

CJ CHEILJEDANG

**SUSTAINABILITY
REPORT
2016**

CREATE
A NEW
CULTURE
FOR HEALTHY,
HAPPY &
CONVENIENT
LIFESTYLES.



ABOUT THIS REPORT

OVERVIEW

The CJ CheilJedang Sustainability Report 2016 has been prepared to transparently disclose the company's sustainability management goals and performances and utilize the Report as a communication channel with the stakeholders. We will continue to provide sustainability reports in order to share with our stakeholders our process for creating social values.

REPORTING PERIOD AND SCOPE

This report covers activities and performance in the 2016 fiscal year (from January 1st to December 31st, 2016), and includes some information about the first three months of 2017 to better assist our stakeholders in understanding the data. The scope of the report encompasses the economic, social and environmental performance of all business sites of CJ CheilJedang within Korea, except for the logistics business. Some sections include performance at overseas business sites.

REPORTING PRINCIPLES

This report was prepared based on the GRI (Global Reporting Initiative) 4.0 Guidelines' Core option. In particular, the food and beverage issues presented by the GRI Sustainability Topics for this sector were covered in order to select significant issues relevant to the industry.

EXTERNAL ASSURANCE

This report underwent third-party verification by the independent agency DNV GL to improve the accuracy and credibility of the contents herein. Please refer to pages 78-79 for details and opinions on the assurance provider.

INQUIRIES ON THE REPORT

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

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EXTERNAL EVALUATION OF SUSTAINABILITY MANAGEMENT

INCLUDED IN THE DJSI FOR TWO CONSECUTIVE YEARS

CJ CheilJedang was included in the DJSI (Dow Jones Sustainability Indices) Asia-Pacific Index, which was created jointly by international sustainability index provider S&P Dow Jones and Swiss Robeco Sam, for two consecutive years for the first time in the domestic food industry. Appreciated for its performance in human resource development and environmental reporting, the company has enhanced its reputation as a global food company. We will continue to take the initiative in generating creative economic values and promoting social value-based management, thereby growing further as a global lifestyle company.

ATTAINED 'BEST' IN THE WIN-WIN INDEX

We earned the 'Best' grade in the Shared Growth Index in 2016, which was designed to establish fair trade practices and facilitate shared growth. It is calculated based on the evaluation by the Fair Trade Commission and the Korea Commission for Corporate Partnership. Since 2013 when we achieved the 'Excellent' grade, we have played a representative role in the Korean food industry and expanded support for our suppliers who are small and medium-sized enterprises (SMEs). In 2014, CJ CheilJedang launched the Mutual Cooperation Center for Food Safety, a nonprofit foundation for food safety, and provided technology transfer and training programs to our SME suppliers. We will continue to lay a solid groundwork for the food industry and promote shared growth as a leading company.

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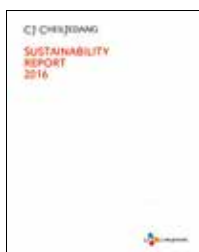
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COVER STORY

The social-value-based management pursued by CJ CheilJedang starts from its founding philosophy 'Saeopboguk (building a stronger nation through business prosperity)'. Based upon its primary business, the company constructs creative values with its unique ONLYONE products and services. Our CSV (Creating Shared Value) activities are aimed to grow in harmony with humanity and share what we have for shared growth by expressing our strong enthusiasm to advance as a global company that creates healthier, happier, and more convenient lifestyles.

CEO MESSAGE



CJ CHEILJEDANG WILL TAKE A LEAP TOWARD BECOMING A COMPANY LOVED AND RECOGNIZED BY THE WORLD BY CREATING A BUSINESS MODEL THAT PURSUES BOTH GROWTH AND PROFIT FOR THE COMPANY WHILE MAINTAINING SOCIAL VALUES.

Greetings to our valued stakeholders,

CJ CheilJedang has continued to grow, leading advancements in the domestic food industry to provide safe and healthy food to Korean people for the last six decades, while expanding the scope of our business to food ingredients, processed food, feed and livestock, as well as bio and pharmaceutical products.

Last year, the global economy suffered increased uncertainties due to stagnation in major economies, including Europe and China, as well as issues such as Brexit and the transfer of power in the White House. Even in Korea, the national economy failed to put an end to the prolonged recession resulting from the restructuring in the large-scale industries (such as shipbuilding, oil refining and steelmaking) and the sluggish domestic market. Nevertheless, in 2016, CJ CheilJedang recorded high operating income by selecting and focusing on its core businesses and enhancing operational efficiency. In the bio business, we stepped into the edible amino acid market. In terms of the feed and livestock business, we increased our share in the rapidly growing markets in South-east Asia. In the food and ingredient business, we focused on the HMR (Home Meal Replacement) market and the global market to lay the groundwork for future growth. Upholding the management philosophy of CJ Group 'Creation', 'Win-win' and 'Sharing', we expanded the activities of 'Jeulgeoun Donghang (Happy Companion)', and reinforced CSV activities including the 'Global CSV project'. Because of these efforts, we are now recognized as a company with high social contribution both at home and abroad.

There still are risk factors in the global economy this year, including Trump's protectionist trade policies and aggressive interest rate policies, political uncertainties in the Eurozone in the aftermath of Brexit, and the slowdown of growth in China and other emerging countries. With the expected frustrated export performance even in Korea, the domestic market will become more sluggish, maintaining the low growth trend. Furthermore, shrinking consumption and delayed investment caused by the political chaos inside and outside the country are predicted to have an additional negative impact on the overall domestic market.

In 2017, CJ CheilJedang pledges to overcome the challenging market conditions with support from our stakeholders and the dedicated efforts of our executives and employees to become a global company loved and highly appreciated in the global arena. Further, we will develop a business model that pursues both growth and profit for the company, while maintaining social values based on the following efforts.

First, we will accelerate growth by strengthening the competitiveness of the existing businesses, securing future growth engines, and establishing a solid foundation for the growth of our core businesses. We will achieve noteworthy performance by focusing on aggressive expansion of our business into emerging economies and new markets with high growth potential.

Second, we will improve our competitive edge by differentiating our core competencies. Amid prolonged global slump and fiercer competition between companies, we will build strong capabilities and world-class business competitiveness, widening the gap with rival companies and ultimately obtaining the top position in all business sectors.

Last but not least, we will establish our own CSV culture to contribute to society through our business, and promote innovation in our organizational culture to highlight the 'CJ Spirit', while taking the initiative in 'Saaeopboguk' (building a stronger nation through business prosperity) as the demand need of the hour.

We are committed to fulfilling the promise we made to our customers and stakeholders to receive steadfast support and patronage. Your support and interest in our sustainable growth will be greatly appreciated.

Thank you.

Chul-ha Kim

CEO of CJ CheilJedang

April 2017



OVERVIEW



CJ CheilJedang is the No. 1 general food company that has contributed to the growth of food and biotech industries in Korea. Founded in 1953 as a basic foodstuff manufacturing company named CheilJedang Co., Ltd., the company has expanded its business to food ingredients and processed food markets since its spin-off from CJ Co., Ltd. in 2007, leading the advancement of the domestic food industry. Making the best use of our outstanding talents and technological capacity and anchoring ourselves on the management philosophy 'ONLYONE,' we will grow into a global food and bio company that pursues the first, best and most unique products and services.



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ONLYONE CJ

CJ PHILOSOPHY

CJ Group pioneers new markets and spurs industrialization, growing into a global lifestyle company outside Korea. Based on the founding philosophy, ‘Saaeopboguk’ (building a stronger nation through business prosperity), the company has achieved economic performance through its unique creative management activities while fulfilling its social responsibility as a corporate citizen. CJ will continue to take steps toward becoming ‘GREAT CJ’ for a more pleasant and bountiful life.

CJ WAY




CJ WAY, CJ’s corporate culture, is aimed at becoming the global No. 1 lifestyle company that promotes its core values—‘integrity’, ‘passion’ and ‘creativity’—and ultimately provides health, happiness and convenience, with Ilryuinjae (exceptional talents): Individuals who demonstrate the CJ spirit that realize the CJ spirit based on the Ilryumunhwa (exceptional corporate culture): Become the best in the world by fostering exceptional talents and continuously challenging one another and strive to reach the world’s top level.

Vision	A global lifestyle company creating healthy, happy and convenient lifestyles		
Mission	Provide the best value to our customers with ONLYONE products and services, while contributing to national and social growth		
Principle and Philosophy	Achieve the No. 1 position with our core competencies by being First, Best and Only		
Core Values	Integrity	Passion	Creativity
Organizational Culture	Ilryuinjae (exceptional talents): Individuals who demonstrate the CJ spirit Ilryumunhwa (exceptional corporate culture): Become the best in the world by fostering exceptional talents and continuously challenging one another		

INTRODUCTION OF CJ CHEILJEDANG




CJ CheilJedang was founded in 1953 as the first sugar producer in Korea, and has become the No. 1 general food company in the country since its spin-off from CJ Co., Ltd. in 2007. Through continuous innovation of its products and brands, the company will move forward beyond the top domestic food company and solidify its position as a global food and bio company that creates a new culture.





COMPANY HISTORY

<p>1953~1979 Beginning Period</p> 	<p>1980~1999 Diversifying and Growing Period</p> 	<p>2000~Present Taking a Leap to Become a Global Company</p> 
<p>AUG 1953 Founded as CheilJedang Co., Ltd.</p> <p>NOV 1953 Produced sugar, first in Korea</p> <p>APR 1958 Started the flour manufacturing business</p> <p>DEC 1963 Initiated the seasoning manufacturing business</p> <p>NOV 1973 Started the animal feed business</p> <p>SEP 1979 Commenced the cooking oil business</p>	<p>DEC 1980 Began the meat processing business</p> <p>JUN 1984 Established the General Research Center</p> <p>DEC 1988 Established PT-CSI in Indonesia</p> <p>DEC 1991 Recorded KRW 1 trillion in sales, first in the Korean food industry</p> <p>JUL 1993 Declared the independent management of CJ</p> <p>MAY 1996 Completed the construction of the PT-CSI animal feed plant</p>	<p>APR 2002 Started the production of ‘DASIDA’ in the Qingdao Plant in China</p> <p>SEP 2007 Spin-off from CJ Co., Ltd.</p> <p>AUG 2010 Completed the construction of the world’s largest bay salt production plant</p> <p>JUL 2011 Launched the product ‘Xylose sugar’</p> <p>APR 2014 Founded CJ HealthCare Corp.</p> <p>MAR 2015 Founded CJ Breeding Corp.</p> <p>DEC 2015 Established CJ Blossom Park (the integrated research center)</p>

COMPANY PROFILE

(As of DEC. 31, 2016)

 Stock Volume 13,161,898 shares (common stocks)
 Shareholders 19,685 persons (common stocks)
 Main Business Food, food ingredients, bio, feed & livestock
 CEO Chul-ha Kim

 Foundation Date NOV. 5, 1953
 Employees 5,524 persons
 Sales KRW 14.5632 trillion
 Credit Rating A1 (Korea Ratings, Korea Investors Service)

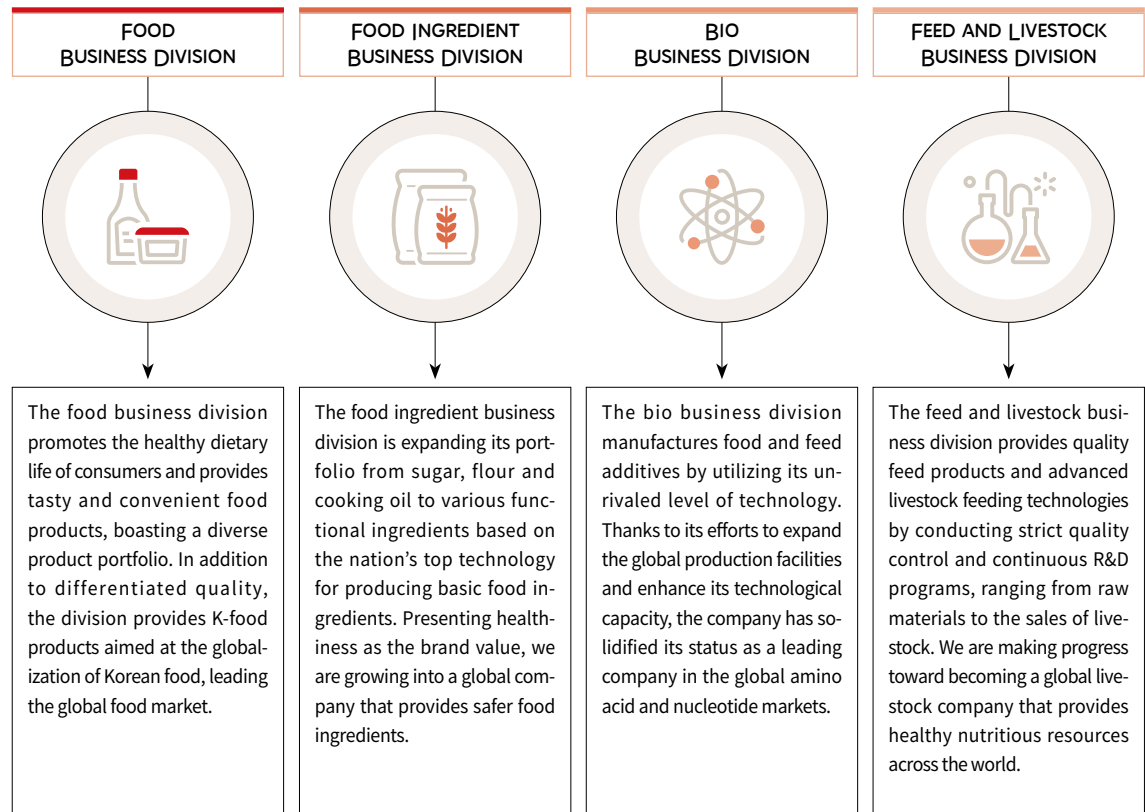
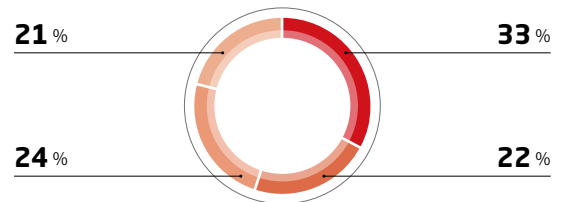
BUSINESS OVERVIEW

As a global leader in facilitating the growth of the food and biotech industries, CJ CheilJedang is comprised of four business divisions: food, food ingredient, bio, and feed and livestock.

We have accomplished meaningful growth by recording remarkable performance through business diversification, technical innovation and securing of future growth engines.

SHARE OF EACH DIVISION IN THE TOTAL SALES

■ Food ■ Food ingredient
■ Bio ■ Feed & Livestock



OUR BUSINESS

FOOD BUSINESS DIVISION

CREATE 'K-WAVE' OF FOOD, CHANGE THE WORLD

MAJOR PERFORMANCE AND PLANS

Major Performance

- Nurtured four major brands, including 'Bibigo', 'Hetbahn', 'The Healthy' and 'Gourmet'
- Successfully launched HMR products, including 'Korean Soup & Stew'
- Promoted the global K-Food craze based on the local sales infrastructure in Vietnam and Russia

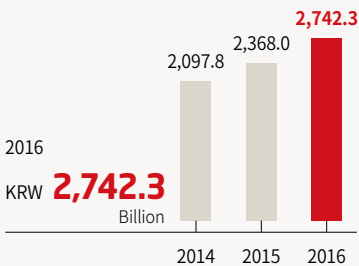
Plans

- Accelerate the growth of the division focusing on major products, technologies and brands
- Achieve high growth rates by fostering the core business in each country



SALES

(Unit: KRW Billion)



OVERVIEW OF FOOD BUSINESS DIVISION

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

FLAVOR ENHANCER

We initiated the flavor enhancer business in 1964 by tapping into the fermentation and refining technology we had accumulated from our initial business of sugar and flour manufacturing. Starting with compound seasoning 'DASIDA', we launched the liquid seasoning product for the domestic market in 2015, and the liquid seasoning 'DASIDA Tofu Soup' for the Japanese market in 2017. We are also expanding our share in the domestic flavor enhancer market through continuous innovations by utilizing our fermenting technology.

FOOD FERMENTATION

'Haechandle' is a leading Korean paste brand that reproduces the taste of paste, the basis of Korean food, using the authentic fermentation technology. The sincere efforts we make to ferment boiled square soybean lumps and wait for ripening create the brand's best paste flavor. We convey the savory flavor of paste by using quality ingredients and utilizing our own process of fermentation and ripening in order to provide fine paste products that reflect our efforts.

INSTANT FOOD

Beyond existing instant foods, we have released a range of quality products inspired by Korean foods. Leading the competition between cooked rice products, the brand 'Hetbahn' is creating a sensation by providing 'rice that is helpful for controlling postprandial blood glucose levels' and acquiring the health functional food certification for the first time in the domestic processed food market. We are also leading the Korean-style HMR market with a one-meal type 'Hetbahn Cupbahn.'

HMR

We began the HMR (Home Meal Replacement) business to keep up with changing market trends, such as the growing number of single-person households and dual-income families. Our products can be kept at room temperature as designed for easy storage based on our distinctive technology. We strive to make 'Hetbahn Cupbahn' and 'Korean Soup & Stew' products which can be served as delicious, substantial home meals.



MEAT PROCESSING

We contribute to the enjoyable dietary life of customers, providing various flavors with products like 'The Healthy,' 'SPAM®,' 'Maxbon (Cheese Seafood Sausage)' and other brands. In particular, we released the 'from the nature' under the brand 'The Healthy', a product made only from natural ingredients, strengthening our competitiveness in the meat processing market in Korea.

FRESH PRODUCTS (KIMCHI)

We are committed to reinforcing the role of Kimchi, the iconic dish of Korean cuisine, in the globalization of Korean food culture with global competitiveness. We launched 'Bibigo Kimchi,' made from high-quality ingredients, and declared the differentiation of quality compared to existing Kimchi products in the market, and gave it unique and convenient packaging. We truly add values to Kimchi.

FRESH PRODUCTS (TOFU)

'Happy Soy' is a soy food brand that promotes healthy and delicious diet. Based on the fresh infrastructure system, we create the dietary culture where our customers enjoy beans in a new and fresh way every day.

HEALTH FUNCTIONAL FOOD

CJ CheilJedang nurtures the leading brands in the four categories by applying its own advanced technology based on food ingredient development know-how and bio technology. 'BYO' is motivated by traditional Korean food. 'Hanppuri' has expanded the red ginseng market with black ginseng products. 'Innerb' is the first total beauty brand, ranging from food to cosmetic products. 'H.O.P.E. SUPERFOOD' encourages daily consumption of healthy food. We are fostering these brands as future-oriented business.

FROZEN FOOD

Utilizing our meat processing technology, we produce a different level of quality compared to existing frozen products, shifting customers' awareness and accelerating the growth of the market. We promote the dumpling business with premium traditional Korean food brand 'Bibigo,' focusing on 'Bibigo Korean Royal Court Dumpling,' and the frozen cooked meat business with the premium Western food brand 'Gourmet,' leading new dietary trends.

FRESH PRODUCTS (SEAFOOD)

The brand 'Samho Fish Cake' provides new products that present continuous technological innovations and new values, conveying the healthiness of seafood as safe food. 'Treasure of the Sea,' a canned seafood brand, helps customers enjoy tasty and convenient seafood products all year round.

FRESH PRODUCTS (NOODLES)

In our chilled noodle business, we take the initiative in providing top-quality fresh noodle products in Korea based on the fresh infrastructure system. Our products include 'Katsuo Udong,' cold noodles, pasta, and noodles with black soybean sauce, creating a diversified dietary culture with safe noodle products.

DESSERT

Since the launch of dessert brand 'Petitzel,' we have introduced new categories of dessert, including fruit jelly and pudding. We have recently expanded our business to the chilled bakery dessert category, developing roll cake and éclair products, while taking a leap as a leading dessert brand by actively pioneering B2B channels such as cafés.

OUR BUSINESS

FOOD INGREDIENT BUSINESS DIVISION

CREATE THE VALUE OF NATURE, ENRICH THE WORLD

MAJOR PERFORMANCE AND PLANS

Major Performance

- Established the production infrastructure in bases in Southeast Asia and targeted markets in this region by operating a fermented soybean meal manufacturing plant in Vietnam and an automated modern edible oil production plant
- Launched new ingredients such as fish meal alternatives and cosmetic ingredients
- Verified the expansion of the 'Allulose' business to the global market

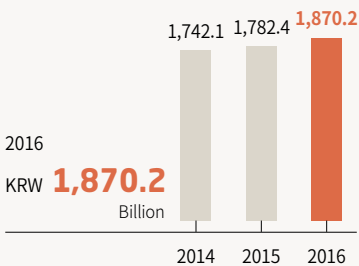
Plans

- Operate a fermented soybean meal manufacturing plant in China
- Construct more overseas plants and expand the production bases in Vietnam, Myanmar and China
- Nurture major 'Cookit' products, functional sweeteners and healthy oil products



SALES

(Unit: KRW Billion)



OVERVIEW OF FOOD INGREDIENT BUSINESS DIVISION

CJ CheilJedang's food ingredient business division started with sugar manufacturing in 1953, and has produced an extensive range of basic ingredients such as flour and cooking oil. Making full use of its accumulated know-how, the company has released high value-added functional products, including 'Tagatose,' 'Allulose,' and vegetable cosmetic ingredients, providing safe materials for daily life apart from safe food to promote the health of customers.

We will be dedicated to continuously securing advanced technologies and thereby discovering new values. We will not just stay in the top position within the country; we will pioneer overseas basic ingredients markets in China, Vietnam and Myanmar and become a global food ingredient company.

SWEETENERS

We started the sugar manufacturing business for the first time in Korea, and have diversified our product portfolio with oligosaccharides products and 'Xylose Sugar' with additional healthy functionality through persistent R&D efforts and innovations. We recently launched more innovative sweeteners 'Allulose' and 'Tagatose' in the global market, facilitating the expansion of the next-generation functional sweetener market.

STARCH

Our starch business ranges from food ingredients to industrial materials with various usages and technological capacity expandable to many fields. The technological capacity of this business is utilized as the foundation for expanding the portfolio of the food ingredient business division and positioned at the center of the development of functional ingredients.

FLOUR

Considering consumer needs for convenience, we launched convenient premix 'Cookit', which reduces cooking time, spreading the home cooking culture. Moreover, we not only provide safe food, but also take the initiative in protecting farms in Korea for win-win growth, with 'Korean Pancake Mix' and 'Frying Mix,' which are made from domestically produced wheat and natural ingredients.

FERMENTED FEED INGREDIENTS

We produce fermented feed ingredients using high-protein peeled soybean based on the company's soybean processing capacity. We provide feed ingredients that help young animals easily digest feed with minimized anti-nutritional factors using the strain of cheonggukjang (fast-fermented bean paste). We also launched fish meal alternatives to protect fishery resources that have been used as feed for fish farming.

EDIBLE OIL

We have expanded the options for customers in choosing cooking oils, considering the usage and nutrients of each kind. We also provide B2B-specific oil products by applying the quality and technology solutions, solidifying the position as a renowned cooking oil manufacturer. We expanded the scope of the healthy oil category by adding 'Coconut Oil,' as part of our efforts to encompass all life-style trends.

COSMETIC INGREDIENTS

We successfully developed safe and functional cosmetic ingredients by utilizing eco-friendly raw materials such as vegetable oil and wheat germ and accumulated R&D outcomes and technologies for enzyme conversion, fermentation and refining. With these new ingredients, we are expanding our scope of business beyond the food ingredients sector.

BEYOND BIO, RENEW THE EARTH

BIO BUSINESS DIVISION



MAJOR PERFORMANCE AND PLANS

Major Performance

- Secured profitability based on accelerated R&D
- Unveiled 'Cysteine,' a product based on the eco-friendly bio fermentation process, and stepped into the edible amino acid market
- Expanded the scope of overseas business by acquiring Chinese functional amino acid manufacturer Haide and American bio venture Metabolix

Plans

- Achieve KRW 400 billion in sales and 35% in market share in the global functional amino acid market by 2020
- Initiate specialty businesses, including Human Nutrition & Health and Personal Care

OVERVIEW OF BIO BUSINESS DIVISION

CJ CheilJedang's bio business division manufactures and sells feed additives (lysine, methionine, tryptophan, etc.) and food additives (nucleotide, MSG, etc.) by exploiting unrivaled fermentation and refining technology.

As a leading global bio company, we have expanded our product portfolio and focused on developing eco-friendly and innovative manufacturing technologies. We recently launched 'Cysteine,' an edible amino acid product with the eco-friendly bio fermentation process applied, which helped us consolidate our top position in the global bio market.

AMINO ACID

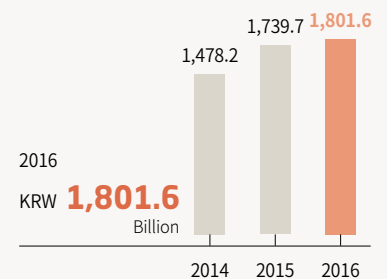
Amino acid is used as a raw material in various fields from animal nutrition to food ingredients, cosmetics, household items and fertilizers. It is now emerging as a future-oriented ingredient that can be also utilized as an advanced bio material in the future. With its continued efforts to secure a new technology for producing amino acid, CJ CheilJedang manufactures five major essential amino acids for feed (lysine, threonine, tryptophan, valine and methionine) for the first time in the world, using eco-friendly microbial fermentation technology. Based on differentiated R&D capacity, we are initiating a new specialty-based business beyond the currently operated amino acid business.

NUCLEOTIDE

Nucleotide is contained in small quantities in natural food and used as a savory sweetener in the food sector. Its usage has been expanded to a wide range of fields for its nutritional physiological efficacy. Our company has established its position as a leading company in the global nucleotide market with its excellent technologies and continuous R&D efforts. We will reinforce our technological capacity, enhance productivity, and develop natural seasoning ingredients. With these proactive efforts, we will enhance our reputation as a global company and provide the best values to meet the expectations of our customers.

SALES

(Unit: KRW Billion)



OUR BUSINESS

FEED & LIVESTOCK BUSINESS DIVISION

FEED THE WORLD WITH THE BEST NUTRITION

MAJOR PERFORMANCE AND PLANS

Major Performance

- Completed the construction of two feed manufacturing plants in Indonesia, thereby securing the capacity for annually producing 2.8 million tons of feed in Southeast Asia
- Accelerated the growth in overseas markets by receiving approval for the new business in Vietnam, the Philippines and Myanmar

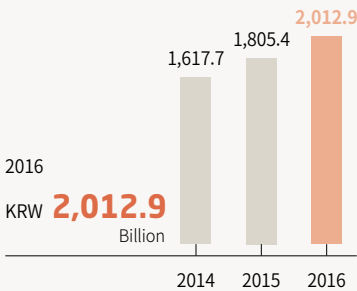
Plans

- Nurture innovative products by strengthening R&D capacity, including the development of customer-specific products and new ingredients
- Reinforce the foundation of the livestock business by upgrading livestock feeding techniques
- Expand the livestock business systematization project focusing on Southeast Asia



SALES

(Unit: KRW Billion)



OVERVIEW OF FEED & LIVESTOCK BUSINESS DIVISION

CJ CheilJedang's feed & livestock business division released its first feed product in the Busan Plant in 1973, and has led to the growth of the Korean livestock industry with quality feed products and advanced livestock feeding technologies. Based on our technical capacity and know-how, we have made our debut in the global arena and now operate 23 production facilities in 6 countries, including the Philippines, Vietnam and China.

The feed & livestock business division installed advanced equipment and systems in its facilities, and acquired the certifications for ISO9001 (Quality Management System) and for HACCP for the first time in the industry. The company has been committed to strengthening its technological capacity by developing new materials and eco-friendly technologies to produce the best products. CJ CheilJedang will raise its status as a global feed and livestock company, maintaining outstanding quality and providing the most nutritious products around the globe.

FEED

In the feed production business, we are making every effort to supply safe, high-efficiency products in the domestic and overseas markets. We will provide differentiated products by developing customized products based on consumer needs and securing the most advanced technologies. We are growing as a global company that manufactures multifunctional nutritious products for pig, cattle, poultry and fish farming and provides safer feed. We will expand our scope of business to other Southeast Asian countries and provide high-quality products.

LIVESTOCK









In the livestock business, we provide high-quality products and services through the systematization of the livestock industry and improve productivity at home and abroad. We also run the systematic cooperative programs for farms to nurture livestock experts, continuously providing on-site services. Furthermore, we strive for a healthy livestock industry by exploring new growth engines and developing business models, including the launch of continuous global systematization projects.

MAJOR BRANDS

As a global lifestyle company that creates healthy, happy and convenient lifestyles, CJ CheilJedang hopes to help our customers around the world lead a healthier and better life. Through our continuous challenges and innovations, we develop reliable brands and the best products.



MAJOR PRODUCTS BY BUSINESS DIVISION

<p>FOOD BUSINESS DIVISION</p> 	 <p>Bibigo Korean Royal Court Dumpling Bibigo Kimchi Bibigo Spicy Beef Soup The Healthy Gourmet Hetbahn Hetbahn Cupbahn Petitzel DASIDA Haechandle</p>
<p>FOOD INGREDIENT BUSINESS DIVISION</p> 	 <p>Sugar Flour Cooking Oil Premix Korean Pancake Mix Starch Mix Oligo-saccharides Ingredients for cafés Cookit Allulose Xylose Sugar Fermented soybean meal Tagatose</p>
<p>BIO BUSINESS DIVISION</p> 	 <p>Methionine Valine Tryptophan Threonine Lysine Arginine</p>
<p>FEED & LIVESTOCK BUSINESS DIVISION</p> 	 <p>Feed for pigs (domestic) Feed for pigs (overseas) Feed for domestic cows Feed for cultured fish Feed for chickens Feed for pets</p>

GLOBAL CJ

CJ CheilJedang directly produces and sells a variety of products in overseas operations and pioneers the global market. The company's revenues from its overseas operation reached KRW 3.5991 trillion in 2016, accounting for roughly 40% in the total sales. The operation in Asian countries takes up about 29%, the largest share in the total overseas operation, followed by America (7.6%) and Europe (3.6%). We will reinforce our competitiveness in the global market through active technological innovations and know-how competitions, particularly in countries with major businesses.



UNITED STATES

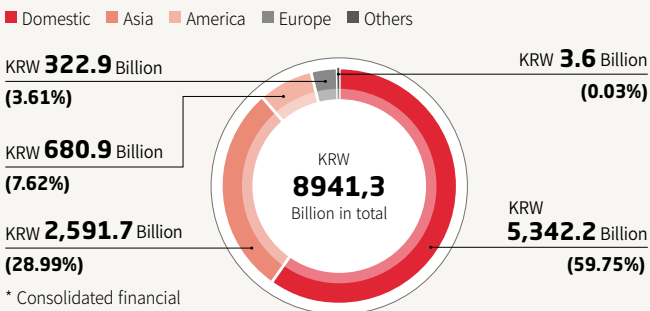
FOOD

- Promoted the globalization of Korean food culture under the local direct production and sales system
- Established distribution branch CJ Foods: Bases in LA, Chicago, New York and Atlanta (2003)
- Entered the U.S. market through M&As (2005-2006)
- Entered the eastern U.S. market (2012)
- Facilitated continuous growth of the operation by constructing a new dumpling plant and investing in logistics bases (2013)
- Established the U.S. R&D center, thereby securing local professional manpower and exploring technologies as future growth engines (2016)

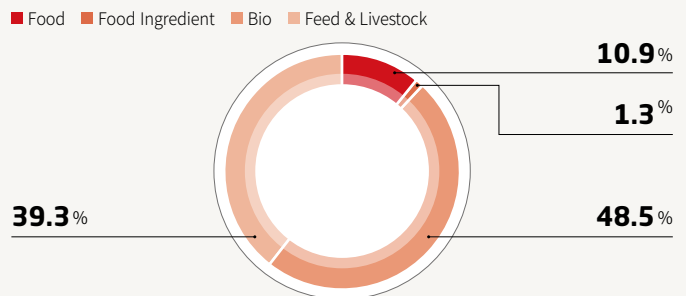
BIO

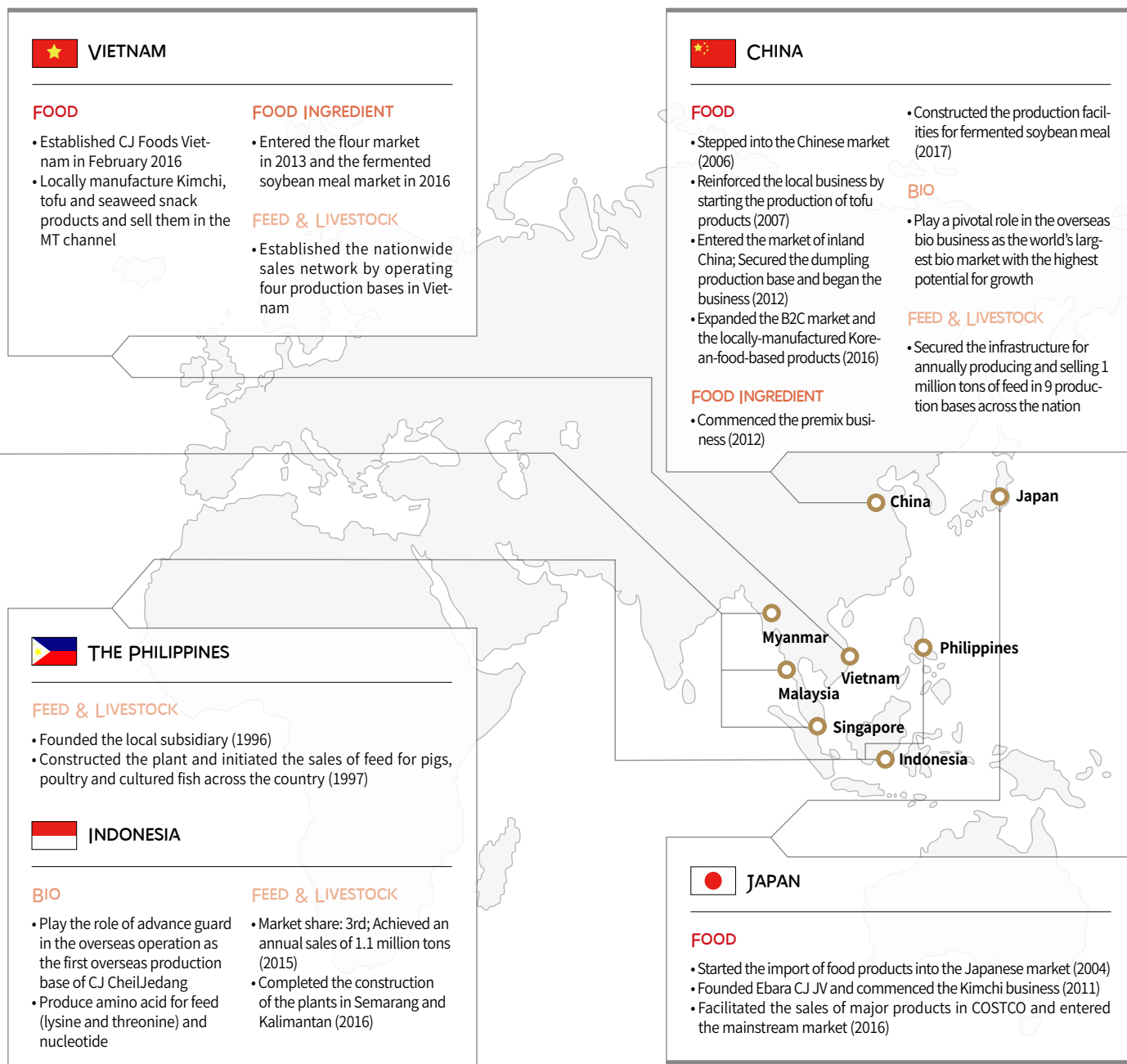
- Established production base in the U.S., one of the three major lysine markets in the world (completed in 2013) and stepped into the market of amino acid for feed
- Play a role as the base for accelerating the overseas operation by meeting the abundant supply and demand of raw materials and securing excellent manufacturing competitiveness

PROPORTION OF EACH REGION IN REVENUES IN 2016



PROPORTION OF EACH BUSINESS DIVISION IN REVENUES FROM OVERSEAS OPERATION IN 2016





OVERSEAS BUSINESS LOCATIONS AS OF 2016

(Unit: No. of locations)

Category	Food	Food Ingredient	Bio	Feed & Livestock
China	5	1	4	9
Malaysia	0	0	1	0
Indonesia	1	0	1	6
United States	2	0	1	0
Vietnam	3	2	0	4
Others	3	1	4	4
Total	14	4	11	23

EXECUTIVES AND EMPLOYEES IN OVERSEAS OPERATION

(Unit: Person)

Category	2014	2015	2016
Asia	8,154	9,147	12,427
America	818	925	999
Europe	49	44	48
Others	30	28	3
Total	9,051	10,144	13,477

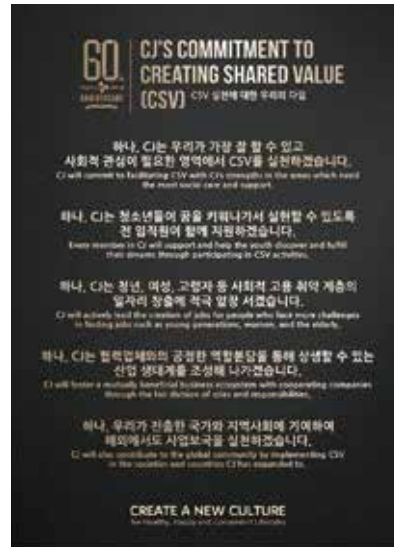
CJ CHEILJEDANG CSV

CJ'S CSV PROCLAMATION

CJ CheilJedang's CSV is about how CJ Group operates its business, the newly-defined method that evolved from the founding philosophy Sae-opboguk (building a stronger nation through business prosperity) to meet the demand of the time. It is aimed to tap into the company's core talents and create new social values, achieving sustainable growth with society. Upholding CJ's CSV Proclamation in 2013, CJ CheilJedang develops social-value-based management further, while creating differentiated, shared values for countries and local communities where CJ operates its business.

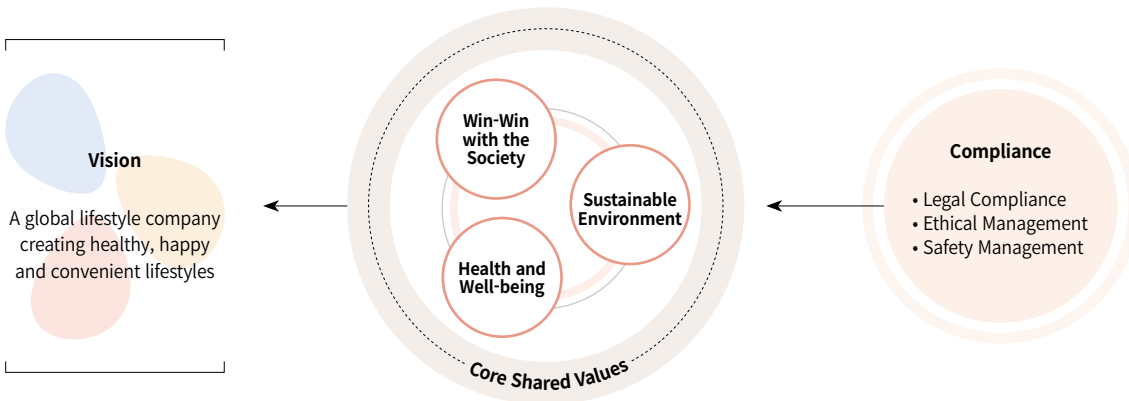
* CSV : Creating Shared Value

CJ'S COMMITMENT TO CREATING SHARED VALUE (CSV)



CSV MANAGEMENT SYSTEM

CSV is the most fundamental management principle of CJ CheilJedang in achieving the companywide vision and mission. We aim to create new shared values, including a win-win with society, sustainable environment, and health and well-being, based upon compliance (legal compliance, ethical management, safety management), thereby fulfilling our role in contributing to the nation and society as 'a global lifestyle company creating healthy, happy and convenient lifestyles.'



CSV ORGANIZATIONS AND OPERATION

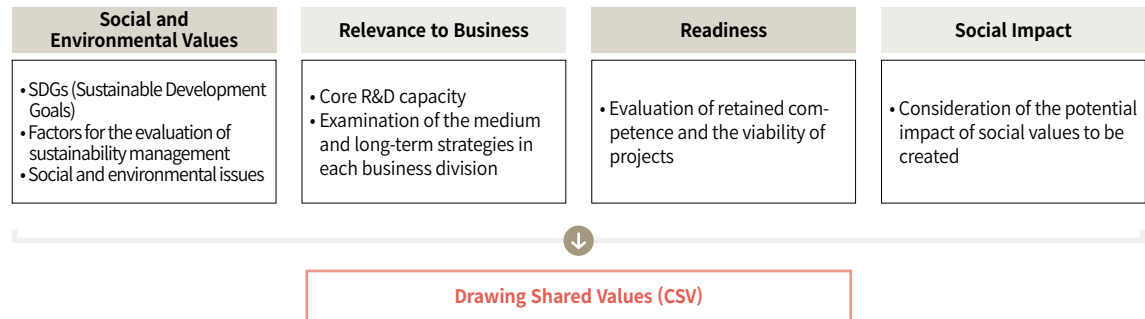
CJ CheilJedang operates the CSV management team as part of the CSV organization of CJ Group for CSV projects and social contribution activities in its scope of business. Under the decision-making body and the advisory board of CJ Group, we conduct projects in connection with the Group's medium and long-term CSV strategies to pursue systematic and effective CSV activities. We also undergo a self-feedback process to examine sustainable effectiveness and improve the projects.

CORE SHARED VALUES

CJ CheilJedang creates not only economic gains but also differentiated shared values through continued challenges and innovations. Focusing on social values ('win-win with the society', 'sustainable environment', and 'health and well-being'), we will build the industrial ecosystem for shared growth where a variety of future food industries can be fostered, contributing to creating a healthy society.

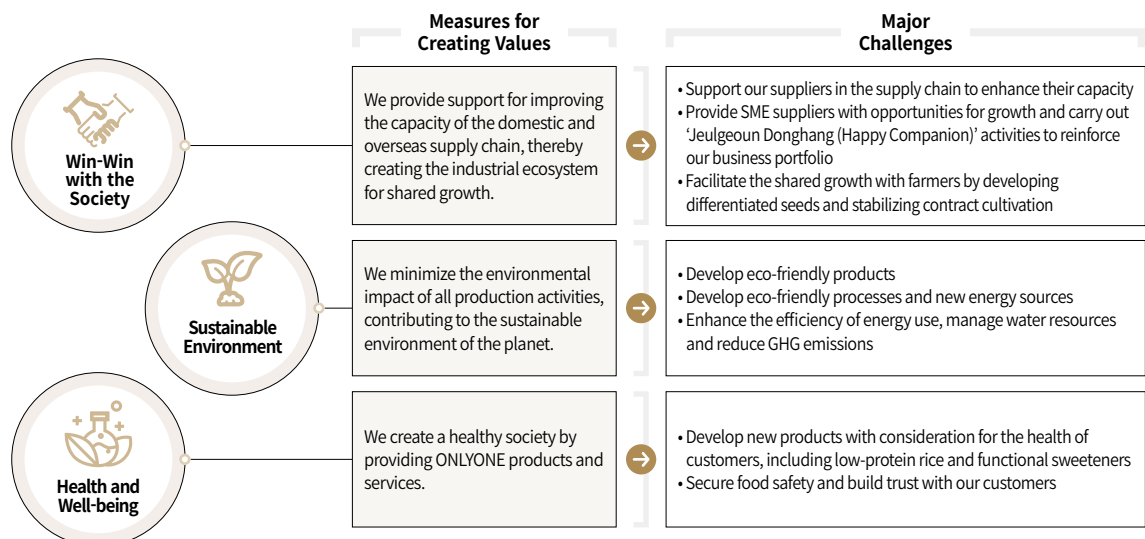
PROCESS TO DRAW CORE SHARED VALUES

To establish its own CSV, CJ CheilJedang evaluates the significance of social and environmental values from the medium and long-term perspectives, and examines the relevance to its core business capabilities, viability, and social impact. Based on the evaluation, the company decides in which business sector it can excel, and accordingly makes plans and carries out related projects to maximize the effect of shared values.



MEASURES TO CREATE SHARED VALUES

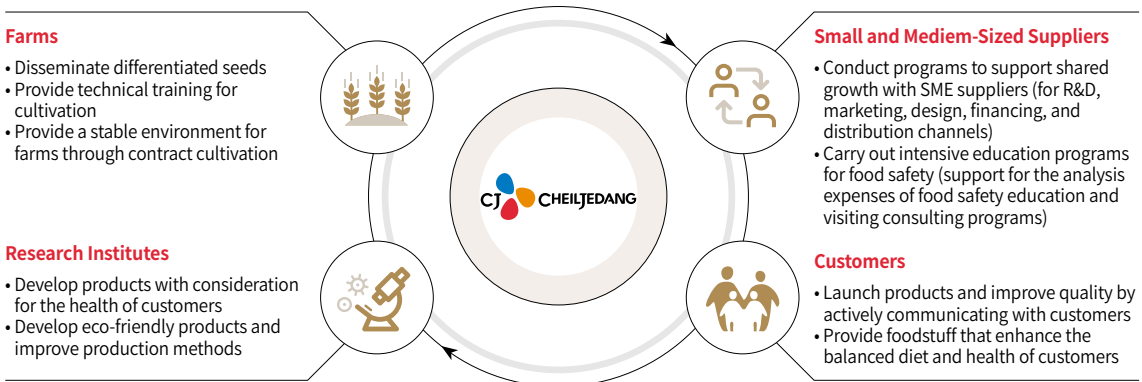
When it comes to moving into overseas markets, CJ CheilJedang prioritizes the win-win growth with local communities and the creation of social values first. Of course, the company strives to build a positive reputation in the global market. We will gradually expand our CSV projects and become a global lifestyle company that exerts its core business capabilities to resolve social issues.



CJ CHEILJEDANG CSV

CSV VALUE CHAIN

CJ CheilJedang makes efforts to create shared values over the entire process from seeds and raw materials to end users, in order to provide healthy food to its customers. Based upon its primary management activities, the company pursues the growth of farms, win-win growth with SME suppliers, and the health of customers at the same time, creating new values on its own.



FARMS AND LOCAL COMMUNITY

We expand the added-value of agriculture by strengthening the competitiveness of farms and developing customized seeds. We identify what agricultural commodities companies want, and improve the quality of products through continued R&D efforts. We also expand contract cultivation to guarantee the income source of farms and secure raw materials for processed food in a stable way, increasing the competitiveness of the food market in the future.

SMALL AND MEDIUM-SIZED SUPPLIERS

As the top general food company in Korea, CJ CheilJedang provides technology and know-how through instructions to SME suppliers to create a healthy ecosystem in the food industry. The company also lays the groundwork for improving the capacity of these suppliers, including support for innovating the management system and stepping into overseas markets, thereby strengthening the sustainability of the companies.



The Han No.1 Kimchi Cabbage Farm



CJ Partners Club

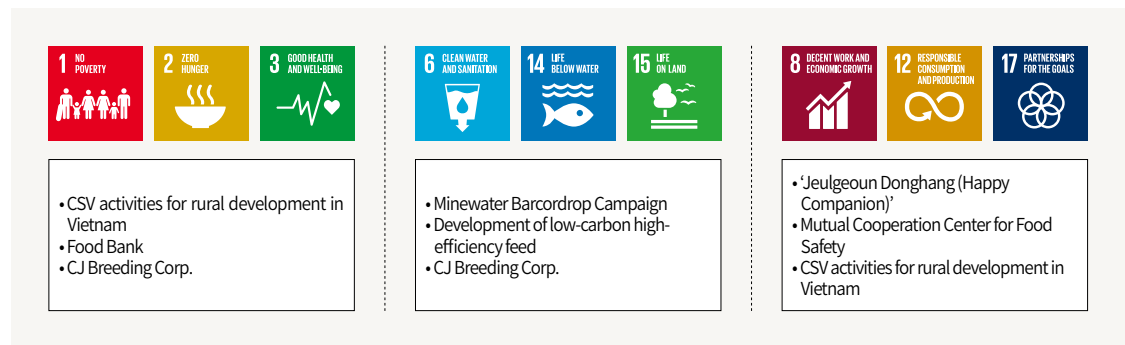
SDGS COMPASS

EFFORTS TO FULFILL THE SDGS

SDGs (Sustainable Development Goals) are the most crucial common goals that UN and the international community pledged to achieve from 2016 to 2030, which were set as a follow-up effort to the Millennium Development Goals (MDGs). SDGs consist of 17 Goals and 169 Targets aimed at sustainable growth of all countries around the globe, including the alleviation of poverty and inequality, responses to climate change, economic growth, and quality jobs.

CJ CheilJedang strives to achieve the 17 Goals of SDGs through its systematic social, value-based management carried over from the company's primary management activities. We hope to discover new growth opportunities and contribute to resolving social issues by conducting CSV projects that connect our core business strategies and SDGs within the value chain. We will continue to make efforts to achieve these goals and cooperate with global partners, reaching the goals of the entire world.

CJ CSV-SDGS LINKAGES



CERTIFICATION REPORT ON PARTNERSHIPS FOR UN SDGS



CERTIFICATION OF PARTNERSHIPS FOR SDGS

CJ CheilJedang received the certification of Partnerships for SDGs for the first time in Korea. The company was granted the SMART certification for fulfilling SDGs' Goal 2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture) and Goal 17 (Strengthen the means of implementation and revitalize the global partnership for sustainable development) through the innovation and technology development of amino acids such as lysine. We are planning to achieve other UN SDGs by continuing R&D efforts and international cooperation to pursue sustainability and magnanimity that correspond to the SDGs.

<p>Goal 2. END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE</p>	<p>According to the research findings, a ton of lysine (L-Lysine HCl) saves 33 tons of soybean meal (by-product remaining after extracting the oil from soybeans), which means saving 73 million tons of soybean meal a year, considering the global consumption of lysine (2.2 million tons as of 2015). This presents an opportunity to address the global hunger issues by helping farmland for soybean cultivation to be used for other crops such as corn. The company was also recognized for its contribution to preventing pollution, as the company helps reduce the amount of nitrogen excretion from livestock by using amino acid for feed, which is expected to reduce 20-30% of the current amount of nitrogen excretion.</p>
<p>Goal 17. STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT</p>	<p>CJ CheilJedang takes the initiative in spreading advanced livestock culture around the world. As a leading bio company in Asia, the company carries out diverse projects, including 'the efficient use of farmland on the planet and the eradication of hunger', 'the prevention of pollution caused by the livestock business', and 'the bio development cooperation in Asia'. With these efforts, the company is building a cooperative relationship between business and technology development with the governments of Asian countries, contributing to the expansion of the advanced livestock culture. We will continue to improve our technological development and R&D capacity with the international community, and come up with measures for sustainable environment and food production.</p>

STAKEHOLDER ENGAGEMENT

STAKEHOLDER-ORIENTED MANAGEMENT

CJ CheilJedang recognizes the shared growth of the company and its stakeholders as an important challenge, and thus pursues the stakeholder-oriented management. Accordingly, we define customers, small and medium-sized suppliers, shareholders, local community and employees as the major groups of stakeholders, carrying out proper communication activities and providing information in a transparent way.

VALUE DISTRIBUTION BY STAKEHOLDER GROUP

(Unit: 100 Million)

Category	2016
Shareholders	354
Employees (Wages and Benefits*)	7,556
Government (Tax**)	1,953
Creditors (interest cost)	1,278
Local Community (Contributions)	456
Small and Medium-Sized Suppliers (Procurement cost***)	47,124

* The sum of wages, severance payments and benefits included in the sales cost and sales management expense
 ** The sum of corporate taxes and taxes & duties
 *** The sum of raw materials and outsourcing cost

CHANNELS FOR COMMUNICATION WITH STAKEHOLDERS

CJ CheilJedang has established a bilateral communication channel for each group of stakeholders, and receives opinions about sustainability management through active communication. We identify major interests of stakeholders and respond to them, reflecting the outcome in the improvement activities for creating shared values.

Stakeholders	Response of CJ CheilJedang	Major Communication Channels
Customers (consumers and client companies)	CJ CheilJedang listens to the voice of customers and clients through various channels, and maintains the open communication system to satisfy customers' expectations by operating the customer call center and CJ the FANel.	<ul style="list-style-type: none"> • Connection to the customer call center • CJ the FANel • Product Label Inspection Group
Small and Medium-Sized Suppliers	We have a range of channels designed for win-win growth with our SME suppliers. We openly receive their opinions about needs and hardships, and provide proper support, thereby promoting sustainability throughout the industry.	<ul style="list-style-type: none"> • CJ Partners Club • Shared Growth Workshop • Cyber Ombudsman • Receipt of the win-win VOC • CJ Partners Meeting • Shared Growth Portal
Shareholders	We conduct efficient management activities to enhance the corporate value, and disclose our management outcomes within and outside the company through IR activities and disclosure.	<ul style="list-style-type: none"> • General Shareholders Meeting • Quarterly and annual IR activities • Disclosure
Local Community	We carry out social contribution activities to facilitate the growth of local communities and create values. We have diverse volunteer activity channels and networks to spread the culture of sharing.	<ul style="list-style-type: none"> • Donors Camp • Food Bank • Community Chest of Korea • Local welfare institutions
Employees	We make efforts to create the best working environment and open corporate culture that help employees grow into competent and talented persons. Our diverse and horizontal communication activities help executives and employees understand one another.	<ul style="list-style-type: none"> • Open Council • Channel CJ CheilJedang • Group newsletter • Intranet discussion room

CHANNEL CJ CHEILJEDANG

Channel CJ CheilJedang, the internal broadcast system, serves as a channel for swift and active companywide communication and helps the company create a pleasant working environment. In 2016, in particular, we carried out the business etiquette campaign on the internal broadcast system, which promoted good manners that CJ employees should have, including smoking etiquette, desirable get-together culture, and manners in the elevators. We also found exemplary cases of the departments that established the good corporate culture and conducted innovative activities, and produced a special program about such cases on the internal broadcast system, motivating employees in a positive way. We continuously develop a wide range of content, including company news, events, new product introductions and cheering messages to help all the employees stay informed of all the news about the company.

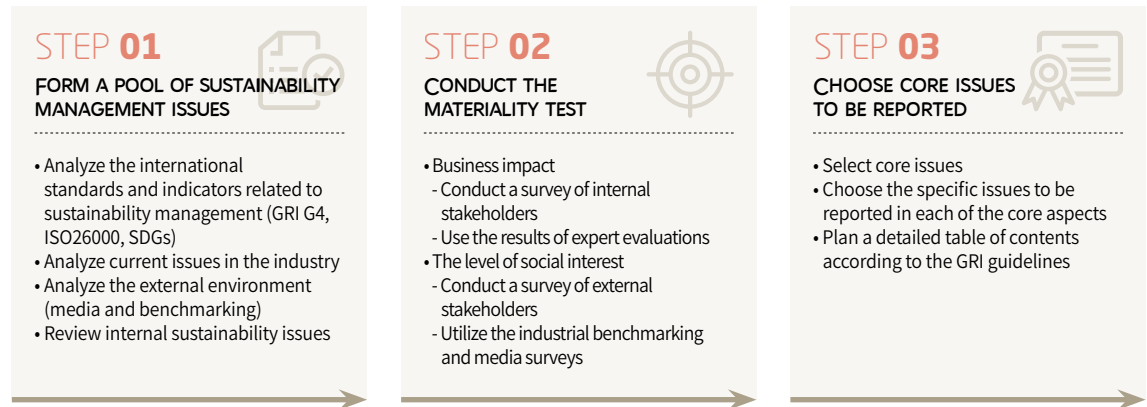


Smoking etiquette campaign on air

MATERIALITY TEST

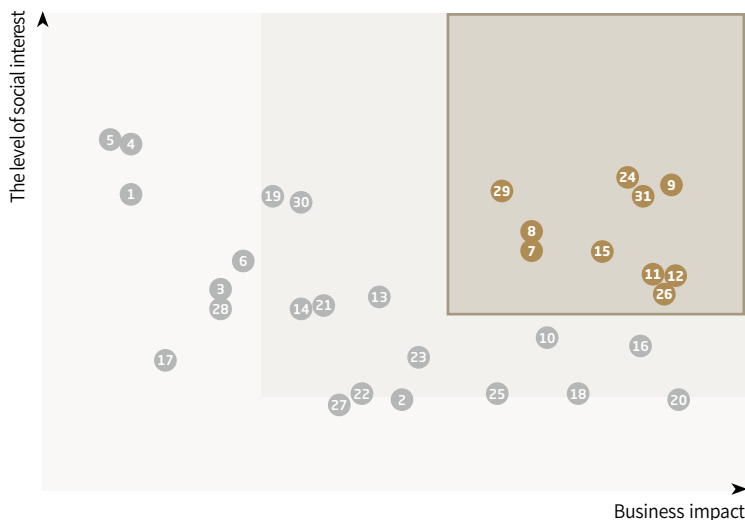
MATERIALITY TEST PROCESS

CJ CheilJedang undergoes a materiality test that comprehensively identifies the business environment with internal and external stakeholders. We selected the core issues related to sustainability management and covered the issues in this report according to GRI, the global sustainability report guidelines. To identify issues that affect the sustainability of the company, we established a pool of 101 sustainability management issues through an analysis of international standards and issues in the industry, as well as media and benchmarking. Based on that, we conducted a materiality test reflecting the impact on business and the level of social interest, and selected ten core issues.



ANALYSIS OF CORE ISSUES AND REPORT COMPOSITION

According to the materiality test conducted by CJ CheilJedang, the reinforcement of R&D programs associated with products and services, the health of customers, food safety, and strategic social contribution activities were identified as the core issues. This result reflects social interest and the demand for systematic activities designed to create shared values in connection with the characteristics of the business of the company. We prioritized the themes for each issue through in-depth discussions and comprehensive analysis of the selected core issues, then reported on the specific implementation system, relevant activities and outcome, and future plans.



No.	Core Issues	Core Aspects	Page
7	Step into new business sectors	1. Creative Growth Engines	p.26-31
8	Procure sustainable resources		
9	Reinforce R&D efforts (food and new medicine)		
24	Health of customers and food safety	2. Food Safety and Nutrition Management	p.32-37
26	Disclose product-related information in a transparent way		
11	Manage the sustainability of SME suppliers	3. Industrial Ecosystem for Win-Win Growth	p.38-45
12	Expand supportive programs for SME suppliers		
15	Reduce GHG emissions	4. Minimization of Environmental Impact	p.46-52
29	Expand volunteer activities and donations to the local community		
31	Strategic social contribution	5. Harmonious Society	p.53-57

ATTRACTIVE ISSUES ON STAKEHOLDERS



CJ CheilJedang is taking leaps toward becoming a global lifestyle company that reaches every corner of the world and makes the life of humanity happier and more bountiful. We are committed to fulfilling our social responsibility and achieving the values of sustainability while taking a major step forward with new growth engines. In this report, we provide the outcome of the activities related to core sustainability management issues to our stakeholders, and promise to foster desirable, healthy growth.



Focus
01



CREATIVE GROWTH ENGINES

We strengthen our intrinsic competitiveness with a focus on the expansion of overseas business and continued R&D efforts, opening up the creative future of the company.

Focus
02



FOOD SAFETY AND NUTRITION MANAGEMENT

We provide a wide range of safe, quality products to help people around the world lead healthier lives.

Focus
03



INDUSTRIAL ECOSYSTEM FOR WIN-WIN GROWTH

We contribute to establishing fair trade practices in the supply chain and facilitating the sustainable growth of SME suppliers and farms in the ecosystem of the food industry.

Focus
04



MINIMIZATION OF ENVIRONMENTAL IMPACT

We respect the precious values of Nature that co-exist with humankind, and will grow as a global eco-friendly company that contributes to the sustainable environment.

Focus
05



HARMONIOUS SOCIETY

As a global lifestyle company that pursues innovations in human lifestyles, we share what we have with people around the globe and spread social values.



CREATIVE GROWTH ENGINES



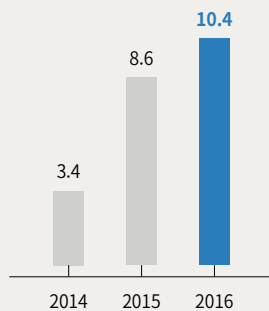
Credit to ©2016 Tim Griffith



Key Performance

SALES GROWTH IN OVERSEAS OPERATION

(Unit: %)



* Please refer to page 27-28 for the details of CJ CheilJedang's overseas business.

Focus Review

TRENDS IN GLOBAL BUSINESS AREA

Despite the slump in the global market, the food and ingredient industries directly associated with the health and safety of consumers, have continued to grow. It is predicted that interests and needs of consumers for safe foodstuff and ingredients will continue to rise due to the increased income and enhanced living standard in the global market, as well as the rise in domestic consumption. Accordingly, leading companies in global industries are launching functional and eco-friendly products with investment in R&D.

THE REASON FOR CHOICE

The profitability of the food and ingredient industries has weakened due to climate change and factors threatening the ecosystem. To overcome these challenging conditions in the market, the existing food and ingredient companies are creating new growth engines, expanding their overseas business, and stepping into the bio industry, which is less affected by market conditions. CJ CheilJedang is also attracting attention and expectations from various stakeholders as a company operating a bio business.



INVESTMENT IN
GLOBAL BUSINESS
WITH GROWTH
POTENTIAL

DIRECTION OF NEW GROWTH STRATEGIES

CJ CheilJedang hopes to play a key role in actualizing the vision ‘World Best CJ.’ We select the direction for the growth of each division (food, food ingredients, bio, and feed & livestock) in the global market, and set medium and long-term visions and strategies to implement. In 2017, we will add some unique characteristics to these visions and strategies, and strive to accomplish tangible outcomes through aggressive investment in each division.

K-FOOD CULTURE LEADER

We make efforts to develop products compliant with the characteristics in each region and lead the K-Food culture in the food market. The sales of strategic products targeting overseas markets like dumplings, seaweed and sauces are on the rise. We particularly focus on expanding the local distribution network and marketing activities for dumpling products to take the first place in the market share in the U.S.



‘Bibigo’ products

‘BIBIGO’ AS A LEADING K-FOOD BRAND

Tapping into know-how obtained from six decades of experience in the domestic food industry, CJ CheilJedang has spread the taste of Korean food to the world and successfully led the K-Food wave. As of 2016, we sell more than 100 kinds of products in the 7 categories in over 50 countries, establishing our position as a leading K-Food brand. For instance, our brand ‘Bibigo’ has reflected the difference between cultures in unique, healthy Korean food and developed culture-specific products, capturing the attention of local consumers. We will continue our efforts in R&D and spread the Korean food culture so that people around the world can easily enjoy traditional Korean food such as Kimchi, dumplings and soup.

CJ ZONE INSTALLMENT

In late 2016, we signed an MOU with 87 (SATRA), a Vietnamese state-run retailer, to enter the Vietnamese market, and installed the CJ Zone, a separate specialized sales space, in the local distribution network. In the CJ Zone, we are planning to accommodate more processed food in addition to the existing fresh food products. Cooperation will continue to increase not only the sales of our products manufactured in Korea but also CJ CheilJedang’s products produced in Vietnam. We will also focus on expanding refrigeration/freezing distribution facilities of each store.

PIONEER THE GLOBAL FOOD INGREDIENT MARKET

By making the best use of our ingredient manufacturing and business capacity in the domestic industry, we are stepping into the overseas markets and actualizing our business values of food hygiene and safety. We have entered the markets with high growth potential, including Myanmar and Vietnam, with basic food products such as cooking oil and flour to establish CJ as the safe food brand. In these markets, we are spreading shared growth with the livestock and fish farming industries, along with our high value-added products, including fermented soybean meal and fish meal alternatives. Moreover, we are expanding our functional product business, including ‘Allulose’ and ‘Tagatose,’ to Europe and the U.S., promoting the value of health. Our R&D and technical capacity accumulated over a long period of time in combination with CJ’s values will create top global products.

ACCELERATION OF THE EXPANSION OF BUSINESS TO THE NEXT-GENERATION SWEETENER MARKET

We concentrate our efforts on pioneering the overseas markets with ‘Allulose,’ considering the recent consumer trend for ‘healthy sweet flavor’ in the global sugar market. The global market for alternative sweeteners has high growth potential, while it is hard to enter the market due to the difficulties in securing cost competitiveness and high burden of initial investment. Given these conditions, CJ CheilJedang succeeded in the large-scale commercialization of ‘Allulose’ as the first of its kind in the world based on aggressive investment, continued development of enzyme technology, and cost competitiveness, and is now selling the product officially. We commenced the export of ‘Allulose’ to the U.S. in 2015, and have provided a variety of products for general consumers and enterprises in the overseas markets. CJ CheilJedang will continue the expansion of its business to overseas markets with a focus on advanced economies such as the U.S. and Europe, by developing technologies and enhancing its global competitiveness.



‘Allulose’

VEGETABLE ALTERNATIVES TO FISH MEAL DEVELOPMENT

Fish meal, a major raw material for protein used in feed for livestock and cultured fish, is manufactured by grinding a catch of fish. The increase in the use of fish meal triggered the issue about prevention of the exhausting of fish resources and the sustainability of the fish farming industry. In response, advanced countries are taking the initiative by introducing the concept of FIFO (Fish In - Fish Out), the number of fish to be used as feed to produce one farmed fish. CJ CheilJedang replaces fish meal with fermented soybean meal as a vegetable alternative, reducing the FIFO ratio and contributing to the sustainable growth of the aquaculture industry.

ECO-FRIENDLY COSMETIC INGREDIENTS PRODUCTION

Given the growing interest in safety in consumers, we initiated the cosmetic ingredient business by applying the environmentally-friendly fermentation and enzyme technology in 2017. We use palm-based raw materials with the RSPO certification as cosmetic ingredients, and develop and manufacture Ester 'EP (Ethyl Palmitate)', which used to be produced in the chemical synthesis process, during the eco-friendly enzyme process. With this effort, we promote the social-value-based management and secure safety in the early stage of the business.

NO. 1 IN THE GLOBAL MICROORGANISM FERMENTATION INDUSTRY

CJ CheilJedang strengthens its competitiveness as the leading largest company in the domestic food and ingredient industries, while rapidly expanding its scope of business to the bio industry with a large scale of investment following the bio business expansion strategy of CJ Group. Backed by the enormous investment, we are establishing new amino acid production facilities and expanding R&D human resources in the overseas bio business to spur the development of new ingredients and the enhancement of yield rate of production. Based on these efforts, we hope to grow as the No. 1 company in the global green bio industry.



'Cysteine'

SUCCESSFUL INDEPENDENT DEVELOPMENT OF 'L-CYSTEINE' USING ECO-FRIENDLY PROCESS

Using successfully-developed cystine in the eco-friendly fermentation process as a stepping stone, we aim to take the first place in the functional amino acid market other than the lysine, nucleotide and tryptophan markets, where the company already has the largest global market share. Emerging as a future-oriented ingredient that can be also used as an advanced bio material, amino acid is receiving the spotlight across an extensive range of fields. We succeeded in developing cystine, a type of amino acid ingredient, as the core raw material for 'Cysteine.' We can address pollution issues since we use raw sugar and glucose as raw materials, and also have different level of competitiveness by establishing the system to produce from raw materials to complete products. We will invest more in core technologies, equipment and expert talents to expand our scope in the functional amino acid business.

EXPANSION OF THE HEALTHY NUTRITIONAL RESOURCE BUSINESS TO OVERSEAS MARKETS

The feed and livestock business, where the overseas operation takes up a large proportion, is the core business division aimed at overcoming the limitations as a domestic company. In 2016, the proportion of overseas sales surged to a record-high 74% as we secured a new client in Vietnam. Now we are expanding our overseas production facilities, mainly in China and Southeast Asia.

VERTICAL INTEGRATION OF THE FEED AND LIVESTOCK BUSINESS

CJ CheilJedang is committed to multiplying the synergy effect by expanding feed production and livestock facilities. We have carried out the vertical integration from the dissemination of excellent breeding stock to feed production, farming management, and processing and distribution, thereby increasing opportunities for the shared growth with our SME suppliers and stabilizing the income of farms. In 2016, we added four new feed manufacturing plants in Southeast Asian countries with high growth potential: one in Indonesia, two in Vietnam, and one in the Philippines. We are also planning to enter the feed markets in emerging economies with growth potential, such as Myanmar and Laos. We will increase the number of livestock facilities from 37 at present to 58 by 2020, increasing the number of chickens and pigs produced. We hope to actively operate our business by exploring new growth engines that are suitable for each of the overseas markets and create synergy.



DIRECTION OF R&D

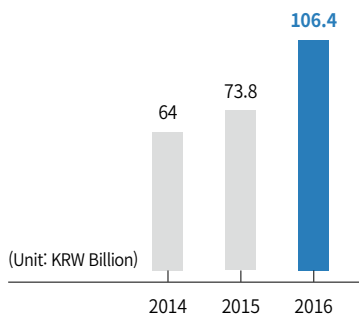
Investment in R&D and meaningful performance are the most crucial challenges of CJ CheilJedang for growth in its effort to become 'Great CJ' by 2020. To this end, our R&D groups in each business division (food, bio, feed & livestock, and food ingredients) and the companywide Beneficial Microorganisms Center exert full efforts to strengthen technological capacity with innovative ideas. We also identify the market trend and analyze social and environmental impact and reflect the findings in our medium and long-term strategies. With these efforts, we will continue to explore new promising businesses as growth engines.

MAJOR TECHNOLOGY DEVELOPMENT BY BUSINESS DIVISION (RESEARCH INSTITUTE)

We select the direction of major technology development and core capacity in each business division, and present key R&D challenges to reinforce our technological capacity.

Research Institute	Direction of Technology Development	Core Technologies
<p>Food Ingredient Research Institute</p>	<p>The Food Ingredient Research Institute facilitates CJ CheilJedang to grow as a global food ingredient company based on its world-class enzyme and solid-state fermentation technologies. Utilizing innovative technologies, the institute conducts research on new sweeteners, high-protein vegetable ingredients and next-generation</p>	<ul style="list-style-type: none"> • Enzyme improvement and large-scale expression • Enhancement of added value of the original source through solid-state fermentation • Antioxidant control and raw wheat heat treatment technologies
<p>Feed & Livestock Research Institute</p>	<p>The Feed & Livestock Research Institute accelerates the company's overseas business by operating R&D centers in Asian countries, including China, Indonesia, Vietnam and the Philippines. The institute integrates and upgrades the feed and livestock technologies, thereby developing differentiated products, services and technologies with consideration for customer needs.</p>	<ul style="list-style-type: none"> • Feed mix design technology • New functional materials development technology (natural materials, complex microorganisms, alternative raw materials, meat quantity and quality, eco-friendly materials)
<p>Bio Technology Research Institute</p>	<p>The Bio Technology Institute develops not only feed and food additives using microorganism, but also the 'Cell Factory' using advanced fermentation, separation and refining technologies. These development projects are aimed at producing various useful substances and improving their added value.</p>	<ul style="list-style-type: none"> • Strain improvement and protein expression control technologies • Microorganism fermentation and major scale-up technologies • Advanced separation and refining technologies • Omics-based metabolic engineering technology • Analysis techniques • Chemosynthesis and derivatization technologies • Non-food biomass saccharification technology
<p>Food Research Institute</p>	<p>As the top food company associated with a institute in Korea, the Food Research Institute leads the lifestyles of customers with healthier, more convenient foodstuff. Based on its innovative processing technologies, the institute conducts research to nurture new major products and facilitates the globalization of Korean food.</p>	<ul style="list-style-type: none"> • Food processing technology • Selection and cultivation of functional strain • Evaluation of health-related functionality • Breeding cultivation for high-quality varieties
<p>Effective Microorganisms Center</p>	<p>The Effective Microorganisms Center discovers functional microorganisms that are beneficial to the health of humans, animals and plants, improving the quality of human life. The institute explores effective microorganism resources and conducts research to provide useful solutions for the health of people by using a convergence-based approach.</p>	<ul style="list-style-type: none"> • Selection and cultivation of functional effective microorganisms (probiotics) • Functionality evaluation • Utilization of microorganisms as ingredients • Commercialization technology

R&D INVESTMENT



R&D INVESTMENT EXPANSION

CJ CheilJedang has expanded the investment in R&D projects, aiming to reach 1.6% of the sales by 2020. The company has supported the development of key R&D human resources with expertise and established the R&D Hub equipped with advanced research facilities, becoming an R&D-oriented company with global competitiveness.

R&D PERSONNEL

(Unit: Person)

Category	2014	2015	2016
Food Research Institute	165	173	182
Food Ingredient Research Institute	77	79	93
Bio Technology Research Institute	232	251	261
Feed & Livestock Research Institute	44	62	66
R&D Planning Team (Effective Microorganisms Center)	-	44 (14)	55 (16)
Total	518	610	657

* The Effective Microorganisms Center is a subordinate organization of the R&D Planning Team.

BUILDING R&D GROUPS AND CULTIVATION OF HUMAN RESOURCES

CJ CheilJedang is expanding R&D efforts and support for relevant human resources to enhance the company's brand value based on innovative R&D projects. We continue to invest in R&D facilities and equipment to achieve remarkable performance thanks to the devotion of over 650 employees with expertise in each of our business divisions. We are also laying the foundation for building companywide integrated R&D strategies by organizing specialized groups, including the R&D Planning Team and the Effective Microorganisms Center.

ESTABLISHMENT OF THE CJ BLOSSOM PARK

The CJ Blossom Park is CJ CheilJedang's R&D hub, which was established in September 2015 to integrate the Food Research Institute, the Food Ingredient Research Institute, the Bio Technology Research Institute, and the Feed & Livestock Research Institute—the facilities that used to be dispersed in other locations—in one research complex. The industry's largest R&D center provides the best environment for R&D activities. The institutes share their R&D performance with each other, maximizing the synergy effect. The R&D Hub reinforces R&D projects for basic industrial technologies in each division, while increasing the synergy effect through integration and convergence between researches of the divisions and securing key R&D capabilities to explore new promising businesses.

FOUNDATION OF THE FOOD R&D CENTER IN THE U.S.

In September 2016, CJ CheilJedang established the CJ Research Center America in Boston, MA, where the largest biomedical cluster in the U.S. is located. The center identifies global trends in new technologies in the life science sector and discovers new promising business opportunities, playing a key role in accelerating the global growth of CJ CheilJedang. By building a network with local research institutes, universities and engineers, the center will play a key role in introducing promising technologies, facilitating joint research with local research institutes, and securing global talents.

OPEN INNOVATION FOR R&D

The Open Innovation Strategy is one of the company's key R&D strategies designed to promote innovative technology development based on collaboration with relevant external organizations and experts. This strategic R&D plan will provide new business opportunities by securing new technologies and reducing the development period of R&D projects.

JOINT RESEARCH

We consolidate a strong position in the market by utilizing technologies and research facilities of renowned universities and domestic research institutes in Korea and abroad, and developing products based on our world-class technologies. We annually conduct about 138 joint research projects with external organizations, maximizing the efficiency of the use of research resources for product development. We also implement national projects and contribute to building the national technological capacity, while enhancing the company's own technologies as well.

NEW TECHNOLOGY DEVELOPMENT WITH COOPERATION OF EXTERNAL ORGANIZATIONS

We conduct joint research projects with universities and research institutes, while operating supportive and cooperative programs for the domestic academia and academic associations in order to build the top technological capacity in ongoing businesses. We provide industry-academic scholarships and courses to strengthen the cooperative relationship with the academic world, operate research symposiums with universities to identify the latest technological trend, and carry out long-term research projects to secure innovative technologies. Based on our overseas R&D centers, moreover, we also strengthen exchange activities with prestigious universities in other countries including the U.S. to explore the global technological trends.

COLLABORATION WITH EXTERNAL ORGANIZATIONS IN 2016

1. Joint research (118 projects)

- Research on the functionality of 'Allulose'
- Development of ingredients using complex microorganisms with high-growth potential isolated from human intestines
- Research on the use of amino acid and derivatives
- Development of dessert products, etc.

2. National projects (20 projects)

- Development of the technology to use functional natural ingredients for sweeteners in the global industry
- Development of smell-reducing complex microorganism ingredients
- Technology for producing water-saving herbaceous fermentable sugar to be used as transport fuels
- Research on the development of paste to be exported to the Muslim world and products to be globalized
- Development of the technology to control immune disorder and metabolic diseases, using substances originated from symbiotic bacteria in humans

3. Cooperative programs with external organizations

- The Corynebacterium Research Symposium (organized in 2010)
- The joint research project with the School of Chemical and Biological Engineering at Seoul National University (3 projects in 2016-2017); the industry-academic scholarship provided
- The industry-academic course opened for the Dept. of Chemical & Biological Engineering at Korea University (1st semester in 2016)
- The industry-academic course opened for the Chemical and Biomolecular Engineering Department at Sogang University (1st semester in 2017)

ECO-FRIENDLY R&D PERFORMANCE

As a leading food and bio company in Korea, CJ CheilJedang develops technologies that minimize environmental impact, with the R&D performance leading to the development and production of eco-friendly products. We hope to find solutions for a multitude of environmental issues and lead the food and bio industries by utilizing renewable resources and developing novel materials to replace petroleum-based chemical materials.

ECO-FRIENDLY MATERIALS

'Natural,' 'Green,' and 'Nontoxic' are the keywords in the recent sustainable technology trend. We are taking the initiative in combining microorganism fermentation and enzyme technologies and thereby developing our unique cosmetic ingredients with high added value, unlike the existing ones simply extracted from animals and plants or using chemical technologies. We also develop eco-friendly materials such as 'Bio-Based surfactant' using enzyme technologies.

SMELL-REDUCING FEED

We conduct research to develop complex microorganism materials to reduce the bad smell in pigsties (ammonia, hydrogen sulfide, etc.). Smell-reducing feed is an economical type that can alleviate the smell of excrement, one of the biggest problems in livestock farms, thereby reducing civil complaints and improving the productivity of farms. We are taking the initiative in utilizing eco-friendly feed by developing the technology that reduces the odor in livestock facilities by over 30%.

AMINO-ACID FEED ADDITIVES

CJ CheilJedang has been developing the world's one and only eco-friendly bio fermentation process that uses raw sugar and glucose in the five major amino acids for feed (lysine, methionine, threonine, tryptophan and valine). In 2015, in particular, we succeeded in producing L-Methionine using the fermentation process for the first time in the world, unlike DL-Methionine developed using petroleum. This new kind of amino acid for feed reduces the amount of nitrogen emitted from livestock and enhances energy efficiency. Utilizing this technology, we can lower the feed consumption and contaminant emissions and contribute to addressing global air and soil pollution issues.

NON-FOOD BIOMASS

For the efficient use of energy, we produce glucose using wood, a type of non-food biomass, which can replace food-resource-based raw sugar and glucose. Further, we conduct the research to replace phenolic resin materials with lignin, a useful substance of wood. In 2016, we completed the construction of the pilot facility for non-food biomass in Jombang, Indonesia, and now operate the facility to produce and commercialize fermentable sugar using wood for the first time in the world.

ENVIRONMENTALLY FRIENDLY MICROORGANISM RESOURCES

With our outstanding microorganism fermentation technology, we are leading the commercialization of the strain of effective microorganisms. We exploit relevant technologies to develop eco-friendly materials and microorganism resources for feed and cosmetics.

CJ CHEILJEDANG'S PROMISE FOR SUSTAINABLE GROWTH

Based on our R&D performance, we will launch different, high value-added products and those with high functionality, and develop healthy and nutritious food products and eco-friendly bio technologies using the microorganism fermentation technology, thereby enhancing the health of customers and eco-friendliness in daily life.

CJ CheilJedang will tap into its world-class technological capacity in the food and bio sectors, and continue investment in efforts to develop products for enhancing the health of our customers.

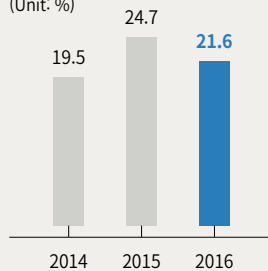
FOOD SAFETY AND NUTRITION MANAGEMENT



Key Performance

SALES GROWTH OF PRODUCTS** WITH HEALTH CAMPAIGN

(Unit: %)



* Please refer to page 34-35 for the details of CJ CheilJedang's health campaign.

** Brands such as 'The Healthy', 'BYO' and 'Beksul Sweetree'

Focus Review

TRENDS IN GLOBAL BUSINESS AREA

Global food companies recognize the significance of nutrients and safety of their products beyond safe production. In order to deliver higher values for the health of customers, we try to expand the use of eco-friendly raw materials and reduce chemical additives to recover the trust of customers, which has been weakened throughout the food industry. In response to increasingly strict food safety standards of each country, we have set our own, stricter food safety criteria to guarantee food safety across the entire process from production to distribution.

THE REASON FOR CHOICE

The food and bio industries have a direct impact on human life with their unique characteristics. Accordingly, relevant requirements and regulations have been tightened. CJ CheilJedang proactively identifies problems and makes efforts to provide safer and more nutritious food products with consideration for the benefit of customers, beyond a simple, passive response to regulations and requirements. We will make more opportunities for communication with our customers with this Focus Review.



**PROMISE
TOWARDS FOOD
SAFETY**

CJ CheilJedang strives to provide safe and reliable products to consumers by cultivating the most talented food safety experts in the industry and utilizing advanced analysis equipment. To this end, we operate the Quality and Safety Center, which supervises the food safety management tasks. We have also designated the staff in charge of food safety control in each business site to conduct more than 50 safety inspections a year, thereby complying with the relevant guidelines.

ESTABLISHMENT OF THE FOOD SAFETY MANAGEMENT SYSTEM

We established the reliable management system that puts the safety of customers first in the entire process from the introduction of raw materials for food products to consumption and distribution. We could thus address concerns over food safety issues and prevent risk factors. By providing safe foodstuff, we hope to become a partner for our customers in leading a safe and healthy life.

OPERATION OF THE QUALITY AND SAFETY CENTER

The Quality and Safety Center was established in 1997 as the nation's first corporate department specializing in food safety management. The center has know-how for safety certification, accumulated over a long period of time. It applies internal management regulations stricter than relevant laws by observing the domestic regulations and responding to global food safety issues. The center also takes preemptive measures to strengthen the safety management by carrying out various activities, including suggestions for improving regulations for the growth of the food industry.

INTRODUCTION OF THE QUALITY MANAGEMENT SYSTEM

We employ CJ Quality Management System to conduct the preemptive food safety management. We guarantee the safety of raw materials in the producing areas, operate the traceability management system, and verify end products for customers, thereby maintaining the food safety of our products.

IMPORTED RAW MATERIALS MANAGEMENT

We strictly comply with government safety regulations when importing agricultural raw materials, while applying our internal quality control standards as well. When it comes to raw materials produced in China, in particular, we should resolve concerns of customers and procure raw materials complying with our internal quality requirements. To this end, the China Food Safety Center conducts advanced analysis verification on high-risk raw materials every time when the products are shipped, and we import only the products that pass the verification process. The China Food Safety Center was moved to Beijing in 2015 and hired employees with expertise in food inspection. The center also added the analysis equipment to enhance its inspection and verification capacity, and prevent inadequate raw materials or products (that fail to meet the requirements related to pesticide residue and heavy metals) from being imported to Korea.

COUNTRY OF ORIGIN LABELING

We indicate the origin of raw materials contained in our products so that our customers can check where the raw materials come from. Before being manufactured as final products, all raw materials are verified with legal documents, including the certificate of origin and the import declaration. We also conduct monitoring on a regular basis to identify the impact of modifications in the records from the country of origin or any other changes.

DISTRIBUTION MONITORING

We monitor the distribution system to ensure that our products displayed in the stores are sold in a safe way. We recheck if there is any error in the product labeling, and purchase our products, mainly those with high risk factors in a particular season or the peak season, at the stores to monitor if they meet the legal standards. With these efforts, we make sure that customers can trust our products.

GLOBAL FOOD SAFETY ACTIVITIES

The tightened regulations on imported food products in advanced economies, such as North America and Europe, and a series of food safety incidents occurring in emerging economies, such as China and Vietnam, serve as examples to highlight the significance of food safety management in our overseas operation. To export about 1,200 kinds of products to 50 countries around the world, we employ preemptive strategies and measures to respond to the food safety regulations at home and abroad.

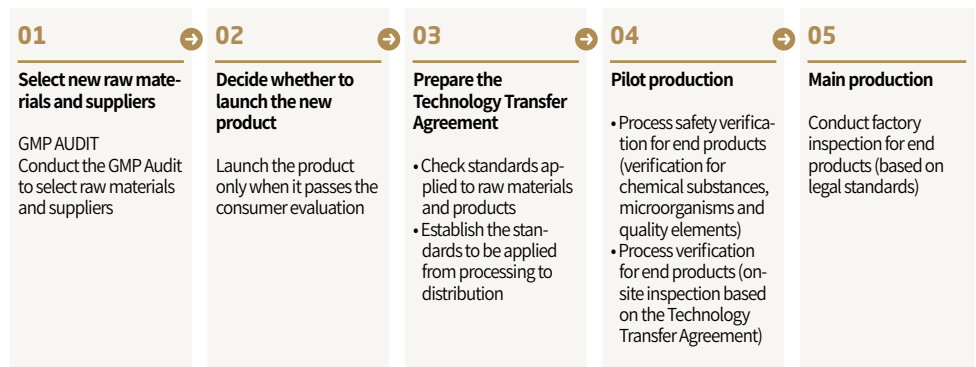
OPERATION OF GLOBAL FOOD SAFETY SYSTEM

We collect information about regional regulations and food safety management in foreign countries where we operate business, thereby building trust with our customers around the world. We also cooperate with the customs and relevant institutions of each country to swiftly transport and supply fresh products.

FOOD SAFETY VERIFICATION

All products manufactured and sold under our brand names are subject to an advanced verification process from the launch phase to process of raw materials purchase and manufacturing as well as end products with the aim of inspecting for chemical and microbiological factors that are harmful to food safety.

SAFETY VERIFICATION PROCESS



CJ CheilJedang considers the nutritional balance and health of customers and the happiness of family as the most crucial challenges. We hope to provide more nutritious food to the current and future generations by utilizing our outstanding R&D human resources and investment. To this end, we are expanding cooperation with relevant institutions and organizations, including industry-academic collaborations.

RESEARCH ON NUTRIENTS AND HEALTH

We conduct research on nutritional content and minimize problematic nutrients to ensure that our customers enjoy tasty food and keep themselves in good health when consuming a wide range of food and beverages. Our Food Research Institute will develop and integrate the nutritional functions of our products and clinical strategies to present nutritional solutions by 2020. Based on these efforts, we contribute to the balanced consumption of nutrients for customers.

HEALTHY DIETARY LIFE CAMPAIGN

CJ CheilJedang is committed to providing a wide range of options for consumers, by launching healthy, functional products, not being limited to its role of simply providing safe foodstuff. In addition, the company introduces a variety of 'Healthy Recipes' that help maintain good flavor and consume food in a proper way at the same time. Moreover, we carry out the 'Healthy Cooking Oil Campaign' and provide recipes for using functional sweeteners to distribute the proper ways of utilizing food ingredients and to help consumers keep a balanced dietary life by using our various products.

EXPAND THE ADDITIVE-FREE HAM BRAND: 'THE HEALTHY'

For the purpose of developing ham products that even children can enjoy with no worries, we made continued R&D efforts and finally launched 'The Healthy Ham' in 2010. The products of this brand are free of five major food additives (synthetic sodium nitrite, synthetic flavoring agent, starch, chemical preservative (potassium sorbate) and erythorbic acid sodium) and contain 90% more pork compared to the previous products. In April 2016, we released 'The Healthy Ham & Sausage - from the nature -' a series of premium chilled ham products using natural ingredients. We enhanced the flavor of the products by using common ingredients such as onion, garlic, pepper and bay salt, secured the safety against microorganisms by using lactic-acid fermented liquid and fermented vinegar, and used antibiotic-free pork to satisfy the needs of customers for health.



LAUNCH THE MULTI-LACTOBACILLUS PRODUCT: 'BYO'

'BYO,' originated from Kimchi after seven years of research based on our excellent food fermentation technologies, is a premium functional probiotics brand that recovers the balanced health of our body. In particular, 'BYO Skin Probiotics CJLP133' was recognized by the Ministry of Food and Drug Safety for its skin immune function for the first time in Korea. It was also included in the list of the NDI (New Dietary Ingredient) of FDA for its safety. Starting with 'CJLP133,' the brand discovered a variety of functional strains, which were granted patent from more than 20 countries for advanced technological capacity and product competitiveness. In September 2016, we launched 'BYO Multi Probiotics' which improves the health of intestines and skin based on the immune balance. Thanks to these products, the brand is opening up the opportunities for a new market of functional probiotics.

HEALTHY SWEET FLAVOR PROJECT: 'BEKSUL SWEETREE'

CJ CheilJedang launched 'Beksul Sweetree,' the healthy life sweetener brand. It is a premium brand that not only provides the sweet flavor of sugar but also adds more healthy elements. We have focused on developing healthy sweet products with low glycemic index (GI) and calories, while maintaining the sweet flavor of sugar, which is possible through the use of natural ingredients with sweet flavor. 'Beksul Sweetree' was dedicated to developing the enzyme technology for the health of customers, and eventually launched 'Xylose Sugar,' a new kind of sugar that reduces the absorption of sugar, and 'Tagatose,' a functional sweetener that controls the blood sugar level, in 2011. In 2016, the brand also released 'Allulose,' a super low-calorie sweetener. This product has zero-calorie natural sweet flavor coming from fig and grape, which was commercialized for the first time in the industry by using the company's unique enzyme technology. CJ CheilJedang will put in more efforts to provide healthy sweet flavors to consumers with our diversified and differentiated sugar products.





We are establishing and expanding the channels for communication in order to listen humbly to the unfiltered opinions of our customers. We operate the Customer Suggestions Responsibility System and the Real-Name Consulting System to make sure that the opinions of customers are reflected in our new products and help us improve existing products. We fundamentally hope to provide 'Customer Value' by contributing to the health and safety of customers.

EXPANSION OF THE CONSUMER-ORIENTED MANAGEMENT

We have an infrastructure in which our call center employees with expertise in each business division, provide customers with quick and accurate consultation. Call center agents undergo a training program to master the information about manufacturing processes and products. They also take a cooking program so that they can empathize with complaints of consumers while providing consultation.

EMPLOYEES' VOC EXPERIENCE

We operate an 'Employees' VOC Experience' program in which all executives and employees, including the CEO, listen to VOCs and provide consultation to customers in person. In this program, we remind our employees of the significance of VOC, and make sure that VOC can be reflected in the entire process across the development of products, from product planning to production, promotion, sales and disposal.

CONSUMER CENTERED MANAGEMENT (CCM) CERTIFICATION

The company received the CCM Certification granted by the Korea Consumer Agency (KCA) in the first half of 2015, and is planning to retain the certification through reassessment in the first half of 2017. The CCM Certification is the state-run system that evaluates if a company puts consumers first in all its business activities from product and service planning to sales and how much efforts the company makes to improve its products and services for customers. CJ CheilJedang has been recognized for its efforts to improve and upgrade the preliminary/post management system to stably manage VOC and resolve customer complaints.

DIVERSIFICATION OF CUSTOMER-ORIENTED COMMUNICATION METHODS

We have opened up new opportunities for the product development process with participation from customers, who participate in improving the quality of existing products and planning new ones. In addition to traditional communication methods such as phone calls and the company website, we established the industry's first text message consultation channel by reflecting the latest trends in communication, and also launched a sign language consultation service, offering better accessibility for all customers.

STRENGTHENING THE INFORMATION CHANNEL FITTING THE CONSUMER TREND

Given the market trend where people frequently find information on the mobile internet and address problems on their own, we provide 389 FAQs and answers (the accumulated number as of 2016) on our company website. The basic product information, commonly mistaken ideas about CheilJedang or its products, and technical efforts to provide safe products are introduced on the website, helping consumers better understand the company and its products.

PRODUCTS LAUNCH WITH VOC REFLECTED

We conduct customer-centered activities to improve and develop products based on VOC at home and abroad. In 2015, for instance, we released a new product with consideration for domestic consumer needs for macaron premixes. We also carried out an R&D project to develop a fresh natto product to unveil in January 2017. Moreover, we took account of American consumer needs and changed the type of oil applied to seaweed products, and developed and exported Kimchi products without the green part of kimchi cabbage to accommodate the preference of Japanese consumers.

RESULT OF CUSTOMER SATISFACTION SURVEY

(Unit: Point, out of 100 points)

Category	2014	2015	2016
Self-evaluation of CJ CheilJedang*	83.8	89.8	89.6
Evaluation by an external agency	89	92.9	92.3

* The satisfaction level of customer service of CJ CheilJedang based on the result of consultation service (phone calls and visits)

** The Customer Satisfaction Survey conducted by Korea Management Association Consulting (KMAC)

[REAL TALK TALK] | FOUND DARK RED STUFF IN THE ' DELICIOUS SAUSAGE', WHAT IS IT?



An example of a new product launched

CUSTOMER SUGGESTIONS RESPONSIBILITY SYSTEM

We actually apply the opinions on products and services suggested by customers to our development and improvement process, and provide the developed or improved product to the customer who gave that suggestion. We also present an opportunity to participate as an expert panel to the relevant customer, thereby enhancing the customer satisfaction level and loyalty while building trust with customers.

CUSTOMER PARTICIPATING OBSERVATION

Targeting customers who experienced inconvenience when using our products and services and members of the consumer panel of the company, we carry out 'Home Visit' activities to observe how customers use our products and eliminate any inconveniences that are not detected from the manufacturing perspective. Thanks to this program, we successfully improved the cooking instructions for premix products and noodle boiling recipes.

CHANNELS FOR CUSTOMER PARTICIPATION



CJ the FANel

CJ the FANel, meaning 'Fans that are enthusiastic about CJ's products and services', is a group of consumer panels of CJ CheilJedang, creating new values with the company. The panels participate in the new product development process and actively express their opinions about the product concept and aspects to be improved. In the launching process, they recheck the safety, quality and design of the products, playing a role in preventing inconveniences that may occur to consumers after release.



Talk Talk Housewife Consumer Panel

Talk Talk Housewife Consumer Panel is the customer participating program of CJ CheilJedang, which has been operating for 14 years. It is aimed at listening to the opinions of housewives, the largest group of customers for the company, in the product development phase. Through this program, we improved the products such as 'CJ Alaska Salmon' and 'DASIDA Liquid Seasoning'.



Beksul Cooking Studio

Beksul Cooking Studio, established in 2011, is a space for customized cooking classes targeting various classes of consumers. Participants learn how to cook using our products, which serves as a chance to promote the joy of cooking and the excellent quality of our products.

CJ CHEILJEDANG'S PROMISE FOR SUSTAINABLE GROWTH

Aiming to establish the global No. 1 food safety system by 2020, we implement a food safety strategy based on CJ's 10 Principles for Food Safety. To achieve this goal, we supervise thoroughly the management of raw materials and the country of origin to develop good products and provide safe foodstuff to customers. We also disclose the product information in a transparent way, and reflect VOC in the product development phase. All these efforts will lead us toward becoming a global lifestyle company creating healthy, happy and convenient lifestyles.

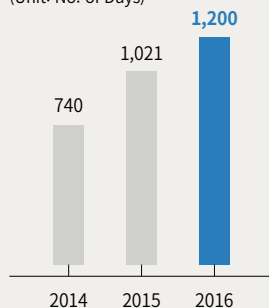
INDUSTRIAL ECOSYSTEM FOR WIN-WIN GROWTH



Key Performance

ON-SITE TRAINING PROGRAM FOR SME SUPPLIERS

(Unit: No. of Days)



* Please refer to page 41-44 for the details of CJ CheilJedang's 'Jeulgeoun Donghang (Happy Companion)'.

Focus Review

TRENDS IN GLOBAL BUSINESS AREA

In major advanced and developing countries protective and supportive policies are increasingly implemented to secure the sustainability of the domestic food and agricultural industries. In this market condition, leading global companies are responding to such government policies by expanding the procurement of raw materials from local SME suppliers and investing in relevant facilities. In addition, ethical/technical diagnoses and evaluations are widely conducted to establish fair trade practices for local suppliers (SMEs) and farms in the supply chain.

THE REASON FOR CHOICE

CJ CheilJedang is on a path towards the achievement of performance for shared growth with suppliers by building a fair trade relationship and expanding the win-win cooperation programs, such as 'Jeulgeoun Donghang (Happy Companion)'. As a leading Korean food company and a global enterprise, we are well aware of our role and responsibility in leading the shared growth of the food industry. We thus learn from the exemplary cases of advanced global companies, as well as the academic and industrial world to develop creative activities and programs, thereby contributing to the growth and advancement of the industry. This is why we have selected this issue for this Focus Review.

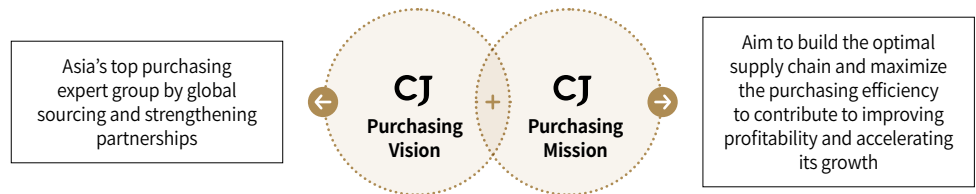


CJ CheilJedang has established a fair trade structure to cooperate successfully with SME suppliers in our supply chain for shared growth. To establish fair trade practices in the supply chain, all the executives and employees of CJ CheilJedang and its SME suppliers should work in accordance with ethical standards. We have a strict and thorough supervision system to create a desirable trade culture within the company through the anti-corruption fair trade education program.

CJ CHEILJEDANG'S PURCHASING PHILOSOPHY

We present the Code of Conduct based on CJ Group's purchasing philosophy. Before asserting the win-win and shared growth with SME suppliers, we hope to define the concept of partnership with equal positions and build a rational mutual communication channel, not a one-sided one.

CJ CHEILJEDANG'S PURCHASING PHILOSOPHY



STATUS OF SME SUPPLIERS

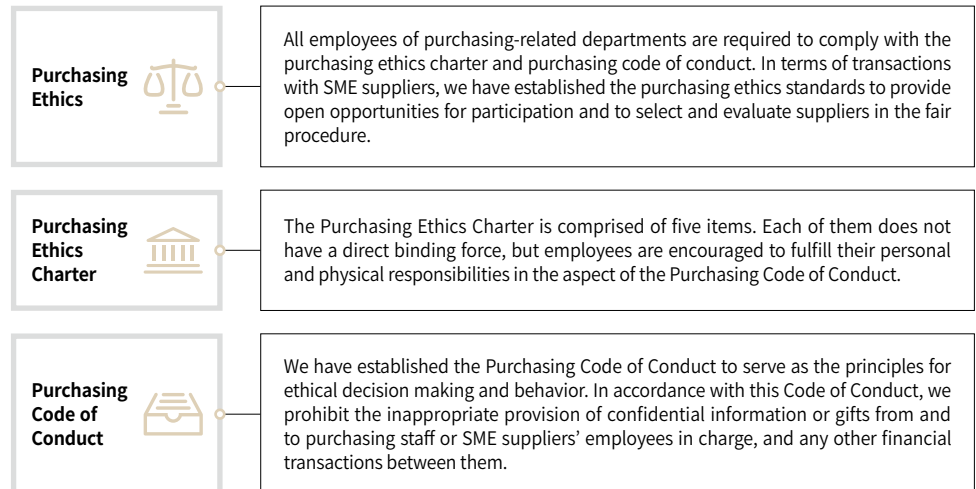
(Unit: No. of Company)

Category	2014	2015	2016
Food	774	888	851
Food Ingredient	97	108	239
BIO	556	541	510
Feed & Livestock	913	976	1,399

SUSTAINABLE PURCHASING POLICY

We disclose general information and KPI pertaining to our SME suppliers on the CJ Procurement Information System(www.cjpis.co.kr). We also publish and distribute a booklet titled 'Jeulgeoun Donghang (Happy Companion) with SME Suppliers' every year. Based on the disclosed information, our SME suppliers can update the purchasing policies related to CJ CheilJedang in advance.

CJ CHEILJEDANG'S PURCHASING ETHICS POLICY





CJ CheilJedang is purchasing more organic agricultural raw materials and eco-friendly raw materials to reflect the customer needs for food safety and health. In terms of importing raw materials, in particular, the company abides by strict domestic/overseas laws and regulations while pioneering new production areas for organic raw materials.

EXPANSION OF THE PURCHASE OF ORGANIC AGRICULTURAL RAW MATERIALS

We select an external inspection agency to conduct harmfulness tests on domestic and overseas agricultural raw materials. Our Quality and Safety Center and the Food Research Institute carry out a range of R&D projects aimed at protecting the soil condition in the areas of production and activities to improve the standards for purchasing agricultural raw materials.

VOLUME OF IMPORTED PALM OIL IN CJ CHEILJEDANG'S FOOD INGREDIENT BUSINESS DIVISION

(Unit: Ton)

Category	2014	2015	2016	Plan for 2017
For food	2,342	2,916	3,385	4,300
Industrial use	-	-	32,000	28,000
Total	2,342	2,916	35,385	32,300

SUSTAINABLE PALM OIL INTRODUCTION

CJ CheilJedang has joined global efforts to protect the environment of the planet and produce palm oil in a sustainable way, and supported conservation policies for the efficient use of land and forest in major areas of production, including Malaysia and Indonesia. For the sustainable production of palm oil, we oppose the sexual discrimination of workers, the infringement of human rights, and the exploitation of child labor. We have undergone the procedures since 2014 to obtain the certification to prevent forest destruction by eradicating illegal cultivation on farmland and introduce legally-produced palm oil. We finally joined the Roundtable for Sustainable Palm Oil (RSPO) as an official member in January 2017. We will reinforce the purchasing activities for sustainability management by expanding the sourcing of RSPO-certified palm oil.



We conduct an audit on a regular basis for risk assessment of existing and new SME suppliers in preparation for economic and environmental risks of SME suppliers. As part of measures to manage the sustainability in the supply chain, we share the major risk management elements with SME suppliers in advance so that they can examine and reflect such elements before signing a SME supplier contract with CJ CheilJedang. After we enter into a contract, we carry out the continuous monitoring and management activities.

OPERATION OF PURCHASING STRATEGY COMMITTEE

We hold a monthly meeting of the Purchasing Strategy Committee with the participation of our SME suppliers. The committee comes up with plans for an adequate volume of production and supply after considering market conditions, the exchange rate, oil prices and other external variables. We also have another internal committee for SME suppliers to share contemporary issues in the industry and information about enacted/amended laws and regulations, provide education programs, and enable communication between the staff in charge.

SME SUPPLIERS SELECTION THROUGH ESG ELEMENT EVALUATION

We conduct the shared growth evaluation on SME suppliers in the supply chain based on the ESG elements, including ethical management, collusion and corruption. The evaluation result takes up 30% of the whole contract provisions. CJ CheilJedang is planning to establish and implement a Code of Conduct for Suppliers for a sustainable supply chain. Based on this rule, we will identify the sustainability of our suppliers and offer full support to them to strengthen their medium and long-term capacity.

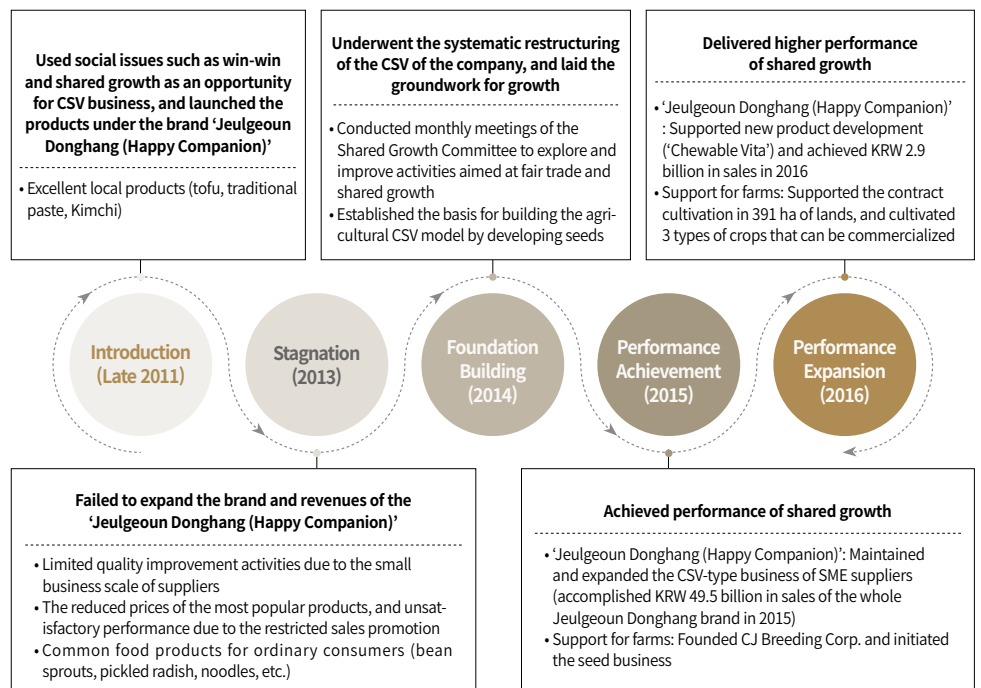


CJ CheilJedang, as a leader in fostering the ecosystem of the food industry, considers its SME suppliers and farmers—major stakeholders—as partners for shared growth, and carries out sincere and sustainable win-win activities to provide them with opportunities for growth. In particular, the company was selected as the ‘Best’ company in the Win-Win Index for the first time in the food industry, being recognized for its efforts towards fair trade practices and win-win cooperation with SME suppliers. We will continue to comply with shared growth principles based on our business philosophy of contributing to the nation and society through business and creating a harmonious community.

KEY SUPPORTIVE PROGRAMS FOR SHARED GROWTH

Category	Details of Programs	2015	2016
Support for SME suppliers	Education and training Provide education programs to SME suppliers through the Win-Win Academy - Basic theoretical education related to production cost, quality, food safety, environment, general management affairs, and laws and regulations	236 companies	330 companies
	Financing Operate the Win-Win Fund worth KRW 48.2 billion to support SME suppliers to get loans at low interest rates - Lower the interest rate to 1-1.5% compared to the interest rate for SME suppliers	KRW 45.2 billion	KRW 48.2 billion
	Technology Transfer CJ CheilJedang’s own product manufacturing technologies to SME suppliers to launch new products and upgrade existing products - Not only simply transfer technologies but also help the actual production by SME suppliers through the customized production technology support	112 cases	225 cases
	Quality and hygiene Visit SME suppliers on a regular basis and conduct the on-site audit to support their capacity building - Quality and hygiene management, the receipt and renewal of the HACCP certification, and the on-site management	8,168 hours	9,600 hours
Support for farms	Seed development Contribute to enhancing the potential of promising products and social values through seed production - Developed 3 new varieties, securing a total of 9 varieties to date	3	3
	On-site training Visit farms of contract cultivation on a regular basis to identify their hardships and support them with the company’s capacity - Visit farms in Jeju Island, Jincheon and Uiseong	360 hours	960 hours
	Contract cultivation Secure a stable source of demand for farms and stable suppliers for the company - Conduct the contract cultivation, including ‘CJ Happy Bean No. 1’ and ‘Jungmo 1017’	214 HA	390 HA

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



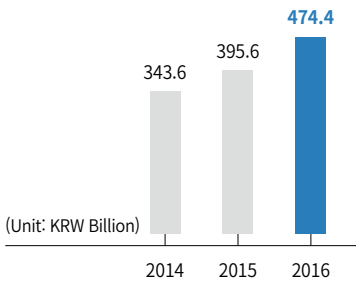
JEULGEOUN DONGHANG (HAPPY COMPANION), CJ CHEILJEDANG'S SHARED GROWTH BRAND

Jeulgeoun Donghang (Happy Companion) is CJ CheilJedang's key CSV activity designed to create a healthy ecosystem in the Korean food industry. We find SME suppliers with strong competitiveness and support them in relation to funds, capacity and markets, providing the companies with opportunities for sustainable growth. We reflect the performance of the Jeulgeoun Donghang (Happy Companion) products in the KPI of the CEO, enlarging the base of shared growth where we can provide our suppliers with opportunities to expand their business portfolios and step into new markets.

JEULGEOUN DONGHANG (HAPPY COMPANION) PLATFORM



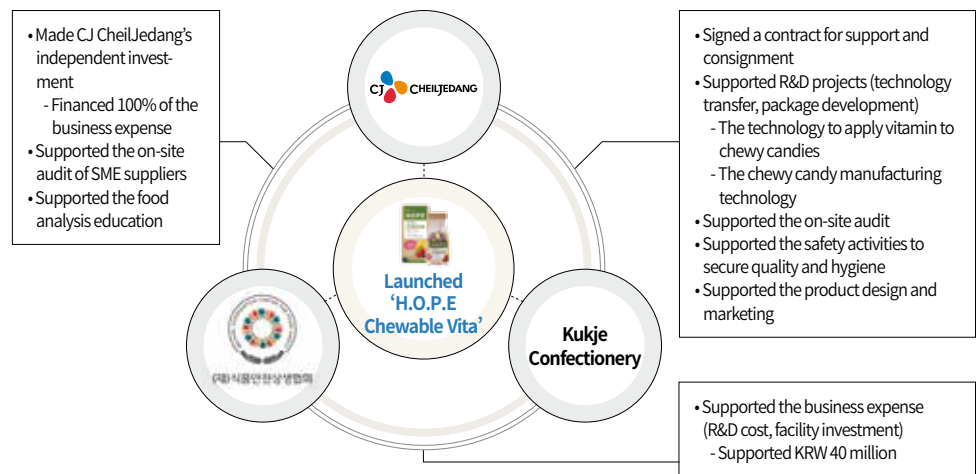
PERFORMANCE OF SUPPORT FOR SALES EXPANSION (AMOUNT OF TRANSACTIONS)



CASES OF SUPPORT FOR SME SUPPLIERS

LAUNCH OF 'H.O.P.E CHEWABLE VITA'

'H.O.P.E Chewable Vita', unveiled in 2015, is one of the key products of the brand Jeulgeoun Donghang (Happy Companion), which reflects the changing social trend where younger consumers are increasingly buying health functional food and the number of single or two-person households is growing. Considering that young consumers are aware of the significance of health but still rarely purchase vitamin products due to inconvenient storage and consumption, we focused on reflecting such needs of young consumers and addressing inconveniences in the development phase, which is jointly achieved by CJ CheilJedang, the Mutual Cooperation Center for Food Safety, and Kukje Confectionery.



AMOUNT OF LOANS FOR SME SUPPLIERS

Category	2014	2015	2016
No. of Beneficiary SME Suppliers	56	59	68
Amount of Loan (KRW Billion)	33.1	36.9	46.7

WIN-WIN FUND

We operate the Win-Win Fund in cooperation with banks to support loans for SME suppliers at low interest rates. As of 2016, we raised funds worth KRW 48.2 billion and supported 97% of them (KRW 46.7 billion).

TECHNICAL SUPPORT

We actively develop and transfer technologies to outstanding SME suppliers that need production technologies in the development of new products.

RECEIPT AND RENEWAL OF HACCP CERTIFICATION FOR SME SUPPLIERS

(Unit: Case)

HACCP	2014	2015	2016
New certification	-	13	22
Support for renewal	-	14	47

* The support for the HACCP certification was commenced in 2015.

PERFORMANCE OF WIN-WIN SUPPORTER ACTIVITIES

HACCP	2014	2015	2016
No. of days of visit (Day)	-	686	590
Hours of support (Hour)	-	5,488	4,720

* The Win-Win Supporter activities started in 2015, and the number of days of support slightly dropped as the focus of the activities was shifted to quality management.
- 2015: Quality & hygiene, production technologies, and environment & safety
- 2016: Quality & hygiene and production technologies

PERFORMANCE OF COMMERCIALIZATION OF EXCELLENT SEEDS

- 

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

- 

Orange Kimchi Cabbage 'The Han No. 1 Kimchi Cabbage' → 'Bibigo Fermented Kimchi'

- 

'Big Bud Rice' → 'Big Bud Rice Hetbahn'

- 

Korean Seaweed 'Haepung No.1' → 'Bibigo Native Seaweed'

SUPPORT FOR RECEIPT AND RENEWAL OF HACCP CERTIFICATION

We support the general process of obtaining and renewing the HACCP certification for the product manufacturing line of SME suppliers that directly do business with CJ CheilJedang as well as those product lines that are not in a direct business relationship with the company.

WIN-WIN SUPPORTER

We dispatch over 100 experts, such as veteran managers and professional engineers, to SME suppliers for a specific period of time to support the capacity building of the SME suppliers. In 2016, our expert employees visited the business sites of 50 SME suppliers and shared know-how about how to enhance productivity and quality.

CJ BREEDING CORP. COMMITTED TO COMPETITIVENESS REINFORCEMENT IN AGRICULTURE

CJ Breeding Corp. is a professional seed company established to recognize the low growth rate and aging population in rural areas as social issues and support them to improve competitiveness through cooperation between the government, companies and the agricultural industry. We hope to reinforce the win-win structure through the development, cultivation and commercialization of differentiated seeds, and secure trust in and safety of the Korean agricultural industry. With CJ Breeding Corp, we will facilitate the development of global agri-food and increase farm household income, thereby creating a win-win ecosystem in the industry.

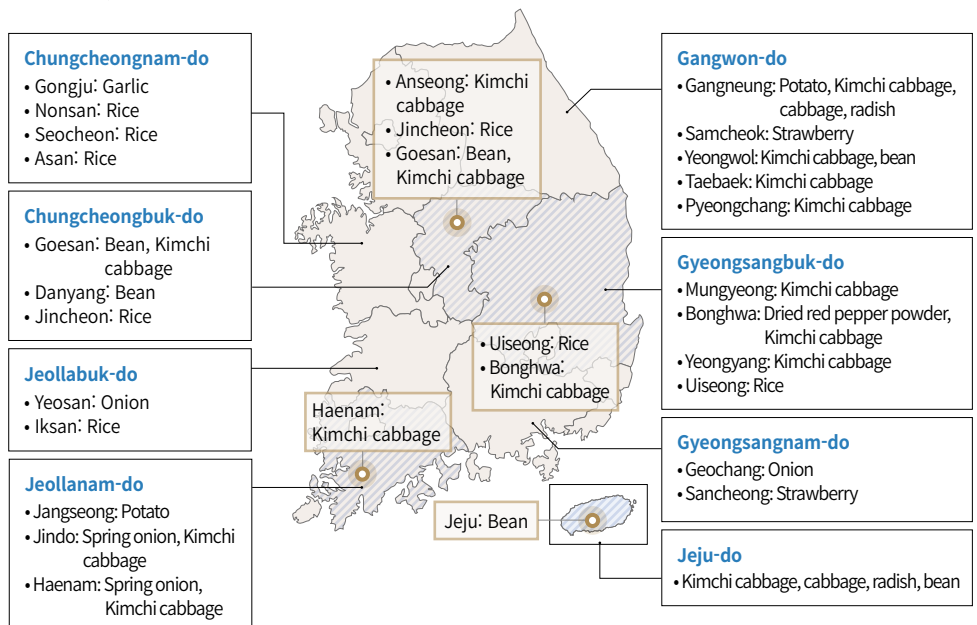
SEED DEVELOPMENT

CJ Breeding Corp. is committed to developing seeds with outstanding functions to enhance the competitiveness of the Korean agricultural industry. Since 2014, the company has continued to develop seeds, and added three new seeds in 2016, totaling nine varieties. These seeds are now utilized as raw materials for our major products. The commercialization of seeds will be expanded to contribute to the increase of farm household income.

CONTRACT CULTIVATION EXPANSION

We have continued contract cultivation of raw materials to provide a stable source of demand for farmers and secure stable suppliers for the company at the same time. In 2016, CJ Breeding Corp. made the contract cultivation deals for four crops, and the number of farms of the contract cultivation for 'CJ Happy Bean No. 1' tripled compared to the previous year. We will reinforce the capabilities that need improvement, and build the basis to stably secure raw materials, eventually pursuing the win-win with farms and the expansion of contract cultivation.

MAP OF CJ'S WIN-WIN PARTNER FARMS



- Chungcheongnam-do**
 - Gongju: Garlic
 - Nonsan: Rice
 - Seocheon: Rice
 - Asan: Rice
- Chungcheongbuk-do**
 - Goesan: Bean, Kimchi cabbage
 - Danyang: Bean
 - Jincheon: Rice
- Jeollabuk-do**
 - Yeosan: Onion
 - Iksan: Rice
- Jeollanam-do**
 - Jangseong: Potato
 - Jindo: Spring onion, Kimchi cabbage
 - Haenam: Spring onion, Kimchi cabbage
- Gangwon-do**
 - Gangneung: Potato, Kimchi cabbage, cabbage, radish
 - Samcheok: Strawberry
 - Yeongwol: Kimchi cabbage, bean
 - Taebaek: Kimchi cabbage
 - Pyeongchang: Kimchi cabbage
- Gyeongsangbuk-do**
 - Mungyeong: Kimchi cabbage
 - Bonghwa: Dried red pepper powder, Kimchi cabbage
 - Yeongyang: Kimchi cabbage
 - Uiseong: Rice
- Gyeongsangnam-do**
 - Geochang: Onion
 - Sancheong: Strawberry
- Jeju-do**
 - Kimchi cabbage, cabbage, radish, bean

GROUNDWORK FOR SHARED GROWTH IN THE FOOD INDUSTRY

CJ CheilJedang provides SME suppliers with quality, hygienic and safe education programs to spread the culture of fair trade and shared growth throughout the entire supply chain. The company also conducts a shared growth evaluation on the Tier 1 and 2 SME suppliers and provides prizes to exemplary companies, thereby expanding indirect support and the base of the shared growth culture.



Win-Win Index 'Best Company' Certificate

OPERATION SUPPORT OF THE MUTUAL COOPERATION CENTER FOR FOOD SAFETY

The Mutual Cooperation Center for Food Safety, the first nonprofit food-safety-related corporation in Korea established in 2014, is highly praised for its novel win-win activities. The center carries out food safety regulations education for not only CJ CheilJedang's SME suppliers but also other small and medium-sized food companies, and provides the customized consulting service for the receipt and renewal of the HACCP certification based on the result of on-site diagnosis. It supports SMEs by utilizing CJ CheilJedang's financial capacity, product-related technologies and human resources, raising the quality and safety standards of the domestic food industry and expanding business opportunities.

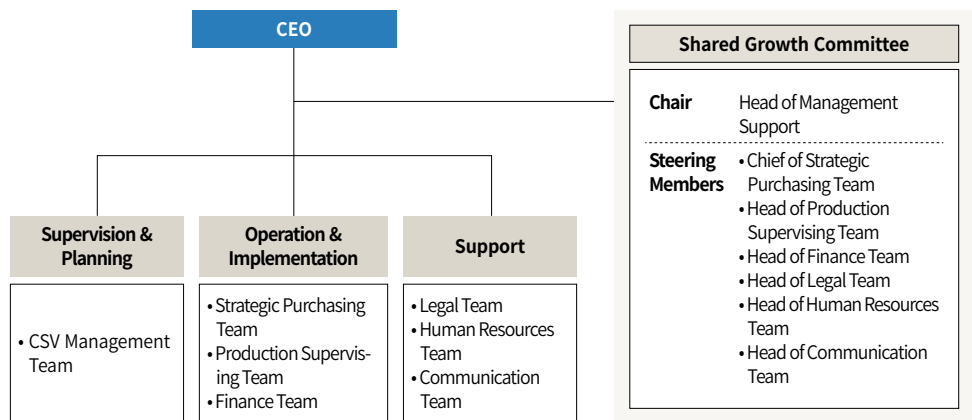
CJ PARTNERS CLUB

CJ Partners Club is a committee comprised of CJ CheilJedang's SME suppliers, which is aimed at building the cooperative relationship in the supply chain and developing new technologies with concerted efforts. As of 2016, a total of 59 exemplary SME suppliers have joined the committee and conducted 6 regular meetings, sharing opinions about food ingredients, packaging and facilities. CJ Partners Club has also held the year-end party since 2013 in the hope of creating the healthy shared growth culture and enhancing common interests, and donated the rest of the membership fees to the CJ Donors Camp.

SHARED GROWTH COMMITTEE OPERATION

CJ CheilJedang organized the Shared Growth Committee, comprised of the CEO and executive directors of the company, to actively accomplish the practical purpose of shared growth with SME suppliers. The committee deals with major issues pertaining to Jeulgeoun Donghang (Happy Companion) activities with SME suppliers, while attending the CJ Partners Club meetings to identify their hardships and provide solutions.

ORGANIZATIONAL CHART OF SHARED GROWTH COMMITTEE



ESTABLISHMENT OF SHARED GROWTH PERFORMANCE MANAGEMENT INDEX

CJ CheilJedang has incorporated the reinforcement of shared growth into the Performance Management Index so that the executive director of the purchasing department responsible for shared growth with SME suppliers can actualize fair trade and shared growth.

VERIFICATION AND DIAGNOSIS OF SME SUPPLIERS

In order to produce and supply safe food, we visit each of our SME suppliers on a regular basis, and inspect, support and diagnose the entire process from the input of raw materials to processing, packaging, storage and quality check. We can thus prevent any risk factors in advance that may occur in promoting shared growth with SME suppliers.

SME SUPPLIER VERIFICATION FOR ENHANCEMENT OF QUALITY, SAFETY AND RELIABILITY

VERIFICATION FOR SAFETY OF RAW MATERIALS

We manage the production and supply of raw materials that have a significant impact on the quality of products as part of quality risk management for SME suppliers. The same audit rules are applied to all companies in the supply chain including CJ CheilJedang itself, which is aimed to check if each of the companies complies with the Food Safety Management System and identify what should be improved. In terms of domestic agricultural raw materials, we have joined the association of each raw material sector, including flour, sugar and feed, and entered into contracts with raw material companies with safety certification. For imported agricultural raw materials, we only make a contract with a company that passed the government's safety verification. We also apply the stipulated quality and safety standards of raw materials to all supply contracts to avoid any risk factors in the raw material production and distribution process.

VERIFICATION FOR THE SAFETY OF SME SUPPLIERS' PRODUCTS

We run a double inspection system to ensure our SME suppliers produce and supply their products in a safe way. The products are inspected in a primary process by the relevant SME supplier, and analyzed and verified again by CJ CheilJedang to be released finally. This process enables the company to conduct a thorough inspection before distribution and provide safe food to consumers.

SHARING BUSINESS OUTPUT WITH SUPPLIERS ACCORDING TO THE RESULT OF IMPROVEMENT

We share the outcome of projects that we jointly carry out with SME suppliers, including cost reduction, quality improvement, and productivity enhancement. In accordance with the principles of the business output distribution in the joint projects specified in the contracts, we evaluate the achievement level compared to the target, and select and offer prizes to excellent SME suppliers according to annual performance in each business sector.

ENVIRONMENTAL SAFETY CHECK WITH SME SUPPLIERS

We conduct the environmental safety CSV activities targeting our SME suppliers for shared growth. The company's environmental safety department visits SME suppliers once a year and conducts the legal and potential risk inspection regarding environmental, industrial and electrical safety. After the inspection, we provide the environmental safety guidelines and technical materials and continuously check if they are improved, enabling our SME suppliers to build the safety management capacity.

CJ CHEILJEDANG'S PROMISE FOR SUSTAINABLE GROWTH

CJ CheilJedang won the 'Best' grade in the Win-Win index, run by the Korea Commission for Corporate Partnership, in 2016 after achieving the 'Excellent' grade for two years in a row in 2014 and 2015. It was a rare scene that a food company received the 'Best' grade for the first time in the industry, given the domestic industrial world dominated by the basic industries, such as general electricity and electronics, automobiles and communication. As a leading Korean food company, CJ CheilJedang will continue to create open opportunities for growth of suppliers and present the shared growth model in the food industry, achieving the win-win outcome and harmony of large companies, small and medium-sized suppliers, and farms.

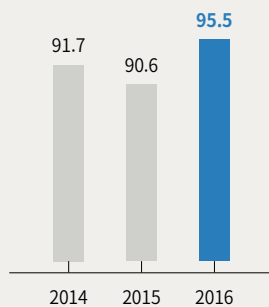
MINIMIZATION OF ENVIRONMENTAL IMPACT



Key Performance

GHG EMISSIONS INTENSITY

(Unit: KgCO₂/ton)



* Please refer to page 48-49 for the details of CJ CheilJedang's response to climate change.

Focus Review

TRENDS IN GLOBAL BUSINESS AREA

Developing countries and regions with poor infrastructure for responding to climate change, are suffering from damages due to global warming and other climate-change-related phenomena. In these regions, inadequate facilities and conditions hamper the recovery works after damage, and the shortage of water resources and the occurrence of contagious diseases also worsen the situation. Accordingly, climate change experts around the world are working together to design cooperative measures to adapt to climate change. In addition, companies equipped with the relevant infrastructure and technologies are joining such efforts and providing support.

THE REASON FOR CHOICE

Damages attributed to climate change are found across an extensive range. Damages to the agricultural infrastructure and crops are particularly considered a critical issue that may directly affect the food, clothing and shelter affairs of humans beyond the level of the relevant industry. CJ CheilJedang accordingly carries out a variety of policy improvement activities to examine and prevent potential risks pertaining to climate change, including damages to the cooperative agricultural infrastructure and the depletion of water resources. This chapter of the report illustrates the relevant activities to expand the communication opportunities with various institutions and companies that are interested in climate change issues.

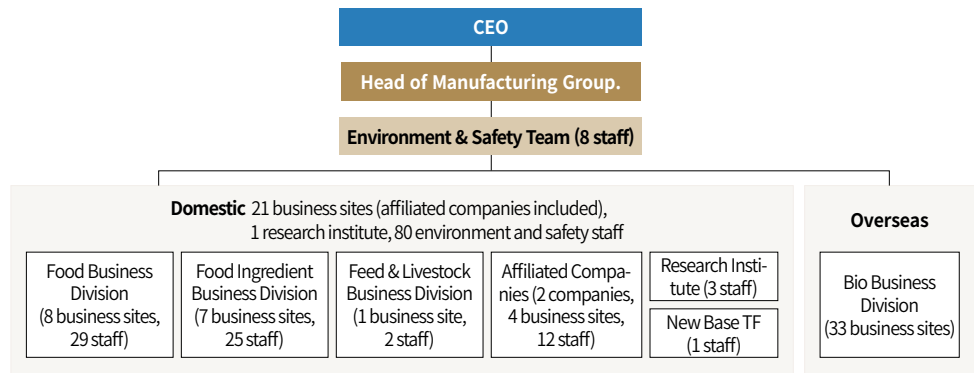


CJ CheilJedang implements company-wide environmental safety and health strategies to minimize potential environmental impact, including factors triggering climate change due to production and services, the depletion of water resources, and waste generation. We have made efforts to secure low-carbon technologies, reduce GHG emissions in the product manufacturing process, and expand low-carbon-certified products as part of our response to climate change. We carry out the water use policy to minimize the waste of water, and promote the water saving campaign to all our customers around the world. In terms of the waste management policy, we have also employed diverse programs to reduce harmful waste and increase the recycling rate across the entire production process, from producers to manufacturing process at plants.

ENVIRONMENTAL MANAGEMENT

We implement environmental safety and health strategies across the overall supply chain, including the headquarters, domestic and overseas business sites, and SME suppliers. We have the department in charge of environmental safety and health, and try to fulfill our environmental responsibility as a corporate citizen through the shared growth support department to spread the environmental safety and health strategies to our SME suppliers.

ORGANIZATIONAL CHART OF ENTERPRISE-WIDE ENVIRONMENTAL MANAGEMENT



CERTIFICATION OF GREEN COMPANY AND GREEN MANAGEMENT SYSTEM

As a result of the efforts to respond to the Green Company* system operated by the Ministry of Environment (ME), CJ CheilJedang was designated as the Green Company in 1996 in its four business sites, including Incheon and Busan facilities. Since then, the company has retained the title by continuously improving the environmental management activities. The company's Busan plant also received the certification of the Green Management System in 2010 for the first time among the domestic food and beverage companies, and its other plants have also obtained the certification later (Incheon Plant 1 and 2). Our activities for improvement through the establishment of the green management system will enable the company to maintain clean and safe environmental management.

* Green Company refers to manufacturers, non-manufacturers (public and social services included), institutions, individual business sites (plants and facilities), branches, headquarters, etc. that significantly reduce contaminants, save energy and resources, improve the eco-friendliness of products, and establish the green management system, thereby contributing to

GLOBAL ENVIRONMENTAL MANAGEMENT CERTIFICATIONS

In order to receive the certifications for the objectivity of its environmental management and accept rapidly-changing global environmental policies, the company has obtained the global environmental management certifications (CDP, CDP Water) for its efforts towards environmental management.

RESPONSE SYSTEM FOR THE EU ENVIRONMENTAL FOOTPRINT BY PARTICIPATING IN GOVERNMENT RESEARCH PROJECT

In preparation for the establishment of the EU Environmental Footprint guide in the food sector and its enforcement in 2020, CJ CheilJedang has participated in the three-year research project conducted by the Ministry of Agriculture, Food and Rural Affairs (MAFRA) since November 2016, in cooperation with LCI DB expert SMaRT ECO. Through this project, we will strengthen our competitiveness in the European food market and take another step to becoming a global food company actively responding to environmental regulations.



CJ CheilJedang has set the medium and long-term GHG emission reduction target, and employed diversified response measures to achieve the goal. We have strengthened the cooperative relationship with external expert institutions and research institutes to respond to climate change. We share environmental management techniques and know-how learned from this process with our SME suppliers, thereby minimizing GHG emissions and the impact of climate change across the overall product manufacturing process.

CLIMATE CHANGE RESPONSE GROUP UPGRADE

We have assigned the climate change response tasks to the engineering team under the Manufacturing Group. We have also designated GHG management staff at each business site so that they can swiftly take proper steps and report when any issues pertaining to GHG emission management and other climate change issues emerge in each business site.

CLIMATE CHANGE RISK MANAGEMENT

We have defined climate change issues to manage relevant risk factors affecting our business environment in a more detailed method. To minimize the adverse impact of potential issues and utilize them as new growth engines, we consider the risk management performance as the KPI of the staff in charge, and the promotion and incentives are granted according to such performances. To respond to changes in global climate change policies and regulations, we invite external experts in various fields, including GHG, energy, and storm and flood management, and build partnerships to reinforce our response capacity.

LEGISLATION OF GHG EMISSION PERMIT MANAGEMENT

As the GHG emission permits management was legislated as part of the government regulations, CJ CheilJedang has estimated and reported on the GHG emissions and expected amount of reduction of the entire company. In 2016, the company was recognized for its GHG reduction activities conducted before 2014 when the emissions trading system was established, and was accordingly allocated 119,000 tons of permits by MAFRA(Ministry of Agriculture, Food and Rural Affairs).

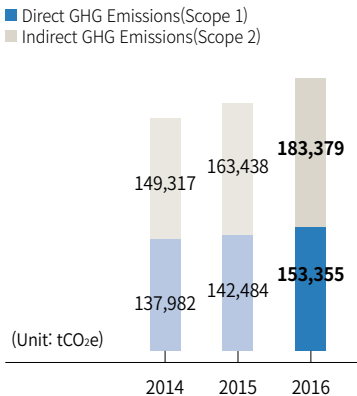
STORM AND FLOOD MANAGEMENT

The frequency and scale of damages caused by storm and flood to agricultural crops are growing due to El Nino and sudden cold weather increasingly caused by climate change, which hinders the management of supply and demand of raw materials. Since 2016, CJ CheilJedang and its four SME suppliers have participated in the government program titled CRAS, developed by the Korea Environment Institute under ME, in cooperation with climate change consulting company WECOS to assess the impact of heat wave and torrential rain. The result was exhibited in the Korea Climate and Meteorological Industry Exhibition 2016.

PRELIMINARY VERIFICATION OF GHG EMISSION REDUCTION EFFORTS OF SME SUPPLIERS

With the enforcement of the emissions trading system, we verified and monitored how 30 or more of our SME suppliers achieved the GHG emission reduction target. Among them, we will conduct the GHG reduction program for two companies with the highest potential for GHG emissions by sharing emission reduction techniques and supporting relevant investment, thereby initiating the emission credit registration business.

GHG EMISSIONS



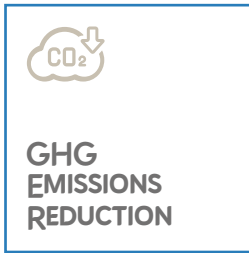
* The total emissions may differ from the actual emissions since the figure is the sum of the rounded-off figures of emissions at each business site.
 ** The figure of GHG emissions in 2015 was modified due to the gap between the calculated figure in the GHG emission statement and the actual emissions.

GHG INTENSITY

(Uni: Ton; KG CO₂/product ton)

Category	2014	2015	2016
Volume of produced goods (weight)	3,132,640	3,376,195	3,523,522
Intensity of direct GHG emissions (Scope 1)	44	42.2	43.5
Intensity of indirect GHG emissions (Scope 2)	47.7	48.4	52.0

* Intensity = (The sum of GHG emissions)/(Volume of produced goods)



Since 2015, CJ CheilJedang has carried out the GHG emissions reduction activities as it was required to be subject to the emissions trading system enforced by the government. Based on the medium and long-term reduction plan, we are planning to cut 30% of direct GHG emissions by 2020. From 2017, we will take more aggressive reduction measures beyond the stable management of emissions.

ESTABLISHMENT OF THE ENERGY EFFICIENCY MANAGEMENT GROUP

CJ CheilJedang organized the Integrated Energy Innovation Committee with participation of the employees at the headquarters and domestic and overseas business sites to exert efforts to reduce energy. We built the organic cooperation system between departments to reduce energy according to the energy efficiency rating of each business site. We also organized the energy department at each business site to set the energy reduction targets and monitor the achievement level.

OPERATION OF THE ENTERPRISE-WIDE ENERGY INNOVATION COMMITTEE

The enterprise-wide Energy Innovation Committee, established for organic management of the energy efficiency in domestic business sites, conveys the company's direction and goals for reducing energy use to the members of the enterprise-wide Energy Innovation Committee at each business site. They then visit every corner of the business sites, check the progress at each point of the timeline for achieving the target, and report the result to the committee. We are making practical efforts to facilitate energy innovation by discovering exemplary cases from our business sites and sharing them across the company.

ESTABLISHMENT OF THE ENERGY EFFICIENCY MANAGEMENT ROADMAP

We built the phased roadmap for advanced energy efficiency management. We looked into the optimization cases of leading global companies that succeeded in enhancing energy efficiency, and have undergone the optimization process to apply such exemplary cases to our energy management system. We turned this into the internal process and decided to apply the performance to KPI so that energy efficiency improvement activities are managed in the scope of daily works.

EFFICIENCY ANALYSIS BY ENERGY SOURCE

We analyze the efficiency of each energy source through the energy intensity analysis, and identify points to be improved. We have also set the energy management target and are now proceeding with each step of the improvement process.

CONTINUED INVESTMENT AND IMPROVEMENT ACTIVITIES

We continue to expand energy reduction performance by investing in energy-related facilities and equipment. In connection with the company's expansion of overseas business, we focus on the installation of eco-friendly equipment in new overseas facilities, carrying out both investment and improvement activities at the same time to achieve innovative energy reduction.

COMPANY-WIDE INTRODUCTION/USE OF NEW AND RENEWABLE ENERGY

Category	2014	2015	2016
No. of business sites introducing new and renewable energy (Total number of sites)	3	3	3
Amount of new and renewable energy used (TJ)	881	951	1,165
Ratio of new and renewable energy used** (%)	13.3	13.5	14.7

EXPANSION OF NEW AND RENEWABLE ENERGY USE IN OVERSEAS OPERATION

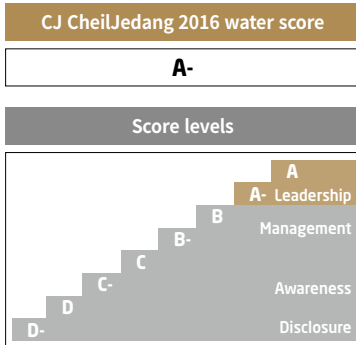
In the course of pioneering overseas markets, CJ CheilJedang is committed to minimizing the environmental impact on the areas where the company operates its overseas business. In 2016 when the company completed the fermented soybean meal plant in Vietnam, it utilized rice husk generated during the rice polishing process as an energy source, expanding the scope of new and renewable energy to use. The new and renewable energy dissemination project using fuel cells in the domestic business sites is also under examination.

VERIFICATION OF THE ACHIEVEMENT LEVEL OF GHG REDUCTION TARGET

As of the end of every March, the GHG emissions throughout the entire business sites including the headquarters are verified by the agency designated by the government. For the verification result, please visit the website of the GHG information system run by the government. Since its first report in 2015, CJ CheilJedang has reported the activities and challenges to achieve the GHG emission reduction target presented by the government, and fulfilled 100% of our duties to date.



CDP WATER A GRADE ACHIEVED



As a global food company, CJ CheilJedang needs to secure sufficient water resources for business operation. Fresh water is a particularly key resource that has a significant impact on the quality of products manufactured by the company and its SME suppliers and that of raw materials produced by farms. Additionally, the stable management and supply of water resources is a field that requires special supervision in advance to secure not only the volume of production but also quality competitiveness in the market.

WATER RESOURCE MANAGEMENT POLICY

The environmental management group dealing with water resources and other environmental affairs is comprised of the CEO, the Environment & Safety BOARD OF DIRECTORS, and the Environment & Safety Team. In addition, the Energy Innovation Committee, with participation of the Environment & Safety Council consisting of the plant managers in each business division and the representative of regions, is responsible for countermeasures against water management issues and supervision. The report on water resource management covers the overall production processes, and is shared in the regular management meetings.

COMPLIANCE WITH LAWS AND MANAGEMENT RULES

After the introduction of the green management system in 2011, we employed the KPI regarding the cost of water resource management and production to systematize the water management. Since then, we have upgraded the KPI management standard based on the conservative criteria to maintain our leadership in the water resource management and meet the requirements of our various stakeholders. We have also focused on the quality management of used water, which is closely related to the environmental impact.

OPERATION OF INTERNAL MANAGEMENT KPI

In 2011, CJ CheilJedang introduced the KPI related to the water resource management and production cost to continuously manage the issues pertaining to water resource management focusing on the green management system. We set the conservative KPI operation standards to meet the requirements of various stakeholders and maintain our leadership in water resource management. We also focus our capacity on securing product quality and managing the quality of used water.

WATER RESOURCES UTILIZATION IN A SUSTAINABLE WAY

As a food and beverage manufacturing company that operates a cleaning and sterilization process using water, CJ CheilJedang avoids increasing water consumption by expanding the reuse of water resources. This can potentially prevent the contamination of groundwater in Korea, a water-scarce country, while enhancing the level of food safety in the nation.

REUSE OF WATER RESOURCES AND INVESTMENT IN RELEVANT SYSTEM

In case the upstream area of the region where the company wants to construct a plant is designated as a water resource protection zone, we do not expand facilities and rather reselect any other safe regions free from water pollution risk, bearing the increase in cost and difficulties in the logistics system. We are also expanding the investment in the wastewater utilization system in preparation for the increase in water cost and the restriction on water supply as a government policy. As a leading global lifestyle company, we hope to minimize our business's environmental impact on the local community and pass on a cleaner environment to future generations.

EXPANSION OF WATER RESOURCE MANAGEMENT ACTIVITIES IN THE SUPPLY CHAIN

We have employed and operated an internal risk assessment method to evaluate water quality risk factors within the company and our suppliers. Utilizing a data collection method and assessment template we developed to calculate the water quality risk level, we obtain data about the use, discharge and collection of water resources and evaluate the impact of water quality risk factors following each step. Considering that the EU 'Environmental Footprint certification system' will be enforced in 2020, we have participated in the government research projects since November 2016 to establish the LCI DB for raw and subsidiary materials of SME suppliers, focusing on products to be exported to Europe.



CJ CheilJedang develops product packaging by considering sustainable environment for nature and society. We established the 3R Policy for minimized packaging materials (Reduce), the use of recyclable materials (Recycle) and the utilization of eco-friendly raw materials (Recover) as the basic policy for the use of packaging materials, reducing the waste of resources and expanding the eco-friendly economy for shared growth. We run a packaging center that conducts research on packaging materials. More than 20 researchers with a Master's degree and a doctorate at the center cooperate with academia, relevant institutions, and packaging material suppliers to develop and apply world-class sustainable packaging materials to products.

USE OF PACKAGING MATERIALS REDUCTION

We develop forms of packaging that can minimize the use of materials in the design phase to avoid the waste of materials. We are also expanding the use of the structure and materials that guarantee the same level of quality while requiring less packaging materials.

UTILIZE RENEWABLE MATERIALS

To ensure that used packaging materials are easily recovered, we use the same type of materials for various packaging elements of a product. If the packaging elements are made from different materials, these can be easily separated. We also apply a structure that minimizes residues in containers so that we can reduce the use of resources required to recover packaging materials. We reuse the utilized materials for other purposes, and employ packaging materials made from recovered or renewable raw materials.

USAGE OF ECO-FRIENDLY NATURAL RAW MATERIALS

In order to minimize environmental impact of the waste from packaging materials, CJ CheilJedang is expanding the use of packaging materials whose raw materials originated from plants, such as corn-based PLA or sugar-cane-based bio PE. Based on the principle of using packaging materials that come from biomass generated in the food ingredient manufacturing process, we preferentially use eco-friendly packaging materials certified for their raw materials, manufacturing methods, design and functions, and encourage our suppliers that manufacture such packaging materials to receive the relevant environmental certifications.

CASE 01

OPTIMIZED THE VOLUME OF CARDBOARD CONTAINERS FOR PREMIXES

To comply with the adequate space ratio of packaging materials in accordance with the Act on the Promotion of Saving and Recycling of Resources, we optimized the dimension of cardboard containers and packaging boxes for four dessert premix products ('Brownie mix', 'Hotteok (hot pancake with brown sugar filling) mix', 'Cookie mix', etc.). We could remove unnecessary spaces, reducing the volume by 30% and 25%, respectively, and waste as well.



Optimized volume of cardboard containers for premixes

CASE 02

DEVELOPED AN ECO-FRIENDLY, NON-WOVEN FABRIC SHOPPING BAG FOR GIFT SETS

We developed a new type of non-woven fabric shopping bag for gift sets, which used to be discarded after being utilized once, by attaching a zipper so that it can be folded to be stored or used as a portable eco bag. The design includes eco-friendly elements without a printed logo, and the improved structure for the convenient use of customers.



Eco-friendly non-woven fabric shopping bag for gift sets

CASE 03

DEVELOPED AND USED BIO-MASS-BASED BUFFER MATERIAL FOR DELIVERY OF ONLINE MART PRODUCTS

We developed the packaging material by using wheat husk generated in the manufacturing process of flour, one of our major products. We applied this material to gift set trays, containers of products to be exported, and the buffer for online mart products to be delivered. Its usage continues to expand.



Eco-friendly buffer material



WASTE AND CONTAMINANT MANAGEMENT

ATTEMPT TO USE WASTE AS RESOURCE

In the food industry, which is directly connected to consumers in daily life, various forms of waste are generated from packaging materials. We thus make efforts to reduce the potential environmental impact of packaging material waste by using eco-friendly materials and minimizing the volume of packaging. We are also improving the process in the logistics and distribution channels to increase the rate of recycling waste.

REUSE OF BY-PRODUCT AS RESOURCE

We are working on a project designed to recycle by-products from the product manufacturing process. For instance, we convert all of the fermented by-products from the manufacturing process of amino acid products into organic fertilizers. These fertilizers are supplied to large plantations or small farms free of charge by tanks or through the liquid fertilizer transport system, contributing to the cultivation of crops.

WASTE REDUCTION AND INCREASE OF RECYCLING RATE

We are working to reduce waste in the product manufacturing process and increase the recycling rate. We are considering investment in facilities that reduce moisture in the sludge of wastewater, which is commonly generated in business sites, to accomplish the goal of reducing waste generation against the volume of manufactured products by 30% from 2015 to 2020. We also deal with waste to be incinerated and buried by exploring recycling companies and conducting strict waste-sorting activities, thereby increasing the recycling rate.

CONTAMINANTS AND ODORS CONTROL

We expand the activities at the headquarters and each of our business sites to manage the eco-friendly manufacturing process and alleviate contaminants and odors. We have established a management process and guidelines in preparation for the occurrence of contaminants and odors in the production process. Additionally, we have the information sharing and cooperation network with relevant institutions, which is aimed at minimizing the environmental impact on the local community in the case of accidents. The CJ ESH system is utilized to respond to safety and environmental issues in our business sites and conduct the inspection and management activities in an integrated way, opening the era of the network environmental management.

VOLUME OF DISCHARGED NOX, SOX AND DUST

(Unit: Ton)

Category	2014	2015	2016
NOx (Nitrogen oxide)	111	110	94
SOx (Sulfur oxide)	4.002	4.001	3.152
Dust	53	53	55

CJ CHEILJEDANG'S PROMISE FOR SUSTAINABLE GROWTH

CJ CheilJedang has focused on improvement activities with policy in preparation for various potential environmental issues, including climate change and the shortage of water resources. We will expand and reorganize the environmental safety group to prevent the environmental impact on the local community, while increasing professional talents specialized in this field and strengthen their responsibility and authority, thereby enabling proactive management of environmental safety. Moreover, we will analyze the value of the ecological environment in the local community and form a social consensus to conserve biodiversity.

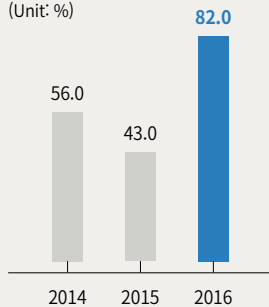
HARMONIOUS SOCIETY



Key Performance

PARTICIPATION RATE OF EMPLOYEES IN VOLUNTEER ACTIVITIES

(Unit: %)



* Please refer to page 55-66 for the details of CJ CheilJedang employees' volunteer activities.

Focus Review

TRENDS IN GLOBAL BUSINESS AREA

A company is required to fulfill its social responsibility toward the local community as its member, with a huge influence on society. Accordingly, global enterprises carry out strategic social contribution activities considering the nature of their business, beyond temporary, perfunctory activities.

THE REASON FOR CHOICE

A company not only has an economic responsibility to invest in and donate to the local community, but also needs strategic social contribution activities that form a trust between the company and community. Considering the nature of CJ CheilJedang's business, the company affects the local community through the production, sales and consumption of a variety of products in both direct and indirect ways. Therefore, executives and employees have to participate actively in social contribution activities, while making efforts to resolve local issues and facilitating the growth of community in the long term.



FIGURES DESCRIBING THE FOOD BANK PROJECT

- Since **1998**

Participated in the pilot project in 1998, Officially conducted the program from 2000
- KRW **8 billion**

Annual average donation (2000-2016)
 * The numbers converted based on Food Bank's retail price standards
- For the first time in the industry in **2012**

Introduced the concept of planned production for donation, Developed the 'Sharing of Hope Gift Set'
- About **100,000 sets**

The number of 'Sharing of Hope Gift Sets' made by 1,000 employees as volunteers for five years



'Hanppuri' campaign for cheering CJ MD1 employees



'Cooking Class for Sharing' with invited teenagers

As the No. 1 food company in Korea, CJ CheilJedang makes diversified efforts to create the culture of sharing in society. It was the first company in Korea that participated in the Food Bank project in 1998 and organized the social contribution department in 1999, upholding the concept of sharing management. We conduct strategic social contribution programs considering the features of our business, and promote social contribution customized to the working environment of each of the domestic and overseas business sites. We spread the value of sharing across the society through activities with participation of customers and employees.

BUSINESS-CONNECTED SOCIAL CONTRIBUTION REINFORCEMENT

PARTICIPATING IN FOOD SHARING

CJ CheilJedang has participated as a major player in the food sharing project closely connected to its business. The company has constantly participated in the Food Bank project that started in 1998 for 19 years, and the accumulated funds the company supported is roughly KRW 135 billion. Since 2012, our employees have made and donated the 'Sharing of Hope Gift Set' in person, the package consisting of Gochujang (red pepper paste), Doenjang (soybean paste), sugar, flour and cooking oil. Every year almost 400 employees participate in this program. We have prepared a total of 100,000 sets so far and provided them to our neighbors in need.



SPONSOR FOR 'GOOD-BYE ATOPY CAMP'

We sponsored the atopic pediatric patient family camp, hosted by the Corporation Aggregate Korea Atopy Association at a campsite in Yangju, Gyeonggi-do with participation of 40 families with a preschooler with atopy. In this event, we provided 'BYO Skin Lactobacillus' CJLP133 products, launched under our sense of duty as a company to give hope to children suffering from itchy skin, and helped them to recover their health. With our products, we will continue to conduct and sponsor various activities for the long term to help children with atopy and their families.

HANPPURI CAMPAIGN, WE CHEER FOR PEOPLE WHO WORK SWEATING SILENTLY IN UNSEEN PLACES

CJ CheilJedang's brand 'Hanppuri' promotes the campaign aimed at cheering for hard-working people in their fields and volunteers by providing products to them. In early 2016, we donated 'Hanppuri' products to firefighters with a vocation in challenging conditions, CJ MD1 employees, and 'Good Friends' volunteers. 'Hanppuri', as the brand symbolizing the root (Ppuri) of Korea (Han), will continue its activities to cheer for people who make full efforts to create a harmonious community.

COOKING CLASS FOR SHARING

CJ CheilJedang conducted a program to invite teenagers at the study room of a local children's center to 'Cooking Class for Sharing', providing them with opportunities for cooking various dishes in person, and treating the elderly living nearby with these foods. Our employees participated in the cooking class as supporters to help the teenagers cook in a safe way, and enjoyed the time to be reminded of the value of a warm meal and the respect towards the elderly. We will expand the scope of talent donation activities by conducting the 'Cooking Class for Sharing' on a regular basis.



CJ CheilJedang is committed to spreading the sharing culture across the society with customer engagement in the food sharing activities continuously carried out by the company. In addition to the expansion of donation in connection with product sales, we are exploring what we can change about sharing activities through company-wide public-interest marketing, using the SNS platform.

LETTER YOUR HEART FOR FOOD DONATION

In 2016, CJ CheilJedang carried out the ‘Letter Your Heart for Food Donation’ a food donation activity with participation of customers aimed at the growth of food sharing culture. The project works in a way that people upload the pictures of the phrase ‘I send my cordial regards’ in their handwriting on SNS and the company then donates the ‘Sharing of Hope Gift Sets’ in the same numbers as the uploads. A total of 1,000 pictures of handwriting were collected, and we provided the gift sets to our neighbors in need, through a volunteer program with participation of ordinary people, our employees and celebrities.



‘Letter Your Heart for Food Donation’

In addition to such a performance, the project served as an opportunity to show the synergy effect at the level of the entire CJ Group based on the successful cooperation with the CJ Welfare Foundation and CJ E&M.

MINEWATER BARCORDROP CAMPAIGN

CJ CheilJedang’s ‘Minewater Barcordrop Campaign’, which started in March 2012, is growing as a campaign where the company and consumers can participate in sharing activities through products. If you buy a bottle of deep sea water ‘Minewater’, we donate KRW 50. If you participate in donating KRW 100 by using the QR code, we donate KRW 50 more. In August 2016, we donated KRW 170 million, the accumulated amount donated by customers for the past three years, to the Korean Committee for UNICEF, which will be used in the drinking water support project for African children suffering due to the pollution of drinking water. CJ CheilJedang provides an opportunity for good consumption in daily life, driving the attention of consumers to the current status of drinking water and hygiene around the world. This is part of our efforts to continue global social contribution activities to resolve global issues.



Deep sea water ‘Minewater’



CJ CheilJedang considers employees as the main players for fulfilling its social responsibility and encourages them to participate in a range of volunteer programs and campaigns. As a result, 82% of the employees participated in volunteer activities for 9 hours on an average in 2016, showing a growing interest of employees in social contribution.

VITALIZING VOLUNTEER CLUBS

We organized volunteer clubs by combining talent development for employees and volunteer activities. In 2016, the Mural Painting Volunteer Club carried out 6 volunteer programs for 618 hours with 103 club members, improving the landscape of the downtown areas in poor conditions and contributing to environment conservation. We will encourage the organization of volunteer clubs in connection with talent development activities for employees, and support their volunteer programs in various fields.



Mural painting volunteer club

EMPLOYEES’ VOLUNTEER ACTIVITIES

Category	2014	2015	2016
Participation time (hour)	20,081	16,538	35,435
No. of participants* (person)	2,515	2,048	3,919
Average hours of participation per employee (hr/person)	8.0	8.1	9.0
Participation rate (%)	56	43	82

* The overlapped count is excluded.

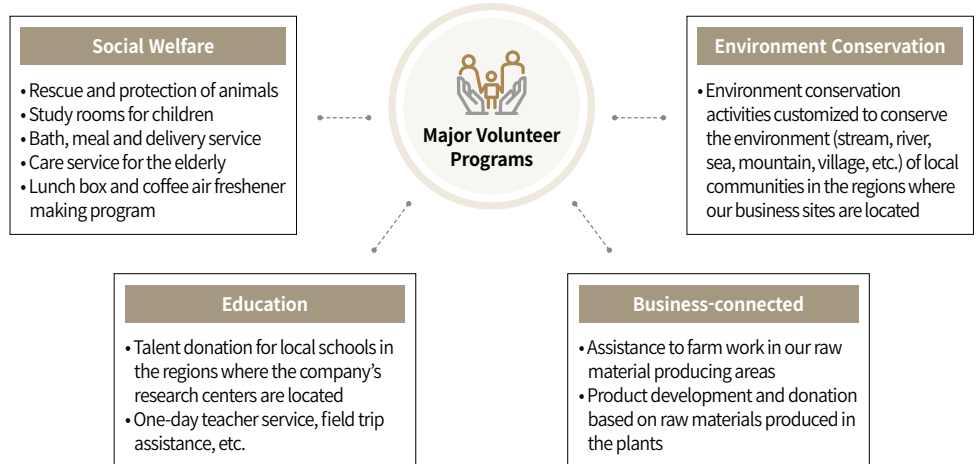


Bazaar support activities

VOLUNTEER WEEK CAMPAIGN

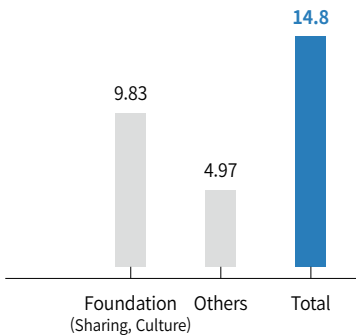
We have a paid volunteer activity system where our employees can participate in volunteer programs during working hours. We run the 'Volunteer Week' twice a year to provide employees who cannot easily participate in volunteer activities in daily life with opportunities to join the volunteer works, increasing the value of volunteer activities. During the Volunteer Week in 2016, a total of 3,000 employees spent 10,000 hours in volunteer activities.

MAJOR VOLUNTEER SERVICE WITH EMPLOYEE PARTICIPATION



AMOUNT OF DONATION AS OF 2016

(Unit: KRW Billion)



REGULAR DONATION BY EMPLOYEES

The CJ Donors Camp of the CJ Welfare Foundation, established on CEO's sharing philosophy 'Poverty should not be passed on to the next generation because of educational inequality', is the online social contribution platform designed to support children and teenagers from disadvantaged households to have dreams. As of late 2016, 97% of CJ CheilJedang's employees participated in the regular donation program of the CJ Donors Camp.

SUPPORT FOR MENTORING PROGRAM

CJ CheilJedang, through the CJ Donors Camp, initiated career and personality mentoring programs, including one for college students in 2012 and the 'Dream Building Creativity School' in 2013, and has supported children to design their future and achieve personal growth on their own. We will actively participate in the 'Dream Building Project' of CJ Group's cultural industry sector. With this effort, we will build a virtuous circle ecosystem for sharing, where children can be given equal opportunities for education and have dreams, spreading the values and outcome of the 'Dream Building' projects.





CJ CheilJedang implements community-based social contribution activities by providing products and technologies to address social and environmental issues around the world where the company operates its business. For instance, we have nurtured farms and provided health and education programs in developing countries in Asia based on the nature of the food business. We are committed to provide a better life to the people around the world by making proactive social contribution plans to promote our unique values.




CSV ACTIVITIES RURAL DEVELOPMENT IN VIETNAM



Rural development CSV in Vietnam

As a member of the global community, CJ CheilJedang makes efforts to achieve shared growth with countries and local communities where it operates its business. The company utilizes its business capacity to deal with global issues, including poverty alleviation, human resource development, and vocational training, thereby developing a differentiated model for shared growth. Tapping into our food manufacturing and distribution capacity, since 2014 we have conducted a public-private joint project in cooperation with KOICA, K-Water and Yeungnam University. This project was designed to increase the agricultural income of local residents and build the capacity of rural villages to stand on their own in Tỉnh Ninh Thuận, one of the regions of extreme poverty in Vietnam. As part of the project, we supplied Korean red pepper seed to farms in Vietnam and transferred agricultural techniques required to cultivate the supplied variety of red pepper, contributing to the growth of the Vietnamese agricultural industry. We also assist the capacity building of rural areas in the nation by improving conditions in villages and supporting microfinance. Thanks to this program, farms in Vietnam can learn advanced agricultural techniques and create a stable income, while CJ CheilJedang secures a stable supply of agricultural products. This is a differentiated global CSV model for shared growth with farmers in Vietnam.

MAJOR GLOBAL SOCIAL CONTRIBUTION PROGRAMS

 <p>U.S.</p> <ul style="list-style-type: none"> • Support various events and conduct volunteer programs from 2013, forming bonds with the community as a member of society <ul style="list-style-type: none"> - Support the Honor Flight event (participate in the Guardian activity, Speech, etc.) - Participate in the Dragon Boat event - Local volunteer activities, including other United Way Donation events, police office and fire station welfare improvement activities, park cleaning activities, etc. 	 <p>Indonesia</p> <ul style="list-style-type: none"> • Promote the local community CSV model using the nature of our business and infrastructure <ul style="list-style-type: none"> - Discover promising local coconut sugar brands, and support design, promotion, marketing and sales (cooperative project with KOTRA) - Purchase tapioca produced in the eastern Java region, and provide quality guide and techniques (cooperative project with the provincial government and public enterprises) • Support to conserve and nurture traditional local culture • Health and Well-being program • Education and employment support (human resource development and infrastructure establishment) 	 <p>China</p> <ul style="list-style-type: none"> • Conducted 'One company or plant – one stream' activities in 2016 with participation of 260 employees of the bio plants in Shenyang and Liaocheng to clean up streams • The Liaocheng plant has carried out regular volunteer activities with employees and external institutions since October 2015. • Won the honor of the advanced company with charity projects, presenting an exemplary case of a global eco-friendly company
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CJ CHEILJEDANG'S PROMISE FOR SUSTAINABLE GROWTH

In addition to food sharing programs, CJ CheilJedang is planning to implement more social contribution activities in 2017 by using the nature of its business, including raw materials and products. Further, we will establish a social contribution activity system and promote the systematic operation of relevant programs through social contribution target setting and continued communication within the company. We will strengthen our overseas social contribution activities towards being recognized as a global social-value-based company.

STRUCTURE OF SUSTAINABILITY



CJ CheilJedang has a sustainability management system to fulfill its social responsibility and duty in a sincere manner. We hope to ensure a sustainable future as a company implementing various activities and building trust in each field of business. We will be committed to upholding our basics and principles and taking a leap to become a global company that creates healthy, happy and convenient lifestyles.



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GOVERNANCE

We aim to become a healthy company based on fair and transparent governance.



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INTEGRITY MANAGEMENT

We support integrity management based on CJ Group's unique value system.



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RISK MANAGEMENT

We maintain stable management with upgraded company-wide risk management.



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66

HUMAN RESOURCES MANAGEMENT

We build 'Injaejil (people first)' CJ CheilJedang where the members are happy.

GOVERNANCE



FORMATION AND OPERATION OF THE BOARD OF DIRECTORS

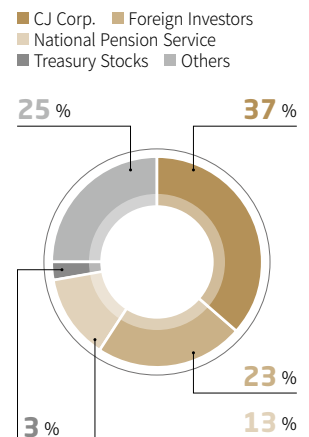
SHAREHOLDERS

CJ CheilJedang reports its overall business performance to its shareholders in its regular General Meeting. Opinions suggested by shareholders are examined and approved by the management and the Board of Directors (BOD), and then reflected in the major decision-making process of the company. As of December 31, 2016, CJ CheilJedang's largest shareholder is CJ Corp. with 36.7% of the total shares. The company protects the rights of minority shareholders and listens to their opinions through various communication channels. As of late 2016, minority shareholders are holding 45.7% (6,009,817 shares) of the total ordinary shares of the company.

BOARD OF DIRECTORS

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

SHAREHOLDERS (Unit: %, Share)



COMPOSITION OF BOD (AS OF MARCH 2017)

Category	Name	Major Careers	(Re) Appointment Date	Subcommittees		
				Remuneration Committee	Audit Committee	External Director Recommendation Committee
Internal Directors	Sohn Kyung-shik	Chairman, CJ Corp.	MAR 18, 2016	●		
	Kim Chul-ha	CEO, CJ CheilJedang	MAR 21, 2014	○		
	Shin Hyun-jae	Head of General Management, CJ Corp.	MAR 24, 2017	○		
External Directors	Lee Ki-su	Emeritus professor, School of Law at Korea University	MAR 18, 2016	○	○	●
	Choi Jeong-pyo	Professor, Department of Economics, Konkuk University	MAR 18, 2016	○	○	○
	Kim Kap-soon	Vice Chairman, Deloitte Korea	MAR 18, 2016	○	●	○
	Bang Yung-jue	Professor, College of Medicine at Seoul National University	MAR 21, 2014	○	○	○

*The chair of each subcommittee is marked with a black circle

SUBCOMMITTEES OF BOD

There are three subcommittees under the BOD, including the Audit Committee, the External Director Candidate Recommendation Committee, and the Remuneration Committee. All members of the Audit Committee are external directors to ensure independence from the management, enhancing the legitimacy and transparency of accounting and work process of the company. The External Director Candidate Recommendation Committee recommends candidates for the position of new external directors. It selects the candidates in accordance with laws, Articles of Association, and the rules of the BOD to ensure fairness in the director appointment process. The Remuneration Committee determines agendas on the adequate performance evaluation and remuneration system for executives and the performance index assessment for the payment of long-term incentives.

OPERATION OF BOD WITH EXPERTISE AND ENHANCED RESPONSIBILITY

In the external director appointment process, we consider expertise and work competence and appoint 2 management experts, 1 legal expert, and 1 medical expert to secure field-specific knowledge and diversity. External directors monitor and check the specific field of the overall business management, and also provide objective suggestions as faithful facilitators. We provide major management issues to them on a regular basis and support their other activities so that they can strengthen their expertise and better understand the 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 2016, a total of 8 BOD meetings were carried out to discuss 18 agendas, including the appointment of the CEO, the Chair of the BOD, and the members of the subcommittees. The BOD achieved high operational performance with the attendance rate of external directors reaching 96.9% in this period. Major decisions made by the BOD and its subcommittees and the attendance status are disclosed in the business report to provide the information on the BOD operation in a transparent way.

OPERATION OF BOD

(Unit: Case, %)

Category	Unit	2014	2015	2016
Regular BOD meetings	Case	4	5	5
Temporary BOD meetings	Case	5	3	3
Total BOD meetings	Case	9	8	8
Discussed agendas	Case	23	18	18
Internal director attendance	%	66.7	66.7	70.8
External director attendance	%	97.1	96.9	96.9

DECISION-MAKING SYSTEM OF BOD

The BOD members share agendas to be discussed and relevant issues before the meeting to conduct an in-depth examination of the agendas in advance and actively express opinions. The Chair of the BOD is assigned to an internal director, and all directors have equal rights to present suggestions, thereby securing the objective and professional decision-making process. The BOD identifies major contemporary issues with stakeholders through internal and external communication channels, and fulfills its responsibility as facilitators of the company.

EVALUATION AND REMUNERATION

The BOD members receive remuneration in accordance with the relevant rules within the limit approved by the general meeting of shareholders. The adequate level of remuneration for the management and executive directors is also determined through a fair evaluation. The assessment of the management and executive directors is conducted comprehensively based on the bibliometric measurement (sales, business profits, etc.) and non-bibliometric measurement (leadership, core capacity level, CSV activities, other contribution to the company, etc.).

INTEGRITY MANAGEMENT



INTEGRITY-BASED MANAGEMENT

CJ CheilJedang has established the Integrity Management system, highlighting ‘integrity,’ one of the core values of the management philosophy of CJ Group. To make a clean and healthy company, we conduct the regular audit and additional audit if any particular issue emerges, thereby addressing issues in advance. We also provide various Integrity Management education programs to employees to help them internalize the sense of ethics and comply with the legal standards and the Regulation on Ethical Behavior.

INTEGRITY MANAGEMENT IMPLEMENTATION STRUCTURE



REGULATION ON ETHICAL BEHAVIOR

CJ CheilJedang’s Regulation on Ethical Behavior presents the basic direction for Integrity Management, encouraging employees in domestic and overseas business sites to be well aware of the ethical Code of Conduct by pledging to practice ethical behaviors and put Integrity Management into practice.

INTEGRITY MANAGEMENT EDUCATION

CJ Group provides the Integrity Management education, including ethics, information security and fair transactions, while CJ CheilJedang also has a range of its own education courses to spread transparent management and fair trade culture. In particular, in response to the enactment of the Improper Solicitation and Graft Act, we opened a new course to conduct a company-wide education program, including overseas operations.




Category	Education Programs	No. of Participants (person)		
		2014	2015	2016
Integrity Education	<ul style="list-style-type: none"> • Provide a mandatory online education program about various principles that employees should put into practice, including integrity, to all domestic employees • The number of target employees and participants dropped from 2015 due to the spin-off of CJ Healthcare in 2014. 	5,460	4,490	4,818
Improper Solicitation And Graft Act Education (From 2016)	<ul style="list-style-type: none"> • Conducted 8 courses of education targeting the purchasing and production divisions/departments (350 employees completed the program) • Business sites and local offices in Indonesia (Pasuruan, Jombang) included 	-	-	347
Fair Trade	<ul style="list-style-type: none"> Shared Growth Agreement Education The Fair Transactions In Subcontracting Act Education Unfair Support Education Fair Agency Transactions Act Education Education For Purchasing Department Staffs 	220	200	280
Copyright Education	<ul style="list-style-type: none"> • Employees of the design center and the departments of marketing and product development • Education about legal grounds for the use of characters, cases and pictures in the design of products 	20	30	50



Fair Agency Transactions Act education

INTEGRITY MANAGEMENT COMMUNICATION

CJ CheilJedang collects reports on unfair handling of works, unreasonable request, and corruption of its domestic and overseas employees from customers, SME suppliers and employees through various channels in hopes of achieving Integrity Management providing 'Ethics Newsletter' to spread Integrity Management in a systematic way.

Ethics Newsletter	Global Whistle System	Cyber Audit Center
 <ul style="list-style-type: none"> • Provide the employees behavior guidelines and the cases of wrong-doings once or twice a month • Send the newsletter to domestic and overseas business sites including Korea, China, Indonesia, Vietnam and Philippines (and will be expanded to all countries where the company operates business, including the U.S. and Europe). 	 <ul style="list-style-type: none"> • Expand the scope of the operation of CJ Group's reporting system to all countries where the company operates its business. • Both real-name and anonymous reports are accepted, and the details are not disclosed. 	 <ul style="list-style-type: none"> • Operate the Cyber Audit Center on the company's website targeting customers and SME suppliers • The identity of informant is strictly concealed.

INTEGRITY MANAGEMENT OF SUPPLIERS

FAIR TRADE PROGRAM

CJ CheilJedang runs a wide range of programs to spread fair trade culture and help employees voluntarily observe the principles of transactions. The department related to fair trade takes the relevant education program to comply with laws. We also strengthen self-supervision through the internal law-abiding monitoring system, including the internal audit on subcontracting and fair trade affairs, the amendment of the standard manufacturing consignment contract, and the check on issues about subcontracting-related laws. We encourage anyone to report violations of the Monopoly Regulation and Fair Trade Act on the intranet, thereby pursuing fair competition and transactions of employees.

FAIR TRANSACTIONS EXPANSION WITH SME SUPPLIERS

CJ CheilJedang considers social responsibility of a company, including morality and corporate culture, as part of the management index items in the process of selecting SME suppliers. The company and all SME suppliers should fill out a clean contract implementation declaration sheet when entering into a supply contract. In particular, we established the purchasing ethics management guidelines, and the employees of the company and SME suppliers, including farms, should write a purchasing ethics declaration sheet when signing a contract. We will strengthen the execution of the ethical management of SME suppliers, thereby establishing fair trade practices in the supply chain.

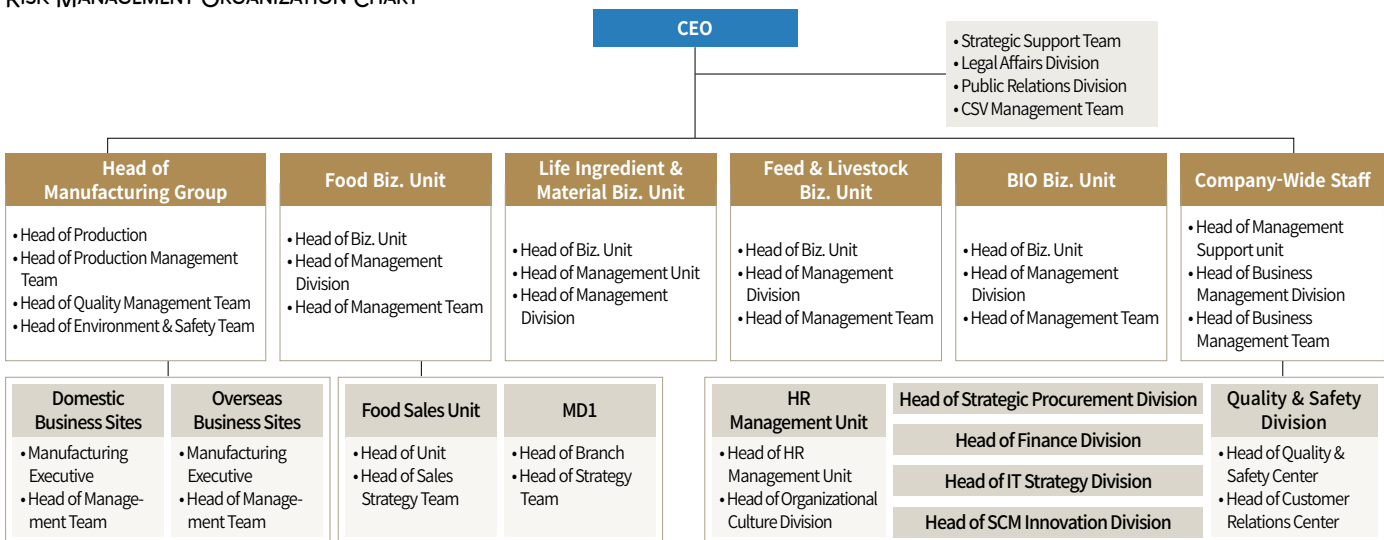
RISK MANAGEMENT



RISK MANAGEMENT SYSTEM

CJ CheilJedang manages risks that may arise in the overall process of management in a systematic way. We have clarified the responsibility and authority of each division and department and established the detailed standards of risks, thereby swiftly sharing information and strengthening response strategies. We provide a regular education program about the risk management system and criteria to domestic and overseas employees so that they can enhance their capacity of identifying and controlling risks. This preemptive management minimizes risk-driven loss and creates sustainable profits.

RISK MANAGEMENT ORGANIZATION CHART



RISK RESPONSE PROCESS

In the case of risk, we swiftly share the information and conduct an analysis based on the emergency response process so that the department hit by the relevant risk and that in charge of risk response, can take proper actions in each situation. The risk response department conducts the post evaluation and record management to prevent the recurrence of the risk, avoid other potential risk factors and reorganize the risk response process.

DEFINITION AND MANAGEMENT OF CORE RISKS

CJ CheilJedang analyzes current internal and external factors including environment, safety, health, quality and market conditions, and draws and manages potential risks related to its business. We define risk factors with expected major influence on our future business as core risks and manage them. We have built a swift response system by classifying these risk factors into financial and non-financial risks.

FINANCIAL RISKS

CJ CheilJedang is committed to growing into a global lifestyle company and conducting swift analysis and proper response to various financial risks. We established the market risk management system to proactively respond to market changes, while monitoring the rapidly-changing conditions, such as grain prices and interest rates, to reduce the foreign-exchange risks due to exchange fluctuations, thereby minimizing financial loss.

COMPANY-WIDE RISK REPONSES PROCESS



MARKET RISK MANAGEMENT

We operate a Trend Strategy Team under the marketing department to analyze rapidly-changing market conditions and swiftly respond to all potential market risks. We analyze changes in domestic and overseas population and the trend of each age group and social class, thereby identifying the consumption environment and consumer needs. Based on the result, we focus on detecting market risks and responding to them.

RISK MANAGEMENT REGARDING FLUCTUATIONS IN SUPPLY AND DEMAND OF GRAINS

Given the fluctuations in the supply and demand in the market including grain yield and prices, we have made efforts to manage subsequent risks in advance, including falling demand and sales and increasing cost. We conduct regular monitoring of the global grain market conditions to predict changes in supply and demand, and continue R&D projects to develop substitute materials to reinforce preemptive response.

NON-FINANCIAL RISKS

Non-financial risks have a major impact on the sustainable growth of a company, which include social and environmental risks. We detect non-financial risk factors focusing on environmental risks such as climate change, water resources, and risks in production process, and strengthen the swift response system and stable management activities through the department in charge.

RISK MANAGEMENT FOR CLIMATE CHANGE RESPONSE

We are committed to addressing environmental issues caused by the growing production output and the subsequent increase in GHG emissions. We aim to reach the national GHG emission reduction target, 30% compared to the BAU (Business as Usual), by 2020. To this end, we have upgraded the management system based on the climate change and energy management roadmap and carried out improvement activities.

RISK MANAGEMENT FOR WATER RESOURCE

As water shortage has intensified around the globe, the international community is focusing its interest and efforts on dealing with this issue. CJ CheilJedang carried out the precise analysis of the risks that its business sites in water-stressed countries might be faced with, and finally came up with a proper countermeasure. We are making efforts to reduce water consumption and protect the water resources by strengthening the water resource management system.

RISK MANAGEMENT FOR PRODUCTION PROCESS

Since the production process is the key phase that determines the safety of our manufacturing facilities, each of our business sites and the headquarters are establishing the process to respond to potential risks in the production process. We are building the response system to analyze the harmful risk factors in each field, design and apply the detailed safety guidelines, strengthen the health and safety standards for employees, and minimize the impact of negligent accidents on the local community and environment.

TAX POLICY

CJ CheilJedang complies with the strict principles of taxation and relevant regulations in all countries where the company operates its business, including the headquarters at home. We have built a cooperative relationship with the National Tax Service and other overseas tax offices to deal with tax affairs in an ethical and transparent way. We include all relevant information in the audit report and disclose them to the public, fulfilling our obligation to pay taxes.

HUMAN RESOURCES MANAGEMENT



RESPECT FOR HUMAN RIGHTS AND DIVERSITY

As a global lifestyle company, CJ CheilJedang respects the human rights of all stakeholders as well as employees. Supporting the Universal Declaration of Human Rights, we prohibit child labor and forced labor and prevent any kinds of discrimination and unreasonable treatment due to nationality, race, gender and educational background. We also support all our employees with various attributes, including women, foreigners and the disabled, to fully realize their capabilities without any disadvantages in matters pertaining to their employment, promotion, remuneration and retirement.

RECRUITMENT

CJ CheilJedang hires 'Ilryuinjae (exceptional talents),' individuals who demonstrate the CJ spirit, to reinforce the company's fundamental competitiveness. We provide fair and equal opportunities to create jobs, and expand the scope of employment for the disadvantaged to alleviate social inequality. We also respect diversity regarding employment, and make utmost efforts to guarantee jobs of good quality.

CJ'S MODEL OF TALENTED EMPLOYEE

<p>Honest, enthusiastic and creative talent</p> <ul style="list-style-type: none"> Talented employee with good behavior and willingness Talented employee who does his/her best 	<p>Talent with global capacity</p> <ul style="list-style-type: none"> Talented employee with language skills and global mind required in the global market Talented employee who respects cultural diversity 	<p>Talent with expertise</p> <ul style="list-style-type: none"> Talented employee with core capacity and outstanding competitiveness in his/her field Talented employee who keeps up with trends in the business sector in which he/she is engaged, and who keeps learning
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TALENT CULTIVATION

CJ CheilJedang focuses on education and investment for capacity building of employees based on its founding philosophy 'Injaejeil (people first)'. The company is committed to improving the satisfaction level of employees by conducting fair and rational performance evaluation and offering compensation. It provides employees with opportunities for personal growth in the elaborated system for nurturing outstanding talents that fit the new management environment.

PERFORMANCE EVALUATION AND COMPENSATION

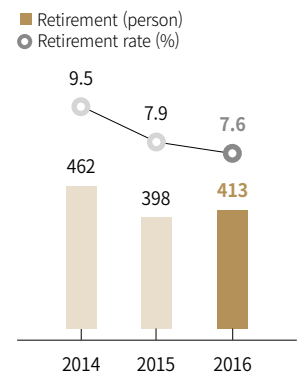
CJ CheilJedang has operated a performance-oriented HR system for all employees at home and abroad since 2000. We have secured the objectivity of the evaluation by setting a clear management target for each employee and thereby providing different levels of compensation based on the performance-oriented principle. We also support groups and individuals to achieve their goals in a stable way through constant communication between team leaders and employees. The performance evaluation is carried out based on the performance achievement rate of each group and individuals of the year, and the result serves as the criteria for compensation, incentives, promotion and other HR affairs. As of 2016, the entry-level wage for a new employee with a college degree is 191.4% of the legal minimum wage.

EMPLOYEES WHO COMPLETED THE HUMAN RIGHTS EDUCATION

(Unit: Hour, %)

Category	2014	2015	2016
Total hours of human rights education	8,270	4,666	5,003
The rate of employees who completed human rights education	100	99.6	99.7

RETIREMENT RATE



CORE CAPACITY REINFORCEMENT

CJ CheilJedang provides all employees, from staff to leaders, with opportunities for education and training aimed at improving future core capacity and expertise, thereby nurturing CJ's own exceptional talents. Our systematic capacity building education for each position and responsibility helps employees to be equipped with execution capability and cultivates experts that fit a global lifestyle company. In particular, we developed a work-training course customized to the nature of business to enhance our global competitiveness, and are now strengthening the expertise of local human resources. As of 2016, we provided 56.4 hours of education per domestic employee, and invested KRW 6.78 billion in education programs.

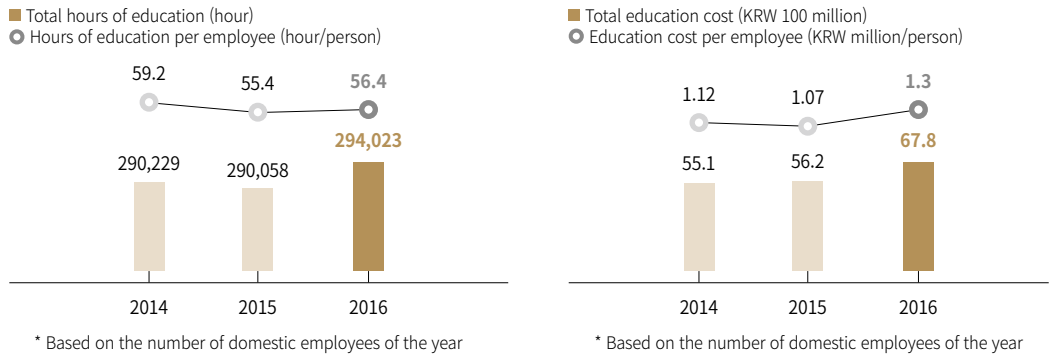


Creative problem solving training program

CULTIVATION PROGRAM FOR RESEARCHERS AT R&D HUB

After the R&D Hub was founded, CJ CheilJedang has operated various programs for human resource development in the hope of creating tangible R&D performance through the development of major products and new technologies. Pursuing the quantitative expansion of opportunities to nurture researchers, we carried out 15 courses for 17,608 hours for them in 2016 alone, with a focus on communication, collaboration and common-job capacity building.

EMPLOYEES EDUCATION



EDUCATION SYSTEM BY JOB

■ Business Division ■ CJ CheilJedang (Entire Company)

	Management Support	R&D	Production & Manufacturing	Sales & Marketing	Purchasing & SCM
G7	M&A Expert Course PMI Expert Course				Purchasing Academy
G6					Purchasing Excellence
G5	Finance Basic2 (Accounting) Finance Basic2 (Tax) Finance Basic2 (Financ. IR) HR Mentoring HR Certification (PHR/SPHR)	R&D Common Job - Patent R&D Basic R&D Job Advanced R&D-theme-specific Deep-dive Course R&D Synergy Booster	R&D PL Course Academic/Technical Training System Global Manufacturing Academy Manufacturing Technology Training	Sales Coaching Course	Purchasing Advanced
G4					Purchasing Basic
G3	Finance Basic1 (Bookkeeping) Finance Basic1 (Financing) HR Basic		Innovation Expert Supplementary Training (T3-T4 / G4-G5)	Sales Expert Course - Regular - Store improvement Sales Expert Course - Regular - Visiting Counter-selling Sales Expert Course - Competitive Selling Analysis MKT Boot Camp MKT Start-up Consumer Driven Thinking Marketing Brand Strategy Course Marketing MBA	Global Purchasing Academy (Local Staff) SCM Expert Course

HUMAN RESOURCES MANAGEMENT

CORPORATE CULTURE SYSTEM IMPROVEMENT

CJ CheilJedang is committed to establishing a prime organizational culture. We listen to the opinions of employees about the company through multiple communication channels and reflect them in the management activities, thereby increasing the satisfaction level of employees and fostering the corporate culture.

VITALIZING COMMUNICATION CHANNELS FOR EMPLOYEES

We operate an 'Open Council', a labor-management council at each region and business site. We hold the quarterly meeting and temporary meetings if necessary, adopting open communication between the management and employees. In a recent meeting, we discussed various internal events aimed at improving welfare of employees and boosting their morale, the on-site visit programs, and the in-house sales of new products at a discount price for employees. In 2016, the rate of agendas passed reached 90% in the first quarter, 85% in the second, and 100% both in the third and fourth quarters, indicating the trust between the management and employees.

RESOLVING EMPLOYEES' GRIEVANCES

CJ CheilJedang operates grievance redressal programs in a variety of formats. If an employee reports grievances, the staff in charge looks into the issue and takes proper action in a swift process. Through this system, we have improved the dormitory and cafeteria at local business sites and conducted various activities for a convivial working environment.

BALANCE BETWEEN WORK AND LIFE

We recognize the impact of employees' happiness on the sustainable growth of the company, and make efforts to create an environment where they can enjoy the 'Balance between work and life'. We have the in-house daycare center and the returnship support system for women with career breaks, as well as the 'Dream High Program' providing opportunities for experiencing the company's dimensions.

FAMILY-FRIENDLY PROGRAM

CJ CheilJedang provides various support systems to create a healthy working environment and improve the quality of life of its employees. 'Mom-Cheil Program' offers a care product package (electromagnetic wave shielding blanket, body oil, etc.) to pregnant employees. The flexible time system is targeted at pregnant employees and those on maternity leave. The 'Family Day' system encourages employees to leave the office on time twice a month. All these programs are aimed at guaranteeing the health of families and a stable living environment.

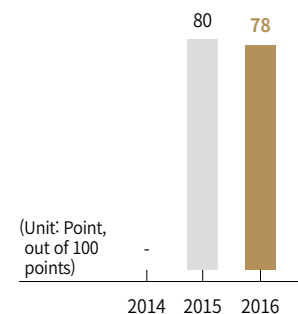
COUNSELING SERVICE FOR EMPLOYEES

We run an employee counseling center to help them properly deal with their stress and tiredness from work and personal affairs. Experts in family and career counseling check the mental state by conducting multiple psychological tests, and provide solutions and help the employees refresh their mind.

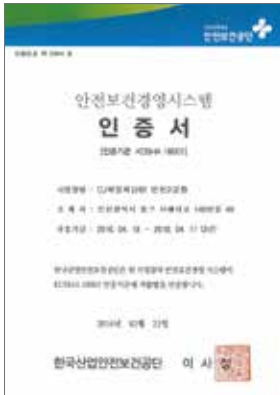


New product discount event for employees

EMPLOYEE SATISFACTION LEVEL SURVEY



* The survey was skipped in 2014 due to the internal affairs of the company.



KOSHA18001 Certification



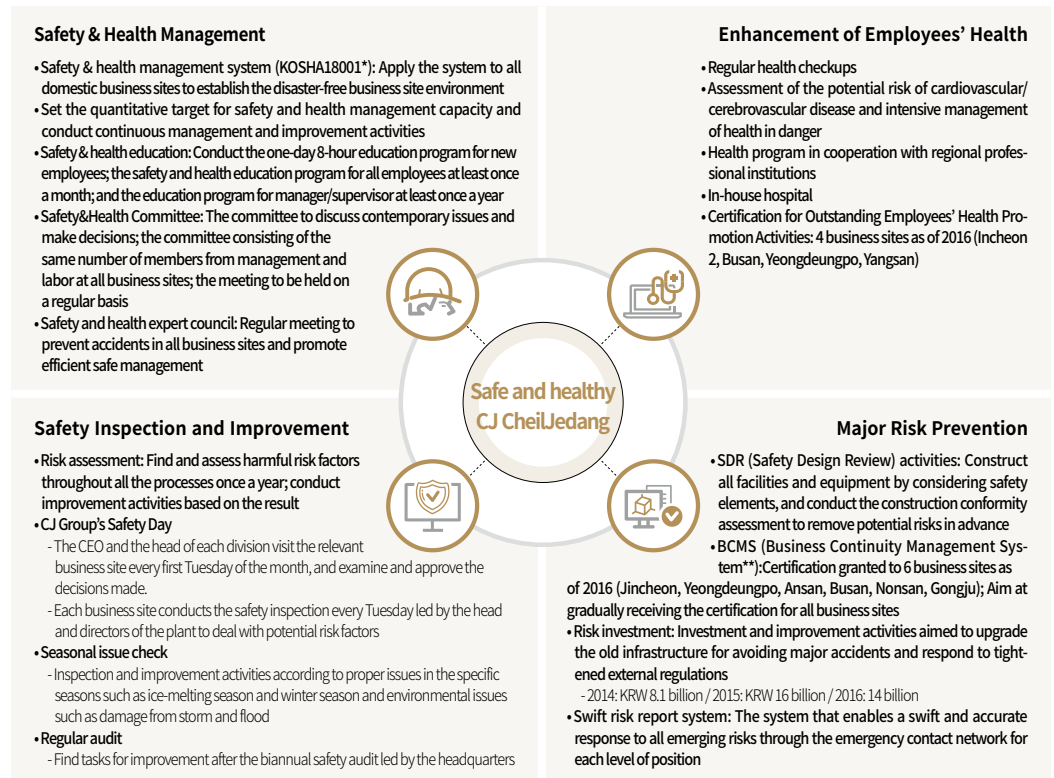
CJ Group's Safety Day



Regular Health Committee

CJ CHEILJEDANG'S SAFETY & HEALTH MANAGEMENT SYSTEM

We exert strong efforts for safety and health management to prevent major accidents due to negligence, and create a healthy environment at business sites. The headquarters reinforces the capacity for safety and health management by improving the capacity of experts and operating the regular council meeting at each business site. Each business site conducts a regular inspection to address potential risks in each field. We are also committed to preventing accidents at our business sites by reinforcing the safety/health education and promotion, thereby establishing a safe working culture.



* KOSHA18001: The autonomous safety and health system that incorporates the safety and health policy into business management and stipulates the detailed instructions and standards, thereby efficiently carrying out disaster prevention and damage reduction activities, including the regular self-evaluation of safety and health plans and improvement activities

** BCMS (Business Continuity Management System): The management system to secure the continuity of business even in disasters and risky situations, encompassing all plans, execution, inspection and evaluation aimed at securing the continuity of work in preparation for all risks and accidents

HEALTH SUPPORT PROGRAM

Category	Description
Health checkup	• Conduct an annual health checkup to promote the health of employees
Medical expense	• Support part of medical expenses to treat disease and injuries of employees, alleviating the burden on household budgets and helping the employee get back to work early
Gym	• Operate a gym within the company building and provide exercise programs and trainers for health management of employees
Psychological counseling	• Support employees to get psychological counseling about their work-related or personal affairs at the counseling centers across the nation, helping them address their problems and creating a pleasant working environment
Cardiovascular/cerebrovascular disease management	• Conduct regular blood test 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 workload	• Conduct regular heavy workload stress assessment targeting all employees every other year • Provide intensive counseling service to those in the intermediate and high-risk groups and carry out additional depression tests

APPENDIX



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FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Subject	Unit	2014	2015	2016
Revenue(Sales)	KRW 1,000	11,701,797,228	12,924,472,295	14,563,257,246
Cost of sales	KRW 1,000	9,258,425,633	10,038,444,150	11,275,152,096
Gross profit	KRW 1,000	2,443,371,595	2,886,028,145	3,288,105,150
Selling general administrative expenses	KRW 1,000	1,863,441,344	2,134,614,325	2,444,466,966
Selling general administrative expenses	KRW 1,000	579,930,251	751,413,820	843,638,184
Operating Income(Loss)	KRW 1,000	179,865,886	210,782,026	212,719,961
Finance income	KRW 1,000	409,613,817	474,173,654	424,861,509
Other income	KRW 1,000	90,984,270	96,798,258	153,546,230
Other cost	KRW 1,000	199,062,797	241,336,710	257,617,821
Income of associates and jointly controlled entities	KRW 1,000	887,415	21,326,093	957,357
Profit (loss) before tax	KRW 1,000	242,991,208	364,809,833	528,382,402
Income tax expense	KRW 1,000	105,139,888	111,143,071	174,833,653
Profit (loss)	KRW 1,000	137,851,320	253,666,762	353,548,750
Other comprehensive income	KRW 1,000	12,507,861	-11,671,804	30,217,195
Total comprehensive income	KRW 1,000	150,359,181	241,994,958	383,765,945

CONSOLIDATED BALANCE SHEET

Subject	Unit	2014	2015	2016
Current assets	KRW 1,000	3,973,270,952	4,018,510,915	4,874,197,575
Assets of disposal group held for sale	KRW 1,000	105,071,413	6,622,507	6,495,431
Non-current assets	KRW 1,000	9,409,260,061	9,732,754,143	10,885,545,533
Total assets	KRW 1,000	13,382,531,013	13,751,265,058	15,766,238,539
Current liabilities	KRW 1,000	4,122,438,480	4,335,743,182	4,699,232,648
Non-current liabilities	KRW 1,000	4,310,212,102	4,030,288,591	5,006,529,025
Total liabilities	KRW 1,000	8,432,650,582	8,366,031,773	9,705,761,673
Equity attributable to owners of the parent entity	KRW 1,000	2,984,911,212	3,143,102,119	3,409,365,139
Current capital	KRW 1,000	72,328,655	72,428,155	72,446,655
Capital surplus	KRW 1,000	910,167,698	918,335,186	919,853,765
Other accumulated earnings	KRW 1,000	-184,767,165	-181,899,318	-149,455,249
Retained earnings	KRW 1,000	2,187,182,024	2,334,238,096	2,566,519,968
Non-controlling interests	KRW 1,000	1,964,969,219	2,242,131,166	2,651,111,727
Total equity	KRW 1,000	4,949,880,431	5,385,233,285	6,060,476,866

REVENUE (SALES) BY BUSINESS DIVISION

Category	Unit	2014	2015	2016	Note
Food	KRW 100 Million	20,978	23,680	27,423	CJ Logistics excluded
Food Ingredient	KRW 100 Million	17,421	17,824	18,702	CJ Logistics excluded
Bio	KRW 100 Million	14,782	17,397	18,016	CJ Logistics excluded
Feed & Livestock	KRW 100 Million	16,177	18,054	20,129	CJ Logistics excluded

PERFORMANCE DATA

ECONOMY

RETIREMENT PENSION SYSTEM

Category	Unit	2014	2015	2016	Note
Defined benefit (DB)	KRW	157,081,018,863	178,791,574,125	217,435,741,274	
Subscription	Person	4,988	5,274	5,568	

RATIO OF ENTRY-LEVEL WAGE COMPARED TO LEGAL MINIMUM WAGE

Category	Unit	2014	2015	2016	Note
Legal minimum wage (hourly)	KRW	5,210	5,580	6,030	Legal minimum wage (hourly)
Entry-level wage for a male employee (hourly)	KRW	7,696	7,696	7,854	T1 entry-level hourly wage (Entry-level/Divided by 13/240 Hours)
Entry-level wage for a female employee (hourly)	KRW	7,696	7,696	7,854	T1 entry-level hourly wage (Entry-level/Divided by 13/240 Hours)
Ratio (Male)	KRW	148	138	130	
Ratio (Female)	%	148	138	130	

PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION

Category	Unit	2014	2015	2016	Note
The total number of overseas workers	Number of employees dispatched overseas	Person	234	236	231
	Number of Local recruits	Person	8,594	9,908	13,168
	Total	Person	8,828	10,144	13,399
Number of administrators (manager level or above) at major local sites	Person	421	461	472	
Number of administrators (manager level or above) hired from the local community at major local sites	Person	305	346	390	
Local employment rate	Person	97	98	98	
Local native administrators ratio	%	72	75	83	

INTELLECTUAL PROPERTY (PATENTS OWNED AND NEW APPLICATIONS)

Category	Unit	2014	2015	2016	Note
New applications (Number of applications submitted to KIPO in that year)	Case	483(86)	493(95)	536(95)	<ul style="list-style-type: none"> The total number of applications submitted by CJ CheilJedang and its subsidiaries (CJ HealthCare excluded) The figures in brackets indicate the patents in Korea.
Patents owned (Number of [valid patents owned + those newly registered] in that year)	Case	1,573(550)	1,785(628)	2,103(638)	<ul style="list-style-type: none"> The total number of applications submitted by CJ CheilJedang and its subsidiaries (CJ HealthCare excluded) The figures in brackets indicate the patents in Korea.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS

Category	Unit	2014	2015	2016
Spending on local suppliers	KRW 100 Million	27,766	30,358	31,106
Total spending on suppliers (purchasing)	KRW 100 Million	37,944	40,791	41,831
Proportion of spending on local suppliers	%	73.2	74.4	74.4

PERCENTAGE OF PURCHASED VOLUME UNDER COMPANY'S PURCHASING AND PROCUREMENT POLICY

Category	Unit	2014	2015	2016
Total spending amount (sum)	KRW 100 Million	37,944	40,791	41,831
Spending on suppliers compliant with company's purchasing policy (sum)	KRW 100 Million	37,944	40,791	41,831
Percentage of purchased volume from suppliers compliant with company's purchasing policy (food business)	%	100	100	100

ENVIRONMENT

VOLUME OF MATERIALS USED

Category	Unit	2014	2015	2016
Food	Ton	2,512,992	2,844,016	3,298,025
Food Ingredient	Ton	2,058,887	2,122,300	2,546,695
Bio	Ton	3,230,873	3,671,905	4,032,312
Feed & Livestock	Ton	2,557,471	2,981,113	3,258,548
Total	Ton	10,360,224	11,619,334	13,135,580

ENERGY INTENSITY

Category	Unit	2014	2015	2016
Total energy consumption	TJ	6,648	7,047	7,941
Amount of products produced	Ton	3,132,640	3,376,195	3,523,522
Intensity*	GJ/ product ton	2.12	2.09	2.25

* Intensity = (Total energy consumption)/(Amount of products produced)

WATER USAGE

Category	Unit	2014	2015	2016
Water usage	Ton	3,602,920	3,917,039	4,394,095
Total recycled and reused water*	Ton	228,363	273,640	274,501
Recycled ratio	%	6.3	7.0	6.2

* The total recycled/reused water is limited to the Incheon Plant 1 and 2.

WASTE DISCHARGE

Category	Unit	2014	2015	2016	비고
Designated waste	Recycled	Ton	97	109	95
	Incinerated	Ton	63	90	48
	Buried	Ton	120	60	13
	Others	Ton	0	0	4
	Total	Ton	280	259	160
General waste	Recycled	Ton	41,389	48,100	48,709
	Incinerated	Ton	3,738	3,927	4,353
	Buried	Ton	176	197	233
	Others	Ton	0	0	0
	Total	Ton	45,304	52,224	53,296

ENERGY CONSUMPTION

Category	Unit	2014	2015	2016
Fuel	TJ	2,792	2,868	3,082
Electricity	TJ	3,012	3,275	3,623
Steam	TJ	857	1,057	1,253
Total	TJ	6,661	7,200	7,958

TOTAL WATER WITHDRAWAL BY SOURCE

Category	Unit	2014	2015	2016
Water supply (industrial + household water)	Ton	3,515,120	3,838,231	4,308,345
Groundwater*	Ton	87,800	78,808	85,750
Total	Ton	3,602,920	3,917,039	4,394,095

* Groundwater is limited to the Gongju Plant.

WASTEWATER DISCHARGE

Category	Unit	2014	2015	2016
Wastewater discharge	Ton	2,361,762	2,737,125	3,047,383

PERFORMANCE DATA

SOCIETY

EMPLOYEES

Category	Unit	2014	2015	2016	Note
Regular	Male Person	3,807	4,024	4,273	Based on the GHR data and the year-end HR Index data
	Female Person	981	1,092	1,163	Based on the GHR data and the year-end HR Index data
	Total Person	4,788	5,116	5,436	Based on the GHR data and the year-end HR Index data
Short-term & Temporary	Male Person	60	76	43	Based on the GHR data and the year-end HR Index data
	Female Person	56	48	45	Based on the GHR data and the year-end HR Index data
	Total Person	116	124	88	Based on the GHR data and the year-end HR Index data
Total	Male Person	3,867	4,100	4,316	Based on the GHR data and the year-end HR Index data
	Female Person	1,037	1,140	1,208	Based on the GHR data and the year-end HR Index data
	Total Person	4,904	5,240	5,524	Based on the GHR data and the year-end HR Index data

EMPLOYEES SUBJECT TO REGULAR PERFORMANCE EVALUATION & CAREER DEVELOPMENT ASSESSMENT

Category	Unit	2014	2015	2016	Note
Employees subject to evaluation and assessment	Person	4,472	4,721	4,687	
Ratio of employees subject to evaluation and assessment	%	100	100	100	

PARENTAL LEAVE

Category	Unit	2014	2015	2016	Note
Employees eligible for parental leave	Male Person	164	197	174	Based on the number of employees who applied for maternity leave in that year (2014, 2015, 2016)
	Female Person	83	92	66	
Employees who took parental leave	Male Person	2	2	10	Based on the number of employees who took parental leave in that year (2014, 2015, 2016)
	Female Person	75	77	61	
Employees who returned from parental leave	Male Person	2	0	2	Based on the number of employees who completed parental leave in the previous year; the total number of returned employees
	Female Person	48	52	67	
Employees who worked for more than 12 months after returning from parental leave	Male Person	1	0	1	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 365 days after returning from parental leave
	Female Person	39	47	62	
Ratio of the employees who returned from parental leave	Male %	50	0	100	Ratio of the employees who took parental leave in the previous year and returned in that year
	Female %	77	69	87	
Ratio of the employees who worked for more than 12 months after returning from parental leave	Male %	50	-	50	Ratio of the employees who returned from parental leave in that year and then worked for more than 12 months
	Female %	81	90	93	

SAFETY AND HEALTH

Category	Unit	2014	2015	2016	Note
Rate of injury	%(Case)	0.24 (4)	0.06 (1)	0.32 (6)	Number of industrial accidents in domestic business locations
Rate of occupational diseases	%	0	0	0	Number of the occupational disease cases that occurred in domestic business locations
Rate of lost days	%	0.05	0.07	0.11	Number of lost days due to industrial accidents in domestic business locations
Total number of work-related fatalities	Person	0	0	0	

NEW EMPLOYEES

Category	Unit	2014	2015	2016	Note
Korea	Male Person	331	461	547	
	Female Person	141	209	170	
	Total Person	472	670	717	
Overseas	Total Person	805	1,201	1,880	

EMPLOYEES FROM SOCIALLY DISADVANTAGED GROUPS

Category	Unit	2014	2015	2016	Note
Disabled	Person	45	45	78	
Veterans	Person	22	22	21	
Part-time	Person	120	124	203	
Dispatched	Person	29	24	38	

ACTIONS TAKEN AGAINST UNFAIR TRANSACTIONS

Category	Unit	2014	2015	2016	Note
Number of actions taken against unfair transactions		0	1	0	

* Examples of unfair transactions: Abuse of the dominant position in the market, unreasonable collusion, etc.

GRI G4 INDEX

GENERAL STANDARD DISCLOSURES

Index	Index description	SDGs	Page/Note
Strategy and Analysis			
G4-1	CEO Message		4-5
G4-2	Key impacts, risks, and opportunities		4-5
Organization Profile			
G4-3	The name of the organization		2
G4-4	The primary brands, products, and services		9-15
G4-5	The location of the organization's headquarters		2
G4-6	The number of countries where the organization operates, and names of countries		16-17
G4-7	The nature of ownership and legal form		9, 60
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)		16-17
G4-9	The scale of the organization		9-17
G4-10	Employees by employment contract, permanent employees by employment type and workforce by region	Goal 8	74
G4-11	The percentage of total employees covered by collective bargaining agreements		-
G4-12	The main elements of the supply chain in relation to the organization's primary activities, products, and services	Goal 16, 17	38-45
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership		No material change
G4-14	Whether and how the precautionary approach or principle is addressed by the organization		64-65
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		21
G4-16	List of memberships of associations (such as industry associations) and national or international advocacy organizations		2
Identified Material Aspects and Boundaries			
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents		16-17
G4-18	The process for defining the report content		23
G4-19	The material Aspects identified in the process for defining report content		23
G4-20	Aspect Boundary within the organization		22-23
G4-21	Aspect Boundary outside the organization		22-23
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements		2
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		2
Stakeholder Engagement			
G4-24	A list of stakeholder groups engaged by the organization		22
G4-25	The basis for identification and selection of stakeholders with whom to engage		22
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group		22
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns		22
Report Profile			
G4-28	Period for information provided		2
G4-29	Date of most recent previous report		2
G4-30	Reporting cycle		2
G4-31	The contact point for questions regarding the report or its contents		2
G4-32	GRI Content Index for the 'in accordance' option chosen		2
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report		78-79
Governance			
G4-34	The governance structure of the organization, including committees of the highest governance body		60-61
Ethics and Integrity			
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Goal 16	18-19
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Goal 16	62-63
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Goal 16	62

GRI G4 INDEX

SPECIFIC STANDARD DISCLOSURES

Index	Index description	SDGs	Page/Note	
Economics	Economic Performance Disclosures on Management Approach		26	
	G4-EC1	Direct economic value generated and distributed	Goal 8, Goal 9	22, 71
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Goal 13	48
	G4-EC3	Coverage of the organization's defined benefit plan obligations		72
	G4-EC4	Financial assistance received from government	Goal 2, Goal 3	-
	Market Presence			
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		72
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		72
	Indirect Economic Impacts			
	G4-EC7	Development and impact of infrastructure investments and services supported	Goal 9	54-57
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	Goal 1, 10, 11	39-45, 54-57
	Purchase Procedure DMA(Disclosures on Management Approach)			38
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Goal 8	72
	G4-FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy		72
	G4-FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard		40
Environments	Materials DMA(Disclosures on Management Approach)		46	
	G4-EN1	Materials used by weight or volume	Goal 7	73
	G4-EN2	Percentage of materials used that are recycled input materials		As a foods company, CJ CheilJedang does not reuse or recycle raw materials
	Energy DMA(Disclosures on Management Approach)			46
	G4-EN3	Energy consumption within the organization		73
	G4-EN4	Energy consumption outside of the organization		73
	G4-EN5	Energy intensity		73
	G4-EN6	Reduction of energy consumption	Goal 7	49
	G4-EN7	Reductions in energy requirements of products and services	Goal 7	49
	Water			
	G4-EN8	Total water withdrawal by source	Goal 6	73
	G4-EN9	Water sources significantly affected by withdrawal of water	Goal 6	-
	G4-EN10	Percentage and total volume of water recycled and reused	Goal 6	73
	Emissions DMA(Disclosures on Management Approach)			46
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Goal 13	48
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Goal 13	48
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Goal 13	-
	G4-EN18	Greenhouse gas (GHG) emissions intensity	Goal 13	48
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	Goal 13	48
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Goal 13	No such cases
	G4-EN21	NOX, SOX, and other significant air emissions	Goal 13	52
	Effluents and Waste DMA(Disclosures on Management Approach)			46
	G4-EN22	Total water discharge by quality and destination	Goal 6	73
	G4-EN23	Total weight of waste by type and disposal method	Goal 6, Goal 14, Goal 15	73
	G4-EN24	Total number and volume of significant spills	Goal 6, Goal 14, Goal 15	No such cases
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Goal 6, Goal 14, Goal 15	No such cases
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Goal 6	-	

Index	Index description	SDGs	Page/Note
Environments	Supplier Environmental Assessment DMA(Disclosures on Management Approach)		38
	G4-EN32 Percentage of new suppliers that were screened using environmental criteria		40, 45
	G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken		45
Labor	Employment		
	G4-LA1 Total number and rates of new employee hires and employee turnover (age group, gender, and region)	Goal 8	74
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Goal 8	66-69
	G4-LA3 Return to work and retention rates after parental leave, by gender	Goal 5	74
	Occupational Health and Safety		
	G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Goal 8	69
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Goal 8	74
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	Goal 8	74
	G4-LA8 Health and safety topics covered in formal agreements with trade unions	Goal 8	69
	Training and Education		
	G4-LA9 Average hours of training per year per employee by gender, and by employee category	Goal 8	67
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Goal 8	67
	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category DMA	Goal 8	74
	Labor Practices Grievance Mechanisms		
	G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		68
	Human Rights	Investment	
G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			63
G4-HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained			66
Child Labor			
G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor			66
Forced or Compulsory Labor			
G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor			66
Indigenous Rights			
G4-HR8 Total number of incidents of violations involving rights of indigenous peoples and actions taken			No such cases
Society	Local Communities DMA(Disclosures on Management Approach)		53
	G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	Goal 3, 4, 16, 17	54-57
	G4-SO2 Operations with significant actual and potential negative impacts on local communities		No such cases
Product Responsibility	Customer Health and Safety DMA(Disclosures on Management Approach)		32
	G4-PR1 Percentage of significant products and services categories for which health and safety impacts are assessed for improvement		34
	G4-FP5 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		89.8% (Based on HACCP certification)
	Product and Service Labelin		
	G4-PR5 Results of surveys measuring customer satisfaction	Goal 12	36
	Customer Privacy		
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Goal 12	No such cases

INDEPENDENT ASSURANCE STATEMENT

INTRODUCTION

CJ CheilJedang Corporation (“CJ CheilJedang”) commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of the Sustainability Report 2016 (the “Report”). The directors of CJ CheilJedang have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of CJ CheilJedang in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

SCOPE OF ASSURANCE

The scope of assurance included a review of sustainability activities and performance data over the reporting period 1st January to 31st December 2016. This also included:

- Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

BASIS OF OUR OPINION

We performed our work using DNV GL’s assurance methodology VeriSustainTM1, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out in February and April 2017. The site visits were made to CJ CheilJedang head office and plant. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system and associated reporting systems as they relate to selected content and performance data;
- reviewed the outcomes of stakeholder consultation report and the materiality assessment report;
- Site (Incheon #1 plant which produce sugar, etc.) visit and test of data gathering process;

LIMITATIONS

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

OPINION AND OBSERVATION

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly address the adherence to the Principles for defining report content in GRI G4. In addition, nothing comes to our attention to believe that the Report does not meet the GRI G4 in accordance – ‘Core’ option of reporting. Further opinions with regards to the adherence to the following Principles are made below;

STAKEHOLDER INCLUSIVENESS

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

SUSTAINABILITY CONTEXT

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

MATERIALITY

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

COMPLETENESS

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

REPORT QUALITY: ACCURACY AND RELIABILITY

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

April 2017
Seoul, Korea

Country Representative DNV GL Business Assurance Korea Ltd.

 In Kyoon Ahn

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



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