CREATING SHARED VALUE

CJ’s Commitment towards a Sustainable World

September 9th, 2015
About CJ

CJ Group now operates in 23 countries worldwide with $26 billion in total sales (2014)

Vision
Create a New Culture
For Healthy, Happy and Convenient Lifestyles

Mission
Contribute to the global community
By providing the best value to our customers with ONLYONE products and services

Founding Philosophy
Business Patriotism
(Contribute to the national economy through business)
People First
Rational Management

44,000 Employees
For us, CSV is the way of doing business. Passed down from the Founder to the current Chairman, the CSV process comes naturally from our history.

**What CSV means to us**

**Social Situation**

1. **Post Korean War**
   - Economically devastated
   - Dependent on foreign imports
   - High price of logistics

2. **Economy Turning Point**
   - Lack of competency of Korea’s manufacturing industry in the Global market
   - Established the basis of Korean manufacturing industry
     - Exporting sugar
     - Lowering sugar price
     - First modern manufacturing facility

3. **Capitalism 4.0/5.0**
   - Growing needs of CSR and shared value
   - Industrialized Korean Contents/Services to lead the Korean wave
     - Leading Korean cultural industry
     - Increasing global competency
     - Creating jobs by expanding cultural industry in global market

**CJ’s Shared Value**

- ‘99 CSR Department (Korea’s 1st)
- ‘05 CJ Welfare Foundation
- ‘06 CJ Culture Foundation
- ‘13 CSV Department (Korea’s 1st)

**CSV DNA**

- Founder Lee, Byung-chul
- Chairman Lee, Jayhyun
- Business Patriotism (CSV)
- CJ Employees
- CSV projects of Affiliates
- CJ CSV Department
CJ’s Shared Value Philosophy

### Founding Philosophy

Contribute to the national economy through business

### Management Principle

Coexistence and Co-prosperity

### Spirit of Sharing (Philanthropy)

Sustainability  
Business Relevance  
Employee Engagement

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**事業報國**  
Contribute to the National Economy through Business

**事業**  
Business Value

**報國**  
Social Value

CJ’s Social Value
First Sugar Manufacturer → CJ Group

CJ Group

The First &The Best

Sugar Manufacturer

= CJ Group

Founder of Samsung
Lee, Byung-Chul

Started Korea’s first
Sugar Factory (1953)

Chairman of CJ Group
Lee, Jayhyun

Established Korea’s first
Multiplex theater CGV (1998)
CJ’s CSV Philosophy has been underlined on principles of the diversification of CJ into 4 main business
Creating shared value in business cannot be done alone. Instead, a company has to consider every stakeholder in the society while searching for a win-win strategy for all.
## CJ’s CSV Themes & Programs

### Main Theme
- **Mutual Growth**
- **Health & Nutrition**
- **Culture & Community**

### Social Value Programs

<table>
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<tr>
<th>Theme</th>
<th>Program</th>
<th>Country</th>
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<tbody>
<tr>
<td><strong>Global Market Entry with</strong></td>
<td>Small-Medium Firms: KCON &amp; MAMA</td>
<td>🇰🇷🇺🇸🇯🇵</td>
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<tr>
<td><strong>Senior Parcel Delivery (Korea</strong></td>
<td><strong>Senior Parcel Delivery (Korea express)</strong></td>
<td>🇰🇷</td>
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<tr>
<td><strong>Season’s Table</strong></td>
<td>Restaurant for small farmers to sell produce</td>
<td>🇰🇷</td>
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<tr>
<td><strong>CJ-KOICA Saemaul CSV Project</strong></td>
<td>Creating shared value with local farmers in Vietnam</td>
<td>🇻🇳</td>
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<tr>
<td><strong>“Joy of Growing Together”</strong></td>
<td>Provide distribution network for small &amp; medium enterprises and farmers</td>
<td>🇰🇷</td>
</tr>
<tr>
<td><strong>Toto’s Film Making Class (CGV)</strong></td>
<td>Inspiring young film-makers in Korea, China, Vietnam, and Indonesia</td>
<td>🇰🇷🇨🇳🇻🇳🇮🇩</td>
</tr>
<tr>
<td><strong>CJ Azit (Culture Foundation)</strong></td>
<td>Cultural space, Talent Incubation center</td>
<td>🇰🇷</td>
</tr>
<tr>
<td><strong>Korea China Young Artists’ Short Film Festival</strong></td>
<td>Equipping Asia’s future leaders in the Film Industry</td>
<td>🇰🇷-China</td>
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</table>
CJ’s Shared Value Governance

- CEOs from all of CJ’s affiliate companies
- Monthly meetings to make all key decisions regarding CSV (e.g., project evaluation)
- Academia and industry experts
- Monthly meetings to advise on directions, trends and cases
- Planning company-wide CSV strategies
- Consulting and monitoring affiliate companies’ CSV projects
- Implementing CSV projects & businesses

CSV Management Committee
- CEOs from all of CJ’s affiliate companies
- Monthly meetings to make all key decisions regarding CSV (e.g., project evaluation)

CSV Advisory Board
- Academia and industry experts
- Monthly meetings to advise on directions, trends and cases

CSV Management Department
- Planning company-wide CSV strategies
- Consulting and monitoring affiliate companies’ CSV projects

CSV Department in Affiliates
- Implementing CSV projects & businesses
CJ is establishing processes to drive our CSV efforts

**Training & Education**
- Education for all employees (3.29 hours/year/employee)
- Continuously update information and train

**Planning & Implementing**
- Planning a business strategy that is aligned with CSV

**Communication**
- Publishing an Annual CSV Report

**Measurement**
- CSV Impact Index Frame (CIIF)
- Annual Goal Setting (KPI)
CSV Initiative: Sustainable Agricultural Development in Rural Vietnam

- Rural Development PPP with the public sector (KOICA, K-Water), private sector (CJ, Syngenta), government (Vietnam, Ninh Thuan Province), and academia (Yeungnam University) → Maximizing collective impact

- Contract-cultivation and procurement of Red Chili Peppers
- Improving the quality of life for Ninh Thuan villagers through CJ Saemaul CSV

Opportunity

Social Opportunity
- Poverty in rural areas
- Lack of well-established agricultural development
- Lack of motivation and education

Business Opportunity
- Need to trace the origins of agricultural ingredients
- Limited supply sources
- Needs for Globalization of Korean food

CJ-KOICA Saemaul CSV Project

Creating Shared Value

Social Value
- Increasing income
- Transfer of technical skills and increasing agricultural productivity
- Motivating and training farmers with the “New Village Movement (Saemaul)”

Business Value
- Securing high quality agricultural products
- Vietnam as an important emerging strategic partner
- Development of localized products
CSV Initiative: Senior Parcel Delivery

- New job creation for seniors and utilizing eco-friendly small vehicles
- Providing effective delivery services for towns where normal delivery vehicles do not have access

### Opportunity

#### Social Opportunity
- Senior citizens’ social isolation and loneliness, economic hardships
- Environmental pollution

#### Business Opportunity
- Shortage of delivery workers
- Difficult accessibility, distant and secluded areas

### Creating Shared Value

#### Social Value
- Local community development by creating jobs for seniors
- Eco-friendly logistics

#### Business Value
- Solves shortage of delivery workers
- Improved delivery effectiveness and increased collection of cargo
- Created business results of cost reduction: $200K (2013)
CJ will also contribute to the global community by implementing CSV in the societies and countries CJ has expanded to

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Summary</th>
</tr>
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<tr>
<td>June 13, 2014</td>
<td>NHK News Interview (Japan)</td>
<td>Senior Parcel Delivery</td>
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<tr>
<td>Sep. 17(^{th}), 2014</td>
<td>CSR Asia Summit 2014 (Hong Kong)</td>
<td>CJ’s Philosophy &amp; Action For a Sustainable World</td>
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<tr>
<td>Dec. 3(^{rd}), 2014</td>
<td>The 1(^{st}) Porter Prize for Excellence in CSV (South Korea)</td>
<td>Porter Prize: Process Award</td>
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<td>Jan. 27(^{th}), 2015</td>
<td>CSR Asia Tokyo Forum 2015 (Japan)</td>
<td>CJ’s Commitment towards a Sustainable World</td>
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<td>Apr. 8(^{th}), 2015</td>
<td>IFC CSV Forum (South Korea)</td>
<td>CJ-KOICA Saemaul CSV Project In Rural Vietnam</td>
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<tr>
<td>May 13(^{th}), 2015</td>
<td>2015 Shared Value Leadership Summit (USA)</td>
<td>How to mobilize a CSV Organization</td>
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The CJ Experience

Lessons Learned

1. CJ’s top-down approach is effective because of the strong leadership vision and commitment to CSV philosophy

2. CSV is an effective tool for strengthening teamwork and boosting employee morale and motivation

3. Top-down approach should be complemented by a bottom-up approach through employee engagement

Challenges

1. It takes time and perseverance until CSV is fully engaged by all employees

2. Measurement and effective communication is very important for continued engagement within the organization