. We use this variety of rice in making 'Taeyangcho Gochujang'.

**INTERVIEW**

**DONGHUN KIM, A FARMER WHO CULTIVATED CJ HAPPY BEAN NO. 1**



“ Part of our fields were flooded due to a typhoon in late June last year, and we were on the verge of zero cultivation of the year due to the rotten roots of bean sprouts if we do not sow seeds. Luckily, CJ Breeding Corp. swiftly provided additional seeds and we were able to save crops of the year. As a farmer, I have encountered many difficulties regarding fair trade, including the clients' abuse of power and existing farms being neglectful to new farmers. But we were able to keep a reliable and fair business relationship with CJ Breeding Corp. We appreciate various activities of the company for shared growth, including distinctive seed distribution, the agreement on and fulfillment of initial cultivation contract areas, continued crop checking, and emergency support. We would like to contribute to the advancement of Korean agriculture together. ”

**REALIZE A HARMONIOUS LOCAL COMMUNITY**

**HOW WE MANAGE**

For fulfilling corporate social responsibility, a company should contribute to the local community, accompanied by the participation of the local community. Social responsibility should be performed not by charity donations, but by support for those who need help in society with the participation of members of the company. And shared values should be created through activities using the characteristic of business.

CJ CheilJedang hopes to achieve a harmonious society by supporting the fields where attention are needed. Following this direction, we conduct a wide range of social contribution activities, promoting a healthy dietary culture of the people, protecting the environment and ecosystem of the local community, and assisting teenagers to realize their dreams. We also run the Social Contribution Committee to make quick and accurate decisions regarding issues in all fields of social contribution.

**2018 KEY FACTS & FIGURES**

**RATE OF EMPLOYEE PARTICIPATION IN VOLUNTEER ACTIVITIES**  
**86%**

**AMOUNT OF DONATION FOR SOCIAL CONTRIBUTION**  
**KRW 14.92 BILLION**

**FOOD SHARING 20<sup>TH</sup> ANNIVERSARY**

**REPUBLIC OF KOREA SHARING PEOPLE AWARD**  
**PRESIDENTIAL CITATION**  
Material sharing category



- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

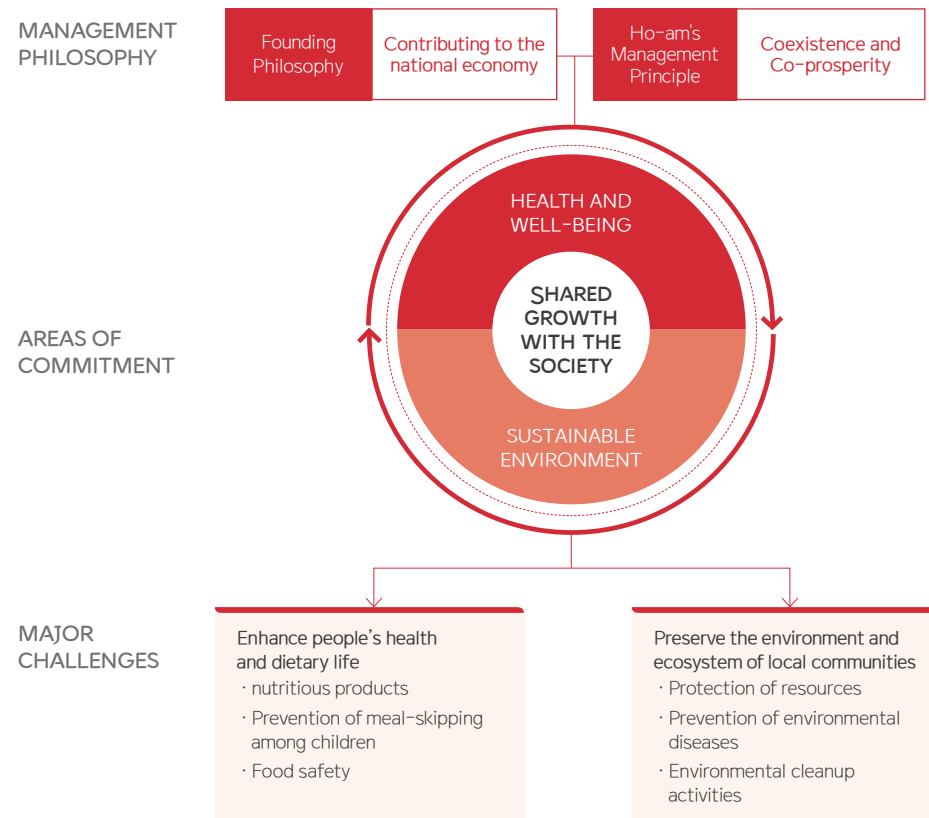
## SOCIAL CONTRIBUTION STRATEGY

CJ CheilJedang hopes to share a culture on the founding philosophy 'Contributing to the national economy'. Since the company organized the social contribution department for the first time in the industry, CJ CheilJedang has constantly carried out social contribution activities. We have shared food by participating in the Food Bank project utilizing the characteristics of our business for 21 years. We also founded CJ Welfare Foundation and CJ Cultural Foundation to support teenagers achieve their dreams and to develop cultural human resources.

### SOCIAL CONTRIBUTION AREAS

Based on its core shared values—health and well-being, sustainable environment, and shared growth with society, CJ CheilJedang carries out social contribution activities to vulnerable areas to enhance people's health and dietary lives, preserve the environment and ecosystem of local communities, and help teenagers to achieve their dreams, in order to create a harmonious society.

### SOCIAL CONTRIBUTION AREAS



### EMPLOYEE PARTICIPATING IN VOLUNTEER ACTIVITIES

'CJ CheilJedang Volunteer Week' is operated twice a year to encourage employees to participate in volunteer activities. We plan and conduct various volunteer programs connected to our social contribution areas, including food sharing, environmental cleanup, upcycling, and education programs for teenagers. In 2018, a total of 5,521 employees spent 40,501 hours in volunteer programs, making both big and small changes.

## ENHANCE PEOPLE'S HEALTH AND DIETARY LIFE

CJ CheilJedang utilizes its core capacity in food safety and nutrition, helping the underprivileged improve their dietary life and health.

### PRODUCTS TO PROMOTE THE HEALTHY DIETARY LIFE

CJ CheilJedang focuses on the R&D of products that can improve the health of the people to make various products for specific purposes. We launched 'Allulose' for low calorie and low blood sugar level and 'BYO' for alleviating atopic allergy and improving the health of intestines, striving to enhance people's health and nutritional balance. We also released 'Hetbahn Low-protein Rice' for patients with rare diseases, fulfilling our corporate social responsibility based on the characteristics of business.

### FOOD SUPPORT FOR SINGLE-PARENT FAMILIES — CHAN CHAN CHAN PROJECT

In 2018, we initiated the 'Chan Chan Chan Project' to help single-parent families stand on their own feet and promote the Healthy growth of children, where government support is insufficient. Our employees cooked 100 portions of side dishes using our food products, and delivered them to single-parent families in the Seoul Metropolitan area.



### COMMENT FROM A BENEFICIARY OF CHAN CHAN CHAN PROJECT

"Regardless of the number or amount of side dishes, I was very touched because I could feel kindness and support for single mothers. I sometimes feel frustrated thinking of the future with my 19-month-old daughter, but I am encouraged thanks to your wholehearted support. Thank you very much."

### FOOD SHARING ACTIVITIES FOR 20 YEARS

Considering the characteristics of the food business, CJ CheilJedang utilizes its core competencies in the field of food safety and nutrition to prevent meal skipping and the lack of nutrition among the disadvantaged. For example, we have participated in food sharing activities through Food Bank since 1998 to provide meals to the underprivileged. Our employees, consumers and other stakeholders also participate in various campaigns to make changes in society. We help consumers participate in donation activities, including 'Heartfelt Project' where consumers can donate through social media, 'One Meal Resonance Project' where consumers can donate using CJ ONE points, and 'Minewater Barcordrop Campaign' where consumers can donate to a drinking water filtering project in Africa by purchasing a certain product. Moreover, we are conducting sharing campaigns using our products for the health of the people, including 'Chan Chan Chan Project' for providing side dishes to single-parent households, the development of low-protein rice and camp support for rare disease patients, the development of products and sponsorship for patients with atopic dermatitis, and the donation of emergency kits using our products to be used in the case of disasters.

<p><b>CASE,</b> FOOD BANK, 20 YEARS OF FOOD SHARING HISTORY</p>	<p><b>FOOD SHARING</b> <b>20 YEARS</b> Since 1998</p>	<p>ACCUMULATED DONATION AS A CONVERTED AMOUNT, ABOUT <b>KRW 200 BILLION</b></p>
	<p>RECEIVED <b>PRESIDENTIAL CITATION AT REPUBLIC OF KOREA SHARING PEOPLE AWARD</b></p>	<p>RECEIVED <b>CITATION FROM MAYOR OF SEOUL CORPORATE SOCIAL CONTRIBUTION AWARD</b></p>

- CJ CheilJedang CSV
- Stakeholder Engagement
- SDGs COMPASS
- Key Issues in Sustainability Management
- Issue 1. Promote a safe and healthy dietary culture
- Issue 2. Lead the global market with eco-friendly bio-based strategies
- Issue 3. Drive responsible production for sustainable life and environment
- Issue 4. Create an industrial ecosystem for inclusive growth
- Issue 5. Realize a harmonious local community

**INTERACTION BETWEEN EMPLOYEES AND CHILDREN  
— KIMCHI AND HOLIDAY FOOD MAKING VOLUNTEER PROGRAM**

Under the slogan of ‘Equal opportunity and Healthy growth’, we run community children welfare centers. Our employees make Kimchi in person and provide it to the centers in winter Kimchi-making season, while making traditional food with children at the centers in holiday season. In 2018, our employees participated in sharing activities at 120 community children welfare centers, making holiday food together and having some recreation time. Through Kimchi-making volunteer activities that began in 2007, employees from all our business sites visit nearby study rooms and welfare facilities to provide Kimchi they make directly.



**PRESERVE THE ENVIRONMENT AND ECOSYSTEM OF LOCAL COMMUNITIES**

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

**ECO-FRIENDLY USE OF WASTE — RECYCLING OF ‘HETBAHN’ CONTAINERS**

Since our products are generally provided in disposable containers, we recognized the need to reduce waste in an eco-friendly method. As our first step, we planned activities for upcycling ‘Hetbahn’ containers to raise the awareness of waste issues among employees and promote resource recirculation. We could increase the awareness and participation of employees by collecting the containers of ‘Hetbahn’ products and adding fun aspects to the eco-friendliness of the program, such as flowerpot making with used containers and wood.



**TREE PLANTING FOR FINE DUST REDUCTION**

Considering a growing number of environmental issues such as fine dust, we conducted tree planting activities. In particular, we used our new Bio materials with functions of controlling dust scattering and stabilizing soil, while contributing to the environment by providing nutrition to trees. A total of 227 employees participated in tree planting activities for 696 hours in 2018.

**MENTAL SUPPORT FOR CHILDREN AND TEENAGERS — MURAL PAINTING**

Based on our belief on helping teenagers achieve their dreams, we selected some old walls around facilities for children and areas with low safety, and conducted mural painting activities to improve the environment. We filled outer walls with pleasant images from fairy tales for the stable mental health of children and teenagers. This program is annually carried out as talent donation of employees, which started as one of their club activities and now settled as a leading program of employee volunteer activities.



**SUPPORT FOR CHILDREN WITH SKIN DISEASE — GOODBYE ATOPY CAMPAIGN**

CJ CheilJedang provides products that help patients with atopic dermatitis improve their skin, and conduct sponsorship activities for children with the disease. We celebrated the 4th anniversary of ‘Goodbye Atopy Healing Camp’ in 2018. A total of 40 families participated in this event, spending time in nature for two days and one night and as well as having animal therapy time where they could interact with animals. We prepared a variety of recreation programs where participants could enhance physical and mental immunity and communicate with each other. In addition, we conducted the atopy-specific class ‘Atopy Cooking Class’ for families with children suffering from atopic dermatitis, in which they used food ingredients useful for treating the disease and immunity enhancement.







# STRUCTURE OF SUSTAINABILITY MANAGEMENT

- 56 GOVERNANCE
- 58 INTEGRITY MANAGEMENT
- 60 RISK MANAGEMENT
- 62 CUSTOMER SATISFACTION
- 64 HUMAN RESOURCES MANAGEMENT



Governance

- Integrity Management
- Risk Management
- Customer Satisfaction
- Human Resources Management

# GOVERNANCE

CJ CHEILJEDANG HAS ESTABLISHED A SOUND GOVERNANCE STRUCTURE FOR GENERATING PROFITS AND PROMOTING SUSTAINABLE GROWTH. WE DISCLOSE INFORMATION ABOUT OUR GOVERNANCE IN THE SUSTAINABILITY REPORTS IN A TRANSPARENT WAY. YOU CAN FIND FURTHER INFORMATION ON OUR WEBSITE AND BUSINESS REPORTS.

## STATUS OF THE BOARD OF DIRECTORS(BOD)

### COMPOSITION OF BOD AND APPOINTMENT OF DIRECTORS

CJ CheilJedang's BOD is comprised of three internal directors and four independent directors, in which independent directors should fill the majority of the total number of directors. The directors are selected in the general meeting. For this appointment, the board considers diversity and expertise to make strategic decisions from a comprehensive viewpoint. CJ CheilJedang especially considers diversity in gender, race, religion, nationality, and cultural background. The directors are guaranteed a 3-year term so that they can make decisions considering the long-term management performance of the company. Whether they retain their position after the initial term will be decided by an performance evaluation.

As of April 2019, ● : Chair, ○ : Member

Category	Name	Position	Gender	Initial Appointment Date	Audit Committee	Independent Director Candidate Recommendation Committee	Internal Transaction Committee	Remuneration Committee
Internal Director	Kyung Shik Sohn	Chairman, CJ Corp	Male	SEP 2007				●
	Hyun Jae Shin	CEO, CJ CheilJedang Bio Business	Male	MAR 2017				○
	Sin Ho Kang	President, CJ CheilJedang Food Business	Male	MAR 2018				○
Independent Director	Yung Jue Bang	Professor, College of Medicine of Seoul National University	Male	MAR 2014	○	○	●	○
	Jong Chang Kim	Professor, College of Business at KAIST	Male	MAR 2019	●	○	○	○
	Tae Yun Kim	Professor, Department of Public Administration of Hanyang University	Male	MAR 2019	○	●	○	○
	Si Wook Lee	Professor, KDI School of Public Policy and Management	Male	MAR 2019	○	○	○	○

\* Details of careers of independent directors are available in the section of Expertise of Independent Directors.

### ORGANIZATION OF THE INTERNAL TRANSACTION COMMITTEE

In 2019, we newly organized the Internal Transaction Committee to enhance the transparency of business management and strengthen corporate social responsibility. We enacted relevant regulations, and the organization of the committee and the enactment of regulations were decided in the temporary BOD meeting on December 17, 2018.

### INDEPENDENCE OF INDEPENDENT DIRECTORS

Only candidate(s) recommended by the Independent Director Candidate Recommendation Committee consisting only of independent directors can be considered in the general meeting as an agenda to be discussed. Appointed independent directors take charge of monitoring and checking major issues related to the business management of the company. Also, independent of directors can hold the office of a director at only one other company except for CJ CheilJedang, and follow the criteria of independence of independent directors in accordance with the Commercial Act.

### EXPERTISE OF INDEPENDENT DIRECTORS

CJ CheilJedang appoints experts in business management, economy, law and medicine with a wealth of experience and knowledge as independent directors, considering expertise related to our business sectors.

#### EXPERTISE OF INDEPENDENT DIRECTORS

Name	Career	Field of Expertise	Expectation from CJ CheilJedang
Jong Chang Kim	· 2013~present · 2009~2011 · 2004~2006 · 2001~2004	· Professor, College of Business at KAIST · Head of the clinical trial center at Seoul National University Hospital · 7th Governor of the Financial Supervisory Service · Member of the Monetary Policy Board · President of IBK	Business Management Contribute to uncertain economic conditions with emergency response capacity and financial expertise. He is recognized for overcoming global financial crisis successfully and addressing uncertainties in the market earlier than expected as the governor of the Financial Supervisory Service
Yung Jue Bang	· 2013~present · 2018 · 2012~2014	· Head of the clinical trial center at Seoul National University Hospital · Received the 11th Asan Award in Medicine in the category of clinical medicine · Chief Director of Korean Cancer Association	Medicine Contribute to present professional and new perspective with experience in the field of biomedical science and biotechnology R&D

### BOD COMMITTEES

- **Audit Committee:** Ensures the legitimacy and transparency of accounting and independence from the management and work audits, asset investigation, and the appointment/replacement of independent auditor(s)
- **Independent Director Candidate Recommendation Committee:** Recommends qualified candidates for the position of new independent directors in accordance with laws, the Articles of Association, and the rules of the BOD and ensures independence by organizing the committee with only independent directors
- **Internal Transaction Committee:** Conducts deliberation of transactions of subsidiaries and affiliate persons that are decided as affairs to be approved by BOD in accordance with the Fair Trade Act and the Commercial Act, improving transparency of transactions of subsidiaries and affiliate persons
- **Remuneration Committee:** Ensures fairness in the performance index assessment for the adequate remuneration system for executives and the payment of long-term incentives

### INDEPENDENCE CRITERIA FOR INDEPENDENT DIRECTORS

#### Article 382, Commercial Act

- A person who has not been engaged in employment relations with CJ CheilJedang and its subsidiaries as an executive or an employee for the past five years
- A person who is not the spouse, lineal ascendant or lineal descendant of the largest shareholders
- A person who is not engaged in employment relations with any entity related to the largest shareholders an executive or an employee
- A person who is not the spouse, lineal ascendant or lineal descendant of an executive or an employee of CJ CheilJedang
- A person who is not an executive or an employee of a subsidiary of CJ CheilJedang
- A person who is not an executive or an employee of any entity with a major interest in CJ CheilJedang including business relations
- A person who is not an executive or an employee of any entity where CJ CheilJedang's executive or employee serves as an executive or an employee

Name	Career	Field of Expertise	Contribution
Tae Yun Kim	· 2006~present · 2014~2016 · 2010~2012 · 2006~2008	· Professor, Department of Public Administration of Hanyang University · Member of the Regulatory Reform Committee as a presidential advisory body · Member of Korea Society for Regulatory Studies · Head of the project assessment department at the National Assembly Budget Office	Policy and Public administration Contribute to our innovative growth with experience in consulting, including the establishment of regulatory policies that kept up with the trend of the 4th Industrialization and the presentation of national innovative growth challenges
Si Wook Lee	· 2018~present · 2015~2016 · 2014 · 2011~2014	· Professor, KDI School of Public Policy and Management · Head of the Korea International Development Cooperation Center · Head of the KDI Regulation Support · Professor, Department of Economic of Myungji University	International Trade, Economic development, International development cooperation Contribute to our global business with global sense and expertise in economy and policy. He has been active in the economy and policy regarding the global market, including international trade cooperation and knowledge sharing projects

## BOD OPERATION

### BOD DECISION MAKING SYSTEM

BOD is chaired by the CEO for efficient operation, but independent directors(the majority) have the rights to make decisions under the Commercial Act. Any member with a special interest has no right to make decisions. Before the meeting, the directors share the agendas in advance, review them thoroughly and begin the meeting. Fair opportunities to present opinions are given to prevent any director from monopolizing changes to express his/her opinions, enhancing the objectivity of the decision-making process. BOD actively communicates with stakeholders through internal and external channels, identifies major issues, and sincerely serves their role of assistance for the company's business management.

### BOD ACTIVITIES

The BOD meeting is held on a regular basis according to the annual operation plan, while temporary meetings can be conducted if necessary. In 2018, a total of 11 BOD meetings were carried out to discuss 34 agendas, including the approval for additional investment in the integrated food production base. The BOD achieved the attendance rate of independent directors reaching 94.4% in this period. Further details are disclosed in our business reports and on the official website.

#### BOD OPERATION IN DETAIL

Category	Unit	2016	2017	2018
Total BOD meetings	Number	8	9	11
Discussed agendas	Case	18	27	34
Internal director attendance	%	70.8	85.2	87.9
Independent director attendance	%	96.9	94.5	100

(Allowable minimum attendance rate of BOD: 51.0%)

## BOD EVALUATION AND REMUNERATION

### BOD EVALUATION

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

### BOD REMUNERATION

The following data illustrates the remuneration for the BOD of CJ CheilJedang in 2018, decided based on the evaluation of the BOD.

#### REMUNERATION FOR THE BOD IN 2018

AS OF DECEMBER, 2018

Category	Unit	Internal Directors	External Directors	Total
Number of directors	Person	3	3	6
Total remuneration	KRW million	12,566	168	12,734

\* The total amount of directors' remuneration includes resigned Jeong Pyo Choi.

### SHARES OWNED BY THE MANAGEMENT IN 2018

- Management(Internal directors) who own the shares of the company  
: Kyung Shik Sohn, Hyun Jae Shin, Sin Ho Kang
- Multiple proportion of the basic salary of the management  
: 0.50times



# INTEGRITY MANAGEMENT

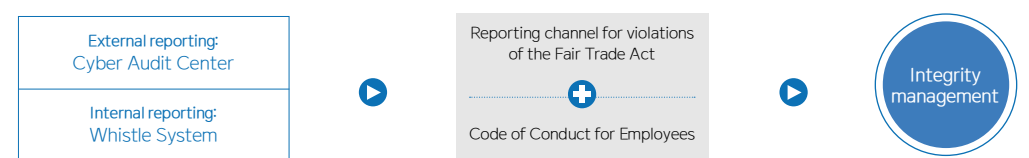
CJ CHEILJEDANG HAS ESTABLISHED AND IMPLEMENTED THE INTEGRITY MANAGEMENT SYSTEM, HIGHLIGHTING INTEGRITY, ONE OF THE SHARED VALUES OF THE MANAGEMENT PHILOSOPHY OF CJ GROUP, AND PUT A TOP PRIORITY ON INTEGRITY MANAGEMENT FOR CORPORATE COMPETITIVENESS.

## INTEGRITY-BASED MANAGEMENT

### INTEGRITY MANAGEMENT SYSTEM

All employees realize the principle of integrity management by complying with the Fair Trade Act and the Code of Conduct. We regard integrity management as the standard for judgment in performing work and make management environment transparent and sound by practicing integrity.

### INTEGRITY MANAGEMENT IMPLEMENTATION SYSTEM



### CODE OF ETHICS

With the recognition of Group's Exemplary Code of Conduct for the rapidly-changing regulatory environment and increased needs for corporate social responsibility, CJ Group has enacted the Code of Conduct to present solutions for concrete behavioral principles for employees in dealing with potential ethical issues in performing work. Considering the unique characteristics of four different business groups which can only be found in CJ Group, it suggests rules based on common factors in consideration of the meaning as an exemplary code of conduct and acceptability of each affiliate. As a survey for 40 employees of CJ CheilJedang was conducted in the process of enacting the Code of Conduct, we formed a bond of sympathy for the need of amending the Code of Conduct by listening to various opinions. CJ CheilJedang is amending the existing CJ CheilJedang Code of Ethics suitable for the direction of the Group's Exemplary Code of Conduct. The company's regulations on ethical behavior define both subsidiaries and overseas branches as the target of compliance. Translated into eight languages, the Code of Ethics helps employees around the world and the entire supply chain to understand ethical management.

### APPOINTMENT OF COMPLIANCE COORDINATOR

To reinforce social responsibility through legal compliance, CJ CheilJedang appoints the Compliance Coordinator under the responsible department and provides separate education for fostering these coordinators to establish an autonomous compliance culture. Based on the compliance guideline, we will spread a compliance culture to our employees on the business site and operate the system to improve activities through self-diagnosis.

## INTEGRITY MANAGEMENT EVALUATION

### MANAGEMENT DIAGNOSIS OF BUSINESS SITES

CJ CheilJedang conducts on-site management diagnosis for domestic and overseas business sites on a regular basis to check the current conditions of integrity management and carry out improvement activities for major issues. For overseas business sites, we use the essential diagnosis list with 494 items to check the management level of the relevant business site and give marks to come up with improvement measures. In 2018, we conducted a diagnosis for 16 domestic and overseas groups and improved the process for major issues. In 2019, the company will strengthen diagnosis activities such as removal of business risk elements and review of strategic business implementation to maximize business performance.

### INTEGRITY MANAGEMENT CHECKLIST

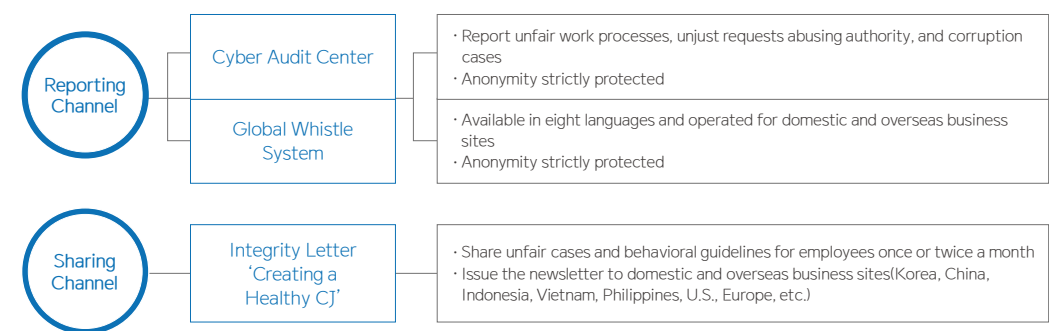
CJ CheilJedang has prepared an integrity management checklist to prevent any unfair trade practices with agencies and partners. As any items equivalent to unfair trade behaviors in transactions with agencies and partners are listed, employees in charge can check potential unfair behaviors in advance.

## ESTABLISHMENT OF INTEGRITY MANAGEMENT CULTURE

### INTEGRITY MANAGEMENT COMMUNICATION

CJ CheilJedang operates communication channels to establish integrity management culture to all internal and external stakeholders such as employees of the company and suppliers and customers. By operating a reporting channel, we receive cases on unfair requests and corruption due to unfair work processes or positions; with guaranteed anonymity. We send the Integrity Letter once or twice a month to all employees so that integrity management culture can be established by sharing a guide for unfair cases and guideline for employees. In addition, we deliver the Compliance News & Issue for the major management in the food and bio business divisions and Compliance Coordinators to enhance the understanding of compliance and regulatory environment and ensure intensive communication on integrity management.

### INTEGRITY MANAGEMENT COMMUNICATION CHANNELS



### INTEGRITY MANAGEMENT EDUCATION

CJ CheilJedang conducting diverse education programs to internalize integrity management. Especially, to prevent the corruption, specialized education for each job is carried out to enhance the effectiveness of education. Also, continuing to expand the scope of education by establishing a Compliance Coordinator course to strengthen compliance management by 2018.

### INTEGRITY MANAGEMENT EDUCATION FOR 2018

Category	Description	No. of attendants(person)
Education regarding the Fair Trade Act	Education on the overall information of fair trade for experienced employees	190
	Education on fair trade for staff members in charge of procurement	
	Regulations and cases of unfair support practices	
Education regarding the Fair Agency Transactions Act	Regulations and cautions for the Fair Agency Transactions Act	110
Education regarding the Improper Solicitation and Graft Act	Understanding of major information on the Improper Solicitation and Graft Act	120
Regarding the Fair Transactions in Subcontracting Act	Prohibition of request for management information such as cost information	50
	System for request to provide technical materials and related cautions	
Compliance Coordinator Cultivation Course	Basic understanding of compliance	36
	Change in domestic and overseas regulatory environment	

- Governance
- Integrity Management
- Risk Management**
- Customer Satisfaction
- Human Resources Management

# RISK MANAGEMENT

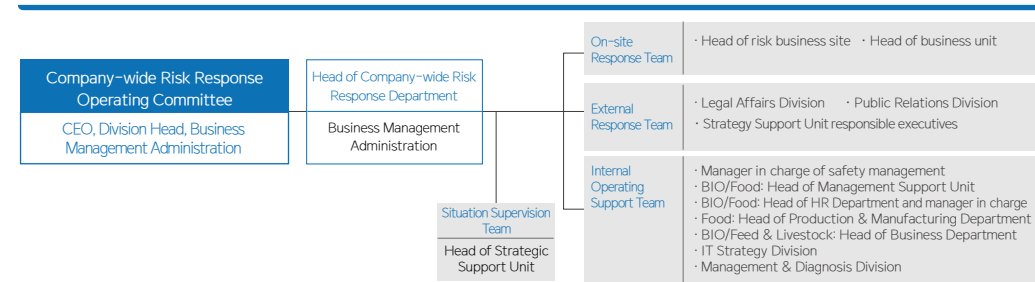
CJ CHEILJEDANG RECOGNIZES AND MANAGES RISKS THAT MAY ARISE IN THE OVERALL PROCESS OF MANAGEMENT. WE OPERATE A SYSTEMIC RISK RESPONSE PROCESS TO TAKE PROMPT ACTION AND RESPONSES TO RISKS.

## COMPANY-WIDE RISK PREVENTION AND MANAGEMENT

### RISK MANAGEMENT SYSTEM

All risks are examined from three aspects—damage to human resources and property, violation of regulations, and damage to reputation—and are shared and reported to the management and relevant departments. Each risk is identified as one of three levels from R1(Required level for Company-Wide Risk Response Division operation) to R3(Required level for Risk Division operation); in case of R1(The Highest level), we operate the company-wide risk response division and take swift action by reporting the case within 24 hours.

### COMPANY-WIDE RISK RESPONSE DIVISION



### RISK RESPONSE PROCESS

01. Initially recognize the occurrence of risk
  02. Share information about the risk and swiftly report on it
  03. Identify the risk and analyze the information
  04. Decide whether the risk is a major or minor issue
  05. Organize the response team and find a solution
  06. Take measures and check progress
- Finalize the response process

### COMPANY-WIDE RISK MANAGEMENT AND RESPONSE

CJ CheilJedang defines department-specific risks associated with management activities, products and services in accordance with company-wide risk management rules. We also have an integrated risk management process to prevent any confusion and delay in the reporting system upon the occurrence of risk. Through an efficient response made by the relevant department, we minimize damage caused by risks. After risk occurs, we conduct follow-up evaluation and manage the history to prevent recurrence. With such activities, the company not only prevents potential risks, but also reorganizes the process of risk response.

### DEFINITION AND MANAGEMENT OF EMERGING RISKS

CJ CheilJedang identifies and manages potential financial and non-financial risks in current management activities and manages their impact on the company. We also identify emerging risks that are expected to have the most important influence on our future business and aim to minimize their impact as our management organization analyzes them thoroughly.

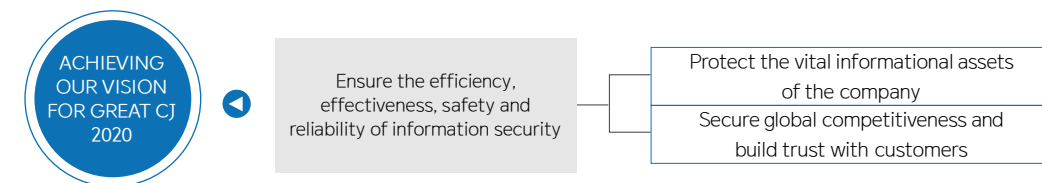
Emerging risk	Definition and impact	Management organization	Management policy
Risk for rapid change in the price of raw materials on a real-time basis	Identify supply and cost risk based on rapid change in the price of major raw materials on a real-time basis, establish a monitoring system for immediate response in case of risk, and monitor the conditions in the MI Room, quantitative data through real-time dashboard in the team and qualitative news data	Food Procurement Division Material Grain Purchasing Strategy Division BIO Procurement Division	<ul style="list-style-type: none"> <li>Establishing a monitoring system for raw materials</li> <li>Conduct monitoring for quantitative indicators</li> <li>Conduct monitoring for qualitative real-timeness</li> </ul>
Foreign exchange risk management	Exchange rate fluctuation may result in increased uncertainty and changes in profit or loss	Financial Operation Division	<ul style="list-style-type: none"> <li>Reduction of foreign exchange risk by first reducing exchange rate exposure through matching</li> <li>Residual exposure is hedged through derivatives such as forward exchange in accordance with internal foreign exchange control regulations.</li> <li>Speculative Purpose Foreign exchange management strictly prohibited</li> </ul>
Business site safety risk	Large-scale fire risk on the business site is defined as a potential risk in the production process; in case of such risk, it can have an impact on the financial and operational aspects	Food Production & Manufacturing Division Environmental Safety Division	<ul style="list-style-type: none"> <li>Phased improvement for vulnerable elements for fire risk</li> <li>Implement SDR reinforcement</li> <li>Secure emergency response capability</li> <li>Conduct fire prevention campaign</li> </ul>
Demographic Change	Changes in population structure, such as an increase in single-person households and female workers, affect the overall food business and require the introduction of products that reflect customer needs based on changing trends	Brand Strategy Division	<ul style="list-style-type: none"> <li>New HMR Product Development reflecting health and convenience</li> <li>Driving the strategy of premiumizing HMR product</li> </ul>

# INFORMATION SECURITY RISK MANAGEMENT

### INFORMATION SECURITY MANAGEMENT SYSTEM

CJ CheilJedang protects customer information and the company's vital information assets under the information security management system to enhance our global competitiveness and secure reliability among customers. We also secure staff members in charge of security by dividing staff members into company-wide and business division members to ensure robust information security. The company prevents information security risk by organizing the information protection committee and Task Force Team meetings.

### INFORMATION SECURITY MANAGEMENT SYSTEM



### INFORMATION PROTECTION MANAGEMENT SYSTEM CERTIFICATION

CJ ON Mart is subject to receive ISMS(Information Security Management System) Certification since its sales exceeded KRW 10 billion in 2016. We obtained initial certification in 2016 and retained it in 2017 and 2018 with our own information security capacity. We will reinforce the ISMS certification and information security system through the post-screening process.

# TAX RISK MANAGEMENT

### TAX RISK MANAGEMENT SYSTEM

CJ CheilJedang has established tax policy to manage risk related to transparent tax payment. With the principle of tax management, we have the basis for strict compliance and enhance the expertise of managers by recruiting nationally accredited experts. For any important case, we access tax risk carefully by receiving advice from external experts and make a final decision.

### TAX RISK MANAGEMENT PROCESS

CJ CheilJedang has an internal assessment process to deal with tax risks in advance and closely communicates with tax authorities to forecast risks.

### FULFILLMENT OF TAX OBLIGATIONS

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

### CORPORATE TAX IN EACH COUNTRY IN 2018\*(BASED ON CONSOLIDATED)

Unit: KRW 100 million

Category	Sales			Operating Profit			Pre-tax profit			After-tax profit		
	2017	2018	gap	2017	2018	gap	2017	2018	gap	2017	2018	gap
Korea	57,487	57,687	3,603	6,404	2,801	4,059	14,376	10,317	951	2,914	1,963	1,950
Indonesia	11,841	8,355	-1,517	-4,543	-3,026	-1,636	-4,876	-3,240	172	191	19	19
U.S.	5,489	6,997	1,227	1,786	559	1,126	1,657	531	57	5	-52	-54
China	9,647	10,196	189	-371	-560	111	-631	-742	74	120	46	45
Vietnam	4,680	6,398	-304	555	859	-391	392	783	36	32	-4	-5
Others	9,708	13,120	2,365	2,341	-24	1,931	1,881	-50	56	114	58	60
<b>Total</b>	<b>98,852</b>	<b>102,753</b>	<b>5,563</b>	<b>6,172</b>	<b>609</b>	<b>5,200</b>	<b>12,799</b>	<b>7,599</b>	<b>1,346</b>	<b>3,376</b>	<b>2,030</b>	<b>2,015</b>

- \* The figure indicates the aggregate data of pre-tax profit and corporate tax provided in the individual report of each local subsidiary; accordingly, it is different from the pre-tax profit and corporate tax in CJ CheilJedang's business report.
- \* Korea: The corporate tax of headquarters was KRW 240.3 billion due to the sale of CJ HealthCare in 2018, leading to an increase in the effective tax rate by 6%(the tax effect of the profit from the sale of CJ HealthCare: KRW 278.3 billion).
- \* U.S.: The effective tax rate fell due to a decrease in the amount of tax payment and deferred corporate tax as the corporate tax rate was reduced from 34% to 21%.
- \* Vietnam: The effective tax rate was(-) due to a large deficit(Δ KRW 59.3 billion) of a livestock-related subsidiary in 2017. But in 2018, the effective tax rate went up due to the decrease in the pre-tax loss(Δ KRW 1 billion).
- \* Others: The effective tax rate went up due to a large amount of deficit realized in a Bio business subsidiary in Malaysia(Δ KRW 18.6 billion) and a food business subsidiary in Russia(Δ KRW 7.8 billion).



### TAX RISK MANAGEMENT PROCESS

01. Risk occurrence and initial recognition
  - Explore and recognize risks
  - Set the scenario by risk:
02. Risk sharing and swift report
  - Impact analysis
  - Countermeasure
  - Monitoring



Governance

Integrity Management

Risk Management

Customer Satisfaction

Human Resources Management

# CUSTOMER SATISFACTION

CJ CHEILJEDANG PUTS A TOP PRIORITY ON ENHANCING CUSTOMER VALUE IN MANAGEMENT. WE PURSUE CUSTOMER-CENTERED MANAGEMENT AND STRIVE TO IMPROVE CUSTOMER SATISFACTION AND DEVELOP CUSTOMER SERVICE BY BILATERAL COMMUNICATION WITH CUSTOMERS.

## IMPLEMENTATION OF CONSUMER-CENTERED MANAGEMENT

### RECERTIFICATION OF CONSUMER-CENTERED MANAGEMENT(CCM)

Since 2015 when we acquired the certification of CCM, CJ CheilJedang has ensured recertification. In 2017, we were selected as one of the best practices. In addition, the company supports suppliers to acquire CCM with the aim of solidifying and spreading CCM to the supply chain. We will continuously implement CCM and provide our suppliers with support to acquire CCM.

### CONSUMER VOC EXPERIENCE FOR EMPLOYEES

Since 2015, CJ CheilJedang has carried out the VOC experience activities to provide employees, including the CEO, with the opportunity to listen to the voices of customers and participate in customer counseling in person. The employees of non-CS departments directly listen to the voices of customers, provide counseling service to identify customer needs, and are motivated to meet the needs in their own field of work. We also distribute and display CCM contents on a monthly basis to continue and cultivate a customer-centered mindset among employees. On December 3rd, Consumer Rights Day, we conduct an online quiz event for consumers and the Remind Training for our employees so that they can experience CJ CheilJedang's consumer-centered management activities.

## REINFORCEMENT OF COMMUNICATION WITH CUSTOMERS

### ONLINE AND OFFLINE COUNSELING SERVICE

CJ CheilJedang Customer Contact Center listens to the opinions from customers through various channels. The center provides phone call and text message service, bulletin board on the website, social media, and sign language counseling service for customers with hearing impairment. In addition, the company listens to the opinions of customers in stores through sales promotion staff and sales representatives at large supermarkets and stores handling our products.

### VOICE OF CUSTOMERS(VOC) MANAGEMENT

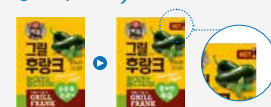
CJ CheilJedang operates the Customer Suggestions Responsibility System that provides feedback on customers' suggestions beyond typical customer management of collecting opinions from customers. We identify improvement tasks by analyzing customers' suggestions received by VOC, reflect improvement ideas, and give feedback on the opinions.

#### CASE

#### PRODUCT CASES REFLECTING CUSTOMERS' SUGGESTIONS

CJ CheilJedang collects and reflects customers' suggestions for the improvement of products.

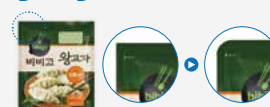
#### GRILL FRANK JALAPENOS



Difficult to identify information in purchasing the product because the level of spiciness is not indicated

- Providing information for customer selection by indicating 'HOT' on the package

#### BIBIGO DUMPLINGS



Risk of injury due to the sharp edge of packaging

- Applying a rounded edge
- Adding items for improving customer satisfaction such as rounding of the packaging checklist for launching a new product



## CUSTOMER SATISFACTION MANAGEMENT

CJ CheilJedang conducts Customer Satisfaction Index(CSI) assessment on a regular basis to improve the quality of customer service. We analyze any customer complaints through internal evaluation(CJ Telenix) and external consulting(KMAC), make improvements, and manage service quality.

### RESULTS OF CUSTOMER SATISFACTION SURVEY

Unit: point

Category	2016	2017	2018
Customer satisfaction survey by KMAC	92.3	93.9	92.1
Customer satisfaction survey by CJ Telenix	89.6	92.9	91.9

### COMMUNICATION AT THE LEVEL OF CONSUMERS' SATISFACTION

CJ CheilJedang provides optimal feedback for customer inquiries by operating a counseling group with expertise related to each business section. The counseling group operates trips to manufacturing plants, cooking training and knowledge forum for communication with customers beyond a phone call. In the cooking training, the group selects a new product or product with many cases of VOC and directly cooks the menu item. With this process, we can relate to any potential complaints of customers, identify improvement ideas and make practical improvements. With the knowledge forum, the company learns about consumer issues and information with a high level of consumer interest, form a bond of sympathy, and cultivate knowledge for sufficient communication with consumers.

## ENCOURAGEMENT OF CUSTOMER ENGAGEMENT

### HOME VISIT ACTIVITIES

CJ CheilJedang implements home-visit activities for consumer panels or customers who have experienced any inconvenience when using its products and services. We visit customers using products and services in person and aim to address their inconveniences that we missed in the manufacturing process.

### CONSUMER PANEL ACTIVITIES

As a consumer panel with an abbreviation of Trend Opinion Panel, the T.O.P Panel has been organized by CJ CheilJedang to reflect consumers' opinions from the stage of searching product idea seeds to the stage of verifying a new product concept and performance monitoring after the launch. The panel is composed of people of various ages in their 20s to 50s. In 2018, the panel verified a product concept by identifying the preference and acceptance of product concept and carried out trend and idea screening activities by understanding consumers. The company will create CJ FAN, which reviews not only the stage of seeking ideas but also monitoring after launch, by reflecting consumer opinions before the launch, checking consumer responses, and product performance monitoring.

Governance

Integrity Management

Risk Management

Customer Satisfaction

Human Resources Management



Declaration of Human Rights

## CASE

## FEMALE LEADERSHIP REINFORCEMENT IN 2018

## Female Leaders Meeting by Food Section

(November 2018, March 2019)

Selected 33 on-duty female executives and off-duty excellent employees to emphasize the role of female leaders and present a vision for growth with the continuous expansion of the percentage of female human resources in the organization

## Support for Attending Next-Generation Female Leaders Conference by WIN

(May and November of each year)

Supported activities for expanding the external network by holding a lecture to cultivate female leaders and conducting small-group mentoring at a conference based on the female leaders of foreign enterprises and large domestic companies

## Movie Talk with Global Female Leader Helen Clark

(February 2019)

Invited Helen Clark, a global female leader, with the intent of increasing female human resources in the group and held a talk concert to present a role model and female leadership for female employees

## HUMAN RESOURCES MANAGEMENT

THE REALIZE THE COMPANY'S FOUNDING PHILOSOPHY OF 'TOP PRIORITY ON HUMAN RESOURCES', CJ CHEILJEDANG FOCUSES ON CULTIVATING SECURING OUTSTANDING AND FUTURE HUMAN RESOURCES AND MAKES THE PROTECTION OF HUMAN RIGHTS AND SAFETY OF EACH INDIVIDUAL EMPLOYEE A PRIORITY.

## HUMAN RIGHTS AND DIVERSITY

## PROTECTION OF HUMAN RIGHTS

CJ CheilJedang proclaims our support for the Human Rights through the 'CJ CheilJedang Declaration of Human Rights'. We encourage our employees to join efforts to protect human rights across the company through essential education programs on integrity as well as sexual violence prevention and safety. In addition to the establishment of the Code of Conduct for Suppliers, we published guidelines(for ethical and human-rights-based management), while providing training programs and carrying out self-diagnosis for suppliers, thereby protecting human rights even in the supply chain. The company will further strive to spread the culture of respect, which is the core value of our group, by developing relevant guidelines along with government policies such as the legislation of 'prohibition of in-company harassment' and advancing human rights-related policies.

## RESPECT FOR DIVERSITY

CJ CheilJedang ensures no discrimination in recruiting employees for nationality, ethnicity, gender and academic background and recruits people with disabilities, veterans, high school graduates and people with diverse nationalities. Moreover, the ratio of female managers and executives is gradually growing, and we will take the initiative in developing outstanding female human resources. In terms of production worker positions where the number of male applicants is high due to physical labor, we assign female applicants to technical and analysis teams. We recognize that we need to present female leadership to set a role model, so we run the female leadership reinforcement program that helps female employees to grow into competent human resources by performing to their capacity. We will create an open corporate culture without discrimination by cultivating female managers and allocating core tasks and positions to female employees beyond simply hiring more female applicants.

## TALENT DEVELOPMENT AND CULTIVATION

## TALENT RECRUITMENT

CJ CheilJedang puts individual capacity first in the recruitment process, selecting talent through fair and equal opportunities. We provide customized information by holding recruitment fairs through online and offline channels. In particular, we utilize various online channels such as YouTube, MCN(Multi-Channel Network) channel and Facebook Live and engage in interactive communication with applicants in a variety of ways, including CJ Culture Recipe, Outdoor Mentoring, and Job Gourmet.

## TALENT CULTIVATION

CJ CheilJedang provides customized programs for each position, including a basic training program for new employees and leadership training programs for group leaders, to help them to upgrade their practical job skills and enable them to gain expert knowledge through exemplary cases. In particular, we proactively hire and cultivate employees with high goals, vision and global capacity to achieve our vision for the Great CJ 2020 and World Best CJ 2030.

## GLOBAL TALENT CULTIVATION PROGRAMS

Program	Description
Global Voyage	Overseas training for new group leaders in major countries where our business sites are located
Global Knock	Support for employees who design and put into practice their own overseas training plans and global job training/experience plans
Global Expert	Program for research into untapped strategic countries and regions
Global Vision Trip	Program for nurturing a global mindset and enhancing the understanding of overseas business among core junior employees
Global Key Talent Conference	Program for inviting core human resources from each country to Korea and developing management capabilities and presenting a vision for growth
Others	Intensive language course for dispatching employees to foreign countries, course for employees dispatched overseas, etc.

## ADVANCED ORGANIZATIONAL CULTURE

## ADVANCED WORKING CULTURE BASED ON IT

CJ CheilJedang has adopted the RPA(Robotic Process) to spread the working culture based on IT(Information Technology)/DT(Digital Transform). The RPA helps employees concentrate on core tasks through the automation of repetitive work, which used to be conducted manually. With this system, we improve work productivity and shorten working hours to promote work-and-life balance. In 2018, the company identified about 100 work efficiency tasks and realized automation and efficiency through the RPA. As a result, we have found various positive effects, including improvement of concentration and enhancement of work convenience and accuracy such as enhancing the utilization of on-desk jobs, securing the access of external data, and simplifying tasks.

## CREATION OF FLEXIBLE WORKING ENVIRONMENT

CJ CheilJedang enhances work efficiency and satisfaction among employees by creating a flexible working environment. We provide employees with the opportunity to relax and engage in self-development by operating various flexible working systems and creativity leave for every five years. We also strive to make an atmosphere for vitalizing the use of leave through the Golden Bridge(leave with holidays). With a counseling service center for employees to ease stress and fatigue from work-related and personal reasons, we check the physical status of employees and present solutions. Based on such efforts to create a flexible working environment and vitalize the organization, the results of annual corporate culture diagnosis show a continuous increase in the satisfaction level of employees.

Program	Description
Flexible Working System	<ul style="list-style-type: none"> <li>Flexible Time System: Adjust the time to come to work and leave the office individually to efficiently focus on work</li> <li>Selective and Flexible Working System: Flexibly deal with change in the amount of work for a certain period</li> <li>Discretionary Working System: Operate working hours autonomously based on job characteristics</li> </ul>
Creativity Leave	<ul style="list-style-type: none"> <li>Give two-week mandatory leave for all employees every five years; advise them to use this opportunity to develop their talent and refresh themselves</li> </ul>

## FAMILY-FRIENDLY MANAGEMENT

CJ CheilJedang operates welfare and benefit programs as part of family-friendly management. We run child-care centers at work for employees' children and hold invitational events. We also issue an ID card for pregnant employees and operate the Mom-Cheil Program providing pregnant employees with electromagnetic wave shielding blankets and nutritional supplements to take care of pregnant employees from the early stage of pregnancy to childbirth. In 2017, we strengthened childcare support and expanded assistance to alleviate our employees' burden of pregnancy and child-rearing and to create an environment for them to focus on work through leave for taking care of children to enter a school, paternity leave for a spouse, leave for emergency childcare and shortened working hours during a risky period of pregnancy.

## COMMUNICATION AND GRIEVANCE HANDLING

CJ CheilJedang operates the Open Council, a labor-management council, to listen to the voices of employees. As members are elected by all assistant managers and staff members in attendance, the council has a quarterly meeting with the management to discuss enhancement of employees' welfare and benefit, improvement of productivity, vitalization of the organization, and enhancement of communication. In addition, the company operates various grievance handling channels and provides support for dealing with grievances among employees more promptly. Members for grievance handling are selected among Open Council members, and the identity of a person reporting a case is thoroughly confidential.

## SATISFACTION LEVEL OF EMPLOYEES

Category	Unit: point		
	2016	2017	2018
Results of corporate culture diagnosis	78.4	79.5	81.8



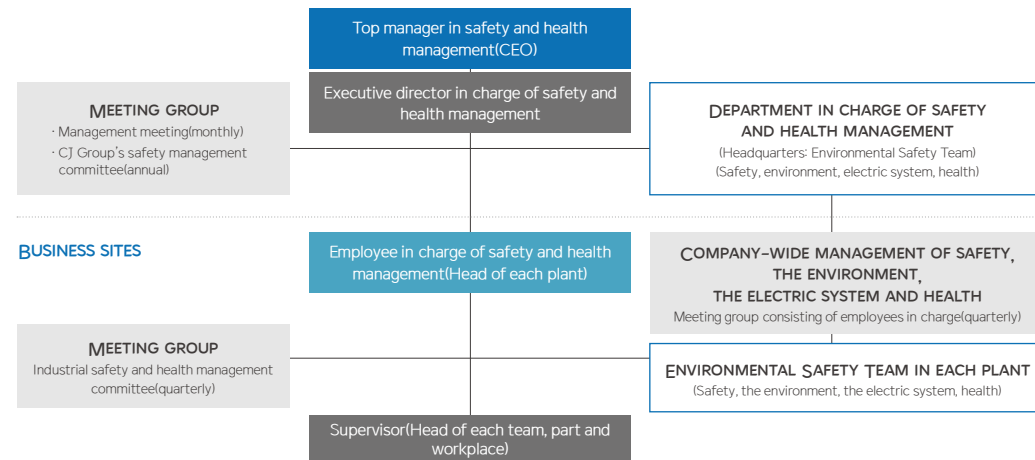
- Governance
- Integrity Management
- Risk Management
- Customer Satisfaction
- Human Resources Management

# HEALTH AND SAFETY MANAGEMENT FOR EMPLOYEES

## SAFETY MANAGEMENT SYSTEM

CJ CheilJedang has established the CJ CheilJedang Safety Management Policy under the safety management policy of CJ Group and identified the safety of employees and local communities as a top priority in management. To maintain a safe environment for local communities and employees, we organize an environmental safety group and establish a systemic with specialized employees in each sector.

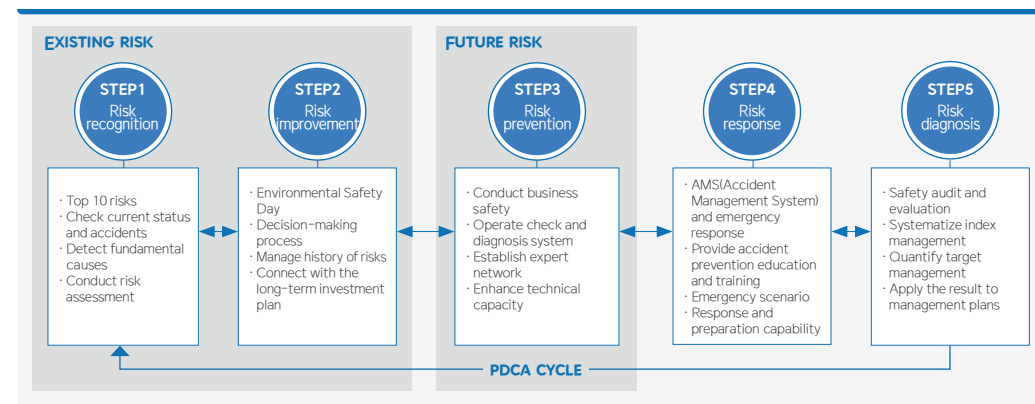
### HEADQUARTERS ORGANIZATION



## SYSTEMIZATION OF SAFETY MANAGEMENT OPERATION

CJ CheilJedang autonomously manages all activities related to health and safety management at business sites by proclaiming the health and safety policy based on the management policies of the CEO, and introducing our own safety management process for five stages. The company performs work based on the determined process with the response system to prevent risks for environmental safety and minimize any damage and conducts management and response through the PDCA(Plan-Do-Check-Action) cycle.

### SAFETY MANAGEMENT PCDA PROCESS



## SAFE RISK INVESTMENT AND IMPROVEMENT OF INFRASTRUCTURE

CJ CheilJedang selects top risks based on five major stages(recognition, improvement, prevention, response and diagnosis) for a safety management system. For selected risks, we establish a plan for phased improvement and implement systemic investment and improvement activities. In 2018, the company expanded the application of automatic fire extinguishing facilities and removal of combustible building materials to reinforce safety for fire accidents. As part of the improvement of the working environment, we also improved the process of high-level noise of 85dP or over and carried out risk prevention management for musculoskeletal system damage at each business site and removal of building materials containing asbestos.

## CORE RISK IMPROVEMENT ACTIVITY

Core risk	Inflammability construction materials			Installation of automatic fire extinguishing facilities			Safety devices for heating facilities			Removal of asbestos-containing sites		
	Target	Improved	Improve-ment rate	Target	Improved	Improve-ment rate	Target	Improved	Improve-ment rate	Target	Improved	Improve-ment rate
Performance in 2018	70	26	37%	131	52	40%	19	17	89%	27,714	19,218	69%
Target for 2019	70	39	56%	131	67	51%	19	18	95%	27,714	24,218	87%

## CJ GROUP'S SAFETY DAY

When it is difficult to make an investment decision for safety risks at a business site, CJ CheilJedang ensures smooth investment by acquiring a decision-making process from executives for investment through the CJ Group's Safety Day. On the CJ Group's Safety Day, responsible executives including the heads of food and BIO business divisions visit a business site and check the current status of safety. In 2018, decisions by the CEO were made for 14 cases, and the amount worth of KRW 10 billion and 840 million were invested for improving related risks.

### INVESTMENT FOR SAFETY RISK INVESTMENT DETERMINED THROUGH CJ GROUP'S SAFETY DAY

Category	Unit	2016	2017	2018
Amount of Safe Risk Investment	KRW 100 million	168.3	142.1	145.5
Amount of Safety Risk Investment Determined through CJ Group's Safety Day	KRW 100 million	56.0	34.9	108.4
Decisions Made	case	6	9	14

### CJ GROUP'S SAFETY DAY



Hyun Jae Shin(Head of Bio Business Division)

Sin Ho Kang(Head of Food Business Division)

Geun Yong Kim(Head of Food Production & Manufacturing Department)

## EDUCATION AND TRAINING FOR SAFETY AND HEALTH MANAGEMENT

Each business site of CJ CheilJedang conducts emergency drills(fire, emergency evacuation, leakage, and rescue training) and provides specialized training for the process of Product Safety Management(PSM). In addition, we provide education in various types such as regular safety education, safety education prior to work, safety education for new and transferred employees and safety education for supervisors to enhance employees' mindset for safety and prevent any potential risks.

## HEALTH MANAGEMENT PROGRAMS FOR EMPLOYEES

CJ CheilJedang provides various programs to promote employees' physical and mental health.

### HEALTH MANAGEMENT PROGRAMS FOR EMPLOYEES

Category	Description
Health checkup	Conduct an annual health checkup(general, regular)
Medical expense support	Provide medical expense support for any disease and injury among employees
Gym	Operate a gym within the company building and provide exercise programs and trainers for the health management of employees
Psychological counseling center	Support employees to get psychological counseling about their work-related or personal affairs at counseling centers across the nation
Cardiovascular/cerebrovascular disease management	Conduct regular blood tests for those in the intermediate and high-risk groups of cardiovascular/cerebrovascular diseases, and provide education and counseling service Operate programs for blood pressure management, diet control, exercise, and quitting smoking
Management of stress from heavy workloads	Conduct a regular heavy workload stress assessment targeting all employees every other year Provide intensive counseling services to those in the intermediate and high-risk groups and carry out additional depression tests

# FINANCIAL INFORMATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SUBJECT	UNIT	2016	2017	2018
Revenue(Sales)	KRW 1,000	14,563,257,246	16,477,174,023	18,670,059,989
Cost of sales	KRW 1,000	11,275,152,096	12,922,488,246	15,126,473,806
Gross profit	KRW 1,000	3,288,105,150	3,554,685,777	3,543,586,183
Selling general administrative expenses	KRW 1,000	2,444,466,966	2,778,110,536	2,710,876,503
Operating profit(loss)	KRW 1,000	843,638,184	776,575,241	832,709,680
Other income	KRW 1,000	(104,071,591)	(254,398,401)	719,523,533
Other loss	KRW 1,000	212,719,961	535,861,443	240,115,302
Finance income	KRW 1,000	424,861,509	469,101,848	492,701,318
Finance cost	KRW 1,000	957,357	(4,607,686)	(5,461,144)
Income of associates and jointly controlled entities	KRW 1,000	528,382,402	584,328,749	1,294,186,053
Profit(loss) before tax	KRW 1,000	174,833,653	171,531,006	368,797,428
Income tax expense	KRW 1,000	353,548,750	412,797,743	925,388,625
Profit(loss)	KRW 1,000	30,217,195	(465,141,292)	(36,329,758)
Other comprehensive income	KRW 1,000	383,765,945	(52,343,549)	889,058,867
Total comprehensive income	KRW 1,000			

## CONSOLIDATED BALANCE SHEET

SUBJECT	UNIT	2016	2017	2018
Subject	KRW 1,000	4,874,197,575	4,959,963,993	5,520,191,585
Current assets	KRW 1,000	6,495,431	3,504,356	2,245,917
Assets of disposal group held for sale	KRW 1,000	10,885,545,533	11,904,655,546	13,974,585,382
Non-current assets	KRW 1,000	15,766,238,539	16,868,123,895	19,497,022,884
Total assets	KRW 1,000	4,699,232,648	5,496,914,149	6,680,407,860
Current liabilities	KRW 1,000	5,006,529,025	5,227,356,411	5,508,402,934
Non-current liabilities	KRW 1,000	9,705,761,673	10,724,270,560	12,188,810,794
Total liabilities	KRW 1,000	3,409,365,139	3,374,920,309	4,782,822,965
Equity attributable to owners of the parent entity	KRW 1,000	72,446,655	72,520,905	81,908,095
Current capital	KRW 1,000	919,853,765	925,143,916	1,540,987,319
Capital surplus	KRW 1,000	(149,455,249)	(526,166,831)	(534,397,639)
Other reserves	KRW 1,000	2,566,519,968	2,903,422,319	3,694,325,190
Retained earnings	KRW 1,000	2,651,111,727	2,768,933,026	2,525,389,125
Non-controlling interests	KRW 1,000	6,060,476,866	6,143,853,335	7,308,212,090
Total equity	KRW 1,000			

# APPENDIX

- 69 FINANCIAL INFORMATION
- 70 SUSTAINABILITY MANAGEMENT DATA
- 76 AWARDS AND CERTIFICATION
- 77 GRI CONTENT INDEX
- 80 INDEPENDENT ASSURANCE STATEMENT



# SUSTAINABILITY MANAGEMENT DATA

## ECONOMY

CATEGORY	UNIT	2016	2017	2018	REMARK		
Retirement Pension System	Defined benefit(DB)	KRW 100M	2,174	2,507	3,196		
	Subscription	Person	5,568	5,390	6,066		
Remuneration of employees	Legal Minimum Wage	KRW	6,030	6,470	8,350	Hourly wage	
	Entry-Level Wage	Male	KRW	7,854	8,175	9,756	Hourly wage
		Female	KRW	7,854	8,175	9,756	Hourly wage
	Ratio	Male	%	130	126	117	Legal Minimum Wage
		Female	%	130	126	117	Legal Minimum Wage
Average Wage of per employee	KRW 10,000	-	-	5,700	Annual income		
Ratio of remuneration by gender	Domestic	Male	%	100	100	100	
		Female	%	93	84	97	
	Overseas	Male	%	100	100	100	
		Female	%	77	86	86	
Local employment at major overseas business sites	Local employment	Overseas workers	Person	13,399	17,350	19,086	Total number of employees dispatched overseas and local native employees
		Local recruits	Person	13,168	17,065	18,764	
		Local employment rate	%	98.3	98.4	98.3	
	Local native administrators	Administrators at overseas business sites	Person	472	947	1,064	Total number of administrators/manager level or above dispatched overseas and hired at overseas business sites
		Local native administrators	Person	390	800	857	
		Ratio of local native administrators	%	82.6	84.5	80.5	
Intellectual Property	New applications	Number of applications submitted to KIPO in that year	Case	551(59)	527(171)	752(168)	The figures in brackets indicate the patents in Korea.
	Patents owned	Number of valid patents owned and those newly registered in that year	Case	2,079(676)	2,448(666)	3,149(747)	The figures in brackets indicate the patents in Korea.
Spending on local suppliers	Total spending amount	KRW 100M	41,831	448,673	45,729		
	Amount of spending on local suppliers	KRW 100M	31,106	134,576	27,842		
	Proportion of spending on local suppliers	%	74.4	30.0	60.9		
Spending on suppliers compliant with company's purchasing policy	Proportion of spending on suppliers compliant with company's purchasing policy	%	100	100	100		
Actions Taken against Unfair Transactions	Actions Taken against Unfair Transactions	Case	0	1	0	Constrained conditional transaction (2017.1)	

CATEGORY	UNIT	DISTRIBUTION OUTCOME IN 2018	REMARK	
Economic value distribution in 2018	Shareholder(dividend)	KRW 1M	56,147	Dividend of CJ CheilJedang
	Employee(wage and welfare)	KRW 1M	904,154	Sum of wages included in the cost of sales and selling general administrative expenses, severance payment and welfare expense(CJ Logistics excluded)
	Government(tax)	KRW 1M	402,433	Corporate tax, taxes and dues(CJ Logistics excluded)
	Local community(donation)	KRW 1M	83,094	Social contribution investment(CJ Logistics excluded)
	Supplier(spending)	KRW 1M	5,034,833	Total spending for purchasing contract/raw material and consignment expenses: CJ Logistics excluded)

## ENVIRONMENT

CATEGORY	UNIT	2016	2017	2018	REMARK	
Denominator for calculating intensity	Amount of products produced	Ton	3,523,522	3,581,051	3,656,701	Including the figures from Namwon Plant which was acquired in 2018
Raw material consumption(overseas business sites included)	Food	Ton	5,844,720	6,389,105	4,409,757	
	Bio	Ton	6,529,288	7,138,317	7,698,000	
	Total	Ton	12,374,008	13,527,422	12,107,757	
Recycled material consumption for packaging	Amount used	Ton	37,150	40,420	46,973	Food business(FI excluded)
Energy consumption	Fuel	TJ	3,003	3,436	3,670	
	Electricity	TJ	3,604	3,802	4,184	
	Steam	TJ	994	1,165	1,267	
	Total	TJ	7,601	8,383	9,102	Total consumption may differ from actual consumption since the figure is the sum of the rounded-off figures of consumption at each business site(Target in 2018: 9,130 TJ).
	Intensity	TJ /Product-ton	0.002	0.002	0.002	
Renewable energy consumption	Amount of renewable energy consumption	TJ	1,038	1,075	1,134	
	Ratio of renewable energy consumption	%	13.66	12.83	12.5	
	Accumulated number of business sites that introduced renewable energy	Number of locations	3	3	5	Incheon Plant 2, Busan Plant, Jincheon Plant, Jincheon Blossom Campus, Blossom Park(lab)
GHG emissions	Direct GHG Emissions(Scope 1)	tCO <sub>2</sub> e	153,177	171,734	185,463	Target in 2018: 187,407 tCO <sub>2</sub> e
	Indirect GHG Emissions(Scope 2)	tCO <sub>2</sub> e	183,285	192,225	210,758	Target in 2018: 210,480 tCO <sub>2</sub> e
	Total	tCO <sub>2</sub> e	336,462	363,943	396,205	Total consumption may differ from actual consumption since the figure is the sum of the rounded-off figures of consumption at each business site.
	Intensity	tCO <sub>2</sub> e /Product-ton	0.095	0.102	0.108	

\* Calculation of energy consumption after application of the guidelines for reporting and certification of GHG emission trading system complying Emissions Trading Act

\*Calculation of energy consumption after application of the guidelines for reporting and certification of GHG emission trading system complying Emissions Trading Act

GHG emissions reduction	Reduction of GHG Emissions	tCO <sub>2</sub> e	63,037	69,431	75,428	
	Number of GHG emissions reduction activities	Case	45	90	111	
	External reduction(Cumulative)	tCO <sub>2</sub> e	3,753	7,702	11,554	Reducing GHG by recovering Unutilized Energy according to the economizer installation of Young-woo frozen foods
Water intake and consumption	Water supply	Ton	4,308,345	4,396,495	5,170,195	
	Groundwater	Ton	85,750	45,155	63,062	Used only in Nonsan Plant: Namwon Plant not included
	Total	Ton	4,394,095	4,866,925	5,296,319	Target in 2018: 5,110,271 tons
	Intensity	Ton /Product-ton	1.247	1.359	1.448	

## ENVIRONMENT

CATEGORY		UNIT	2016	2017	2018	REMARK	
Reuse and recycling of water	Total amount of reused and recycled water	Ton	274,501	297,506	397,591		
	Ratio of reused and recycled water	%	6.2	6.1	7.5		
Wastewater discharge	Total amount of discharged wastewater	Ton	3,047,383	3,092,809	3,791,837		
	Intensity	Ton /Product-ton	0.865	0.864	1.036		
Waste	Designated waste	Recycled	Ton	97	100	109	
		Incinerated	Ton	48	25	31	
		Buried	Ton	13	20	20	
		Others	Ton	4	8	4	
		Subtotal	Ton	161	153	163	
	General waste	Recycled	Ton	50,324	48,161	50,399	
		Incinerated	Ton	4,718	5,800	6,751	
		Buried	Ton	241	229	278	
		Others	Ton	0	0	0	
		Subtotal	Ton	55,282	54,189	57,428	
	Total	Ton	55,443	54,342	57,592		
	Intensity	Ton /Product-ton	0.0157	0.0152	0.0157	Target in 2018: 0.0148 tons/product-ton	
	Air pollutant discharge	NOx	Ton	94	228	66	
SOx		Ton	3	3	2		
Dust		Ton	55	59	48		
Total		Ton	152	290	116		

CATEGORY		UNIT	SHORT-TERM(2019)	LONG-TERM
Environment KPI	Waste discharge intensity	Ton /Product-ton	0.0151	-
	GHG emissions	1,000 tCO <sub>2</sub> e	475	Target in 2022: 585 / Target in 2025: 570
	Renewable energy consumption	TJ	1,160	Target in 2022: 1,350 / Target in 2025: 1,800

## SOCIETY

CATEGORY		UNIT	2016	2017	2018	REMARK	
Employees	Regular	Male	Person	3,963	4,381	4,999	
		Female	Person	1,018	1,080	1,452	
		Subtotal	Person	4,981	5,461	6,451	
	Short-term & temporary	Male	Person	78	48	46	
		Female	Person	39	84	53	
		Subtotal	Person	117	132	99	
	Total	Male	Person	4,041	4,429	5,045	
		Female	Person	1,057	1,164	1,505	
		Subtotal	Person	5,098	5,593	6,550	
Ratio of female executives/managers	Executives	Total	Person	71	80	86	CEO and the second/third highest positions
		Female	Person	3	11	14	
		Ratio of female executives	%	4.2	13.8	16.3	
	Managers or above	Total	Person	1,238	1,195	1,369	G5 or above
		Female	Person	121	159	214	
		Ratio of female executives	%	9.8	13.3	15.6	
	Administrators in the sales department	Total	Person	767	773	867	Production, sales and marketing departments
		Female	Person	51	78	76	
		Ratio of female executives	%	6.6	10.1	8.8	
New employees(domestic)	Total		Person	717	942	1,559	
	Gender	Male	Person	547	707	1,204	
		Female	Person	170	235	355	
	Age	Under 30	Person	570	751	1,147	
		30-49	Person	143	188	403	
		50 or over	Person	4	3	9	
New employees(overseas)	Total	Person	1,880	3,817	2,396		
Employees from Socially Disadvantaged Groups	Disabled		Person	78	61	77	
	Veterans		Person	21	42	66	
Turnover and retirement rate	Total		Person	413	445	662	
	Gender	Male	Person	304	318	482	
		Female	Person	109	127	180	
	Age	Under 30	Person	212	196	392	
		30-49	Person	180	220	228	
		50 or over	Person	21	29	42	



## SOCIETY

CATEGORY		UNIT	2016	2017	2018	REMARK	
Parental Leave	Number of target employees of parental leave	Male	Person	174	198	238	Based on the number of employees who applied for maternity leave in that year
		Female	Person	66	82	96	
		Total	Person	240	280	334	
	Number of employees on parental leave	Male	Person	10	16	21	Based on the number of employees who took parental leave in that year
		Female	Person	61	68	71	
		Total	Person	71	84	92	
	Number of employees who returned from parental leave	Male	Person	2	9	16	Based on the number of employees who completed parental leave in the previous year; the total number of returned employees
		Female	Person	67	55	60	
		Total	Person	69	64	76	
	Ratio of the employees who returned from parental leave	Male	%	100	90	100	Ratio of the employees who returned from parental leave in that year to the total number of employees who took parental leave in the previous year
		Female	%	87	90	88	
	Employees who worked for more than 12 months after returning from parental leave	Male	Person	1	7	16	Based on the number of employees who completed parental leave in the previous year; the total number of returned employees except for those who quit the company in a year after returning from parental leave
Female		Person	62	53	58		
Total		Person	63	60	74		
Ratio of the employees who worked for more than 12 months after returning from parental leave	Male	%	50	77	100	Ratio of the employees who returned from parental leave and worked for more than 12 months to the total number of employees who returned from parental leave in that year	
		%	93	96	97		
Employee training	Training hours	Total training hours	Hour	294,023	394,867	622,289	
		Training hours per person	Hour/Person	56	72	90.6	
	Training expenses	Total training expenses	KRW 1M	6,781	5,836	11,150	
		Training expenses per person	KRW 1M/Person	1.0	1.0	1.6	
Human rights education	Sexual harassment prevention	Number of education sessions	Number of sessions	1	1	1	
		Number of target employees	Person	5,047	5,705	6,726	
		Number of employees who completed the education course	Person	5,046	5,695	6,649	
	Improvement of awareness of the disabled	Number of education sessions	Number of sessions	-	-	1	
		Number of target employees	Person	-	-	6,591	
		Number of employees who completed the education course	Person	-	-	6,532	
Performance evaluation	Ratio of employees who underwent the regular performance evaluation	Male	%	100	100	100	
		Female	%	100	100	100	
Employees satisfaction and engagement	Employees satisfaction	Point	78.4	79.5	81.8	Result of corporate culture diagnosis	
Joint agreement	Number of employees who can join the labor-management council	Person	5,098	5,593	6,550		
	Number of employees who joined the labor-management council	Case	3,814	3,859	4,788		
	Ratio of employees who joined the labor-management council	%	74.8	69.0	73.2		

## SOCIETY

CATEGORY		UNIT	2016	2017	2018	REMARK	
Customer satisfaction	Customer satisfaction level survey conducted by the Korea Management Association Consulting(KMAC)	Point	92.3	93.9	92.1	Target in 2018: 90	
	Customer satisfaction level survey conducted by CJ Telenix	Point	89.6	92.9	91.9	Target in 2018: 90.6	
	Ratio of customers who selected 'Satisfied' or more positive responses	%	96	97	94	Target in 2018: 90 persons	
Employees engagement in social contribution	Hours of volunteer activities	Hour	35,435	38,824	40,501		
	Number of employees who participated in volunteer activities	Person	3,919	4,763	5,521		
	Hours of volunteer activities per person	Hour/Person	9.0	8.2	7.3		
	Participation rate	%	82	85	86		
Charity activities as a corporate citizen	Charity donation	KRW 100M	9.1	48.7	7.6		
	Investment in local communities	KRW 100M	129.1	151.4	136.1		
	Commercial investment	KRW 100M	13.6	16.0	5.5		
	Total	KRW 100M	151.8	216.1	149.2		
Industrial disasters	Employees	Number of work-related injuries	Person	6	3	7	Figures soared as the number of employees increased due to the enforcement of 52-hour work week and the expansion of Jincheon BC.
		Rate of work-related injuries	%	0.323	0.141	0.193	
		Rate of occupational diseases	%	0	0	0	
		Ratio of lost days	%	0.106	0.060	0.095	
	Suppliers	Total number of work-related fatalities	Person	0	0	0	
		Number of work-related injuries	Person	1	2	1	
Supplier transactions	Food	Case	1,090	1,100	815		
	Bio	Case	1,909	2,578	3,249		
	Total		2,999	3,678	4,064		
Social KPI	Supply chain management in connection with a credit-rating agency	Number of locations		789		Target in 2022: 100%	
	Support for the Naeil Chaem Deduction System	Person		54		Target in 2022: 108 persons	
	Technical support for SME suppliers	KRW 100M		220		Target in 2022: KRW 22 billion	
	Contract cultivation area of farms	ha		1,345	-		

# AWARDS AND CERTIFICATION

AWARDS		AWARDING AGENCY
Feb and May 2018	Citation from Minister of Food and Drug Safety at Food Safety Merit Awards	Citation from Minister of Food and Drug Safety
May 2018	Prize for Excellent Safety Management of Overseas Employees from ISOS	ISOS Foundation
Jun 2018	Citation from Minister of Environment at Environment Merit Awards(Food Production& Manufacturing Department)	Ministry of Environment
Jun 2018	Citation from Minister of Environment at Environment Merit Awards(Food Production& Manufacturing Department)	Ministry of Environment
Jul 2018	Best at Korea Digital Management Innovation Awards	Ministry of Science and ICT
Jul 2018	Citation from Minister of Employment and Labor	Ministry of Employment and Labor.
Jul 2018	UN SDG Action Awards	Association for Supporting the SDGs for the UN
Sep 2018	Presidential prize for Excellent Business Site for Waste Reduction(Incheon Plant 3)	Ministry of Environment
Oct 2018	Korea IR Awards Excellent Enterprise Prize	Korea IR Committee
Oct 2018	Presidential Prize at Republic of Korea Sharing People Awards	Ministry of Health and Welfare
Nov 2018	Disaster Relief Merits Awards	Citation from the Ministry of Interior and Safety
Nov 2018	67th Seoul Culture Awards in the category of cultural and art sponsorship	Seoul Metropolitan Government
Nov 2018	Prize from Mayor of Seoul in the category of social contribution with Food Bank	Seoul Metropolitan Government Seoul Council on Social Welfare
Nov 2018	2018 Ewha-MK(Maeil Business News Korea) Excellent Enterprise Awards for Considerate Management Prize	EWHA Womans University, Maeil Buesiness News
Dec 2018	Presidential Prize at Corporate Innovation Awards	Ministry of Trade, Industry and Energy
Dec 2018	Prize on Consumer Rights Day Citation from Prime Minister	Korea Consumer Agency

INDEX EVALUATION		EVALUATION AGENCY
Apr 2018	Korea Purchase Ease Index(KPEI) of Korea Marketing Association, First in the cooking oil category(Incheon Plant 2)	Korea Marketing Association
Jun 2018	Win-win Index, Best	Fir Trade Commission, Win-Win Growth Committee
Oct 2018	DJSI Sustainability Index, Included in the Asia-Pacific Index	Robeco SAM
Oct 2018	UN SDG BI, Best	UN SDGs
Nov 2018	ESG Evaluation of Korea Corporate Governance Service, Selected as Integrated Level A(Excellent)	KCGS

CERTIFICATION		CERTIFICATION AGENCY
Aug 2016	Re-certification of KS(Incheon Plant 2 for soybean oil)	Korea Agency of HACCP Accreditation & Services
DEC 2016	HACCP Certification(Yeongdeungpo Plant for flour and premix)	Ministry of Agriculture, Food and Rural Affairs
May 2016 to May 2019	Food Safety System Certification(FSSC22000) Certification(Yeongdeungpo Plant for flour and premix)	Lloyd's Register Korea
Dec 2016 to Dec 2019	Information Security Management System(ISMS) Certification	Korea Environmental Industry & Technology Institute
Jan 2017 to Jan 2020	Food Safety System Certification(FSSC22000) Certification(Yangsan Plant for flour and premix)	Lloyd's Register Korea
Apr 2017	Re-certification of KS(Incheon Plant 2 for sesame oil)	Ministry of Agriculture, Food and Rural Affairs
Apr 2017 to Apr 2020	Korea Occupational Safety & Health Agency(KOSHA 18001) Certification(Yeongdeungpo Plant)	Korea Occupational Safety & Health Agency
May 2017 to May 2020	HACCP Certification(Yangsan Plant for flour and premix)	Korea Agency of HACCP Accreditation & Services
Sep 2017	First recognition by the Korea Laboratory Accreditation Scheme(KOLAS, ISO 17025)	ILAC(International Laboratory Accreditation Cooperation): A recognized international testing agency partner
Oct 2017 to Mar 2019	HACCP Certification(Incheon Plant 1)	Korea Agency of HACCP Accreditation & Services
Nov 2017 to Nov 2019	Business Site with Excellent Health Improvement Activities(Yangsan Plant)	Korea Occupational Safety & Health Agency
Recertification in 2017	Customer Centered Management(CCM) Certification	Fair Trade Commission
Recertification in 2017	Family-friendly Certification	Ministry of Gender Equality and Family
Feb 2018 to Feb 2019	Halal Certificate	Korea Muslim Federation
Apr 2018	Low-carbon Certification(Incheon Plant 2) Low Carbon Product Certification(Incheon Plant 1)	Korea Environmental Industry & Technology Institute
Jun 2018 to Jun 2020	Food Safety System Certification(FSSC22000) Certification(Yangsan Plant for flour and premix)	Lloyd's Register Korea
Jul 2018	Green Management System(GMS) Certification(Busan Plant)	Korean Foundation for Quality
Jul 2018	Certification of Environmental Management System ISO 14001(Busan plant)(2011 first certification)	Korean Foundation for Quality
Sep 2018	Green Company Certification(Incheon Plant 1)	Ministry of Environment
Sep 2018	Expanded recognition of the internal test methods by the Korea Laboratory Accreditation Scheme(KOLAS, ISO 17025)	ILAC(International Laboratory Accreditation Cooperation): A recognized international testing agency partner
Sep 2018	Certification of Environmental Management System ISO 14001(Incheon plant 1)(2011 first certification)	Korean Foundation for Quality
Nov 2018	World-class Product Certification(Incheon Plant 2 for sesame oil and perilla oil)	Ministry of Trade, Industry and Energy
Aug 2019 to Aug 2021	Food Safety System Certification(FSSC22000) Certification(Incheon Plant 1)	Lloyd's Register Korea

# GRI CONTENT INDEX

## UNIVERSAL STANDARDS(GRI 100)

GRI STANDARDS	DISCLOSURE	PAGE	NOTE	
Organizational Profile	102-1	Name of the organization	9	
	102-2	Activities, brands, products, and services	9, 12~15	
	102-3	Location of headquarters	9	
	102-4	Location of operations	10~11	
	102-5	Ownership and legal form	9	
	102-6	Markets served	10~11	
	102-7	Scale of the organization	9	
	102-8	Information on employees and other workers	9, 73	
	102-9	Supply chain	17, 42~28	
	102-10	Significant changes to the organization and its supply chain	42~48	
	102-11	Precautionary Principle or approach	60~61	
	102-12	External initiatives	23, 76	
	102-13	Membership of associations	76	
Strategy	102-14	Statement from senior decision-maker	4~5	
	102-15	Key impacts, risks, and opportunities	4~5	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	8, 20~21	
	102-17	Mechanisms for advice and concerns about ethics	58~59	
Governance	102-18	Governance structure	20, 44, 56	
	102-22	Composition of the highest governance body and its committees	56~57	
	102-23	Chair of the highest governance body	56~57	
	102-24	Nominating and selecting the highest governance body	56~57	
	102-28	Evaluating the highest governance body's performance	56~57	
	102-32	Highest governance body's role in sustainability reporting	20	
	102-33	Communicating critical concerns	56~57	
	102-35	Remuneration policies	56~57	
	102-36	Process for determining remuneration	56~57	
Stakeholder Engagement	102-40	List of stakeholder groups	22	
	102-41	Collective bargaining agreements	65, 74	
	102-42	Identifying and selecting stakeholders	22	
	102-43	Approach to stakeholder engagement	22	
	102-44	Key topics and concerns raised	24~25	
Reporting Practice	102-45	Entities included in the consolidated financial statements	-	Annual report
	102-46	Defining report content and topic boundaries	24	
	102-47	List of material topics	24~25	
	102-48	Restatements of information	-	None
	102-49	Changes in reporting	2	Separate marking of changes compared to previous reporting periods
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
102-55	GRI content index	77~79		
102-56	External assurance	80~81		



## TOPIC-SPECIFIC STANDARDS

GRI STANDARDS	DISCLOSURE	PAGE	NOTE	
<b>ECONOMIC PERFORMANCE(GRI 200)</b>				
Economic Performance	103-1	Explanation of the material topic and its Boundary	26, 31, 42, 49	
	103-2	The management approach and its components	26, 31, 42, 49	
	103-3	Evaluation of the management approach	26, 31, 42, 49	
	201-1	Direct economic value generated and distributed	10, 70	
	201-2	Financial implications and other risks and opportunities due to climate change	37, 38	
	201-3	Defined benefit plan obligations and other retirement plans	70	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	10, 11	
	202-2	Proportion of senior management hired from the local community	70	
Indirect Economic Impacts	103-1	Explanation of the material topic and its Boundary	42, 49	
	103-2	The management approach and its components	42, 49	
	203-1	Infrastructure investments and services supported	46-53	
	203-2	Significant indirect economic impacts	46-53	
Procurement Practices	204-1	Proportion of spending on local suppliers	70	
Anti-corruption	205-1	Operations assessed for risks related to corruption	58-59	
	205-2	Communication and training about anti-corruption policies and procedures	58-59	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	- None	
<b>ENVIRONMENTAL PERFORMANCE(GRI 300)</b>				
Materials	301-1	Materials used by weight or volume	71	
	301-2	Recycled input materials used	41	
	301-3	Reclaimed products and their packaging materials	41	
Energy	302-1	Energy consumption within the organization	71	
	302-3	Energy intensity	71	
Water	303-1	Interactions with water as a shared resource	39	
	303-2	Management of water discharge-related impacts	39	
	303-3	Water withdrawal	71	
	303-4	Water discharge	72	
	303-5	Water consumption	71-72	
Emissions	103-1	Explanation of the material topic and its Boundary	36	
	103-2	The management approach and its components	36	
	103-3	Evaluation of the management approach	36	
	305-1	Direct(Scope 1) GHG emissions	71	
	305-2	Energy indirect(Scope 2) GHG emissions	71	
	305-4	GHG emissions intensity	71	
	305-5	Reduction of GHG emissions	71	
305-6	Emissions of ozone-depleting substances(ODS)	-	None	
305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	72		
Effluents and Waste	306-1	Water discharge by quality and destination	39	
	306-2	Waste by type and disposal method	72	
	306-3	Significant spills	-	None
	306-4	Transport of hazardous waste	-	None
	306-5	Water bodies affected by water discharges and/or runoff	39	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	45 None	
	308-2	Negative environmental impacts in the supply chain and actions taken	- None	

GRI STANDARDS	DISCLOSURE	PAGE	NOTE
<b>SOCIAL PERFORMANCE(GRI 400)</b>			
Employment	401-1	New employee hires and employee turnover	73
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65
	401-3	Parental leave	74
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	- None
Occupational Health and Safety	403-1	Occupational health and safety management system	66-67
	403-4	Hazard identification, risk assessment, and incident investigation	66-67
	403-5	Occupational health services	66-67
	403-6	Worker participation, consultation, and communication on occupational health and safety	67
	403-9	Worker training on occupational health and safety	75
	403-10	Promotion of worker health	75
Training and Education	404-1	Average hours of training per year per employee	74
	404-2	Programs for upgrading employee skills and transition assistance programs	64-65
	404-3	Percentage of employees receiving regular performance and career development reviews	74
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	73
	405-2	Ratio of basic salary and remuneration of women to men	70
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	- None
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	- None
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	- None
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	74 CJ CheilJedang's Declaration of Human Rights
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	49-53
Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary	42
	103-2	The management approach and its components	42
	103-3	Evaluation of the management approach	42
	414-1	New suppliers that were screened using social criteria	- None
	414-2	Negative social impacts in the supply chain and actions taken	- None
Public Policy	415-1	Political contributions	- None
Customer Health and Safety	103-1	Explanation of the material topic and its Boundary	26
	103-2	The management approach and its components	26
	416-1	Assessment of the health and safety impacts of product and service categories	28 100%
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
Marketing and Labeling	417-1	Requirements for product and service information and labeling	29-31, 41, 44 CJ CheilJedang's Homepage
	417-2	Incidents of non-compliance concerning product and service information and labeling	- None
	417-3	Incidents of non-compliance concerning marketing communications	- None
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	- None
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	- None
<b>G4 SECTOR DISCLOSURE(FOOD PROCESSING)</b>			
Procurement/Sourcing Practices	FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	45
Animal Welfare	FP10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	44 CJ CheilJedang's Homepage
	FP12	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	44 CJ CheilJedang's Homepage
Customer Health and Safety	FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	27
	FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	29
	FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutrients ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	29-30

# INDEPENDENT ASSURANCE STATEMENT

## INTRODUCTION

CJ CheilJedang Corporation(CJ CheilJedang) commissioned DNV GL Business Assurance Korea Ltd.(“DNV GL”), part of DNV GL Group, to undertake independent assurance of the Sustainability Report 2018(the “Report”). The directors of CJ CheilJedang have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of CJ CheilJedang in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

## SCOPE OF ASSURANCE

We have evaluated the adherence to AA1000 Accountability Principles(AP) 2018 and assessed the quality of sustainability performance information with non-financial and sustainability data generated in 2018 by CJ CheilJedang. The data scope doesn’t include logistics business in CJ CheilJedang. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the materiality determination process:

NO	MATERIAL TOPIC	GRI DISCLOSURE	NO	MATERIAL TOPIC	GRI DISCLOSURE
1	Development of health supplementary foods for customers	416-1	7	Diversification of economic value creation	201-1
2	Efforts to improve the product safety	416-1	8	Evaluation and management of supplier sustainability	414-1, 414-2
3	Contribution to boosting the local economy	203-1	9	Response to Climate change	305-1, 305-2, 305-4
4	Philanthropic activities utilizing business characteristics	203-1	10	Development of eco-friendly products and services	-
5	Business growth with suppliers	203-1	11	Improvement of R&D	-
6	Investment support for social infrastructure	203-1	12	Expansion of business to the global market	-

\* '-' indicates relevant GRI disclosure doesn't exist

We performed our work using AA1000AP(2018) and DNV GL’s assurance methodology VeriSustain™<sup>1)</sup>(Version 5.0) which is based on our professional experience, international assurance best practices. DNV GL provides Type and the moderate level of assurance. Type 2 method was applied to specific performance data. The assurance was carried out from March and till June 2019. The site visit was made to CJ CheilJedang’s Headquarters in Seoul, Korea. We undertook the following activities as part of the assurance process:

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

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

## LIMITATIONS

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

## CONCLUSION

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

### The Principle of Inclusivity

CJ CheilJedang has identified internal and external stakeholder groups such as Customers, Local Communities, Shareholders and Investors, Suppliers and Employees. CJ CheilJedang engages with the stakeholders at the company and business unit levels through various channels. The examples of approaches to engage with selected stakeholders and relevant organizations are described in the Report. CJ CheilJedang has formed a dedicated organization to facilitate CSV(Creating Shared Value) creation through the whole value chain, and engages with stakeholders. In addition, CJ CheilJedang has identified three core CSV values –‘health and wellbeing’, ‘sustainable environment’, and ‘shared growth with the society’, and establishes and manages value-creation strategies and implements key tasks.

### The Principle of Materiality

CJ CheilJedang has conducted the materiality assessment to prepare the Report. 36 various issues have been derived by analysing the topics covered in various global initiatives and standards, industry peer review and media. The issue pools were used on internal and external stakeholder survey to rate the material topics. 12 material topics are prioritized accordingly. CJ CheilJedang has divided material topics identified in the materiality assessment into five stakeholder issues and presented the management approach and major performances for each stakeholder issue in the Report. CJ CheilJedang discloses comprehensive and balanced understanding and prioritisation of material sustainability topics for the organisation and its stakeholders.

### The Principle of Responsiveness

The Report presents CJ CheilJedang’s CSV management system and core shared values associated with CSV, which helps stakeholders understand CJ CHEILJEDANG’s sustainability management. In addition, the Report discloses the key performance and the business results in 2018. It is addressed as well how the company manages sustainability issues during the reporting period. The Report is prepared in a comparable, comprehensive, and accurate way using the reporting principles.

### The Principle of Impact

The Report presents the direct and indirect impacts of material topics identified materiality assessment. CJ CheilJedang identifies, monitors and assess the impacts of material topics to stakeholders. The impacts could be quantified and disclosed in the future reporting.

### Quality on sustainability performance information

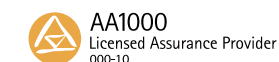
DNV GL has evaluated the adherence to the AA1000 AP(2018) as described above by applying Type 1 methodology. The reliability of the selected data including water consumption, waste volume, and accident frequency rate are tested with Type 2 methodology. DNV GL has interviewed the data owners in order to figure out the data control process and verified the selected data against the relevant documents and records. The intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable.

## COMPETENCE AND INDEPENDENCE

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct<sup>2)</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with CJ CheilJedang and did not provide any services to CJ CheilJedang in 2018 that could compromise the independence or impartiality of our work.

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

May 2019  
Seoul, Korea



Jang Sup Lee  
Country Representative

DNV GL Business Assurance Korea Ltd.



MEMBER OF

## Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



SGS-COC-007933



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



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

+82-2-6740-1114

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