

# EMBRACING SUSTAINABILITY

JAPFA LTD  
SUSTAINABILITY REPORT 2019





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# A MESSAGE FROM OUR CEO

Dear Stakeholders,

Sustainability is deeply rooted in the Company's vision and in what we do every day, which is nourishing millions of people with affordable staple protein foods. Over time, more and more people across our Group have embraced sustainability in their daily activities. To emphasise this relentless progress, we chose ***Embracing Sustainability*** as the theme for our 2019 sustainability report.

As part of our sustainability journey, we aim to grow Japfa's business in a responsible manner and positively impact all our stakeholders - from consumers and contract farmers to employees, shareholders and the community. Society faces many challenges, including malnutrition, food security and climate change. Being an agri-food company dedicated to feeding the huge and growing population in emerging Asia, Japfa is in the unique position to contribute positively in addressing some of these challenges. We take this responsibility seriously because we can help improve the lives of millions of people. Our vision is clear: we want to grow together with our stakeholders and be prosperous.

We are aware of the importance of ensuring food security while preserving natural resources and ecosystems. Ultimately, we recognise the importance of sustainability for the long-term success of Japfa. As part of our industrialised business model, we aim at integrating sustainability in our operations and corporate culture. We seek better ways to improve our sustainability efforts by

setting concrete goals, taking appropriate actions and continuously monitoring outcomes.

Our people understand the importance of adopting a sustainable approach in our farms and offices by implementing actions that positively impact our stakeholders. With this in mind, everyone works hand-in-hand to achieve sustainable operations in every country that we operate in.

As CEO, I cannot be prouder of our people and how many have taken ownership and promoted sustainability not only by implementing and driving the Group's effort but also taking the initiative to come up with suggestions for improvement. Indeed, they are our Sustainability Champions.

I take this opportunity to thank all employees who have supported the Group's sustainability efforts. I also want to thank all stakeholders who share our sustainability vision and are working alongside us to make improvement across the value chain and in the communities within our markets.

As I present our Sustainability Report 2019, let us never stop thinking on what more we can do. Together we can make a real difference.

**Tan Yong Nang**

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# A MESSAGE FROM OUR SUSTAINABILITY COMMITTEE

Dear Stakeholders,

Over the years, Japfa has continuously enhanced its sustainability processes. In 2017, we started by monitoring and reporting our sustainability practices. In 2018, a Sustainability Committee and Sustainability Pillars were established to align Japfa's practices across the Group.

Backed by the commitment of the top management, Japfa has embraced sustainability more fully across the organisation. We have gradually developed, introduced and implemented systems aimed at monitoring and managing sustainability activities first in Indonesia then also in Vietnam, India and Myanmar. We also see a greater number of people taking ownership of sustainability. Those who demonstrated increasing engagement and interest in these strategies were identified as our Sustainability Champions to drive our efforts and promote sustainability initiatives across our daily operations.

In 2019, we have implemented many initiatives to further align our operations to the UN Sustainable Development Goals. Our Human Resource ("HR") department played a pivotal role in promoting social and environmental system and initiatives, including the roll out of occupational health and safety practices across the Group's operations and environmental protection policies in relation to wastewater treatment plants. Our HR team has also worked with our Information Technology department

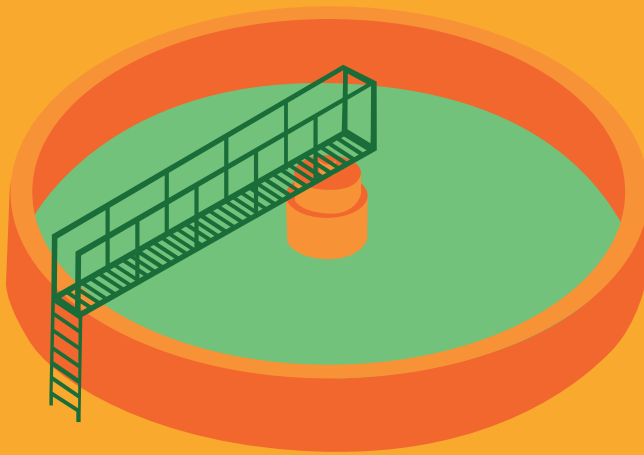
to develop the Japfa Sustainability Reporting System, a sustainability platform to monitor the environmental, social and financial performance of the Group. To understand more about the environmental impact of our products and operations, we took the initiative to conduct a Life Cycle Assessment for several of our operational units in Indonesia. Our Aquaculture team has been an exemplary Sustainability Champion by implementing environmental initiatives autonomously, and this is a motivation to other units within the Group to do the same.

On behalf of the Sustainability Committee, I am proud to present to you this sustainability report that aims at giving a fair and informative progress update of our efforts throughout the year. We believe that there are still challenges ahead which we will strive to overcome as we continue to make improvements in our sustainability efforts. I especially thank our Sustainability Champions for all their hard work and contribution - it is through the collaborative effort of each of you that Japfa is able to do its part to make the world a better place.

We continuously endeavour to take our sustainability initiatives to the next level, and we hope that all stakeholders will support us along this journey. Thank you.

**Kevin Monteiro**





We constructed wastewater treatment plants in many of our operations to improve the quality of water discharged

## Wastewater Treatment Plants

20  
Highl

## Japfa LCA



We conducted a Life Cycle Assessment to understand the potential environmental impact of our products and processes

We initiated rainwater harvesting systems in several of our operations to reduce the dependency on groundwater



## Rainwater Harvesting Systems

# 2019 Highlights

## Japfa Sustainability Reporting System

We developed a JSRS to gather environmental and human resources data to monitor and improve our sustainability activities



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# ABOUT OUR COMPANY

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[GRI 102]

*Japfa Ltd is a leading, pan-Asian, industrialised agri-food company dedicated to feeding emerging Asia with essential proteins. For almost five decades, we have been able to grow in scale and become leaders in multiple protein segments by embracing an integrated industrial approach to livestock and food production across the entire value chain*



Japfa Ltd (“Japfa”, “the Company”, or together with its subsidiaries, “the Group”) is a leading, pan-Asian, industrialised agri-food company dedicated to feeding emerging Asia with essential proteins. We are a public company listed on the Singapore Stock Exchange.

Headquartered in Singapore, we employ over 40,000 people across an integrated network of modern farming, processing and distribution facilities in Indonesia, Vietnam, Myanmar, India and China. We specialise in producing quality dairy, protein staples (poultry, beef, swine and aquaculture) and packaged food that nourish millions of people.

For almost 50 years, we have grown in scale to become leaders in multiple protein foods, by embracing an integrated industrialised approach to farming and food production across the entire value chain. Our large-scale standardised operations allow us to consistently produce high quality proteins and to replicate our business model across different markets and protein types.

In addition, our business is vertically integrated from animal feed production and breeding to commercial farming and food processing. This not only creates opportunities for us to capture value at different points in the agri-food chain but also provides our customers with greater food security and traceability.

We pride ourselves on our use of superior breeds and a sophisticated approach to animal husbandry, animal health, nutrition and welfare – all of which reinforce the quality of our products and the high production yields. We place a strong

focus on biosecurity with stringent operating procedures, while building strategic alliances with global leaders in breeding research.

Today, we are one of the two largest poultry producers in Indonesia<sup>1</sup>. We have also replicated our industrialised, vertically integrated business model for our operations. On top of this, we have successfully replicated our Indonesian dairy business in China, where we are now amongst the leading producers of premium raw milk in the country, commanding one of the highest milk yields. Our raw milk in Indonesia and China is also of the highest quality in terms of nutritional standards.

We leverage on the high quality of our raw materials to produce premium and mass market consumer branded food products under leading brands such as *So Good*, as well as *Greenfields*, which is the top fresh pasteurised milk and stirred yoghurt brand in Indonesia<sup>2</sup>.

Given the growing affluence of our target middle- and lower-income consumer groups, we expect protein food consumption in these markets to rise. As one of the most competitive and efficient producers, we are focused on tapping the growing animal protein consumption in the five emerging economies that we operate in, where more than 40% of the world’s total population lives. We plan to forge ahead with our strategy of expanding across multiple protein segments in these high growth emerging Asian markets by replicating our integrated industrialised business model. [GRI 102-1, GRI 102-7, GRI102-8-, GRI 203-2]

<sup>1</sup> By poultry feed and DOC Production (Frost and Sullivan Analysis, 2015 data)

<sup>2</sup> As per sales volumes, based on the Company’s own estimates



# Our Journey

## 1971



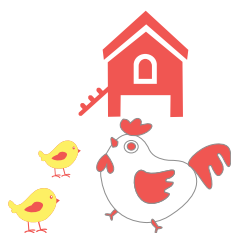
PT Java Pelletizing Factory, Ltd was founded on 18 January, focusing on copra pellet products

## 1975



Established our first poultry feedmill in Indonesia

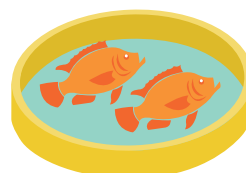
## 1982



Established poultry breeding in Indonesia

## 1986

Established aquaculture operations in Indonesia



## 1989

PT Japfa Comfeed Indonesia Tbk (PT Japfa Tbk) listed on Jakarta Stock Exchange

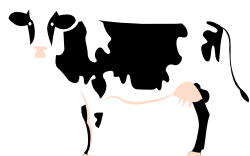
## 2008

Established beef operations in Indonesia



## 2009

Established dairy farming operations in China



## 2012

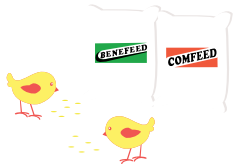
Established swine operations in Vietnam



**Businesses are held under Japfa Ltd since 2014**

**JAPFA**

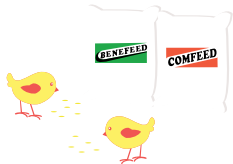
1995



Established poultry feed operations in India

1996

Established feed and poultry operations in Vietnam



1997

Established dairy farming operations in Indonesia



2000

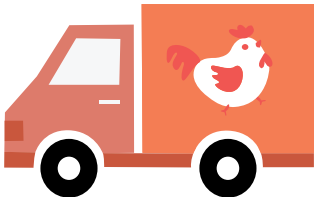
Launched *Greenfields* and other consumer food brands in Indonesia



2014

Japfa Ltd listed on Singapore Stock Exchange

Established poultry operations in Myanmar



Japfa Ltd surpassed US\$3 billion in revenue

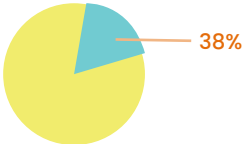
Completed dairy farms 6 and 7 in China

2016



2018

Japfa Ltd acquired remaining interest in Dairy (AustAsia)



# Our Values

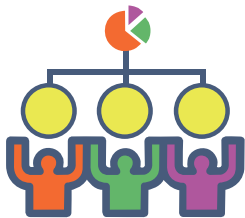
[GRI 102-16]

Our corporate culture is a key contributing factor to our success in building agri-food infrastructure in some of the most challenging emerging markets. We abide by a set of founding values based on integrity, mutual benefit, and cohesiveness in achieving common goals. These values are passed down from one generation of Japfa employees to the next and have shaped our approach to product quality, business and community relations.

Central to our Corporate Culture & Responsibility is the nurturing of sustainable, growth-oriented relationships based on trust and integrity. *Growing Towards Mutual Prosperity* is the vision which we practise and uphold with Japfa's various stakeholder groups.

## with Shareholders

Our goal is to achieve consistently superior investment returns



## with Business Partners

We work to reinforce each other's core competencies



## with Customers

We focus on delivering quality products and services at competitive prices



## with Suppliers

We adopt fair and ethical business practices



## with Employees

We identify and develop programmes that bring out the best in everyone

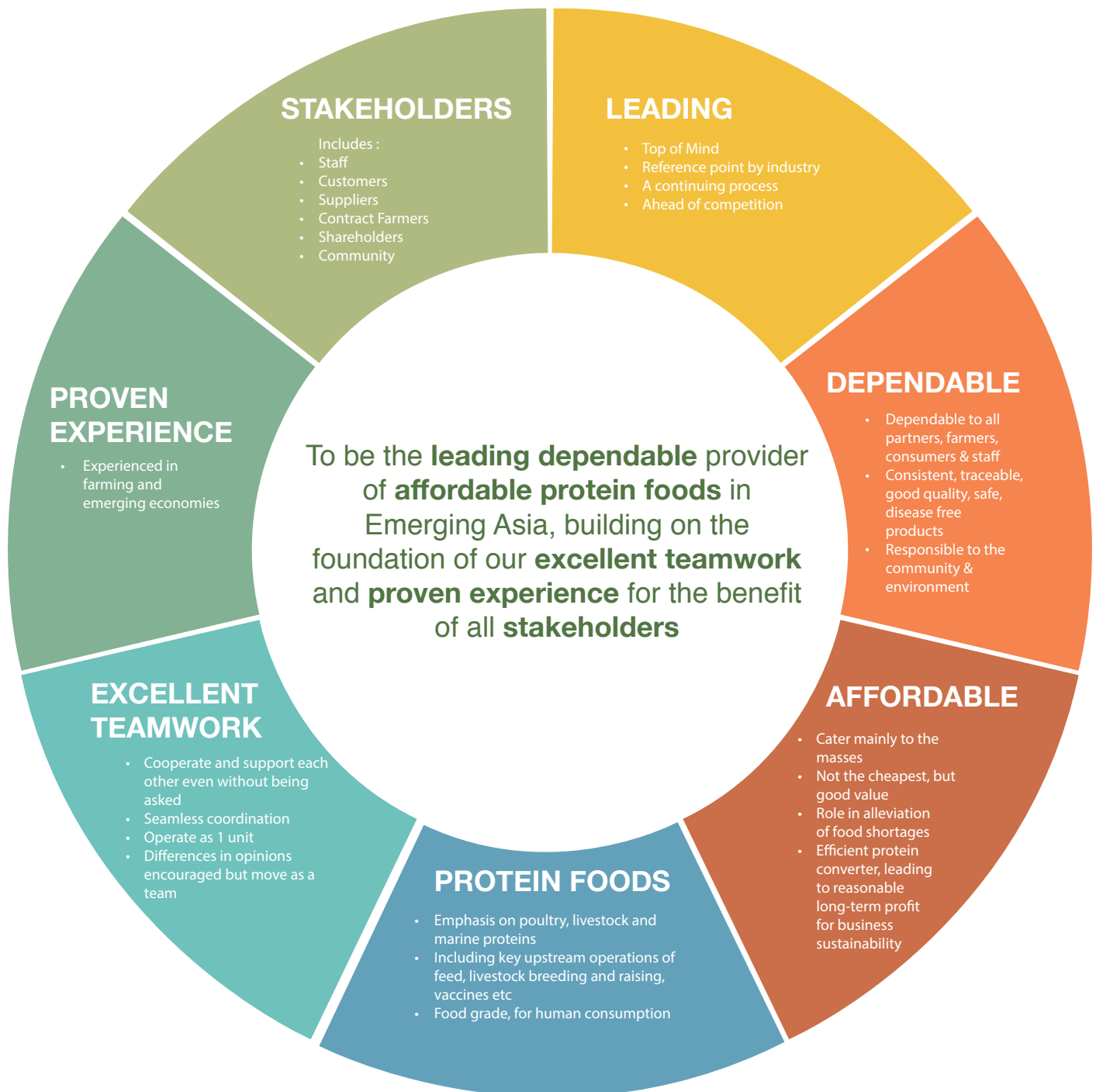


## with Local Communities

We actively strive to be a good neighbour by engaging in social programmes that address specific needs



# Our Mission



## UPSTREAM

Animal Feed & Breeding



## MIDSTREAM

Milking & Fattening



## OUR CORE COMPETENCIES

### Large Scale

- Ability to manage mega-scale farming operations; over 40,000 employees across five countries
- Scale of the Group's animal feed business provides stability to group revenue and profitability

### Technology

- JVs with leading genetics companies (Aviagen and Hypor) for superior breeds and genetics
- Advanced feed technology
- Combined with best farm management practices

### Animal Health

- Best-in-class biosecurity using stringent operating procedures
- In-house vaccine production firm PT Vaksindo

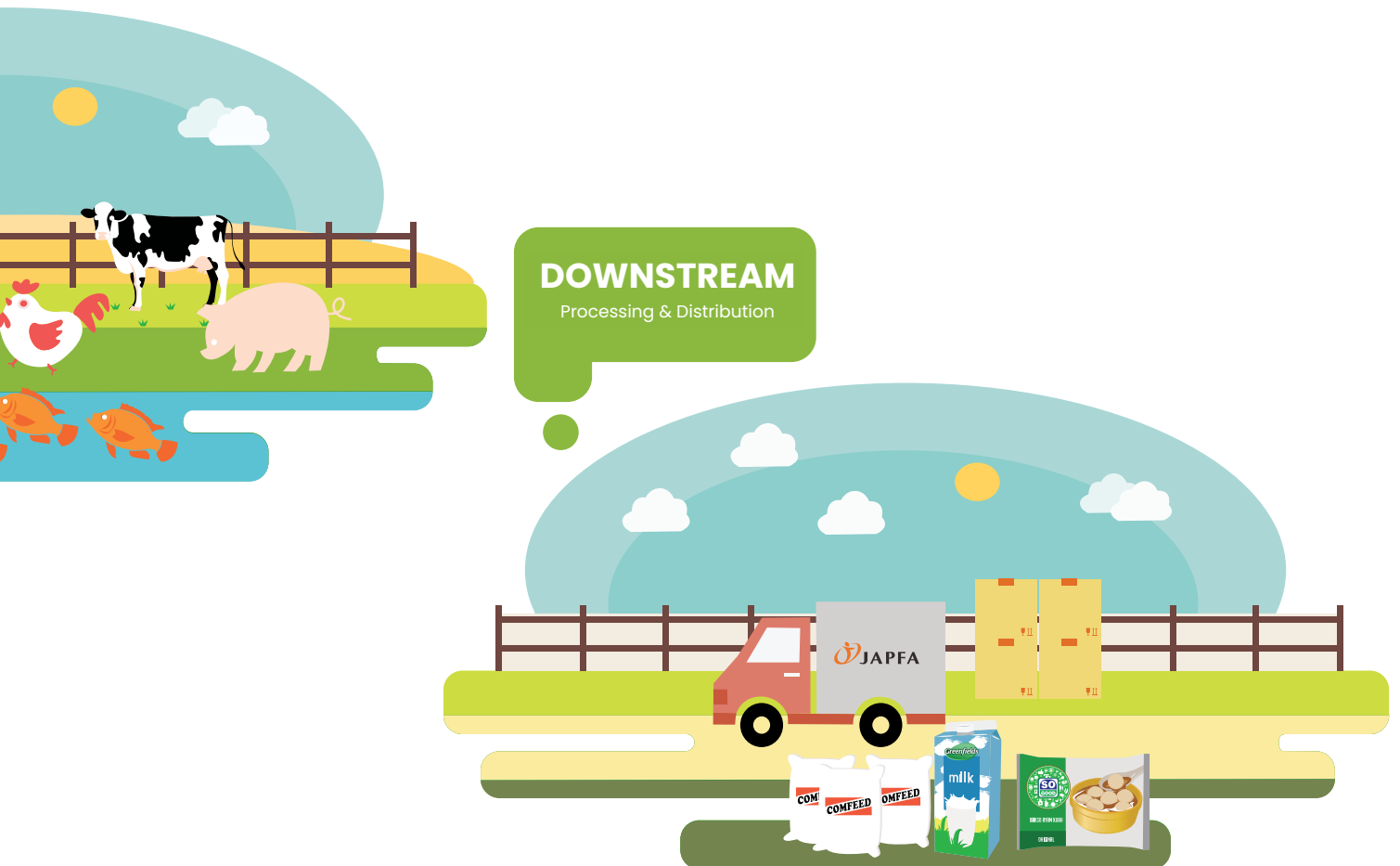
### Standardisation & Replication

- Replication of best practices and infrastructure design across five protein groups and five countries
- Replication of farm design model in dairy farms, DOC breeding farms, feed mills, etc.

# Business Model

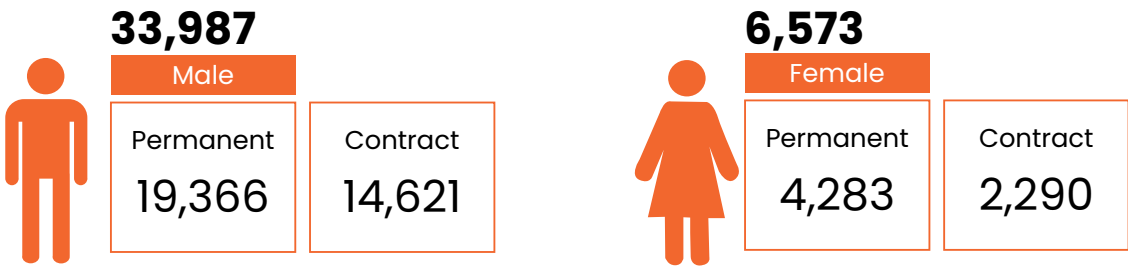
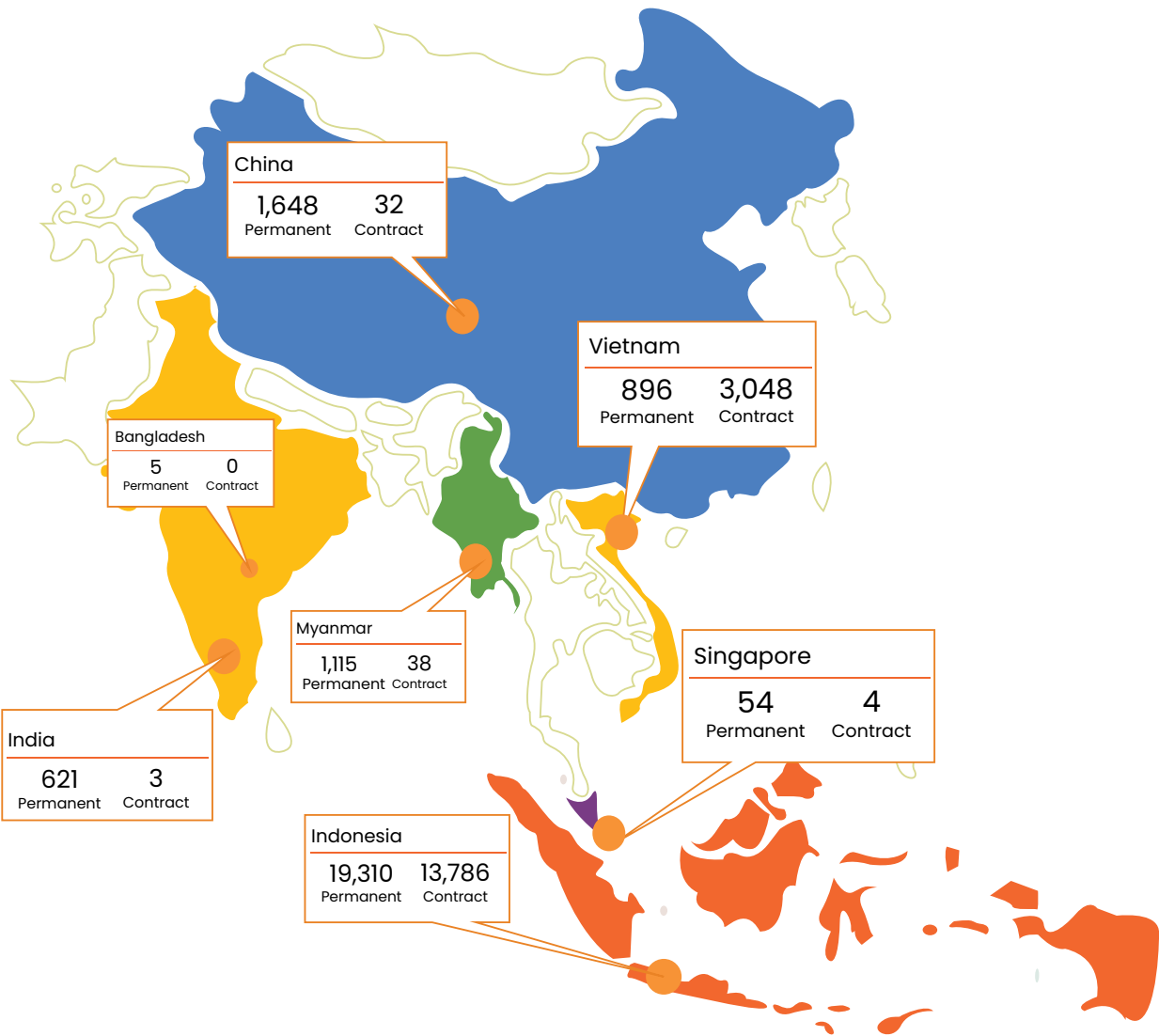
[GRI 102-2]

We have a vertically integrated industrialised business model that covers the entire value chain for many of our protein products, from feed production and breeding to commercial farming and processing. We are able to further leverage our premium protein production operations through our downstream consumer food business



# Scale of Operations

[GRI 102-2, GRI 102-4, GRI 102-7, GRI 102-8]

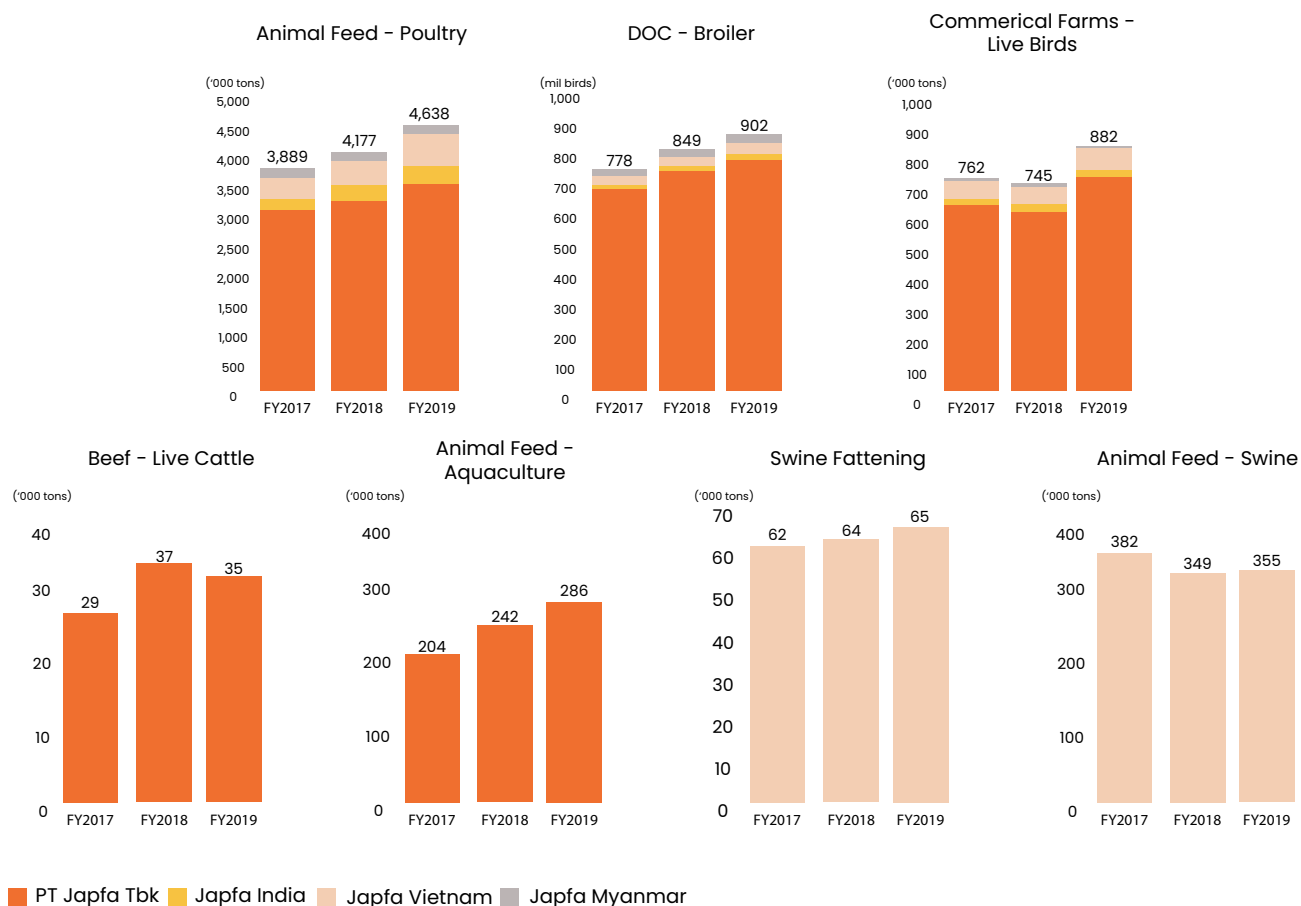


Total Employees  
40,560

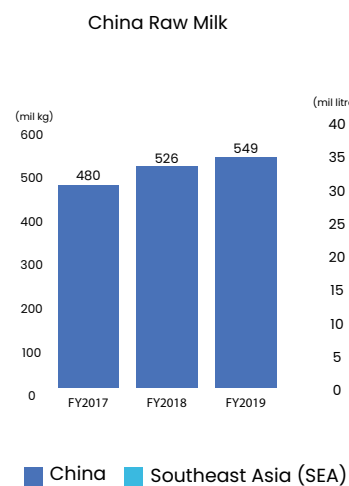


## Sales Volumes

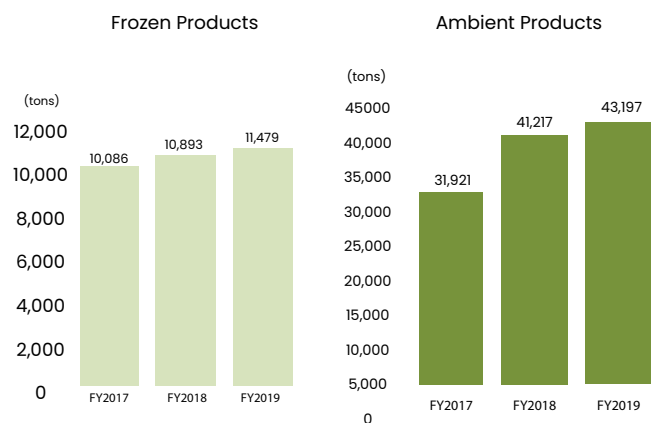
### Animal Proteins



### Dairy



### Consumer Food



# Our Business Segments

[GRI 102-2, GRI 102-4, GRI 102-6]

**We specialise in producing quality protein staples (poultry, beef, swine and aquaculture), dairy and packaged food that nourish millions of people**

Our animal protein segment consists of poultry, swine, beef and aquaculture. For almost 50 years, we have consistently adopted an industrialised supply chain model which has enabled us to become market leaders in multiple proteins.

We strive to be one of the lowest-cost industrialised producers through an efficient production system in all the markets and countries that we operate in.

## Indonesia



### Animal Protein – PT Japfa Comfeed Indonesia Tbk

In Indonesia, we run our animal protein operations through IDX-listed PT Japfa Comfeed Indonesia Tbk (PT Japfa Tbk), our 52.4%-owned subsidiary.

Under this business segment, we produce quality animal proteins, namely poultry, beef and aquaculture, and we are also a large-scale producer of specially formulated animal feed. We partner with world-leading genetics companies to breed high performance parent livestock in modern farm facilities using advanced management systems.

#### Poultry



- **2<sup>nd</sup> largest integrated industrialised farming company<sup>1</sup>**
- **15 commercial poultry feed mills**
- **3 breeder poultry feed mills**
- **78 poultry breeding farms**
- **27 central hatcheries**
- **11 slaughterhouses and primary processing plants**
- **Over 100 company-owned commercial farms**
- **Over 10,000 contract commercial farms**

As the 2<sup>nd</sup> largest integrated industrialised farming company for poultry<sup>1</sup>, we produce premium-quality animal feed for our own poultry operations and for sale to third parties. Our feed brands, Comfeed and Benefeed, are among the most recognised in Indonesia due to their consistent quality and effective feed conversion ratios (i.e. total amount of feed required per bird kilogramme). We also deliver high performance Day-Old-Chicks ("DOCs") in collaboration with world leading poultry genetics company Aviagen.

<sup>1</sup> By poultry feed and DOC production  
(Source: Frost & Sullivan Analysis, 2015 data)



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## Aquaculture



- 5 aquaculture feed mills
- 9 shrimp hatcheries
- 3 shrimp ponds
- 2 eel farms
- 1 fish farm
- 4 freshwater fish hatcheries
- 3 cold storage & processing plants

Feed production is the core activity of our aquaculture business. Our aquafeed mills produce a wide range of feed products for both marine and freshwater aquaculture species. We also operate cold storage and processing plants, freshwater fish farms, shrimp ponds, as well as shrimp and freshwater hatcheries to support our aquaculture customers.



## Beef

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- 2 cattle breeding farms
- 3 cattle fattening farms
- 1 beef processing operation

Through our vertically integrated wagyu cattle operations, we produce premium quality beef, namely Tokusen Wagyu Beef, targeted at the premium market segment in Indonesia.



## Animal Protein Other

The Animal Protein Other ("APO") segment covers our operations in Vietnam, Myanmar and India, where we produce quality animal feed, poultry and swine. Having successfully replicated our vertically integrated industrialised business model across these emerging Asian markets, our APO operations constitute a key part of the Group's diversification strategy to ensure long term sustainable earnings.



### Vietnam



#### Swine



- 1 Great Grand Parent ("GGP") farm
- 7 Grand Parent ("GP") farms
- 21 Parent Stock ("PS") farms
- Over 290 company-managed and contract fattening farms

#### Poultry



- 5 feed mills (poultry and swine feed)
- 2 GP farms
- 15 PS farms
- 3 central hatcheries
- Over 400 company-managed and contract commercial farms

### India



#### Poultry



- 7 poultry feed mills
- 1 poultry breeding farm
- 2 hatcheries
- Over 400 contract commercial farms

### Myanmar



#### Poultry



- 2 poultry feed mills
- 3 poultry breeding farms
- 2 hatcheries
- 11 company-managed commercial farms



## Dairy

We pioneered the first “grass-to-glass” vertically integrated modern dairy in Indonesia in 1997. Now, we own, in Indonesia and China, nine world-class fully operational dairy farms and one processing plant that are designed and equipped to meet and exceed international standards in productivity and biosecurity.

In China, Japfa produces premium raw milk mainly for sale to leading dairy companies. Our premium raw milk consistently tops the market in terms of quality, nutrition and safety and our Holstein cattle produces one of the highest milk yields. In Indonesia, we are the largest dairy farm operations by volume of premium fresh milk produced and sell a range of dairy products including yogurts, UHT milk and premium cheeses.

In addition, our milk and dairy products are exported to Southeast Asian countries such as Singapore, Malaysia, Brunei, Hong Kong and Myanmar where they can be found at major retailers, leading hotels, restaurants and more.

### China



#### Dairy



- 7 dairy farms
- 80,000 heads of Holstein cattle
- Average daily milk yield of 39.6 kg per head
- Launched iCreamy yogurt products in June 2019

### Southeast Asia

#### Dairy



- 2 dairy farms
- 16,000 heads of Holstein and Jersey cattle
- Greenfields #1 brand in the Fresh Pasteurised Milk and the Stirred Yogurt categories in Indonesia<sup>1</sup>
- Strengthened our market presence in the stirred yogurt segment in Indonesia with the launch of three new flavours and a plain yogurt in 2019



## Consumer Food

Backed by our strong expertise in agri-food production, we are a pioneer provider of protein-based processed food in Indonesia. Our downstream consumer food products are manufactured for the most part using our own animal proteins as raw materials, and this enables us to better ensure consistency in the quality and reliability of our products. As such, the consumer food products we produce are well trusted and widely enjoyed by families across Indonesia.

Our *So Good* and *So Nice* brands are leading brands in Indonesia for processed meats, such as chicken nuggets, meat balls and shelf-stable sausages. We also manufacture and market small-pack UHT liquid milk under the *Real Good* brand in Indonesia.

### Indonesia



- Production volume of more than 50,000 tons of processed poultry and beef products in 2019
- Production volume of approximately 47 million litres of UHT milk in 2019
- Brands include *So Nice* shelf-stable sausages as well as *So Good* and *So Nice* frozen ready-to-cook processed food

<sup>1</sup> As per sales volume, based on Company's own estimates

# Organisational Structure

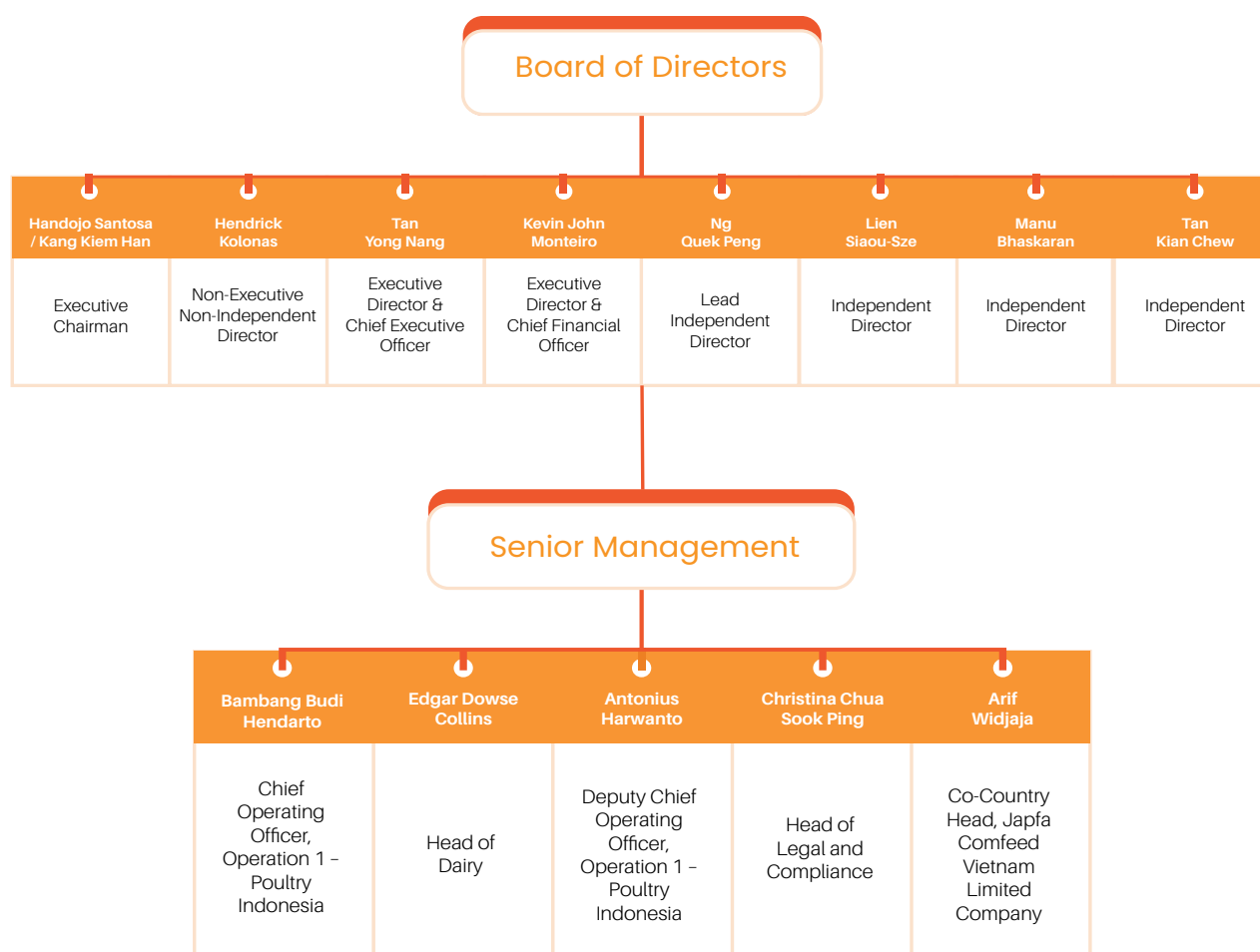
[GRI 102-5, GRI 102-10, GRI 102-18, GRI 102-45]

Japfa Ltd ("Japfa" or the "Company", and together with its subsidiaries, the "Group") is committed to maintaining good corporate governance and business integrity in the Group's business activities, so as to deliver long-term and sustained value for its stakeholders.

This report lists out Japfa's corporate governance framework, with specific reference to the principles and guidelines of the revised Code of Corporate Governance 2012 (2012 Code) issued by the Monetary Authority of Singapore on 2 May 2012.

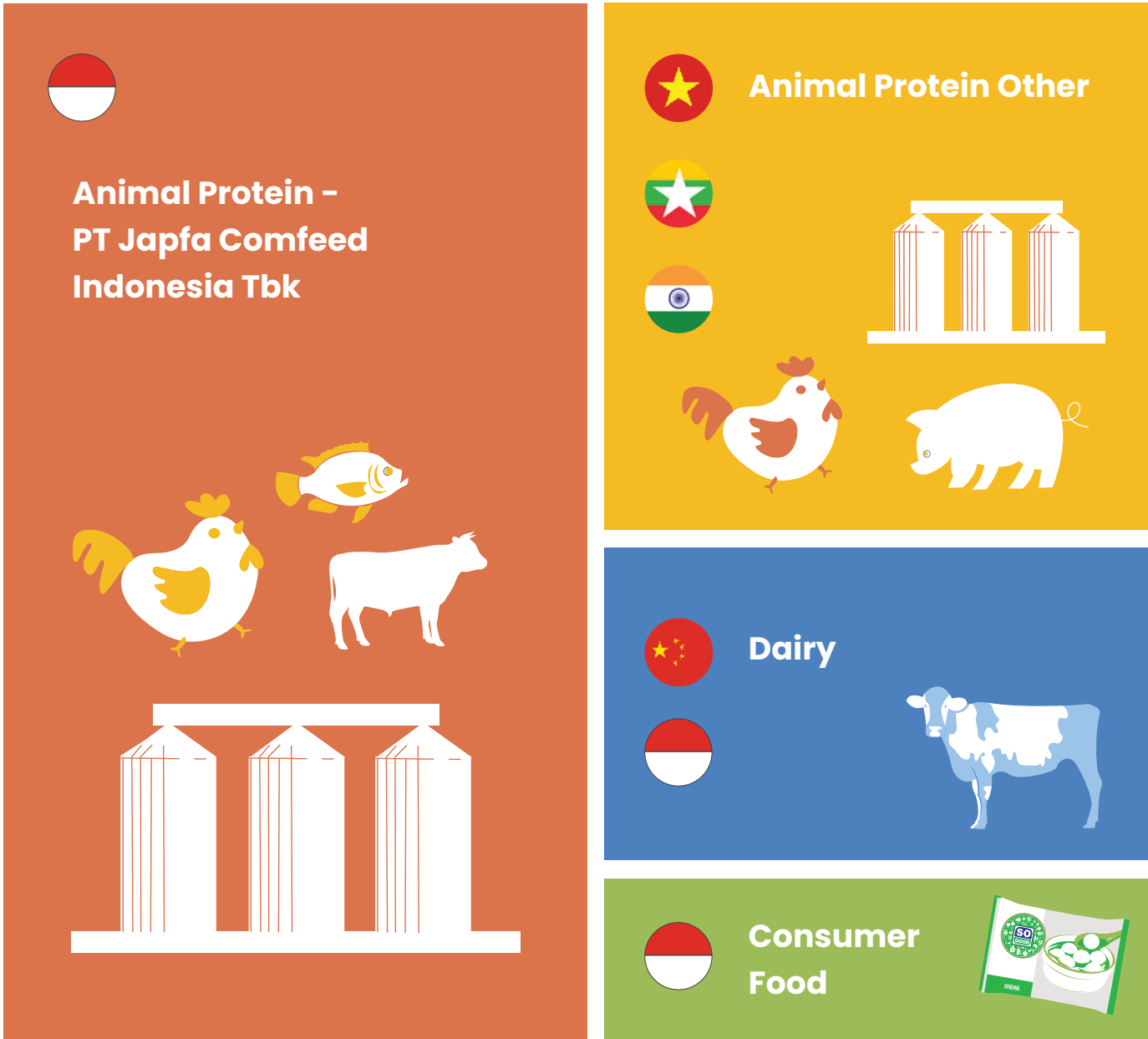
Our Corporate Governance report can be found in our Annual Report and the Group's website ([www.japfa.com](http://www.japfa.com))

Japfa has complied in all material aspects with the main principles and supporting guidelines of the 2012 Code, and will regularly review its governance policies and practices to track developments in market best practices and regulations.



Group Structure

5 Proteins in 5 Countries



For the detailed Group Structure with a list of Japfa’s entities, please refer to the audited consolidated financial statements, which is available on the Company’s website

# Sustainability Committee

The Sustainability Committee provides advice and assists the Board of Directors in strategic sustainability decision-making and long-term planning, as well as facilitates sustainability initiatives.

The Sustainability Committee is composed of the Chief Executive Officer and Chief Financial Officer. The Sustainability Sub-Committee for Poultry Operations comprises 14 representatives from the senior management of our poultry operations across four countries, Indonesia, Vietnam, Myanmar and India. The members of this sub-committee are the Sustainability Champions that will encourage the adoption of a sustainability mindset throughout Japfa. The Sustainability Coordinating Sub-Committee is also responsible to roll out the Sustainability Pillars, document our progress, and identify key areas for further development.

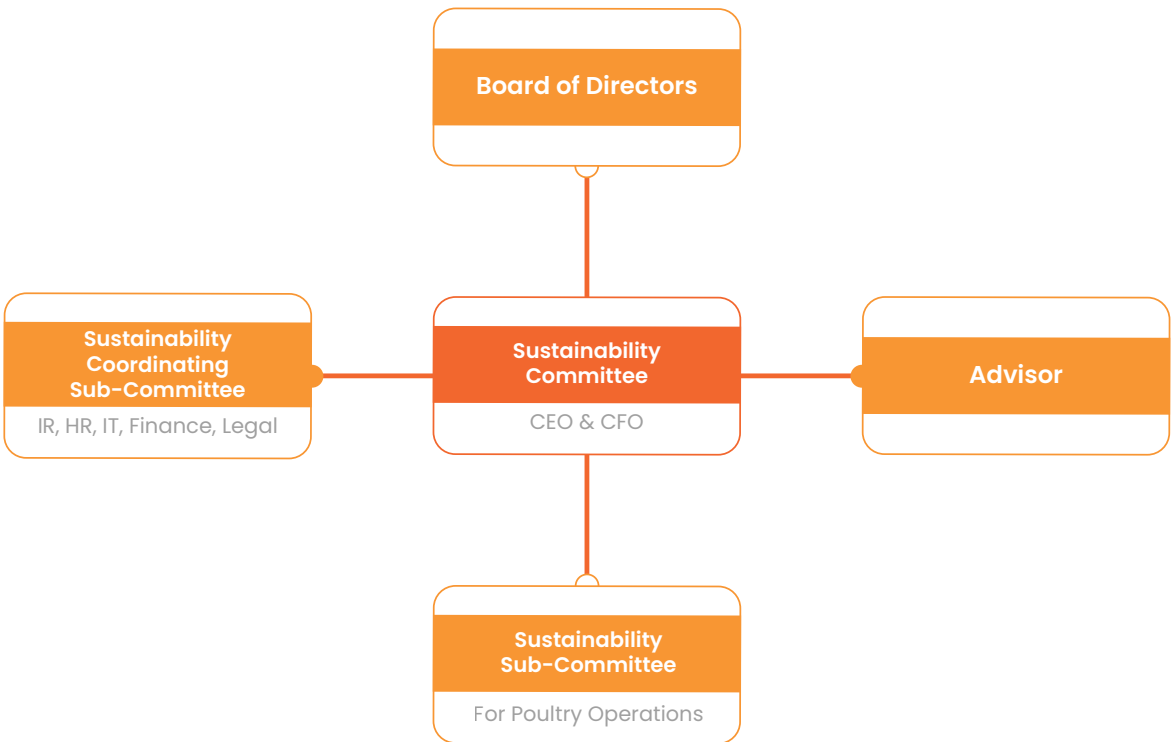
Japfa Sustainability Pillars were established in 2018 to guide the implementation of best practices in sustainability.

## In 2018 we established a Sustainability Committee (SC) to strengthen our commitment in sustainability

The Sustainability Committee has the following roles and responsibilities:

- To develop sustainability strategies that work towards Japfa’s Sustainable Development Goals
- To set out implementation guidelines of sustainability strategies with timeframes
- To assess the results of the implementation of sustainability strategies and to report on developments to the Board of Directors at least once a year
- To approve sustainability reports issued by group companies annually
- To appoint sustainability sub-committees, as considered appropriate, for the implementation of sustainability strategies in operational divisions

### Sustainability Organisation Structure







## Sustainability Pillars

### Affordable Nutritious Protein



#### Efficient Production System

Large Scale  
Operations & Advanced  
Technology

#### Healthy Animals

Biosecurity  
Vaccines  
Animal Welfare  
Balanced Feed

#### Efficient Use of Resources

Energy  
Water  
Reusable Packaging  
Local Sourcing

#### Minimise Waste & Emission

Manure to Fertiliser  
Air Pollution Control  
Wasterwater Treatment



#### People Development

Knowledge  
Management

#### Employees

Training & Development  
Sports for Life Balance

#### Farmers

Technical Assistance  
Skills Improvement

#### Community

Education Programmes  
Focus on Agriculture



#### Improving Nutrition

Feed More People

#### Facilitating Access to Affordable Protein

Geographical Reach  
Industrialised Approach

#### JAPFA for Kids

Education Programmes  
about Balanced Diets for  
Children & Teachers

#### Food Safety & Traceability

Food Safety &  
Hygiene Standards  
Halal Slaughterhouses  
Traceability back to the  
Farm

## Sustainability Champions

**Thanks for being  
our Sustainability  
Champions**

### Sustainability Committee



**Tan Yong Nang**

Chief Executive Officer



**Kevin John Monteiro**

Chief Financial Officer

### Sustainability Coordinating Sub-Committee



**Erwin  
Djohan**

Financial Controller,  
PT JCI Tbk



**Tan Kai Loon  
Jasper**

Head of HR,  
Japfa Ltd



**Eddy  
Widadi**

Head of HR,  
PT Japfa Tbk



**Danny Wong  
Wan Chuan**

Financial Controller,  
Japfa Ltd



**Elvina Apandi  
Hermansyah**

Investor Relations  
Manager,  
PT Japfa Tbk

### Sustainability Champions across the Group



**Aileen  
Wee**

Investor Relations/  
Corporate Finance,  
Japfa Ltd



**Valeria  
Montessoro**

Corporate  
Communications  
Consultant, Japfa Ltd



**Sri Rejeki Muji  
Andayani**

Head of HR Business  
Partner Indonesia,  
PT Japfa Tbk



**Christina  
Kucita**

Investor Relations  
Admin Support,  
PT Japfa Tbk



**Franciscus Reza  
Paul Adam**

Deputy Head of  
Corporate IT,  
PT Japfa Tbk



**Antonius Brian  
Suherman**

HR Digital Development  
Manager,  
PT Japfa Tbk



**Sri Iswandari  
Sahabi Manoppo**

People Analytics & Data  
Manager,  
PT Japfa Tbk



**Toto  
Handoyo**

HR Business Partner  
Outside Indonesia,  
PT Japfa Tbk



**Irman Ruhimat  
Syam**

OHS & Environment  
Manager,  
PT Japfa Tbk



**Ardi  
Budiono**

Head of Aquaculture  
Division,  
PT Japfa Tbk

## Sustainability Sub-Committee for Poultry Operations



**Ir. Bambang Budi Hendarito**

Chief Operating Officer  
Poultry, PT Japfa Tbk



**Antonius Harwanto**

Deputy Chief  
Operating Officer  
Poultry, PT Japfa Tbk



**Budiarto Soebijanto**

Head of Feed Division,  
PT Japfa Tbk



**Jafet Karundeng**

Head of Production Feed  
Division, PT Japfa Tbk



**Widihartomo Tri Kuncoro**

Head of Poultry  
Processing Division,  
PT Japfa Tbk



**Teguh Yodiantara Prajitno**

Head of SBU AHLE  
(Animal Health &  
Livestock Equipment),  
PT Japfa Tbk



**Wali Muhammad**

Head of HR & GA  
Poultry,  
PT Japfa Tbk



**Hendri**

Financial Controller  
Poultry,  
PT Japfa Tbk



**Daniel Iki, Drh**

Head of Production  
Poultry Breeding  
Division, PT Japfa Tbk



**Arif Widjaja**

Co-Country Head,  
Japfa Vietnam



**Junairi Sungkono**

Co-Country Head,  
Japfa Vietnam



**Mark Gerald Eman**

Managing Director,  
Japfa Myanmar



**Prasad Chittaranjan Wagh**

Managing Director,  
Japfa India



**Jonny Susanto**

Financial Controller  
Aquaculture  
Division,  
PT Japfa Tbk



**Budi Rahyono**

Head of HR &  
GA Aquaculture  
Division,  
PT Japfa Tbk



**Pham Van Tuan**

Head of HR & GA,  
Japfa Vietnam



**Tommy Yance Manawan**

Financial Controller,  
Japfa Vietnam



**A. Vidyasagar**

Financial Controller,  
Japfa India



**Samir Bhiwapurkar**

Head of HR & GA,  
Japfa India



**Hla Phone**

Plant Manager  
Feedmill Yangon,  
Japfa Myanmar



**Andy Chayono**

Assistant Manager  
HR & GA,  
Japfa Myanmar

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# ABOUT THIS REPORT

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[GRI 102]

*The Sustainability Report aims to engage our stakeholders, illustrate our strategies, and review and highlight our fiscal, social and environmental performance-related activities and outcomes*

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We have been publishing sustainability reports annually since 2017. This is our third report, covering the reporting period from 1 January 2019 to 31 December 2019. Our last report was published on 17 April 2019. Our previous reports cover the poultry operations in Indonesia, Vietnam, Myanmar, India. For this report, we have widened our scope to include our aquaculture operations in Indonesia. [GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52]

Year 2019 marks the launch of our sustainability platform, Japfa Sustainability Reporting System (JSRS), that captures traceable, validated data for the creation of this report. This system has been fully implemented throughout Indonesia in 2019 and we target to rollout to Vietnam, Myanmar, and India in 2020.

The Sustainability Report is produced as a form of public communication and acts as an internal audit and assessment system. This report has been prepared in accordance with the GRI Standards: Core option. GRI's Food Processing Sector Guidelines is also used for our sector disclosure requirements. GRI stands for Global Reporting Initiative, it is an international independent standards organisation that

helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption. We also include the disclosure figures in the relevant sections of this report to improve readability. A GRI Content Index is provided as a list of disclosures at the end of this report. [GRI 102-54]

This report is published in English and is available for download at Japfa's website, [www.japfa.com](http://www.japfa.com). We welcome any stakeholders' input and feedback. We also accept inquiries, recommendations and reviews, as well as requests for information through written submissions sent to the Corporate Secretary at our headquarters [GRI 102-3, GRI 102-53]:

### **Japfa Ltd**

**391B Orchard Road, #18-08**

**Ngee Ann City Tower B**

**Singapore 238874**

**Tel: +65-6735 0031**

**Fax: +65-6735 4465**

# Stakeholder Engagement

[GRI 102-40, GRI 102-42]

We prioritise growth-oriented partnerships based on trust and transparency as part of our corporate culture. With our stakeholders, i.e. shareholders, business partners, consumers, vendors, staff and local communities, we follow and maintain the vision of *Growing towards Mutual Prosperity*





Stakeholders [GRI 102-40]	Engagement Method [GRI 102-43]	Frequency [GRI 102-43]	Topics [GRI 102-44]
Customers	Website and frontline information	Available 24 hours	Various product and service information including production process, Promotions, Customer requirement coordination, Invoice payment method, Complaint and solution service, Satisfaction of service
	Call centre service	Ad hoc	
	Satisfaction survey	Annually	
Shareholders	General Meeting of Shareholders	Monthly, quarterly and annually	Financial and non-financial performance review, Overall annual performance review, Operational information
Government	Socialisation and coordination meetings	Ad hoc, monthly, and/or annually	Business licensing and regulation, Certifications, Coordination of trade system, Compliance and reporting, Dissemination of government regulations
Employees	Employee gathering, workshop, training, communication forum, meeting, birthday celebration at all offices	Once a month, twice a month, twice a year, and/or ad hoc	The socialisation of policies and strategies related to employment, Equal employment opportunities and career paths, Career development, training and others, Health and work safety insurances, Capacity building
Distributors	Direct visits, phone calls, gathering	Ad hoc and/or daily	Sales performance, Various products and service information, Pricing, Company financial performance
Associations	Meeting and other activities	Ad hoc, once a month, and/or quarterly	Networking, Community development and education, Joint events
Local Community Organisations	Strategic cooperation to run Corporate Social Responsibility programmes; Meetings with CSOs, social organisations, local communities and campuses; Meeting with village and township administrator	Ad hoc and/or semi-annually	Socialisation programme, CSR implementation programme, How to optimise the achievement of CSR programmes, Information on Japfa's activities and campus hiring
Farmers	Phone calls and/or direct visits	Daily, Weekly, Ad hoc	Profit-sharing scheme, Product information, production information, poultry nutrition and feed management, Technical advisory, Poultry management, Credit and Debit
Suppliers	Phone calls and/or direct visits	Ad hoc, daily, semi-annually and/or annually	Competitive price and supply, Quality of services, Products, Renewal policies of products, Trainings, Supplier retention programme

# Key Priorities for 2019

[GRI 102-46]

We applied ten reporting principles based on the Global Reporting Initiative Sustainability Reporting Standard to define the content and quality of the report

To understand what matters most to our company, first we need to listen to the voice of our stakeholders. We applied ten reporting principles to define the content and quality of the report. The four reporting principles that must be met when defining the content of the report are stakeholder inclusiveness, the context of sustainability, materiality and completeness. The quality of the report is governed by the remaining six reporting principles of accuracy, balance, clarity, comparability, reliability and timeliness.

The process begins with an internal meeting of the Sustainability Committee and the management to identify the materiality aspects for the report. This is followed by focus group meetings, circulated questionnaires to the Poultry & Aquaculture Operations management, as well as various departments such as Human Resources, Finance and Accounting, Social Responsibility, Legal and Registration and Japfa Foundation. Their feedback represents the voice of internal stakeholders. We also conducted surveys to get input from our external stakeholders including our clients, vendors, producers, local communities, government and Non-Government Organisations (NGOs).

Using quantitative analysis, we constructed our materiality matrix and defined our topics for this year's report.

The following terms applied throughout this report:

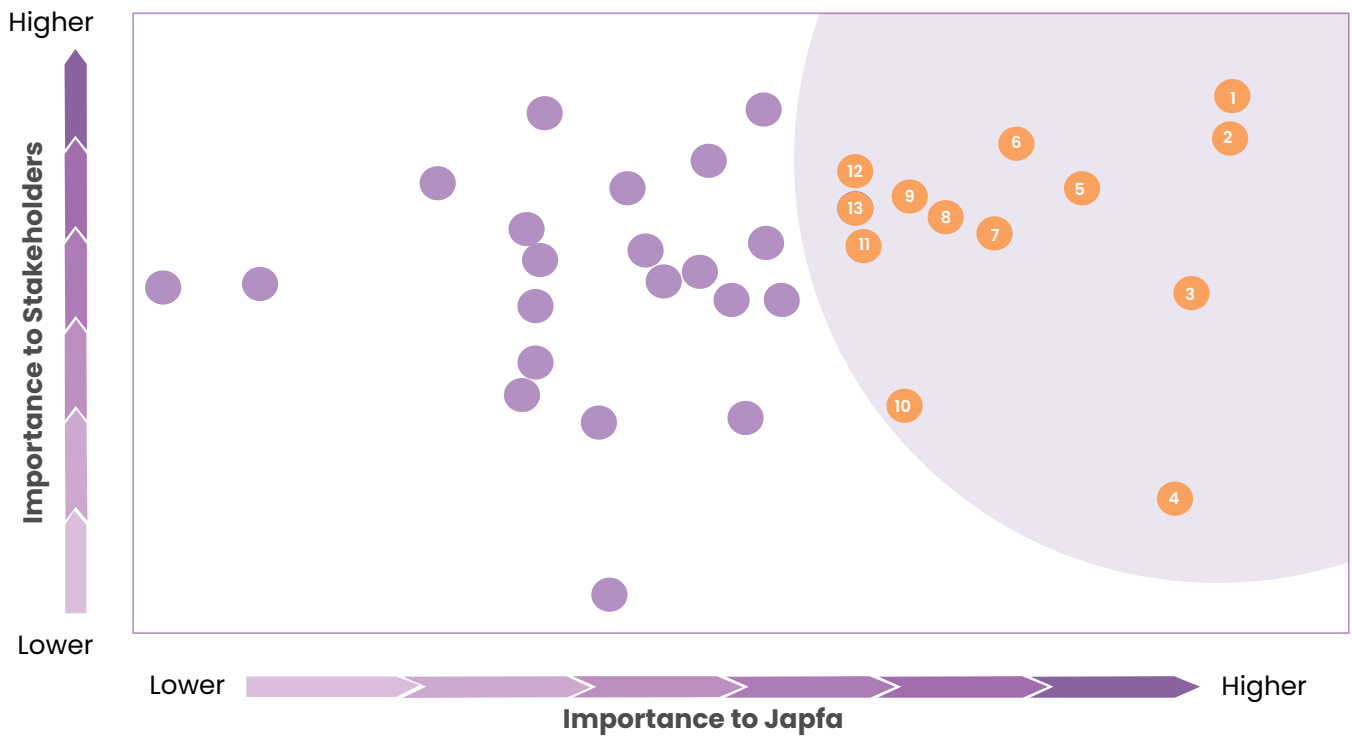
- "Japfa Poultry" refers to Japfa's Poultry Units in Indonesia, Vietnam, Myanmar and India;
- "PT Japfa Comfeed Indonesia" or "PT Japfa Tbk" refers to Japfa's Units in Indonesia;
- "Tbk Poultry" refers to Japfa's Poultry Units in Indonesia;
- "Vietnam Poultry" refers to Japfa's Poultry Units in Vietnam;
- "Myanmar Poultry" refers to Japfa's Poultry Units in Myanmar;
- "India Poultry" refers to Japfa's Poultry Units in India;
- "Tbk Aquaculture" refers to PT Japfa Tbk's Aquaculture Units in Indonesia.

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**266 internal & external stakeholders participated in our materiality survey. There were 13 material topics which we focused on in 2019**



## Materiality Matrix



## List of Material Topics

[GRI 102-47]

**1**

Training and development to improve employees' skills according to their division

**5**

Processing facilities that follow food safety certification requirements (HACCP, food safety management system standards, HALAL)

**9**

Animal well-being (Animal housing, nutrition, hygiene standard, handling and treatment for animal, animal transportation, physical alteration (e.g. debeaking))

**12**

Efficient and responsible water consumption throughout operations considering water stress in the area

**2**

Company financial performance

**6**

Employee remuneration and benefits

**10**

Training and workshops for employees regarding Occupational Safety and Health

**13**

The Company has wastewater treatment plants, and monitors their water discharge continuously

**3**

Health and safety of employees

**7**

Choose reliable, trusted and traceable suppliers

**11**

Air pollution management in production areas

**4**

Key Performance Indicators (KPIs) for every employee

**8**

Anti-corruption policy

# Topic Boundaries

[GRI 102-46]



**Cause**



**Linked**



**Contribute**

Materiality Topic	GRI Topic
Training and development to improve employees' skills according to their division	Employment, Occupational Health and Safety, Diversity and Equal Opportunity, Training and Education, Security Practices
Company financial performance	Economic Performance, Procurement Practices, Anti-Corruption, Anti-Competitive Behaviour, Local Communities, Indirect Economic Impact
Health and safety of employees	Employment, Occupational Health and Safety, Diversity and Equal Opportunity, Training and Education, Security Practices
Key Performance Indicators (KPIs) for every employee	Economic Performance, Occupational Health and Safety, Training and Education, Security Practices
Processing facilities that follow food safety certification requirements (HACCP, food safety management system standards, HALAL)	Customer Health and Safety, Marketing and Labelling, Food Processing
Employee remuneration and benefits	Employment, Occupational Health and Safety, Diversity and Equal Opportunity, Training and Education
Choose reliable, trusted and traceable suppliers	Economic Performance, Procurement Practices
Anti-corruption policy	Economic Performance, Anti-Corruption
Animal well-being (Animal housing, nutrition, hygiene standard, handling and treatment for animal, animal transportation, physical alteration (e.g. debeaking)	Customer Health and Safety, Food Processing
Training and workshops for employees regarding Occupational Safety and Health	Employment, Occupational Health and Safety, Diversity and Equal Opportunity, Training and Education, Security Practices
Air pollution management in production areas	Emissions
Efficient and responsible water consumption throughout operations considering water stress in the area	Water, Effluents and Waste
The Company has wastewater treatment plants, and monitors their water discharge continuously	Effluents and Waste

The results of the analyses are then linked with GRI Standards. Each topic is designated within our supply chain and has its own boundaries. The topic boundaries describe the location of impacts for a material topic and also Japfa’s involvement. Japfa could be directly involved through the Group’s own activities or indirectly through its business relations with other entities. The impacts will affect all entities within Japfa’s

organisational supply chain, be it upstream or downstream. The origin of the impacts will then be classified according to 3 categories: caused by, contributed by, and linked to activities through a business relationship. These topic boundaries provide insights for risk assessment and implementing a precautionary approach for the business.

Japfa Suppliers	Japfa Ltd	Japfa Regional Poultry & Aquaculture	Farmers
			
			
			
			
			
			
			
			
			
			

# PEOPLE DEVELOPMENT

[GRI 401, GRI 403, GRI 404, GRI 405]

*Sustainability is deeply rooted in the Company's vision and in what we do every day, which is nourishing millions of people with affordable staple protein foods. Over time, more and more people across our Group have embraced sustainability in their daily activities.*



## “To always have good people to lead Japfa”

We truly believe our people are the key drivers in advancing sustainability throughout our operations. Initiated by a commitment from our top management and driven by our Human Resources (“HR”) department, our employees across units and departments are motivated and empowered to improve the environmental and social conditions of our operations and also our surroundings.

Having been established for almost 50 years, our organisation’s knowledge has been truly embedded in our people, and is our most valuable asset. We believe that preserving this knowledge further is critical to maintain both our business success and sustainability at the same time. Our HR approach is “To always have good people to lead Japfa” through three pillars, which are retaining employees, driving performance, and sustaining our future.

Every country we operate in has distinct cultures, needs, and challenges. The strategies implemented in each country are localised and customised according to the different local challenges and needs, on the premise that no single solution can apply for all. In Indonesia, focusing on succession planning is essential to promote diversified demographics

in the workplace and accommodate different perspectives across generations. In Vietnam, talent attraction is our focus as we face challenges to attract people to work in the agricultural areas. In India, attracting young talent and promoting inclusiveness and diversity are the adaptive solutions against the social issues related to women empowerment and local farmers. While in Myanmar, the knowledge gap between senior and junior management leads to the urgency for further developing employees’ skills through career progression programmes and cross-functional strategy. Again, all of these attempts should be in line with our approach, which is “To always have good people to lead Japfa”.

We identified 7 Japfa Employee Values through collaboration between employees in division and corporate units. These values, known as “DOLPHIN”, are what binds us together in our vision of *Growing Towards Mutual Prosperity*. As we value and develop our own people, we realise that we are moving closer to our sustainability goals while also increasing our business performance.

### 7 Japfa Employee Values - DOLPHIN

Drive



Organisational thinking



Leadership



Professionalism



Honesty



Innovation



Nurturing



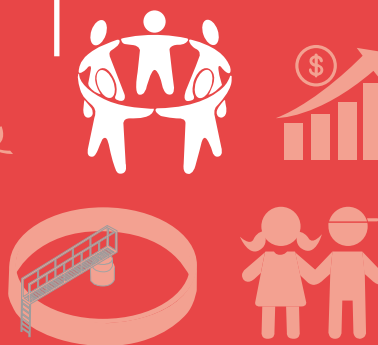
## Digitisation of HR Management

We embrace technology and digital transformation to support our transition towards more sustainable practices through the implementation of SAP Human Capital Management & the development of Japfa Sustainability Reporting System (JSRS)



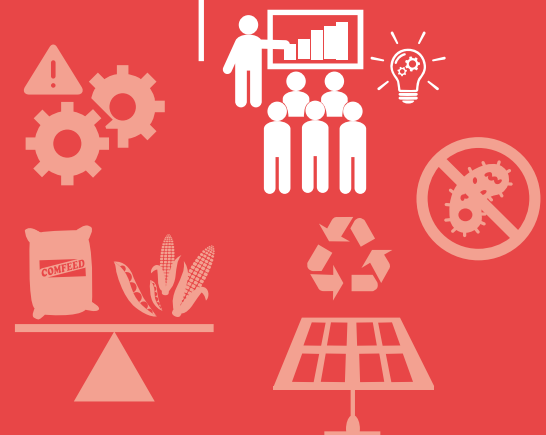
## Inclusive Diversity

Have been in operation for almost 50 years, we embrace our diverse workforce by combining decades of experience and innovation in our company



## Training and Development

Our development programme has been designed specifically to equip our employees with the skills they require to advance their careers





# Digitisation of Human Resources Management

[GRI 403-2, GRI 404-2]

We embrace technology and digital transformation to support our transition towards more sustainable practices. Focusing on innovation, we apply nimble methodologies in managing our people, identifying talents and preserving knowledge

In the modern world of digital transformation, new ways of working and organisational requirements have changed how HR works. The availability of communication technology demands rapid decisions which require team-oriented platforms to facilitate collaboration and communication. Japfa has developed a digitalised system

of HR management as a strategic advantage in response to this challenge. The ongoing digital transformation in our HR process is incorporated in our SAP Human Capital Management (SAP HCM).





## SAP Human Capital Management (SAP HCM)

**SAP HCM supports the HR management systems by providing all required data related to organisations and employees. Serving as a master data platform, the implementation has been completed in most of the divisions across countries Japfa Group operates in**

### HR Digital Dashboard

The HR Digital Dashboard serves as a tool to drive action for improvements, to enhance the capability of turning data into valuable insights and then into appropriate corrective actions; to make data driven decision to maximise employee productivity, create a better working environment, and improve cost efficiency.

### Japfa Performance System

The Japfa Performance System is a web-based system that enables seamless and effective process of setting employee KPIs as well as their mid-year and year-end performance review process. It allows us to collect employees' performance ratings faster and more accurately.

### Japfa Sustainability Reporting System

We have developed the Japfa Sustainability Reporting System (JSRS) to help us gather the organisation's OHS, environmental and employment-related data from all divisions and operational units to generate a sustainability report in accordance with GRI standards.

This year, we are proud to have implemented all stages of the JSRS system across most of divisions of Tbk's Poultry and Japfa Aquaculture, while other countries, namely Vietnam, Myanmar and India, target to fully implement the system by 2020.

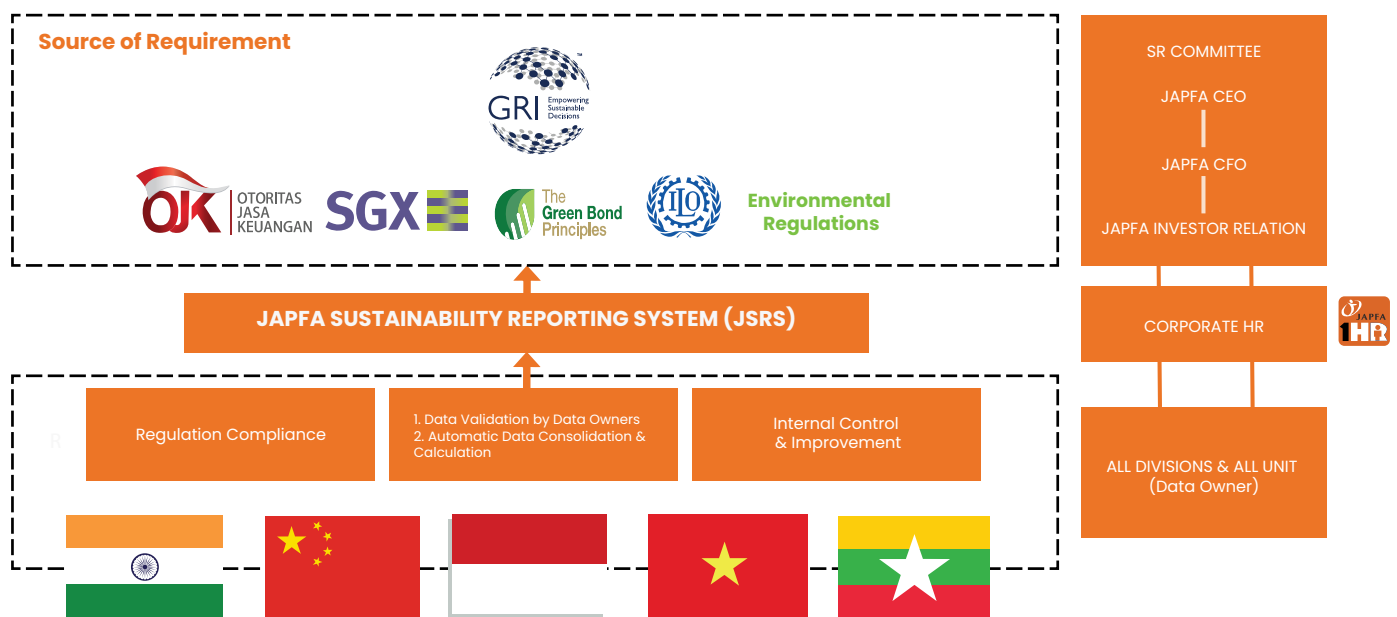
## Japfa Sustainability Reporting System (JSRS)

The JSRS is built to gather our organisation's Occupational Health and Safety (OHS), environmental, and employment performance data from all divisions and operational units to support sustainability reporting based on GRI standards.

JSRS is in line with Corporate HR's Japfa 1HR Framework. The 1HR framework is applied in our core business and consists of good people, people development and employee engagement. As reflected in our 1HR logo, this framework reminds our employees to work based on the principle of one team, one people and one culture.

**This year, we are proud to have implemented all stages of the JSRS system across most of divisions of Tbk Poultry and Tbk Aquaculture, while other countries, Vietnam, Myanmar and India, target to fully implement the system by 2020**

### Framework of Japfa Sustainability Reporting System (JSRS)



### Our System Performance Indicators

We measure the performance of our system for continuous improvement. The performance measurement consists of data checking, system control and support, which are part of the evaluation mechanism to ensure data fulfillment and accuracy.

The indicators that we used as our key measures include:

- Improvement of data visibility
- Improvement of data control & analysis
- Improvement of time efficiency
- Data standardisation
- Data accuracy

# Inclusive Diversity

[GRI 401-1, GRI 405-1]

With operations spanning almost 50 years, we embrace our diverse workforce by combining decades of experience and innovation in our company

Japfa conducts a wide range of training and career development programmes to ensure consistency in the standards and skills acquired by our younger employees or talents. We also provide full time recruitment opportunities to our high-performing contract workers.

In Indonesia, we recognise the challenge to promote more age-varied demographics in the workplace. Certain critical roles that have been identified in our company require regeneration to embrace broader perspective and creativity in decision-making. Thus, we have a succession planning programme in place to ensure that every employee gets the opportunity for career progression, thus ensuring a more diverse workplace.

In Vietnam, we face challenges in finding young talent to work as agricultural technical assistants. Young people are more interested in other industries such as banking, oil and gas, and IT, and this poses us challenges to find suitable young candidates. In 2019, Japfa Vietnam developed plans for regeneration and succession planning in order to attract more young talents to work in the agricultural field, thus promoting inclusivity in the workplace.

Also in India, talent attraction and retention is a challenge in the agriculture industry, especially in poultry. With the fast-moving developments in India, people are increasingly attracted to IT, banking and other more popular sectors. Though Japfa is an established company with long-standing core values, finding the right talent to suit these values can be challenging, especially for technical roles. We have engaged with several universities through



job fairs to attract talented students with agricultural academic backgrounds. Other platforms that we use to provide job opportunities include employee referrals, social media, and job portals.

Inclusive diversity also means gender equality, women's empowerment and being respectful to one another. In Vietnam, we realise that women play an important role in nurturing our chickens in poultry farms. Those with experience in housework and raising children, are better able to look after, feed, and handle our chickens with great care. Our focus this year is to empower women by providing them more opportunities to work at our own farms, and helping them contribute more income to their families.

In Myanmar, women also play an important role in our development. However, limited employment opportunities and the lack of skills are often cited as the biggest obstacles in hiring them. In Japfa Myanmar, we strive to empower women by employing up to 60% female workers in most of our breeding, hatchery, and commercial farm operations. These jobs allow women to make decisions,

earn incomes to improve their families' financial conditions. To address the gap between higher and lower level management, we implemented a cross-functional strategy and map out career paths for employees to further develop their skills and promote career progression in the organisation.

Advanced technology and automation are implemented in our Myanmar feedmill operations to improve efficiency. This transition of manual labour into automation has required Japfa to modify their labour requirements. During 2019, there was a labour reduction of up to 313 people. Proper management following the regulation was conducted and carried out smoothly and fairly as the Group gradually replaced unskilled labour with skilled labour. We also provide internal training

for potential employees to help upgrade to more skillful responsibilities.

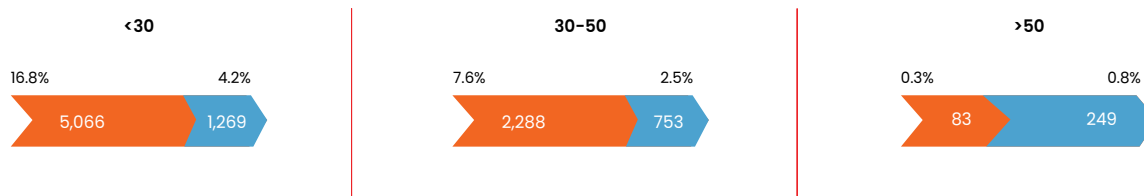
In India, issues on sexual harassment are a social risk that receives a lot of attention. In Japfa India, we have initiatives to combat sexual harassment, ranging from training and communications to the development of a formal committee as mandated by the national government. These initiatives are implemented across all units and roles to include salespeople and service providers. While the workers at our feed mill units are primarily men, it is still important for us to ensure that everyone is well-informed about how to behave respectfully towards women, whether they are co-workers or external parties.

## New Employee Hires and Employee Turnover

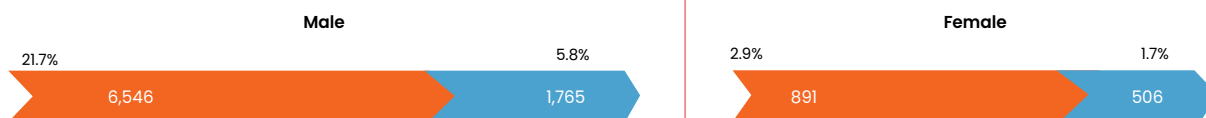
[GRI 401-1]

■ Recruited ■ Out

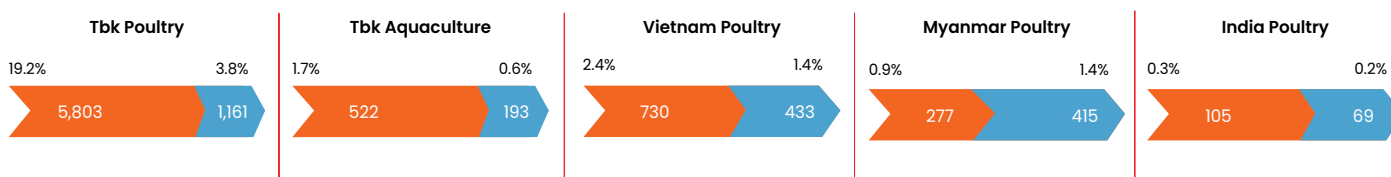
### Age Group



### Gender



### Region



## Age Diversity for Management and Employee

[GRI 405-1]



**Notes:** The percentage shown for each colour group represents the number of male or female divided by the total number of people in that group category.





# Training And Development

[GRI 102-41, GRI 404-1, GRI 404-2]

Our development programme has been designed specifically to equip our employees with the skills they require to develop their careers

Starting this year, we set up a career path for each employee based on their personality assessment, coaching and mentoring. The range of training programmes available to our employees includes:

## Foundation Programme (FP)

To equip them with principles in management, leadership, cross functional knowledge and a “transformative” mindset

## Middle Management Programme (MPP)

To broaden their knowledge and strengthen their abilities to take on responsibilities at managerial level. Materials provided in MMP include Human Resources Management (HRM), Marketing (MKT), Finance (FIN), Project Management (PJM) and Operational Excellence (OPE)

## Senior Management Programme (SMP)

To improve their capabilities in strategic thinking, analysing the business competitive environment and also market positioning and strengthening, they have to attend 4 training clusters as follows:

- Cluster 1: Business Acumen and Financial Intelligence
- Cluster 2: Strategic Thinking and Execution
- Cluster 3: Driving Innovation and Change
- Cluster 4: Personal Leadership and Influence

In addition to standard training provided across the Group, some training programmes are provided specific to the conditions in the various countries.

In Indonesia, we provide a pre-pension programme for employees at all levels in the form of training, which is held twice a year in Jakarta and Surabaya.

In 2019, our Aquaculture reopened the Training Centre in Banyuwangi to provide improved development programmes for our employees. We provided training programmes for our employees in collaboration with Universiti Sabah, Malaysia and Kindai University, Japan, to prepare them in facing future operational challenges through joint research and development as well as practical training. Currently, there are four Aquaculture Management Trainees attending a 9-month on-the-job training course in Kindai University, Japan, after the completion of an earlier programme at Universiti Malaysia Sabah for three months.

Our further commitment to learning and development is demonstrated through the ongoing development of the Japfa Training Centre. We target to complete this project in 2020. At the moment, the construction of employee housing and new infrastructure is still underway.

In Myanmar, we have mapped out a career path for each employee. The mapping was conducted through a personality assessment, coaching and mentoring. Each employee's career path is consistently tracked, followed with tailored recommendations and advice on how to achieve their personal career goals. We also have a cross-functional strategy to further develop the skills of our people.



This year, we implemented advanced technology and automation in our Myanmar feed mill operations that resulted in labour reduction due to modified labour requirements and improved efficiency. The reduction was conducted according to regulations and carried out smoothly and fairly. We also conducted training programmes to help our employees upgrade their skills.

In Myanmar, we support the right of collective bargaining for our employees and workers. While in Vietnam, we support the employees' right to freedom of collective bargaining and association. Most of our employees are members of the

labour union (100% in Vietnam Consumer Food, 95% in South Vietnam Poultry and 93% in North Vietnam Poultry). In Indonesia, we established a Bipartite Cooperation Institution in accordance with applicable laws in the form of a Communication Forum (FORKOM) to facilitate better communication, consultation and discussion between managers and employees. Relationship issues, jobs, and grievance are the common topics discussed in this forum. A similar forum is conducted in Myanmar in the form of "Division Conversation" or town hall meetings with senior management. The topics discussed in this forum include relationship issues, jobs, and grievances with the aim to foster an open communication in the workplace. This will increase employees' productivity and satisfaction, which are key to a sustainable business. We have a bipartite agreement with our employees, which enables them to discuss diverse topics across hierarchies. This forum is also useful for management to communicate regulation and policies to employees.

We also have "Japfa Conversation" as a forum for senior leaders and talents to converse in a formal yet friendly manner in order to improve communication, facilitate engagement and assist relationship building so that employees are motivated to continue progressing their careers.

### Average Hours of Training per Year per Employee

[GRI 404-1]

All Grade Employee Category	Average Hours of Training per Employee		
	Male	Female	Total Average
Tbk Poultry	3.2	5.5	3.5
Tbk Aquaculture	5.9	5.4	5.8
Vietnam Poultry	7.5	7.3	7.4
Myanmar Poultry	10.1	9.3	9.7
India Poultry	6.9	4.1	6.8

# Occupational Health And Safety (OHS)

[GRI 403-1, GRI 403-2, GRI 404-2]

Occupational health and safety remains our top priority to ensure safe workplace conditions for our employees. We followed a comprehensive Occupational Health and Safety Management System accross our operations





In Indonesia, our OHS system has been implemented and internally audited in all units, including poultry feed, poultry breeding, and aquaculture. We target three poultry feed units in Padang, Cirebon, and Medan to obtain certification in 2020 as outlined in Government Regulation No. 50 Year 2012 regarding the Implementation of Occupational Safety and Health Management System. In 2019, we received certification from the Ministry of Manpower Indonesia for our OHS management system for our poultry feed in Padang. For other units, we internally measure their progress by incorporating the 166 criteria of OHS management system certification as part of our managers' key performance indicators.

Internal training programmes are also provided beforehand to increase their competency in attaining OHS management system certification. Our aquaculture feed mills in Banyuwangi and Gresik also received zero-accident certification from the Ministry of Manpower Indonesia for their efforts in implementing a safe work environment. In India we also recorded zero accidents throughout this reporting period.

We were awarded OHS Personnel Certification by the Ministry of Manpower and another certification body in Indonesia as follows:

- **First Aid Officer Training**  
Implementing ratio of one certified for every one hundred workers.

- **Class D Fire Extinguisher Training**  
Implementing ratio of two certified for every twenty-five workers
- **Class C Fire Extinguisher Training**  
Implementing ratio of one certified for every three hundred workers
- **Class B Fire Extinguisher Training**  
Implementing ratio of one certified for every one hundred workers
- **Class A Fire Extinguisher Training**  
implementing ratio of one certified for every three hundred workers

In Indonesia, we also provide routine OHS training to our employees as follows:

### Basic OHS Training

### Advanced OHS Training

### Hazard Identification, Risk Assessment and Determining Control (HIRADC)

### Lead Auditor ISO 45001:2018 Certification



Initiated by the Industrial Relations Department (OHSE Sub Department), all HSE personnel from PT Japfa Tbk business units and subsidiaries in Indonesia gathered and discussed at PT Japfa Tbk HSE National Forum in Solo.

We aim to implement Behaviour-Based Safety (BBS) consistently in our business units. BBS is a method used for accident, injury and loss prevention at our workplace. It involves behaviour observation and unsafe activity detection, followed by interventions for behavioural change to achieve safe operations. Implementing BBS enables us to embed a culture of safety across our operations and at different levels of management, leading us to attain an improved employee and organisational performance.

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**In January 2019, the Industrial Relations Department held the Japfa Group HSE National Forum in Solo. Personnel from all Japfa business units in Indonesia gathered at this event to discuss new issues regarding the environment, health and safety. At the event we also announced the winning Japfa OHS Logo design, which is depicted below**



In Vietnam, the OHS management system has been implemented in accordance with Vietnamese legislation on occupational health to ensure our employees' occupational health and safety at the workplace. We conduct certified OHSAS training annually for our employees. During working hours, we equip our employees with personal protective equipment (PPE) along with warning signs for hazardous areas, slogans, and posters that remind them to stay safe in the workplace. At our feed mills, for every 300 employees we have one medical and OHS specialist in place, in accordance with the Vietnamese legislation on occupational health and safety. Currently there are 24 people in our feed mills who have joined the OHS committee, and OHSAS training is conducted for all workers at each site. Following the implementation of the Vietnam national standard legislation on OHS, certain indicators such as accident reporting are used to ensure the effectiveness of our OHS management system.

In Myanmar, the awareness of OHS has started to increase recently. This has prompted the government to create national rules for OHS. We took the initiative by assisting the Ministry of Labour to develop and formulate the OHS policy. Starting 2019, we established the OHS Committee consisting of nine representatives who are selected from the staff and management.

In India, the OHS management system set up by our safety committee includes safety procedures, biosecurity measures, and identification of hazards and warnings. This OHS system has been designated to prevent accidents in the first place. As we are aware of our full responsibilities to create a safe workplace, safety training programmes are also provided to our outsourced workers. These combined strategies enable us to minimise productivity loss caused by workplace injuries that may affect our operational performance.

**Workers Representation in Formal Joint Management-Worker Health & Safety Committees (P2K3)**

[GRI 403-1]

All Grade Employee Category	Number of Employees in P2K3	Percentage to Total Employees
Tbk Poultry	2,399	10.4%
Tbk Aquaculture	325	11.2%
Vietnam Poultry	153	12.1%
Myanmar Poultry	288	13.9%
India Poultry	252	1.7%

For our Aquaculture, in September 2019, the Environment Health and Safety (EHS) Department launched the Golden Rules Aquasafer together with other EHS programmes including Aquasafer, Behaviour Based Safety and EHS management system to ensure zero accidents. An icon named “Bang Safety” was also launched internally to communicate, educate and create awareness to the importance of OHS in our Aquaculture Operations.

**In September 2019, Tbk Aquaculture established the Golden Rules Aquasafer together with other EHS programmes including Aquasafer, Behaviour Based Safety and EHS management system to ensure zero accidents.**

**Absentee Rate - Total number of days of employees being absent from work. No relation to accidents or injuries**

[GRI 403-2]

Absentee Rate 2019	Male	Female	Total
Tbk Poultry	0.3%	0.6%	0.4%
Tbk Aquaculture	0.3%	0.1%	0.2%
Japfa Vietnam	1.4%	1.7%	1.5%
Japfa Myanmar	0.7%	0.7%	0.7%
Japfa India	2.7%	3.5%	2.8%

**Lost Days - Number of days lost per one million man hours due to accidents or injuries in one year**

[GRI 403-2]

Lost Day	Male	Female	Total
Tbk Poultry	6,566	3	6,569
Tbk Aquaculture	33	15	48
Japfa Vietnam	0	0	0
Japfa Myanmar	166	403	569
Japfa India	0	0	0

During the reporting period, we are deeply saddened to report that there was fatality due to traffic accident which happened to one of our employees in the poultry operations in Indonesia. This was a pure traffic accident

which happened outside our premises. We extend our deepest condolences to his family, friends and colleagues. This incident is also reflected in the number of work days lost.

### Type of Injury for Employees and Workers

[GRI 403-2]

Tbk Poultry	Light <sup>1</sup>	Moderate <sup>2</sup>	Heavy <sup>3</sup>	Fatal <sup>4</sup>
Male	55	61	3	1
Female	3	1	0	0
Tbk Aquaculture	Light	Moderate	Heavy	Fatal
Male	9	12	0	0
Female	3	2	0	0
Japfa Vietnam	Light	Moderate	Heavy	Fatal
Male	151	9	0	0
Female	143	12	0	0
Japfa Myanmar	Light	Moderate	Heavy	Fatal
Male	428	1	49	0
Female	300	0	66	0
Japfa India	Light	Moderate	Heavy	Fatal
Male	0	0	0	0
Female	0	0	0	0

### Injury Rate for Employees and Workers<sup>5</sup> - Number of work accidents per one million man hours due to accidents or injuries in one year

[GRI 403-2]

Accident Frequency Rate (AFR)	Male	Female
Tbk Poultry	2.0	0.6
Tbk Aquaculture	1.7	0.3
Japfa Vietnam	0	0
Japfa Myanmar	33.2	47.4
Japfa India	0	0

<sup>1</sup> **Light:** An accident which does not cause lost days

<sup>2</sup> **Moderate:** An accident which results in lost days but does not cause any physical or emotional disabilities that will interfere his work

<sup>3</sup> **Severe:** An accident which cause lost days and causes physical and emotional disabilities that will interfere his work

<sup>4</sup> **Fatal:** An accident which causes death within 24 hours after the accident

<sup>5</sup> Injury rate is represented as Accident Frequency Rate (AFR) following government regulation.

# Employee Benefits

[GRI 401-2]

As a family-oriented company, we value employees' well-being as a business strength. Throughout the year, the benefits provided to both full-time and contract employees are set out in the table below

## Benefits Provided to Our Employees

[GRI 401-2]

All Grade Employee Category		Life Insurance	Healthcare	Disability and Invalidity Coverage	Parental Leave	Retirement Provision	Transportation
Tbk	Permanent	✓	✓	✓	✓	✓	✓
Poultry	Contract	✓	✓	✓	✓		✓
Tbk	Permanent	✓	✓	✓	✓	✓	✓
Aquaculture	Contract	✓	✓	✓	✓		✓
Japfa Vietnam	Permanent	✓	✓	✓	✓	✓	✓
	Contract	✓	✓	✓	✓	✓	✓
Japfa Myanmar	Permanent	✓	✓	✓	✓	✓	✓
	Contract		✓		✓		✓
Japfa India	Permanent		✓	✓	✓	✓	✓
	Contract		✓	✓	✓	✓	

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# SUSTAINABLE CONSUMPTION AND PRODUCTION

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[GRI 102, GRI 204, 303, GRI 306, GRI 302, GRI 305]

*Climate change poses risks to farmers' productivity and may impact our business operations. It is critical for us to cope with this challenge by transforming our production and resource consumption. Promoting efficient use of resources, zero-waste and emission reduction is our focus this year, as these help increase our operational efficiency.*







Committed to further embrace sustainability, we conducted a Life Cycle Assessment to understand more about the environmental impact of our products and processes. By taking into account climate-related risks, we can aim to provide affordable nutritious proteins sustainably.

Our agri-food and aquaculture operations are highly dependent on the climate. The rapid changes and weather or extreme events pose challenges to our farmers in raising livestock or cultivating fish. Drought may threaten raw material supplies. The impact of heatwaves can reduce fertility and increase the vulnerability of our chickens to diseases. Fish farmers may face lower productivity due to the alteration of physiology and behaviour of the fish caused by climate change. Warmer water temperatures and rising sea levels bring disruption to marine ecosystems.

It is clear that climate change is affecting our agri-food and aquaculture farmers and is very likely to get worse if we do not measure or mitigate those risks. Developing goals and strategies that embrace sustainable use of natural resources is thus key for us to safeguard our business operations amid the pressing issue of climate change. We believe that

focusing on our goals to install more rainwater harvesting systems; construct additional wastewater treatment plants; increase the use of renewable energy; improve efficiency; use of mobile applications for more effective monitoring of the freshwater ecosystem; minimise waste; and secure raw material supplies will help farmers and Japfa to be ready for the uncertainties arising from global climate change while reducing our own impact on the environment and our carbon footprint.

With the initial ambition to promote efficiencies across all operations, we continue to improve our sustainable agri-food and aquaculture practices, which aligns closely with the UN 2030 Agenda for Sustainable Development, particularly SDG Goal 12: Ensure sustainable consumption and production patterns. All of these enable us to attain affordable and sustainable animal protein and fish production, which are the primary contributing factors to global food security. Throughout our operations, we comply with environmental laws and regulations. [GRI 307-1]

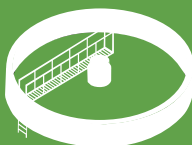
## Water Management

We have taken seriously the potential water-scarcity issue and reduced our water dependency through rain water harvesting system



## Wastewater Management

Wastewater effluents are major contributors to a variety of water pollution problems. Japfa has acknowledged this issue and installed Wastewater Treatment Plants in our feed mills in Indonesia and Vietnam



## Waste Utilisation

Japfa actively promotes efficiency in our production processes whenever possible, aiming to minimise waste generation and maximise recycling through waste sorting





## Energy and Emission Efficiency

We are committed to using clean energy for our production processes. We prefer to use natural gas and renewable energy from biomass and solar energy when available, in addition to electricity and diesel

## Sustainable Sourcing

To ensure responsible sourcing, we work closely and monitor our procurement practice for all raw materials



# Sustainable Consumption and Production

## Our Approach

# Water Management

[GRI 102-11, GRI 303-1]

Water availability is a potential risk in the agriculture sector, yet an indispensable part of our production. We take this potential water-related issue seriously by reducing our water dependency through our rainwater harvesting projects

## Poultry



We use water mostly for producing steam in the boilers and drinking water for our chickens. We source our water mostly from groundwater, municipal water and harvested rainwater. Used water is then treated in our water treatment plants utilising technology such as reverse osmosis so that it is suitable for process means and consumption. Each facility in our operations has its own water treatment plant.

Water scarcity has been identified in two of our operations in Indonesia, caused by issues such as salty water, heavy metal-contaminated water, and drought. We installed a rainwater harvesting system and recycled the treated effluent discharged from the wastewater treatment plant ("WWTP") as domestic water. Since August 2018, our Cikande Feedmill has ceased buying or taking water from third parties or groundwater. It has been operating solely on harvested rainwater. We are continuously exploring

opportunities to install rainwater harvesting systems in other units.

Some regions may have ecosystem limitations that hinder us from constructing a rainwater harvesting system. For example, in Myanmar Poultry, rainwater harvesting is not an option due to highly polluted air conditions in the industrial area where our farms are located. The air pollution affected the quality of the rainwater, causing it to be acidic and containing heavy metallic residue.

In India Poultry, we are currently constructing a new water reservoir in the SK PS Farm with a capacity of 10 million litres, equal to the monthly needs of our operations and domestic usage. Further research and analysis is still required regarding the capacity of rainwater harvesting and reservoir especially during prolonged drought in India.

**Cikande Feedmill has used harvested rainwater since August 2018**



### Our water conservation initiatives



Install water flow meters in Indonesia, Vietnam, Myanmar, and India



Apply Nipple Drinking System in all breeding farms and owned commercial farms



Educate CGF farmers to use Nipple Drinking System in India



**84**  
Infiltration wells



**35**  
Rainwater Storage Tanks In Japfa

**3,448**  
Biopores

## Aquaculture



Water quality is a critical factor affecting fish health and performance in aquaculture production systems. Different fish species require specific water quality aspects (temperature, pH, oxygen concentration, salinity, hardness, etc.) to grow, thrive and reproduce. We continuously monitor the physical and chemical conditions of our aquatic ecosystems to ensure that it is optimal for the fish under culture at all times.

We utilise Recirculating Aquaculture Systems (RAS), semi-RAS and 2-step on our shrimp farming system to maintain the water quality of our intensive aquaculture operations.

These innovations enable us to increase the culture productivity and reduce waste output at the same time.

Our Shrimp Technical Team also developed an Android-based mobile app called TKT (*Tim Kerjasama Teknis* – Technical Cooperation Team) Mobile. It serves as a tracking system to monitor the freshwater ecosystem. The application of TKT Mobile covers all shrimp farming activities, from pre-spread to harvest. The app allows us to analyse and control the environmental conditions based on certain parameters such as, water conditions, shrimp growth, feed amount and performance monitoring.

### Water withdrawal by source [GRI 303-1]

Source	Unit	Tbk Poultry	Tbk Aquaculture	Vietnam Poultry	Myanmar Poultry	India Poultry
Ground water	m <sup>3</sup>	5,974,094	1,427,548	287	374	85
Lake water	m <sup>3</sup>	0	1,604,774	0	0	0
Sea water	m <sup>3</sup>	0	5,937,253	0	0	0
River Water	m <sup>3</sup>	244,606	752,967	0	0	0
Municipal Water	m <sup>3</sup>	206,926	72,733	46	0	0
Industrial Water	m <sup>3</sup>	0	0	80	0	54
<b>Grand Total</b>	<b>m<sup>3</sup></b>	<b>6,425,626</b>	<b>9,795,275</b>	<b>413</b>	<b>374</b>	<b>139</b>

# Wastewater Management

[GRI 102-11, GRI 306-1]

Wastewater effluents are major contributors to a variety of water pollution problems. Japfa has acknowledged this issue and installed Wastewater Treatment Plants in most of its operations

## Poultry



The combination of untreated domestic sewage, solid waste disposal, and industrial effluents can lead to depletion of available water resources and deterioration of water quality. Japfa Group has implemented some initiatives to address this issue.

In our poultry operations, we mainly use water for domestic, biosecurity and sanitation processes, especially in breeding farms and hatcheries. The wastewater produced is then sent to Waste Water Treatment Plants ("WWTP") before being discharged to water bodies. The WWTP reduces contamination of discharged water that may harm the environment.

In Tbk Poultry segment, most of our operations are equipped with WWTPs. The treatment plants in breeding farms and hatcheries on top of that are already certified by authorised bodies. During the reporting year, we constructed more WWTPs for domestic processes which also comply with the regulations.

Vietnam Poultry also has same level of commitment. We aim to go beyond the government's minimum water discharge quality requirement by trying to achieve the

highest standard of wastewater treatment i.e. Grade A. In 2019, we received Grade A certifications from the government for our breeding units.

WWTPs are also operated in the central hatchery in Chaw Gone and Myota hatchery of Myanmar Poultry unit. In 2019, the commercial farms followed with the construction of two new WWTPs that cover 10 units of double-storey closed houses in Nyaung Napin, Hmawbi. In this WWTP system, we use fish as a bioindicator. Our feed mills follow the local regulations by treating their wastewater in the industrial zone sewage system.

In India Poultry, the treatment is separated into the Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP). During the reporting period, only our feed mills in Supa installed the ETP. In the future, we target to incorporate ETP in new projects as our commitment to go beyond requirements.



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**In 2019, our breeding farms  
in Vietnam received Grade A  
wastewater treatment certification  
from the Government**





## Aquaculture

In Tbk Aquaculture, we adopt Recirculating Aquaculture Systems (RAS), semi-RAS and 2-step in our shrimp farming system to maintain the water quality of our intensive aquaculture operations. Such innovation improves the productivity of the culture while reducing wastewater production at the same time.

As a commitment to conserve water and reduce freshwater consumption, we designed a proper wastewater treatment for our operations (fish, shrimp, and eel feeds, shrimp and freshwater fish breeding, shrimp, eel, freshwater fish farming and fish processing industry, and cold storage). In our Tilapia Processing at Janggir Leto, the treated effluent is recycled and reused for process water after being treated by reverse osmosis. In the feedmill unit, we are starting to reuse the water known as condensate for the boiler machine. It can save water use up to 20%. The use of condensate can reduce the energy usage for the pre-heating machine, thus minimising the carbon footprint from the production as well.

As part of the strategy, we also construct WWTPs in our new operations, such as the new shrimp hatcheries in Sumbawa, Makassar and Anyer.

We conduct monthly sampling and Wastewater Treatment analysis in all our operations in accordance with the provisions of the Wastewater Discharge Permit (IPLC). We also conduct daily Potential Hydrogen (pH) and discharge measurements to ensure the fulfillment of wastewater quality standards.

In our Aquafeed operations, we also conduct monthly sampling and analysis of domestic wastewater. The parameters monitored are pH, Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Suspended Solid (TSS), oil and fat, Ammonia and total Coliform.

### Water discharged by quality and destination [GRI 306-1]

Division	Unit	Water Discharged	End Point	Treatment Method
Tbk Poultry	m <sup>3</sup>	1,258,350	Drainage, River	WWTP
Tbk Aquaculture	m <sup>3</sup>	2,834,897	Drainage, River	WWTP
Vietnam Poultry	m <sup>3</sup>	121,938	-	WWTP
Myanmar Poultry	m <sup>3</sup>	762,427	-	WWTP
India Poultry	m <sup>3</sup>	16,220	-	ETP
TOTAL	m <sup>3</sup>	4,993,832	Drainage, River	WWTP, ETP



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**We use Recirculating Aquaculture Systems (RAS), semi-RAS and 2-step in our shrimp farming system in order to maintain the water quality of our aquaculture operations**



# Waste Utilisation

[GRI 306-2, GRI 306-4]

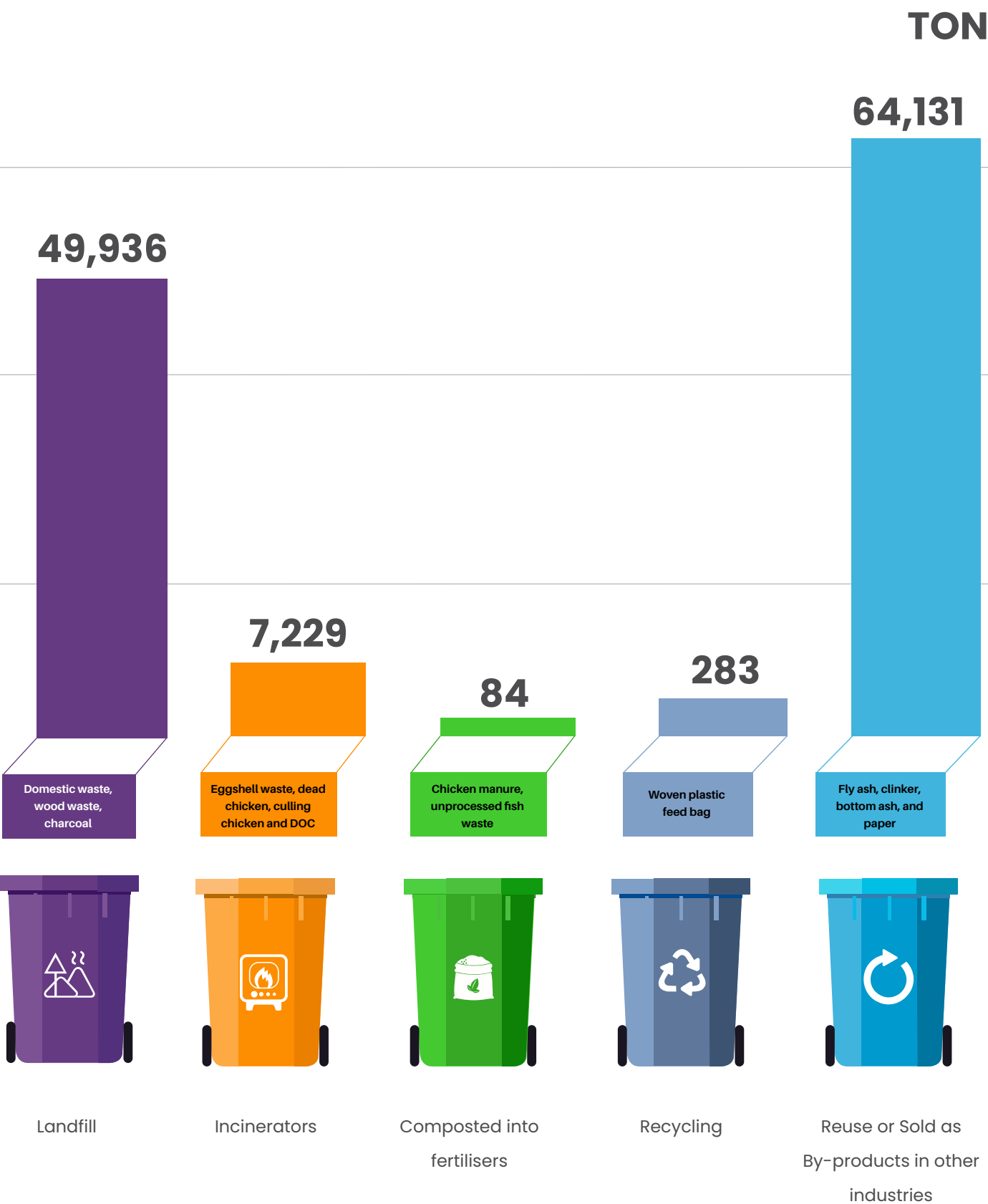
We uphold lean manufacturing operations and reduce the creation of waste through an efficient production system and maximise recycling through waste sorting

In our poultry operations, we continuously promote efficiency in our production processes, with the aim of minimising waste generated and maximising recycling through waste sorting. Our solid waste mostly comes from our livestock such as manure and carcasses. In our poultry operations, some effluents absorbed by shaved wood are eventually mixed to the manure. The end result of this process is then reused as fertiliser.

In Tbk Aquaculture, we generate almost the same solid waste from our production process, which is dead fish. That is then reprocessed as by-products in our Tilapia Processing unit at Janggirletto. Same as what we do in the poultry unit, the fish waste and dead fishes are reused as fertiliser.

Other solid wastes, such as hazardous and non-hazardous waste, are collected to be handled by licensed third-party contractors.





Data based on company's records

# Energy And Emission Efficiency

[GRI 302-1, GRI 305-1, GRI 305-2, GRI 305-7]

We are committed to using clean energy for our production processes. We prefer to use natural gas and renewable energy from biomass, when available, in addition to electricity and diesel

In Indonesia, our biomass fuel is sourced from oil palm shells, candlenut shells, oil palm fiber and firewood. PT Japfa Tbk is committed not to use coal in all its operation units. In India, our biomass briquettes are made from the waste of agricultural products, such as rice husks, sugarcane bagasse waste and others. In Myanmar, we use mixtures of sawdust, strips, bark, forest wood chips, shavings or grains seasonally as the source of our renewable energy. Due to limited alternative energy sources, we have to use coal in Myanmar. We continue to explore other more environmental-friendly energy sources in Myanmar. Most of this energy is used to run boilers in feed mills, breeding and vaccine areas.

An increase in the prices of electricity by 30-100% by the Myanmar government since August 2019 has spurred Japfa to be more efficient in energy usage. Together with other divisions, we are looking for alternative energy solutions such as using solar panel systems in our commercial farms units to achieve cost savings on electricity. We installed energy metering in our plants in India to monitor the daily energy usage for energy optimisation.

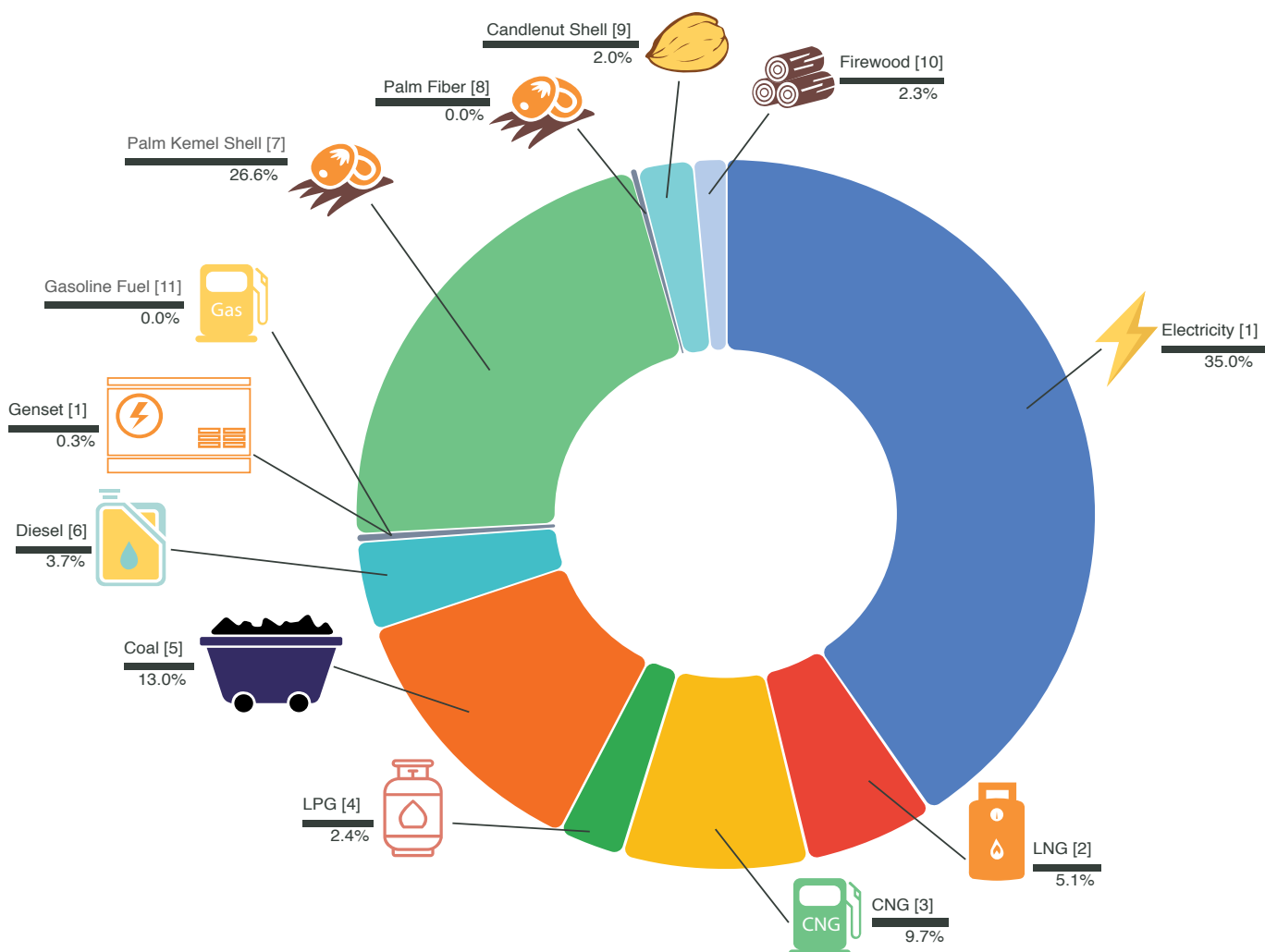
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**We continuously strive to use renewable energy sources and explore ways on how to improve our energy efficiency**

Energy audits are conducted regularly in our feed mills in Indonesia, and North and South Vietnam. We are actively reducing our energy consumption and emission through our strategies. In addition, we have also developed Standard Operating Procedures (SOP) for work optimisation in the feed mills and purchasing units in India. In Indonesia, our operations comply with ISO 14001:2015 and 9001:2015.

Throughout this year, we use a web-based system called JSRS to monitor energy consumption in Indonesia. This system acts as an early warning system of unusual energy consumption or as a baseline to implement energy efficiency programme/policy utilising the data from the system. Our target next year is to implement this system in other countries.

### Energy consumption within the organisation [GRI 302-1]



## Energy consumption within the organisation

[GRI 302-1]

Japfa Group			
	Unit	Amount	%
<b>NON-RENEWABLE ENERGY</b>			
<b>Electricity</b> <sup>[1]</sup>	MJ	1,409,985,914	35.0%
<b>LNG</b> <sup>[2]</sup>	MJ	203,776,246	5.1%
<b>CNG</b> <sup>[3]</sup>	MJ	391,930,837	9.7%
<b>LPG</b> <sup>[4]</sup>	MJ	98,356,977	2.4%
<b>Coal</b> <sup>[5]</sup>	MJ	522,713,397	13.0%
<b>Diesel oil</b> <sup>[6]</sup>	MJ	147,676,189	3.7%
<b>Genset</b> <sup>[1]</sup>	MJ	10,738,711	0.3%
<b>Gasoline Fuel</b> <sup>[11]</sup>	MJ	52,072	0.0%
<b>RENEWABLE ENERGY</b>			
<b>Palm Kernel Shell</b> <sup>[7]</sup>	MJ	1,069,947,480	26.6%
<b>Palm Fiber</b> <sup>[8]</sup>	MJ	839,160	0.0%
<b>Candlenut Shell</b> <sup>[9]</sup>	MJ	80,721,610	2.0%
<b>Firewood</b> <sup>[10]</sup>	MJ	90,930,504	2.2%

<sup>1</sup> Convert to MJ by standard methodology based on School of Oceanography, University of Washington, 1 kWh of electricity = 3.6 MJ

<sup>2</sup> Convert to MJ by standard methodology based on PT Perusahaan Gas Negara Tbk, calorific value of gas = 36.6 MJ/m<sup>3</sup>

<sup>3</sup> Convert to MJ standard methodology based on IGU (International Gas Union), calorific value of CNG = 37.26 MJ/m<sup>3</sup>

<sup>4</sup> Convert to MJ standard methodology based on Ministry of Energy and Mineral Resources, calorific value of LPG = 47.27 MJ/kg

<sup>5</sup> Convert to MJ standard methodology based on Ministry of Energy and Mineral Resources, calorific value of coal = 23.45 MJ/kg

<sup>6</sup> Convert to MJ by standard methodology based on School of Oceanography, University of Washington, 1 liter of diesel oil = 36.4 MJ

<sup>7</sup> Convert to MJ standard methodology based on suppliers data., calorific value of palm kernel shell = 17.22 MJ/kg

<sup>8</sup> Convert to MJ standard methodology based on suppliers data., calorific value of palm fiber = 11.34 MJ/kg

<sup>9</sup> Convert to MJ standard methodology based on research of Efendi Et. AL., calorific value of candlenut shell = 25.46 MJ/kg

<sup>10</sup> Convert to MJ standard methodology based on World Agroforestry Centre, calorific value of firewood = 19.61 MJ/kg

<sup>11</sup> Convert to MJ by standard methodology based on School of Oceanography, University of Washington, 1 L of Gasoline = 35 MJ



## Our energy and emission reduction strategies



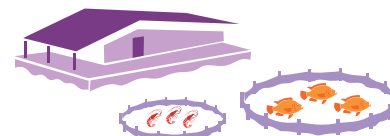
### Feedmill

- Apply Moisture Optimisation Program (MOP) for pelletising in India
- Use dust collector system to improve the management of dust and particulate matter for poultry in Indonesia and Myanmar
- Use natural gas and renewable energy sources from biomass for boilers in most feed mills in Indonesia
- Improve material handling system
- Use natural lighting in Vietnam
- Install inverters to improve equipment and machine efficiency
- Implement Variable Frequency Drive (VFD) to improve motor efficiency and power consumption in air compressors



### Commercial Growing Farmers

- Plant trees surrounding the farms in India
- Install solar panels in some of our sites in Vietnam and Myanmar (19 CGF closed houses with solar panel system in Nyaung Napin and Phugyi, Hmawbi, Myanmar)



### Aquaculture

- Conduct air emission measurement and monitoring
- Utilise heat recovery steam generation (HRSG) to recover heat and reduce heating energy requirement in the boiler
- Use renewable energy for steam boiler
- Improving material handling system
- Install deodoriser and conducting odour analysis to overcome odour

## Air emission quality

[GRI 305-1, GRI 305-2, GRI 305-7]

	Unit	Tbk Poultry	Tbk Aquaculture	Japfa Vietnam	Japfa Myanmar	Japfa India
<b>GHG emission direct (Scope 1)</b>	tons CO <sub>2</sub> eq.	74,050	16,694	4,734	4,888	3,069
<b>GHG emission indirect (Scope 2)</b>	tons CO <sub>2</sub> eq.	300,326	66,434	33,543	11,449	8,517

Calculated based on IPCC 2013 100a from SimaPro software

Nitrogen oxides (NOx), Sulfur oxides (SOx), and other significant air emissions	Unit	NOx	SOx	CO	Particulates
<b>Tbk Poultry and Tbk Aquaculture</b>	kg	86	26	258	29

We monitor the air emissions from our operations, such as from boilers, regularly. In Indonesia we conduct monitoring of air emission biannually, following the local environmental regulation. Our air emissions are always maintained within the regulated threshold.

In our Tbk Poultry, we conduct emission sampling on a regular basis, as well as analyse the emission samples in collaboration with an external air laboratory who has been accredited by NAC/KAN (National Accreditation Committee/Komite Akreditasi Nasional) to ensure the efficiency of our energy and emissions. We maintain the quality of our air emissions to ensure their compliance with air quality standards.

# Sustainable Sourcing

[GRI 204-1]

To ensure responsible sourcing, we work closely and monitor our procurement practice for all raw materials thoroughly

Our vertically integrated structure enables us to control all stages of the life cycle of our chickens – from hatching-egg production to distribution of the finished products – including raw material sourcing.

We have stringent requirements in selecting the best raw materials for our products as well as suppliers. Our trusted suppliers of ingredients are committed to the same high level of food safety and quality as we are. All suppliers are subject to the Supplier Code and are required to comply with the Japfa Code of Conduct, which sets out standards in compliance with government laws and regulations on employment, the environment, health and safety.

For example, for the aquaculture suppliers, we require our prospective partners to meet the Best Aquaculture Practices (BAP) Certification, MSC and/or IFFO Certification, and various certifications to prove that they use materials that are traceable and non-genetically modified. Our assessment is not only limited to product quality but also related to social aspects. In India, child labour and sexual harassment of women are major social risks. We always pay attention to child labour and sexual harassment which can potentially occur in our suppliers.

We prioritise local suppliers within our countries of operation as we are aware that using local raw material has both far-reaching benefits for the community and the environment. Most of our feed mills have applied this effort, including

poultry operations in Indonesia, Vietnam, and Myanmar with corn as the most used local raw material.

The biggest growth of local sourcing occurred in poultry operations in Indonesia with a 8% increase – from 56% to 64% in 2019. In Aquafeed, 52% of our fish oil supplies are produced from local companies. We do appreciate the suppliers who give their best efforts in our business partnership, therefore we also provide retention programmes to maintain our mutual beneficial partnership.

For our packaging material, we use biodegradable packaging at our hatchery and processing plant for Tilapia thus promoting more sustainable practices along the supply chain.

To support our rapid supply chain process, we develop an Import Material Monitoring System which is integrated with Systems Applications and Products (SAP). This system provides faster and more accurate data throughout the supply chain system. In the end, it increases efficiency, accuracy, and transparency of the whole system.

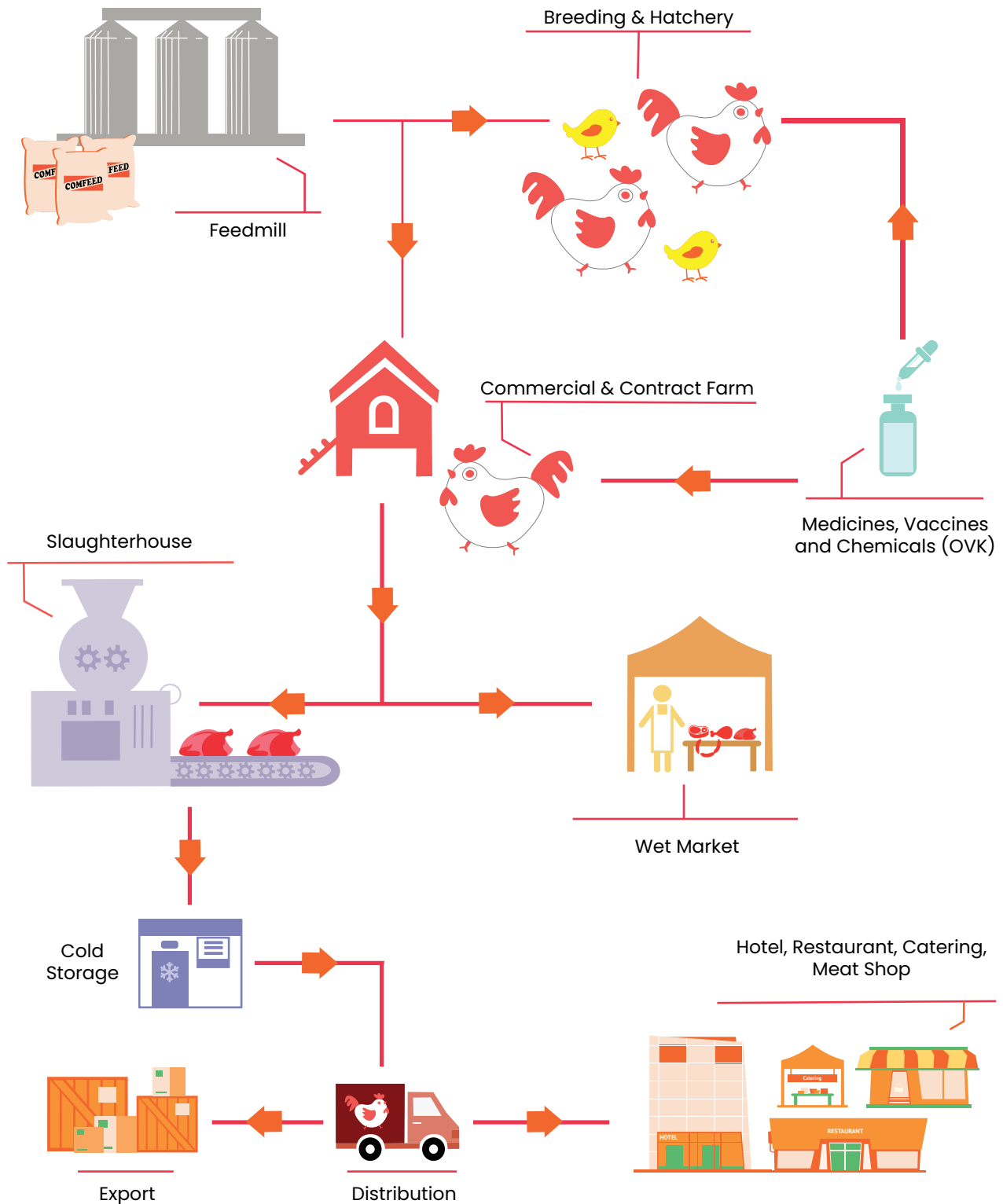
We monitor the material inside our plants and the cargo transportation from ports to our warehouses. Transporting products to short-distance customers has enabled us to decrease the number of carbon footprints produced.



## Our Supply Chain

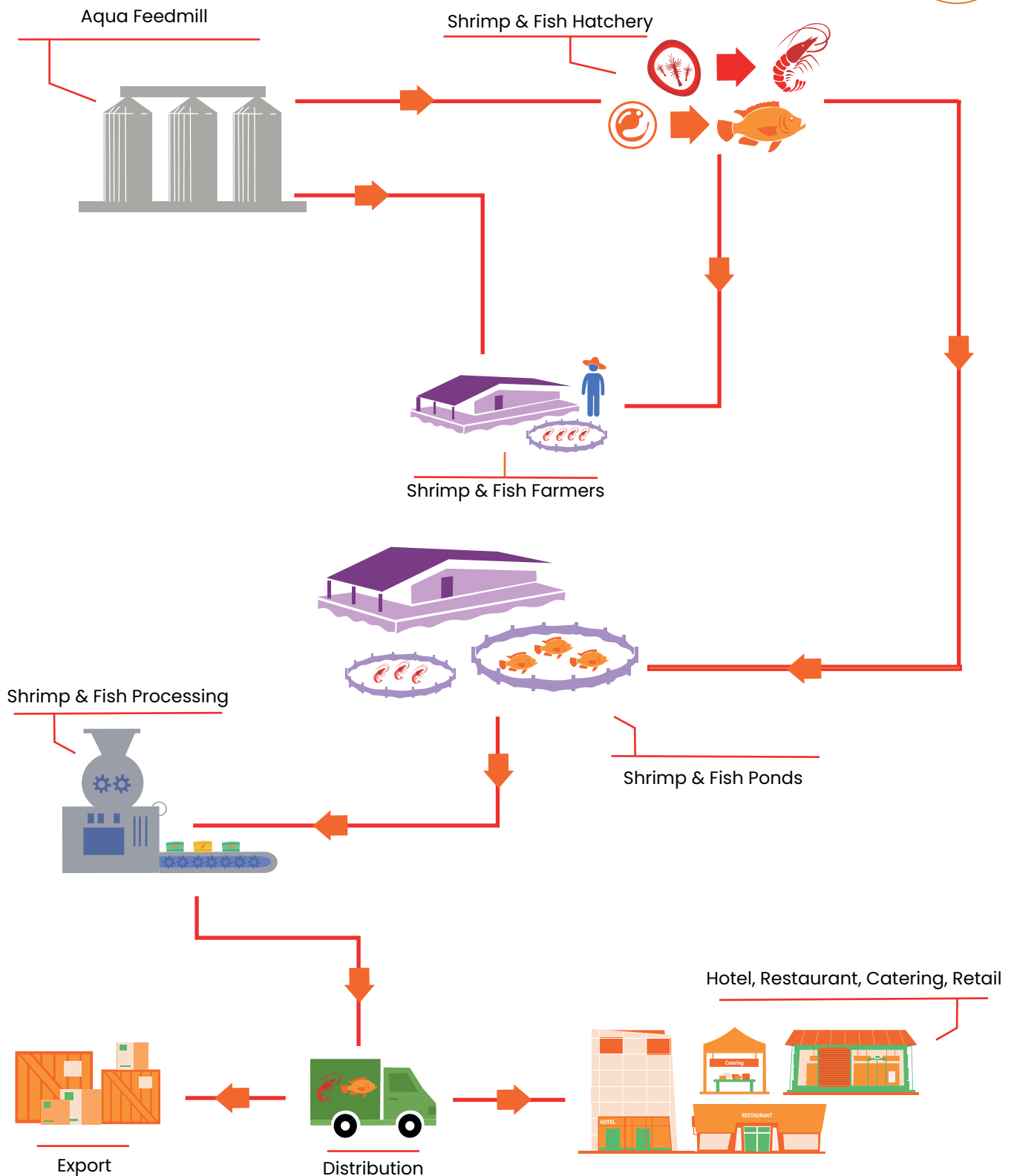
[GRI 102-7, GRI 102-9, GRI 102-46]

### Poultry



**We recognise the importance of traceability  
in a sustainable supply chain. Our products  
are traceable throughout our supply chain**

## Aquaculture



# ANIMAL WELFARE

[GRI 102, GRI 416, GRI 417, FP10, FP12, FP13]

*Climate change causes increased magnitudes of extreme weather events such as drought, heat waves, and floods, which can all directly or indirectly impact animal welfare. In Japfa, we always strive to ensure that our animals are healthy and happy, according to the principles of five freedoms of animal welfare. Focusing on stringent biosecurity measures and a healthy and controlled atmosphere in our closed or open-house farm system is paramount to mitigate risks to our animals due to climatic impact such as heat stress, unfavourable temperatures and disease contamination*







Climate change can cause negative consequences on the chickens' health. This may arise from changes in environmental conditions, including air temperature, precipitation, humidity. The direct effects of climate change on poultry include illness and death related to increased temperatures and heat waves. Depending on the intensity and frequency, heat stress can cause behavioural changes, impaired reproductive function, and reduced immunity on our broiler chickens. The indirect impact may be primarily due to the influence of climate on disease distribution, microbial distribution, food and water supply, or food-borne diseases.

Consumers today are more concerned about how their food is produced and sourced, including whether the animals are humanely treated and bred in healthy conditions, with the belief that healthier animals mean safer food and better nutrition. This demands more transparency on our production and consumption system. Our vertically integrated operations, from animal feed manufacturing to breeding and fattening of poultry and aquaculture for further processing, have allowed us to have traceable high-quality products.

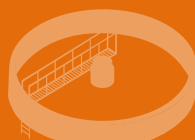
FAO projected that global food demand will double the population growth by 2050. Yet, around 600 million people are still suffering from food-borne illnesses each year as recorded by WHO (2019). Against this backdrop, we aim at ensuring food security and food safety across our supply chain, without compromising on our natural resources.

As one of the largest leading agri-food companies in Asia, we believe that food safety goes hand in hand with animal welfare. Utilising modern technology through a real time monitoring system in our open and close house farms, we can address animal welfare and food safety issues while improving efficiency and productivity and thus food security.

We strive to maintain the traceability of our products' supply chain while ensuring that our animals are treated appropriately and that they are healthy, comfortable, well-nourished, safe, and not suffering from unpleasant states. We believe that happy animals are healthy animals. Therefore, throughout our operations, we prevent diseases by implementing biosecurity measures; conducting appropriate veterinary care; providing shelter, management and nutrition, and a stimulating and safe environment; and performing humane handling and humane slaughtering. Through our activities, we aim to maintain food security and improve the welfare of our animals and stakeholders, including the family farmers. Our strategies and practices to ensure animal welfare are elaborated in the following approaches.

## Stringent Biosecurity

Practicing strict biosecurity and hygienic procedures to prevent the entry and spread of pathogens into farms is one of our paramount cores



## Vaccine

We apply strict biosecurity and provide vaccines to our animals to ensure our chickens' health and hygiene at the first place, thus preventing disease entering our farms

## Balanced Nutrition

We strive to bring innovative feed products to optimise yield performance through continuous research and development. Our innovations allow us to stay competitive



## Housing

We believe that a happy chicken is a healthy chicken. We follow the principles of 5 freedoms of animal welfare. We ensure that they are free from hunger and thirst, free from discomfort, free from pain, injuries and disease, free from aggressive behaviour, and free from fear and distress. Our broiler chickens are raised in a condition where they can eat, drink, rest and roam freely in the closed or open-house farm systems

## Handling and Traceable Distribution

As part of our efforts to make our product distribution as effective as possible, we consider the distance from our production unit to consumption areas. Therefore in Vietnam, we are planning to have slaughterhouses near public markets. This has been our major concern since it can increase food safety and hygiene throughout the value chain



# Animal Welfare

## Our Approach

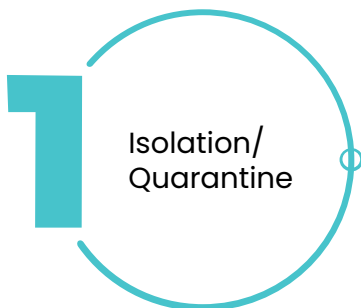
# Stringent Biosecurity

Practicing strict biosecurity and hygienic procedures to prevent the entry and spread of pathogens into farms is paramount to our operations

The health of our chickens is our main priority in every step of our production cycle, and we ensure their well-being by preventing flock infection from external sources. We focus on identifying, evaluating, and resolving issues relating to animal well-being both within our farms and with our local farmers. We implement a three-zone biosecurity system throughout our Parent Stock (PS) farms to prevent the introduction and spread of disease-causing organisms in poultry flocks.

Strict biosecurity implementation requires the collaborative effort of all parties. Japfa maintains strict discipline on its farm personnel and ensures that they uphold good animal husbandry practices. Continuous training and employee development are conducted to ensure compliance. We developed biosecurity policies and strategies to manage pests and infectious diseases from entering, emerging, establishing, or spreading within our operations. Our biosecurity measures are based on three major components, namely isolation, traffic control and sanitation.

**Our biosecurity is measured based on 3 major components:**



Involves an enclosed housing in our breeding farm and applying separate hygienic air handling, feed and water troughs to avoid the risk of cross-contamination



Includes both traffic into the farm and traffic patterns within the farm using strict arrangements and policies. Our traffic flow patterns are outlined to avoid disease agents from entering the farms by keeping contaminated objects such as clothing, footwear, vehicles, hardware, away from the poultry



Includes the disinfection of materials, individuals, and equipment entering the farm and ensure workforce hygiene



We strengthen our biosecurity protocols, especially during outbreak seasons, in every aspect of our facilities including feed mills, breeding farms, hatcheries, commercial farms and slaughterhouses. In Vietnam, we focus on biosecurity in our farms including contract farms. All our farms in South Vietnam and most of our farms in North Vietnam have already achieved the Vietnamese Good Agricultural Practices (VietGAP) certifications, published by the Ministry of Agriculture and Rural Development of the Socialist Republic of Vietnam. The certification is awarded to producers who fulfil several criteria in respect of productive technique, food safety, product traceability and protection of the environment and health.

In Myanmar, we upgraded our biosecurity system to be stricter on breeding and hatchery sanitation. As part of our commitment, we are in the process of acquiring ISO 2018 for our feed mills - an update of ISO 2015, which we received previously.

Salmonella is one of the biggest risks to poultry, which may pose a real threat to farmers. In Indonesia, random samplings are regularly conducted in several areas, from the farms to the slaughterhouses. We continuously achieve 100% salmonella-free on our random sampling test in GP and PS Breeding Farms, as well as slaughterhouses.

Similar to the poultry biosecurity system, we also implement the three-zone biosecurity system throughout all aquaculture farms. As a result, we achieved Best Aquaculture Practices (BAP) two years in a row due to our best effort. We also received several certifications such as Halal certification from Majelis Ulama Indonesia (MUI) and Aquaculture Stewardship Council (ASC) certification.

# Vaccine

[FP13]

We produce our own vaccines through our subsidiary, PT Vaksindo Satwa Nusantara (“Vaksindo”), which is the leading poultry vaccine research plant in Indonesia that carries out research on endemic diseases in the Asia and Africa regions



**Our vaccine manufacturing plant are Certified with Good Manufacturing Practice**

Vaccines prevent disease by boosting the chicken’s immune system in such a way that it enhances the immune response when the chicken is subsequently exposed to a pathogen (or disease-causing organism). As we strive to maintain healthy chickens, vaccines are utilised as prevention and treatment.

Our researchers and veterinarians conduct research and produce vaccines by following Good Manufacturing Practices Standard and ISO 9001:2015 under the supervision of our Quality Assurance (QA) department. Our researchers also collaborate

with overseas institutions on predictive modelling and DNA mapping.

Vaksindo operates certified Biosafety Level (BSL) 3 facilities, which provide special handling facilities for hazardous biological materials. In 2019, it expanded its vaccine production plant and adopted both semi-automatic and automatic technologies. To support research and development for its vaccine products, it is currently constructing a Science and Innovation Centre.



# Balanced Nutrition

[GRI 102–12, GRI 417–2, GRI 417–3, FP12]

We strive to produce innovative feed products to optimise yield performance through continuous research and development that allows us to stay competitive

## Balanced Feed Formulation

We create specially formulated feed through continuous innovative research and development. Our formula considers all the requirements for balanced nutrition suitable for various phases of chicken development, especially in the tropical climate where we operate. We work alongside our expert nutritionists and use advanced technology such as the Near Infrared Reflectance (“NIR”) to develop balanced feed formulation, precision and improve production efficiency concurrently. The use of NIR reduces the wet chemical testing from 32% to 25% in providing detailed amino acid profiles, contributing to less environmental impact and higher cost efficiency.

Our aquafeed products are well-established and well-known as one of the top and the only one Fish-Free-Feed (F3) products in Indonesia. We are committed to continuous improvement based on resource efficiency and cleaner production using the traffic light action plan to monitor improvement. During the reporting period, we achieved the runner-up of the Asian Feed Miller Sustainability Award held in Bangkok. We were the first Indonesian aquaculture company that was invited as a speaker in the Free Fishmeal/Fish Oil Feed (F3) Conference in San Francisco, USA in 2017 and 2019. We were also the first aquaculture company in Indonesia to produce low phosphorus Tilapia diet, ensuring low phosphorus content in freshwater environment.

**Fish-Free-Feed (F3) has been implemented for most aquaculture feed products (Tilapia, Common Carp, Pangasius, Milkfish, and Macropomum)**

Since 2018, PT Japfa Tbk has stopped the usage of Antibiotics Growth Promoter (“AGP”) to comply with government regulations (14/PERMENTAN/PK.350/5/2017), while for aquaculture products, we have stopped using AGP since many years. In Vietnam and India, we have voluntarily stopped the usage of AGP. In 2019, AGP free (NCH Probiotic Echocarger 1000) is used in all processes from breeding, growing, and laying, by transferring to nipple system directly. This initiative eliminates human intervention and therefore reduces mortality by 2% by preventing the bacteria/virus from spreading.

Prebiotics, probiotics, Medium Chain Fatty Acids (MSFA), essential oils, and/or herbs are used as substitutes for antibiotics. When necessary, antibiotics are given as medication, as prescribed by the veterinarian, following the allowed recommended dosage.

We provide clear and comprehensive labels on our packaging in compliance with strict labelling regulations from the government, especially in Myanmar, Vietnam, and India where the governments have specific labelling requirements. Our labels provide information on ingredients, nutrition value facts, quality, freshness, direction of use and expiry dates.



## Research Plant and Feedmill

We conduct continuous research on nutrient requirements for optimum poultry growth and performance. To support our research and development, we constructed the most advanced and biggest in-house poultry research infrastructure across Asia Pacific, called Japfa Poultry Research Farm (JPRF) with a special-purpose-built experimental feedmill. This facility comprises Research Farm, located in Mojokerto, and Research Feedmill, located in Sidoarjo.

We recognise the importance of knowledge sharing and capacity development. Our research facility is open to graduate research students and we continuously publish our research in journals, accessible to the poultry science community.

For aquaculture feed research and development, we constructed the most advanced aquafeed research plant,

Japfa Aquaculture Research Station (JARS), in Sumatra. Similar to poultry feed, we tailor-made all of the aquafeed to produce superior balanced-nutrition feed. Our aquafeed research plant is well-known throughout Indonesia with continuously increasing demands on research activities from other countries. Bringing diverse know-how and synergy through collaboration with researchers from leading local and overseas universities has helped us to identify new and innovative solutions more quickly.

We use both controlled and non-controlled environments with large samples of broilers to obtain accurate data on how individual nutrients and farm management techniques affect chickens' performance.

There are several automation initiatives conducted in 2019 throughout our regions. In Indonesia, we built a new fully automated plant in Medan with a target capacity of

more than 600,000 tons of output per year. This plant will support the domestic demand for feed. While in North Vietnam, we installed an expander machine between mixture and pelletising process to increase quality and maintain a stable quality of feed. The machines together with the new automated packaging and pelletising robot allow improved hygiene and time savings.

With the aim to lessen the environmental impact of our products, we conduct trustworthy business activities and operation through compliance with laws, regulations, and requirements related to the environment. We use silo trucks to transport feed from feed mills to farms. There are many benefits by using silo trucks as transportation, such as less packaging and improved hygiene.



# Housing

[GRI 301-3, FPI3]

We believe that a happy chicken is a healthy chicken. We follow the principle of 5 freedoms of animal welfare, being freedom from hunger & thirst; discomfort; pain, injury or disease; fear and distress; and freedom to express normal behaviour

Equipped with temperature control, plastic slatted flooring, and adequate lighting, our closed-house systems are designed to create a comfortable and healthy environment for our chickens. We use automated rotating fans to maintain a favourable air quality in order to control humidity and prevent bacteria from growing. Our open house systems are used in Vietnam, Myanmar, India and some parts of Indonesia.

Different approaches have been applied to accommodate different temperatures and climate conditions such as using custom heaters in Vietnam and Myanmar.

In Myanmar, we implemented a ventilation system that balances between inlet and outlet air (Balance Oxygen, CO2 and Methane) so we can ensure there is no negative pressure within the chicken house. Plastic pads are preferred to provide better air circulation and, at the same time, prevent the chickens from directly stepping on their manure. We are constantly trying to improve the quality of maintenance of our chickens and their environment.

India is a country with a harsh environment and extreme temperature. In terms of weather extremes, 2019 was

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**Our chickens are raised in conditions where they can eat, drink, rest and roam freely in the closed or open-house farm systems**

a year to remember. The high impact weather events, including extremely heavy rainfall, heat and cold waves, snowfall, thunderstorm, dust storm, lightning, and floods, affected all parts of India during 2019. The India Meteorological Department (IMD) has acknowledged that the high impact weather events killed more than 1,500 people during the past year (The Weather Channel India, 2020). As a precautionary approach to protect our chicken from climate change, we started using technologies to help us improve air circulation, ventilation and feeding management in 2019. On the following page, the technologies adopted include:





## Trial of Maximus Controller System

Maximus Controller System is an integrated management system designed specifically for agricultural businesses. Its features enable us to remotely control and automate building management (ventilation, heating, temperature, humidity, light, fan/air velocity, power consumption, feeding management, water management, etc.) using computer/smartphone/tablet in order to achieve a uniform and optimum result of production. This year, we conducted a system trial in our existing PS Farm for coop 15 & 16 and managed to adopt the system in two of our SK Farms. The other SK Farms were targeted to adopt by 2021.

## Installation of Automatic Inlet/Window

We installed automatic inlet/window (lowest) in PS Farm to replace the manual curtain to control air velocity and temperature. The inlet will be automatically adjusted based on temperature and humidity conditions in the room.

## Replacement of Conventional Fan into Inverter/Controller Fan

We installed an inverter/controller fan in two houses of our PS Farm. This new technology of inverter fan will adjust the speed fan according to the ambient temperature thus helps to reduce energy consumption and improve energy efficiency.

## Replacement of Manual into Automatic Pan Feeder

Built-in with a feed sensor, this system helps to automatically feed the chicken and thus ensuring the uniformity of the chicken growth. At the moment, an automatic pan feeder has been implemented in each chicken coop for brooding while the automatic chain feeder has been installed for laying.

In addition, in India, trees are planted around the chicken houses to control air temperature. These trees provide shade, protecting the house from sunlight and cleaning the air by absorbing the CO<sub>2</sub> produced by the manure. For our hatchery in India, we built a dedicated washing place for transportation vehicles for chicks and eggs, and reusable DOC plastic boxes so we can improve the cleanliness, enhance wastewater management, and have a waiting area for the drivers while the cars are being washed.

In aquaculture, the animals live and are dependent on their water ecosystem. Water quality is vital to our aquaculture operations. We take great care on this to ensure that our fish and shrimp grow in a healthy and safe environment while we uphold the principles of animal welfare. We continuously monitor the physical and chemical condition of our aquatic ecosystem's water to maintain the optimum range of our aquaculture needs.

We implement a Recirculating Aquaculture System (RAS), semi-RAS and 2-step in our shrimp farming system to maintain the optimal water quality of our intensive aquaculture operations. These systems allow us to provide good quality of water consistently, as we could completely control our water conditions, prevent diseases, and subsequently maintain and improve our animals' performance.

The commitment to ensure water quality throughout our aquaculture operations enable us to provide a stable and optimal environment for our animals under culture, which leads to less stress and better growth.

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**We are honoured to be recognised for our commitment to promote sustainable aquaculture through certifications such as Best Aquaculture Practice and Aquaculture Stewardship Council Certification**



# Handling and Traceable Distribution

[GRI 301-3, GRI 416-1, GRI 417-2, GRI 417-3, FP10, FP13]

In Japfa, we care about animal welfare. This is applied to how we handle our animals in the farm, processing and distribution of our products. Our vertically integrated business model allows us to ensure that this practice is traceable and applied throughout our operations.

## Handling

The common natural behavioural problems found in chickens are aggression and feather pecking. Before they establish the pecking order, they tend to fight with each other, which in turn can lead to injuries. The natural pecking behaviour in chickens may also create cannibalism and mortality, especially among untrimmed hens. We use laser beak trimming on our broilers in order to prevent harmful pecking and mortality. Compared to the conventional hot-blade beak trimming, laser beak trimming is more promising as it offers better beak uniformity and improved animal welfare as there are no open wounds among the chickens. This beak trimming practice can prevent scattered feed and facilitates better feeding and mating. Besides beak trimming, we monitor the ratio of male and female chickens in farms to prevent cannibalism.

In Indonesia, we were the pioneer in using advanced laser beak trimming technology. While in India, we will be piloting natural beak smoothing in 2020. Natural beak smoothing involves a rough surface on the feeder for both male and female chickens that would naturally smoothen the beaks which promotes animal welfare even better. In Vietnam, we continued to implement beak trimming as well.

## Halal and Hygiene Processing

Currently, we have the most chicken slaughterhouses across Indonesia. Tbk Poultry products have received the Halal certification by Majelis Ulama Indonesia/Indonesian Council of Ulama (MUI) for proper and appropriate ritual of Halal cutting and slaughtering standard requirement. Some of our multinational clients have very strict requirements on sustainable poultry practices that we follow and uphold. We do not have any slaughterhouse operations in Myanmar, India, and Vietnam as we sell live birds to various agents, distributors, and traditional markets. In Indonesia, before the slaughtering process begins, chickens are stunned by well-trained workers to ease the process which is in line with sustainable poultry practices. Slaughtered chickens are then transferred to the packing and delivery department.

In Vietnam, we are planning to have slaughterhouses near the public markets. Distance has been our major concern since proximity to the markets will improve food safety and hygiene throughout the value chain.

Tbk Aquaculture operates its own product processing plant, cold storage and value added product facilities. After the harvest, the fish are transported live to our own cold storage and processing facility located near the lake. We use modern equipment and processes such as tunnel congelation to maintain the optimal freshness of our goods. This integrated production structure allows us to meet the requirements of best practice in traceability and food safety for domestic and global food service companies.

## Our processing plants for chicken and Tilapia fish received Halal Certification, Food Safety System Certificate (FSSC) 22000 4.1. and Best Aquaculture practice respectively

### Traceable Distribution

Due to our integrated operations, our chicken products are traceable to its origin. This traceability is achieved with the support of technology and system adjustment. For the example, in Indonesia, we control our DOC distribution using satellite which is integrated with our SAP system. Parameters for the chick vans such as temperature, speed, humidity, as well as the chicks' parameters are visible for checking. Our chick vans, around 300 vans, can be digitally monitored by the customer so they know when their order will be delivered. In Indonesia, more than 90% of the boxes used to transport DOCs by Japfa are reusable plastic boxes, while the remaining are cardboard due to long-distance travel. Every DOC that has been packed in the box can be monitored using a barcode. The bar code is electronically stored in our system and provides complete trace-forward (plant to customer) and trace-backward (customer to plant) capability.

In India, all our chick vans for hatchery follow the best practise and recommendations from the experts. Chick vans are equipped with air conditioning system, wet and dry thermometer, and the GPS to monitor the real-time location, to maintain chickens' well-being.

Since 2016, the Vietnamese Government has been working to strengthen the national food safety monitoring and surveillance system by improving data management and developing a database of food businesses according to their risk profiles. These efforts aim to understand and target effective interventions and enforcement. To support government initiatives, we are enrolled in Ho Chi Minh City's programme, TE Food Vietnam, for tracing the origin of poultry meat sold at retail outlets since 2018. In 2019,



this programme expanded to some commercial rental farms in North Vietnam.

Customers can now use the QR Code from [www.te-food.com](http://www.te-food.com) to scan the barcode on our chicken packages. The barcode contains, amongst others, information about the poultry breed, breeding period, name of farm, feed, vaccination schedule and time of slaughter. This approach improves food traceability and security across the supply chain. We are also in pursuit of the Food Safety Chain Certificate which will give us the ability to expand our market, as the Vietnamese Government only allows some institutions, schools as an example, to buy fresh products (fruits, vegetables, livestock products) from companies that are listed in the Food Safety Chain list.

In order to make safe and affordable staple proteins more accessible to the masses, as well as explore business opportunities, especially mid-downstream, we opened up meat shops. The price offered at our meat shop is considered pocket-friendly compared to the public market. Up to 2019, in Indonesia, we have more than 250 meat shops, spread along Sumatra, Java, Bali, Kalimantan, and Sulawesi. Meanwhile, in Vietnam, the meat shop is a

brand-new business line that was established in 2019 under the “JAPFA BEST” brand. Now, we are focused on building brand awareness of JAPFA BEST in the downstream market through advertising strategy emphasising on food safety, government’s TE-food traceability programme, and quality of services such as on-time delivery and delivery quality.

Despite all the things that we have done, we believe that distribution is still an area for improvement. Therefore, we will keep doing research and development to find the best practice in implementing an optimum distribution system.

As a leading poultry producer, we constantly assess the quality and safety of our products. To-date, we do not have any incidents of non-compliance concerning the handling and transporation of animals, marketing communications, and the labeling of our poultry products.

**In Vietnam our chicken products  
are traceable to their origin  
through TE-Food Vietnam food  
treaceability and  
security systems**



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# SUPPORTING OUR FARMERS

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[GRI 413-1]

*Over recent years, climate change has influenced the productivity of farmers to a different extent, posing risks to global food accessibility and security. Building partnerships with farmers has been our main focus to improve their well-being. This involves supporting small-scale farmers in improving their productivity.*





The SDGs aim to end all forms of hunger and malnutrition by 2030, making sure all people have sufficient and nutritious food all year. Aligning with the SDG 2: Zero Hunger, our sustainability goal must include farmers as they are the source of world nutrition. This enables us to mitigate our exposure to climate and food security risk and at the same time, contribute to socio-economic development.

Aligning with the SDG 1: End Poverty in all its forms everywhere, we empower local communities to be knowledgeable and profitable farmers through contract farming programmes, which we view as key drivers of local economic growth. In 2019, we have collaborated with more than 10,000 farmers. We are committed to helping these farmers thrive as we believe it is integral to sustaining our long-term business success.

Our farmers consist of both farmers who work on our own farms and contract farmers. A contract farming arrangement is a commitment that involves Japfa supporting a contract farmer in relation to good farming practices and technical assistance. In return, the contract farmer provides labour, chicken housing and fisheries. Through this arrangement, we provide benefits such as price stability and guidance for our contract farmers throughout the farming process. At the same time, we create more job opportunities and provide economic contributions to the local community, in line with our commitment of *Growing towards Mutual Prosperity*.

As part of our proposition to provide total farming solutions, we have teams of mobile Customer & Technical Service professionals to help farm operators extract the best value from our products. Our poultry experts are professionally trained in animal husbandry, nutrition and veterinary science and are able to offer complete on-site support to thousands of contract farmers throughout Indonesia. In the process, they routinely trouble-shoot and provide technical training on all aspects of farm management from ventilation, biosecurity and yield optimisation to disease prevention.



We add significant value by sharing the latest findings from our in-house R&D with poultry farmers. We also tap on our laboratories to help contract farmers obtain accurate diagnostic results for specific samples from their farms.

## Complete Farmer Assistance

Our farmer assistance is tailor-made to suit the needs of farmers to optimise their production yields

## Knowledge Development and Management

We provide innovative technology, tools and modern methods for farmers to face evolving challenges







# Complete Farmer Assistance

Our contract farmers in each region may face different challenges due to climate, cultural and regulatory differences. Thus, they require diverse skill sets and knowledge. Our complete farmer assistance programme is available in various forms across all regions and provides daily on-farm assistance to optimise the farmer's production yield for best results.



## Indonesia

Customer Technical  
Service Professionals

Research and  
Development



## Myanmar

Farmer Integrated  
Service Solution (FISS)



## India

Educating farmers to  
construct a soaking  
pit

## Scope of Our Technical Support and Customer Service



The complete farmer assistance is applied largely across all regions. Farmers are given guidance and assistance directly on the field, including mentoring on the adoption of best practices in farm management for poultry to optimise the yield of the farm.

In Indonesia, we have teams of mobile Customer & Technical Service professionals to help farm operators extract the best value from our products, as part of our Total Poultry Solution Provider. Professionally trained in animal husbandry, nutrition and veterinary science, our poultry experts offer complete on-site support to thousands of customer farmers throughout Indonesia. In the process, they routinely conduct problem solving and provide technical training on all aspects of farm management from ventilation, biosecurity and yield optimisation to disease prevention.

We add significant value by sharing the latest findings from our in-house R&D with poultry farmers. We also use our laboratories to help customers obtain accurate diagnostic results for specific samples from their farms.

In Myanmar, farmer assistance is also provided through an integrated solution called Farmers Integrated Service Solution ("FISS"), which aims to help farmers improve their farm performance, starting from brooding until the harvesting stage. We also offer a Poultry Diagnostic Lab under this programme.



Through FISS, we can foster stronger trust-based relationship between the farmers and ourselves.

In India, our farmer assistance programme also focuses on educating farmers in the construction of a soaking pit for wastewater management. This is in line with the country's government regulations.

Temperature fluctuation due to climate change may significantly affect the health of poultry and as a result, farm productivity. In line with SDG Goal 13: Climate Action, we provide technical assistance to help our contract farmers move to a closed-house system which has improved temperature and humidity controls, to raise poultry resilience. The closed-house system reduces the impact of climate change on poultry, and therefore improve their productivity.

Beyond our contract farmers, Japfa aims to empower small-scale aquaculture farmers to ensure they reach their full potential. This is done through our KAVAS (Kawasan Vannamei STP or STP Vannamei Area) and Digital Fishery Village (Saung Perikanan Digital) programmes.

Our KAVAS programme is aimed at a group of small-scale shrimp farmers who only have one or two ponds within the same area. In KAVAS, STP provides technical assistance dedicated to its area, mobile lab, and knowledge transfer that help farmers to upgrade their farming method, either through the technology used or feeding regime optimisation. Through the programme, we promote responsible shrimp farming and improve the quality of shrimp farming.

Our Digital Fishery Village programme aims to empower and educate fish farmers in Losarang, Indramayu, on ways to improve their farming quality and efficiency. The regular aquaculture technical support and research that we provide has attracted a lot of non-local farmers. Our Digital Fishery Village has become a facility for farmers to interact and share knowledge with our experts and other farmers' communities. In addition to these two empowerment programmes, we also create a more sustainable way of fish farming by providing automatic feeder technology developed by eFishery, Telkomsel, and Tbk Aquaculture.

Moreover, we operate a shrimp farm partnership programme with experienced and qualified technician, 24/7 standby at shrimp farm until harvest. Technicians deployed in this program are carefully selected through psycho-test and graduated from Tbk Aquaculture top notch training centre in Banyuwangi, East Java.

Training programmes are also provided by People Development of Tbk Aquaculture Human Resources to equip farmers with soft skills, such as communication skills, to help them maintain a more effective and efficient day to day operation. In 2019, we conducted three training events at Madura, Makassar and Manado.




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**In 2019, we conducted three major trainings at Madura, Makassar and Manado**



# Knowledge Development and Management

We have identified the need to further develop farmers' knowledge on the best practices in animal protein business, adapting to the local conditions and resources.

The transition towards more sustainable agriculture requires new knowledge and new processes of learning. Combining the experience of farmers will enable us to strengthen our farming resilience.

Harnessing information technology and digitilisation, India Poultry has started to create a knowledge management platform as a new process of learning, called JapfaNeeti. JapfaNeeti is an initiative by Japfa to help farmers by providing them access to best practices in animal protein

production across the value chain. We conduct JapfaNeeti sessions in our farmer meetings in partnership with leading companies in animal protein business. We also share snippets of information, farming tips and poultry practices to our community of farmers through channels like WhatsApp, Facebook and YouTube.

Our JapfaNeeti initiative reaches farmers and help them to establish a sustainable model of farm practices. Our main aim is to educate farmers about various issues and diseases



and help them evolve with up to-date farm management tactics. We have organised farmer meetings in Orissa, Assam, Bihar, UP, Chhattisgarh, West Bengal, Kerala, Telangana and Maharashtra. These farmer meetings have seen a participation of over 1300 farmers from diverse sectors like broiler, layer etc. and from various farming ranges like low, medium and high. Our meetings are designed for all the farmers in the poultry industry.

JapfaNeeti identifies detailed content pieces that will be useful for farmers. We target to develop more content to help farmers. The content aims to increase our company's brand value among the customers. In developing JapfaNeeti, we collaborated with:

- Medicine, vaccine companies and poultry magazines to support and facilitate the programmes;
- Video editing vendors for animation and content design.

In Indonesia, starting from early 2019, we opened up Ciomas Commercial Production Academies in Malang, West Java, Central Java, Lampung and Kalimantan to

further broaden the knowledge and skills of our own Indonesian poultry farmers. Two series of 1-week training programmes were held in both Malang and Subang. All knowledge provided should be applied in our own farmers' farming practices and pre/post tests were conducted to measure the success of these training programmes.

In addition to provide education for future farmers, we have been cooperating with Gajah Mada University (UGM) and Brawijaya University to provide Teaching Farm since 2003 and 2013 respectively. This program aims to prepare agricultural graduates to be work-ready qualified farmers. We facilitates the farm inside its partnered universities to be used as laboratory and learning facility for graduates to conduct research on chicken cultivation and animal health.

Mentors involved are all experts in the respective areas. Numbers of Teaching Farm we have developed so far are as below:

- Gajah Mada University: 1 closed-house, 7 open-house farms
- Brawijaya: 1 closed-house, 2 positive-pressure system house



## JAPFANEETI Key Points



Farmer Connect Programs For Promoting Best Farm Practices For Getting Better Results



Regular Update On New Technology & Innovation In Farming.



Knowledge Building By Information Sharing Through Different Channels.



Appreciation Of Efforts, Growth & Contribution Through Rewards & Recognition.



# Facilitate Access to Funding

Improving food security is critical as the global population and demand of poultry and aquaculture continues to increase. Especially in developing countries, this can only work if farmers are supported both technically and financially. Overcoming this challenge, we take initiatives to facilitate funding access for farmers

Tbk Aquaculture collaborates with Rabo Foundation, BCA Syariah and other crowdfunding channels to facilitate funding access to farmers who use Japfa's Aquafeed and follow its sustainable practices. Banks do not have to perform due diligence if farmers have followed the quality

and sustainable standards of Tbk Aquaculture. Japfa Vietnam cooperates with various banks in North Vietnam to provide financial support for customer farmers, while in India, we collaborate with equipment suppliers for equipment financing for farmers.



# COMMUNITY DEVELOPMENT

[GRI 203]

*Malnutrition in all its forms – undernutrition, micronutrient deficiencies, obesity and diet-related non-communicable diseases (NCDs) – imposes unacceptably high economic and social costs on countries. It is one of the greatest impediments to human and national development*







Malnutrition adversely affects physical growth as well as the cognitive development of the unborn and young children, undermining the capacities and capabilities of individuals and communities.

The global call for action through the Sustainable Development Goals (SDGs) to end all forms of malnutrition have continued to be the key target relating to Goal 2: Zero hunger, achieve food security and improved nutrition and promote sustainable agriculture. Without adequate good nutrition, achieving other SDGs will be impossible. Combating malnutrition through nutritious and safe food also depends on other factors relating to healthcare, education, water, sanitation and hygiene, and more. Thus, the ambition to attain SDG Goal 2 should not be separated from other goals that contain measures that closely link to nutrition.

Malnutrition is common in developing countries especially among families with deprived access to education and good sanitation. In line with SDG Goal 3: Ensure healthy lives and promote well-being for all at all ages and Goal 4: Ensure inclusive and equitable quality education and

promote lifelong learning opportunities for all, answering this issue requires a more comprehensive solution that stresses on nutrition education and hygiene infrastructure, which are closely linked to each other.

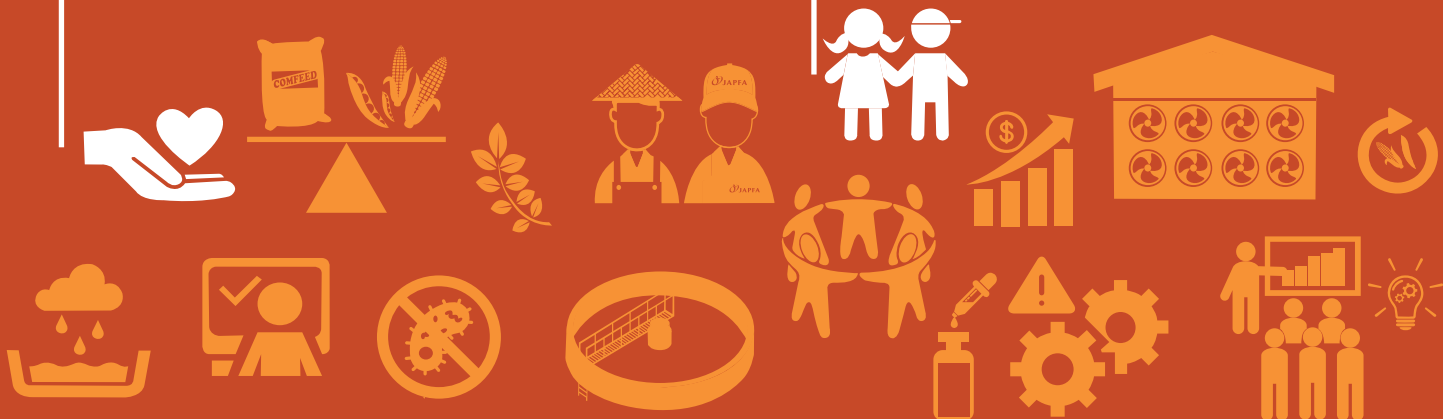
As a leading agri-food company, our focus has always been to end malnutrition and even beyond, which is in line with our vision of *Growing Towards Mutual Prosperity*. Our capability to provide availability, affordability, and consumption of safe and nutritious foods would not be enough without proper engagement with the community to address their needs. They need to learn that good and healthy eating ensures a well-nourished community. In remote areas, infrastructure is required to provide accessibility, improve hygiene environment, and to accommodate learning activities. Aligned with SDGs Goal 2, 3 and 4, combating malnutrition through promoting nutrition-related education, developing sanitation and hygiene infrastructure, and providing social support as our focus approaches, will contribute to improve the health and well-being of the populations, as it is key to foster countries' social and economic development.

## Japfa Foundation

Japfa Foundation was established in March 2015 as a corporate foundation that mainly focuses on social and community activities carried out specifically around PT Japfa Tbk

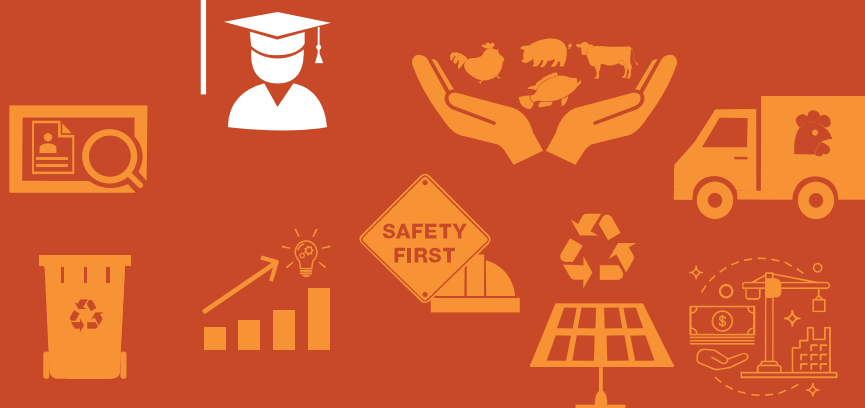
## Japfa for Kids

Japfa for Kids is our flagship social programme that focuses on nutrition and hygiene balance for rural children in Indonesia and India



## Education, Environment and Sports

We believe that our initiatives in education, environment and sports will contribute to the well-being of the local communities where we operate



## Other Community Activities

We believe that investing in social development is important to improve the well-being of local communities and reduce poverty. Based on our principle of "Asset Based Community Development", we always strive to give back to the community through our social initiatives and efforts



# Community Development

Our Approach



# Japfa Foundation

[GRI 203-1, GRI 203-2]

Japfa Foundation was established in March 2015 as a corporate foundation that mainly focuses on social and community activities carried out specifically around PT Japfa Tbk

Based on the vision of *Maximising the Potential of Youth through Education and Nutrition*, we aim to improve the community's socioeconomic well-being by targeting quality improvements in education and nutrients, especially for youths.

The programme Japfa Foundation is designed to be aligned with the 17 Sustainable Development Goals (SDGs), with special focus towards three goals which are: Goal 2: Zero Hunger; Goal 3: Good Health and Well-being; Goal 4: Quality Education. This proves the desire of the Group in aiding sustainable development in our communities.

Our programmes are designed to answer the three pillars of Japfa Foundation: Education, Nutrient Enhancement and Social Strategy. In carrying out its programmes, the Japfa Foundation works with the community to be able to obtain greater benefits and impacts. With this involvement, the success probability of the programme being held will be more optimal as the community feels more ownership of the programme and shares responsibility for the results.





## 1

**Education Pillar  
(SDG Goal 4)**

The objective is to improve the quality of school management, the capacity of principals and teaching staff, and the quality of students from elementary to tertiary levels by focusing on agricultural and animal husbandry-related fields.

**1. Scholarship Programme**

On the Vocational High School (SMK), Diploma 3 (D3) and Bachelor (S1) level, scholarships have been respectively awarded to 50, 12 and 83 students interested in Agriculture. Academic and career guidance programmes are also provided to improve the knowledge and skills of scholarship participants. To produce quality graduates who also want to have a positive impact on society, Japfa encourages scholarship participants to carry out social activities within the community.

**2. Development of Agricultural Education in Six Vocational High Schools**

This programme focuses on strengthening aspects of school entrepreneurship through improving school governance, including increasing entrepreneurship knowledge for school principals, teachers and students; and improving student practical facilities and infrastructure.

Furthermore, schools are encouraged to collaborate with businesses, including Japfa corporate units for teacher and student industrial apprenticeship programmes, while also providing the Expertise and Competency Test (UKK) for students. Japfa Foundation hopes that schools can produce graduates who are entrepreneurs and are able to create jobs according to their respective fields of expertise.

**3. Research Collaboration**

By using feed products from PT Japfa Tbk, research collaboration was conducted with researchers from the Faculty of Animal Husbandry, Bogor Agricultural University (IPB) to obtain alternatives to the local Great Grand Parents (GGP) chickens. This collaboration is expected to provide data on compatibility and influence for the use of feed from PT Japfa Tbk on the performance of IPB-D1 family chickens.

## 2

### Nutrition Enhancement Pillar (SDG Goal 2)

Nutrition improvement programmes implementation aims to improve the nutritional status of children and adolescents, especially young women, and providing access, for both individual and household, to food availability and diversity.

#### 1. Health and Nutrition Promotion

This year programme's target has expanded to the general public by introducing balanced nutritional material through recitation activities. The NutriTEEN initiative was also selected as one of the partners to share the findings of a youth nutrition education campaign at The 13th ACN (Asian Congress of Nutrition) and The 2nd iYouLead (International Young Food and Nutrition Leadership) held in Bali. In addition, the NutriTEEN programme was selected to participate in the Social Campaign Mini Class organised by Campaign.id.

#### 2. Nutrition Research Partnership

The Japfa Foundation promotes the development of cross-sectoral programmes, analysis, and policy recommendations by nutrition-related scientific research. Two research studies conducted in 2019 were:

- a. Research on Nutrition Literacy in Adolescents – a collaboration with the Centres for Nutrition and Health, University of Indonesia (PKGK-UI). The results of the study have been submitted to the Directorate of Community Nutrition, Ministry of Health of the Republic of Indonesia.
- b. Research on the Relationship of Protein Inadequacy and Anaemia in Adolescents – a collaboration with the Mitra Keluarga Health College (STIKES Mitra Keluarga). Research results have been presented at three scientific conferences concerning health and nutrition in Bali-Indonesia, Kuala Lumpur-Malaysia and Dublin-Ireland.

#### 3. Partnership for Food Security and Nutrition

Japfa Foundation was elected as the Chair of the Indonesian Philanthropy Association – Cluster Food and Nutrition Resilience (KF-KPG). This year, together with cluster members, Japfa Foundation plans to increase the cluster members' capacity, expand its network of cluster members, encourage cluster collaboration programmes with external stakeholders, and foster advocacy related to food and nutrition strategic issues.

### 3

## Social Strategy Pillar (SDG Goal 2 and 3)

Japfa Foundation implements social programmes designed to strengthen and empower the community by providing community spaces for learning, sharing and gathering of local community potential. In 2019, Japfa Foundation focused on assisting groups of farmers in three villages in Paciran Subdistrict, Lamongan Regency through the laying hens' agribusiness programme. This programme was established in each village for five groups of farmers with initial capital in the form of 500 chickens and six weeks' feed.



Moreover, Japfa Foundation, which is supported by PT Japfa Tbk, PT Cimas Adisatwa and PT Agrinusa Jaya Santosa, to provide assistance for the care of chickens and the provision of vaccines and medicines needed. The breeders are expected to develop their business so that they can become an example for other communities. Through this programme, Japfa Foundation hopes to make a real contribution to improve the community's livelihood, particularly that of farmers, and to foster community interest in developing the poultry industry, especially chickens, in the Lamongan area.

# Japfa for Kids

[GRI 203-1, GRI 203-2]

Japfa for Kids is our flagship social programme that focuses on nutrition and hygiene balance for rural children in Indonesia and India

Japfa understands its moral responsibilities and the importance of giving back to the society we live in. Every year, Japfa for Kids hosts regional and national talent competitions amongst participating schools to showcase how sound nutrition and knowledge can help rural children realise their potential. Since 2008, this programme has won the Asia Responsible Entrepreneurship Award (AREA) in the Health Promotion Category. The award emphasises programme innovation, solution, sustainability, integration and impact.

It has been our commitment to foster clean, healthy, and green schools through our healthy school management programme. In Indonesia, we created the Adiwiyata programme, which is in partnership with the Indonesian Ministry of Environment and Forestry as well as the Indonesian Ministry of Education that provides mentorship, funding, seedling, and training in order to support environmental education among schools. Its coaching programme adopts the Japanese concept of 5S (Seiri/Sort, Seiton/Set in order, Seiso/Shine, Seiketsu/Standardise and Shitsuke/Sustain).



## Health campaigns and mentoring programmes:

9,064 rural children, 682 teachers, 83 schools



### Indonesia

85,000 rural children, 450 schools, 19 provinces



### India





The core programme of Japfa for Kids is awareness of a balanced diet, and comprises several phases, including:

### Increasing Capacity

Training for teachers about how to develop healthy school management. This programme also involves the selection of students to be Healthy Food Ambassadors, Healthy Kid Ambassadors and Healthy Environment Ambassadors.

### Building a Habit

This programme engages both teachers and students to make changes at school such as enhancing the school environment, preparing a school garden and various activities to support the Healthy Community Movement (Gerakan Masyarakat Sehat).

### Developing a System

This programme involves the development of a committee in each school that is responsible for developing various programmes such as LISA BILAH (Lihat Sampah Ambil Pilah - see, take and sort garbage), Healthy Canteen, School Garden, and Clean Friday.

### Integration with the Teaching and Learning Activities

This programme increases knowledge and capacities for teachers through mentorship and coaching activities to help them integrate personal hygiene habits and practices into students' daily learning activities.

For our efforts, Japfa for Kids was awarded Asia Responsible Enterprise Award 2019 in Taipei.



## Healthy and Strong Integrated Healthcare Centre (POSYANDU)

Started in 2018, this programme aims to tackle the issue of stunted growth in children in Indonesia by opening up centres for the community to get adequate information about health and nutrition in eight locations - Siosar Karo Regency, Padang, South Lampung Regency, Cirebon Regency, Malang Regency, Enrekang Regency, Mamuju Regency and Gorontalo Regency.



The programme was first started in Siosar as it was the relocation area of communities affected by Mount Sinabung eruptions. In 2019, we opened three more centres in Siosar and five more centres in Gorontalo. This programme also helps the community, especially mothers and toddlers, to get access to the health services through Social Insurance Administration Organisation (BPJS) and Regional Health Insurance (JAMKESDA).

Initiatives given by PT Japfa Tbk to the community in the centres are as follows:

- Providing 6-month training and mentoring programme to improve Posyandu's cadre capacity
- Involving stakeholders and encouraging Posyandu to participate in the village planning and development forums (Musrenbangdes) to ensure the continuance of Posyandu and get funding support

# Education, Environment and Sports

[GRI 203-1, GRI 203-2]

We believe that our initiatives in education, environment and sports will contribute to the well-being of local communities where we operate

## Japfa for Education

[GRI 203-1, GRI 203-2]

Access to quality education closely links to improvement of social condition and community's well-being. In Indonesia, we support the development of education by providing learning facilities as well as capacity improvement for teachers and students in our partner schools.

### Japfa Green Schools

Conducted in 10 primary schools located across Serang and Tangerang regency, this programme aims to promote green schools through the development of waste bank and school gardens. In order to ensure the continuity of the programme, we integrate them into daily school activities.

### Building Schools

Our contribution to educational development also includes the refurbishment of earthquake-damaged schools. Supported by the local government, we managed to relocate Vocational High School (SMK) 1 in Central Sulawesi from earthquake-prone areas into a safer location. In India, our support has been in the form of renovating school buildings to provide children with better facilities that engage them in learning; and the installation of water purifiers at schools to provide clean water sources for the children.





## Japfa Healthy Schools

With a total of four schools located in Tigaras and Tambu Raya village, this programme aims to develop a school system that promotes good eating, healthy and clean habits. We encourage teachers and students to monitor each other in ensuring the effective performance of the programme. In addition, support has also been given in managing clean water facilities at two schools near our operations.

## Teaching Farm and Chicken Processing Laboratory

To support agriculture education, we cooperated with universities in Indonesia to construct Teaching Farms as laboratories for students to research on chicken farming and processing. Programmes are routinely conducted by experts from Japfa, interns and researchers. In 2019, we opened two additional Teaching Farms in Pesantren An Tanawi in Serang regency.

## Japfa for Environment

[GRI 203-1, GRI 203-2]



## Brawijaya University (UB) Forest's Canopy Walk

We cooperate with Brawijaya University, Malang, to support conservation and biodiversity research. Part of this cooperation is the construction of a canopy walk in UB forest located in Karangploso, Malang.

## Deer Conservation

Through our subsidiary, PT Santori Agrindo (SANTORI), we have extended our initiative to protect the environment for animal conservation. As at 2019, we managed to conserve 55 Chital (*Axis axis*) and five Indian Muntjac (*Muntiacus muntjak*), which are included in the International Union for Conservation of Nature's Red List of Threatened Species (IUCN Red List).



### Desa Gebang Mangrove

We have made efforts to develop Mangrove eco-tourism in Gebang Village, Pesawaran Regency as our commitment to conserve the coastal areas. The progress made in 2019 included track extension, mangrove crab and clam farming development, and capacity building for the communities around the village to manage the eco-tourism.

### Sragen Town Forest

Together with the Sragen Regency Environmental Services, we developed the master plan of urban forest development in Plumbungan village, Sragen regency. In 2019, the development plan was implemented while the construction of public facilities such as jogging track, toilet, light, park bench, infiltration, electricity line, and biodiversity management are still underway until early 2020.



## Japfa for Sport



### Japfa Chess Club

PT Japfa Tbk developed the Japfa Chess Club led by Grand Master Utut Adianto with the aim of increasing Indonesia's ranking in the international chess federation. In 2019, through its subsidiary PT Suri Tani Pemuka, Japfa Chess Club held a breakthrough programme that lasted for six months for elementary school students around the operational facilities in Katibung, South Lampung, to identify young chess players. Students interested in chess were trained by national coaches through the coaching programme and then selected to join local tournaments to test their chess capability.

### Tournament

Japfa Chess Club supports the Indonesian grandmaster and chess athletes to join several tournaments in order to increase their ELO rating and obtain international master titles.

- Japfa Grand Master & Woman Grand Master Tournament
- Japfa Blind, Blitz & Rapid International Tournament
- 4th Eastern Asia Youth Chess Championship
- Eastern Asia Juniors and Girls Chess Championship 2019
- Fide Chess Zone 3.3
- Fide World Cup 2019



# Other Community Activities

[GRI 203-1, GRI 203-2]

We believe that investing in social development is important to improve the well-being of local communities and reduce poverty. Based on our principle of *Asset Based Community Development*, we always strive to give back to the community through our social initiatives and efforts

We strive to give back to the community through our social initiatives and efforts, as follows:

## Environmentally Friendly Agriculture in Anak Tuha Sub-District, South Lampung

We introduced farmers located in Anak Tuha, South Lampung to a sustainable rice farming model called System Rice Intensification (SRI). Farmers are taught to self-produce fertiliser from animal manure and produce fried onions to increase their income. In 2019, we provided support ranging from facility provision, quality control and packaging to promotion strategy.

## Organic Fertiliser Development from Left Over of Fish Production

We introduced technologies to produce organic fertiliser from Tilapia fish production waste in Tambun Raya village, Simalungun Regency. In 2019, around 3,000 litres of liquid and 8 tons of solid organic fertiliser have been produced out of 15 tons of fish production waste from Tilapia fish culture.

## Waste Bank

Over the course of 2019, we continued our SI REPI waste bank programme in Sragen. There was a 23% increase in assets this year compared to 2018. To further our initiatives, we expanded the programme by building a new waste bank in Sragen Urban Forest, called KECIK waste bank. In 2019, KECIK waste bank successfully collected 906 kg of waste from 43 members worth a total asset of IDR 1,489,000.

## Community-Based Tourism Development in Toba

In supporting the Indonesian government's plan to develop Toba as a new tourist destination, we took the initiative to form tourism-aware communities in Tigaras and Tambun Raya village, Simalungun regency. Based on social, cultural, and environmental mapping conducted before hand, we held tourism activities at the end of 2019 such as Japfa Fun Bike and Kemah Ceria located around our operations in which tourists can enjoy the natural beauty of Toba and communicate with locals via cultural activities.

## “Japfa Peduli” Disaster Relief



We care for those affected by disasters and their impact. There were several natural disasters that occurred in recent years. The Sunda Strait and Konawe in Indonesia were hit by a tsunami and floods around end 2018 and June 2019 respectively while in Myanmar, floods took place in the areas of Hwmabi and Mon State Mawlamyine. Our focus was on helping the communities that were affected. PT Japfa Tbk offered aid to these stricken areas in the form of basic necessities, tents, medicine and emergency trauma services, while Myanmar Poultry offered donations and mercy funds to aid the people during this time of need.

## Infrastructure Development

These infrastructures were developed in the hope of aiding the social welfare of the community.

### Myanmar

Two projects to aid the surrounding infrastructure are:

- Administration building. The administration office at Kalar Gone Village was renovated to allow better service for employees and surrounding communities
- Road infrastructure. Paving 1.5 km road to allow greater access through and from the surrounding villages

### India

Three projects to aid the surrounding infrastructure are:

- Construction of toilets to allow more sanitary living conditions for the community
- Renovation of school buildings to provide children with a better facility that engages them in learning
- Installation of water purifiers at schools to provide clean water source which the children could utilise



## Aquaculture Community Initiatives

[GRI 203-1, GRI 203-2]

Efforts have been made to deepen our contribution in all industries, including aquaculture, towards the local community. Aquafeed Medan donated educational equipment in the form of desk sets to provide a better teaching and learning environment for the students at Yayasan Pendidikan Al-Mukhlisin.

As part of our spiritual support, we provided Zakat system (food supplies) specifically for indigenous communities in Kedunen and Glondong village around Banyuwangi town. This year we engaged with the community surrounding Bomo I Ponds unit to mark a happy Idul Adha moment by offering qurban to local mosques. These traditions and activities are the ways we show gratitude within the spiritual and social aspect.

In the Aquafeed Gresik unit, we work with Palang Merah Indonesia (PMI) to collect blood from donors once in a month. Each employee at Aquafeed Gresik can voluntarily donate blood and this helps them to develop a sense of social responsibility. Other teams continue to hold blood donors annually in the relevant areas, in conjunction with local PMI.

We are also making efforts to promote greater healthcare understanding. As part of our commitment to support the clean water delivery programme of North Sumatra's environmental department, we have built an Ultra Filtration Water Treatment facility at Tambun Raya. PT Suri Tani Pemuka was also involved in the construction and supply of toilets and trash bins for schools around Danau Toba.

We also developed new communities surrounding our STP Unit in Danau Toba through our fish fertiliser utilisation programme. We built production houses equipped with fish shredder machines to reuse the leftovers of Tilapia fish farming production and convert them into solid and liquid organic fertiliser. In 2019, we converted 200 kg of our Tilapia fish waste and tested the fertiliser on cucumber plants. Two new female farmer groups (KWT) were formed in Dusun 1 and 4 with a total of 20 members. These two KWTs succeeded to produce 3,000 litres of liquid organic fertiliser and 8-ton of solid organic fertiliser from 15 tons of the Company's Tilapia production waste in 2019.



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# ECONOMIC CONTRIBUTION AND CORPORATE GOVERNANCE

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[GRI 102, GRI 201, GRI 205, GRI 206]

*Japfa believes that mutually rewarding relationships with all stakeholders are the cornerstones for the success and sustainability of the company. Being one of the region's leading agri-food companies, providing animal protein staples across five countries with support of our employees and farmers, require a robust policy and guidelines that govern day-to-day operations*







Japfa's policies and guidelines help to ensure efficiency in our operations, maintain a robust financial performance, and provide benefits to relevant stakeholders. Japfa's culture promotes a safe, ethical and transparent environment to foster innovation and growth.

We continue to strive to achieve our goals by having a strong corporate governance structure, a robust risk assessment process, effective internal audit function, anti-corruption policy, and whistleblowing system.

Throughout 2019, the poultry industry faced a lot of uncertainties and pressure. However, the Group has managed to keep the profit margin stable which underlines its strong position as a low cost and efficient producer of staple proteins in Emerging Asia.

This year, our achievement was highlighted by the placement of Japfa Group in the Forbes Asia's 200 Best Over A Billion 2019 list. During the reporting period, we complied with all laws and regulations in the social and economic area. [GRI 419-1]



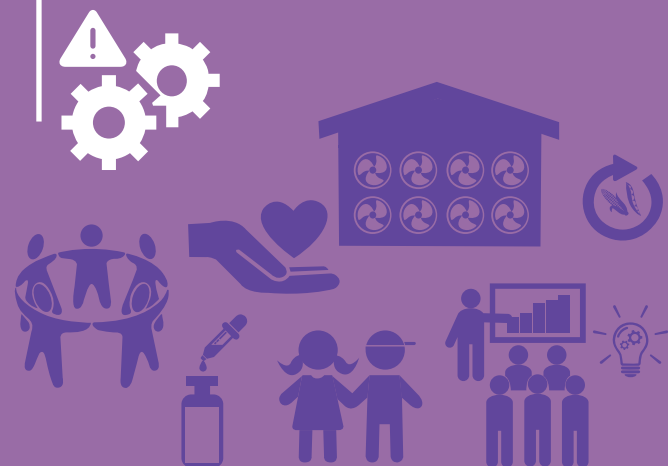
## Economic Performance of The Group

Overall, the Group achieved positive economic performance in FY 2019. Revenue increased by 10,1% to US\$3.9 billion, from US\$3.5 billion in FY2018



## Risk Management

Japfa incorporates methods in risk management to efficiently and systematically handle risks throughout the organisational process



## Internal Audit and Control

Japfa has an Internal Audit (IA) system to oversee, monitor and review operations to remain consistent and in accordance with the policy and guidelines, rules, regulations and related laws

## Anti Corruption Policy

Doing business ethically and with integrity is important for Japfa. Therefore Japfa has developed anti-corruption policies which have been implemented in its headquarters and business units



# Economic Contribution and Corporate Governance

## Our Approach

# Economic Performance of the Group

[GRI 201-1, GRI 413-2]

## Japfa Ltd FY2019 | Direct Economic Value Generated and Distributed (Million USD)

Direct Economic Value Generated	
Net Sales	3,890.5
Interest Income	2.6
(-) Other Income	-94.6
Total	3,798.5
Economic Value Distributed	
Operating cost (cost of goods sold, SG&A exclude staff cost)	3,160.5
Employee wages and benefits	390.9
Payment to providers of capital (debt and equity capital)	6.5
Community Investment <sup>1</sup>	
CSR <sup>2</sup>	1.1
Japfa Foundation <sup>2</sup>	0.9
Payments of income taxes to government	95.9
Total	3,655.8
Economic Value Retained	
Economic Value Retained	142.7

<sup>1)</sup> Of the 4 countries covered in this report, Indonesia, Myanmar and India have community development programmes in place. Vietnam is working on suitable initiatives to develop its own programme

<sup>2)</sup> Data is sourced from PT Japfa Tbk and calculated based on the exchange rate of 1 US Dollar equals to 14,130.8 Indonesian Rupiah



A positive financial performance was recorded by the Group. In FY2019, revenue increased by 10.1% to US\$3.9 billion, from US\$3.5 billion in FY2018. EBITDA improved by 4.7% to US\$478.6 million from US\$457.0 million in FY2018, while Core PATMI w/o Forex held steady at US\$119.7 million compared to US\$121.9 million in FY2018 despite challenging conditions in two of its core business segments.

# Risk Management

[GRI 102-15]

Japfa incorporates risk management strategies to efficiently and systematically handle and mitigate risks throughout the organisation.



## Epidemics

The Company applies rigorous biosecurity protocols to mitigate the risk of major outbreaks of disease, including animal vaccine research and production.



## Prices and Availability of Raw Materials

The risk of raw material price fluctuations is mitigated by the ability to pass on any price changes to our feed selling price. We also encourage local farmers to grow the raw materials used in our operations.



## Competition

Japfa prioritises product quality, product efficiency throughout its value chain from upstream to downstream, and building good relationships with its customers. This sustains Japfa's position as a key player in the industry.



## Foreign Currency Fluctuation

Japfa engages in hedging transactions, where feasible, to reduce impact from the fluctuation of foreign currency.

# Internal Audit and Control

[GRI 205-1]

Japfa has an Internal Audit (IA) function to review and monitor operations to ensure adequacy and effectiveness of internal controls, adherence to the Company's policies and procedures, and compliance with laws and regulations.

The head of IA reports directly to Japfa's Chief Executive Officer and to the Audit Committee of the Board of Directors of Japfa. A quarterly report is prepared and updated to the Audit Committee and audits are selected and prioritised based on IA's risk assessment process. Over the course of 2019, there were 36 internal audits performed where the scope of each audit included between 4-5 functions, which constituted approximately 10% of the total operations in Japfa Group.

Japfa also engages an external auditor to further strengthen the company's corporate governance and internal processes, provide more credibility, and identify potential areas for improvement to further mitigate risk. A new internal control system was established in Japfa Myanmar in 2019 to allow integrated control activity for each division to ensure their performance is aligned with the company's targets, standards, and strategies. This system allows for the assessment and review of all of the business processes in its operations as well as for continuous improvement using the Plan Do Check Act (PDCA) cycle.

# Anti-Corruption Policy

[GRI 205-2]

Conducting our business ethically and with integrity is important to Japfa. Therefore Japfa has developed anti-corruption policies which are implemented across the Group

We expect all employees to uphold high ethical standards and strive to promote a culture that is transparent, safe, and accountable in our day-to-day operations that involve engagement with our internal and external stakeholders.

Upon their appointment, employees are provided with the Employee Handbook and are required to read Japfa's Induction Programme to ensure they understand and comply with the Anti-Corruption/Anti-Bribery Policy. In addition, Japfa has a web-based Whistleblowing System which allows employees and external parties to report violations of this policy and other frauds and irregularities. Japfa's internal whistleblowing system is called JAPFALERT. Communication on JAPFALERT and

information on its use has been communicated across the business units.

JAPFALERT is part of our commitment to enforce good corporate governance and ensure that business practices are carried out based on integrity.

The whistleblowing system provides a communication channel for staff and partners to report misconduct, criminal acts and infringements of corporate regulations and code of conduct affecting workers and/or associated entities of the Company. This tool further reinforces compliance with the Company's policy.





# Associations

[GRI 102–13]

Japfa Group is actively involved in numerous organisational activities and associations. During the reporting period, the Company is registered as a member of the following organisations.

Company	Associations
PT Japfa Comfeed Indonesia Tbk	The Employers' Association of Indonesia (APINDO) DKI Jakarta Province
	Indonesian Fishery Product Processing & Marketing Association (AP5I)
	Indonesian Feed Mills Association (GPMT)
	Shrimp Club Indonesia (SCI)
	Indonesian Poultry Breeding Companies Association (GPPU)
	Indonesia Veterinary Medicines Association (ASOHI)
	Indonesia Poultry Slaughterhouse Association (ARPHUIN)
	Indonesia Association of Veterinary Public Health (ASKESMAVETI)
	Indonesia Poultry Community Association (PINSAR)
	Indonesia Aquaculture Society (MAI)
	World Poultry Science Indonesia Branch (MIPI)
PT Greenfields Indonesia	Indonesian Food and Beverage Producers Association (GAPMMI)
	Indonesia CSR Society (East Java Province)
	The Employers' Association of Indonesia (APINDO) East Java Province
	Indonesian Chamber of Commerce (KADIN)
	Asosiasi Peternak Sapi Perah Indonesia (APSPI)
	Farmer Association (AP2SRI = Asosiasi Peternak dan Pengadaan Susu Rakyat Indonesia)
Japfa Comfeed Vietnam Ltd. Co.	FDI Enterprise Association
PT So Good Food Manufacturing	Indonesian Food and Beverage Producers Association (GAPMMI)
	National Meat Processors Association (NAMPA)
	Association of Chef Professionals (ACP)
	Modern Market Suppliers Association (AP3MI)
	Japfa Foundation
	Asian Venture Philanthropy Network (AVPN)
	Cluster for Food and Nutrition Security in Filantropi Indonesia (FI)
	Indonesia CSR Society
Japfa Foundation	Asian Venture Philanthropy Network (AVPN)
	Cluster for Food and Nutrition Security in Filantropi Indonesia (FI)
	Indonesia CSR Society
Japfa Comfeed India Pvt. Ltd.	CLEMA of India
	All-India representative of livestock industry
	Bombay Chamber of Commerce
	Association of Poultry Breeders
	Poultry Breeders Welfare Association (PBWA)

# Awards and Certifications

[GRI 102-12]

## Awards

No	Award Name	Awarding Institution	Date of Award	Recipient
1	Zero Accident Award	Ministry of Manpower of the Republic of Indonesia	29 September 2019	Feed Unit in Tangerang according to the Decree of the Minister of Manpower Number 34 of 2019 dated 29 March 2019 with 3,902,420 Zero Accident Working Hours from 1 November 2015 until 30 September 2018
		East Java Governor	3 January 2019	Feed Unit in Gedangan according to the Decree of the Governor of East Java Number 566/017/108.5/2019 dated 3 January 2019 with 6,733,226 Zero Accident Working Hours from 1 July 2004 until 31 October 2018
				Fish and Shrimp Feeds Unit in Gresik according to the Decree of the Governor of East Java Number 566/017/108.5/2019 dated 3 January 2019 with 11,922,619 Zero Accident Working Hours from 1 January 2006 until 31 October 2018
				Fish and Shrimp Feeds Unit in Banyuwangi according to the Decree of the Governor of East Java Number 566/017/108.5/2019 dated 3 January 2019 with 1,546,527 Zero Accident Working Hours from 1 November 2015 until 31 October 2018
2	Asia Responsible Enterprise Awards (AREA) 2019	Enterprise Asia	24 May 2019	PT Japfa Comfeed Indonesia Japfa Bank Sampah SiRepi/Japfa for: Waste Bank SiRepi (Social Empowerment category) Japfa for Kids (Health Promotion Category)
3	Asian Feed Miller Sustainability Award 2019	Asian Feed Magazine	21 August 2019	PT Suri Tani Pemuka
4	CECT Sustainability Awards 2019	Center for Entrepreneurship, Change and Third Sector (CECT)	7 November 2019	PT Japfa Comfeed Indonesia for Fair Operating Practices Category Based on ISO 26000 (CSR Guidance) and Basic Industry Category & Chemical Based on Overall Sustainability Performance - Industry
5	Best of The Best Awards 2019	Forbes Indonesia	30 October 2019	PT Japfa Comfeed Indonesia

## Certifications

No	Certification	Certifying Organisation	Recipient
1	Quality Management System ISO 9001:2015	TUV Rheinland and SAI Global	Animal Feed Units in Makassar, Banjarmasin, Sidoarjo/ Gedangan/Margomulyo, Sragen, Grobogan, Cirebon, Tangerang, Cikande, Lampung, Padang, Medan
			Grand Parent Poultry Unit in Wanayasa–Purwakarta
			Aquafeeds Unit in Banyuwangi, Gresik, Purwakarta, Lampung and Medan
			Beef Cattle Feedlot in Bekri
			Woven Plastic Bag unit in Wonoayu
			Edible Oil Unit in Nilam–Surabaya
			Animal Vaccine Unit at Gunung Putri–Bogor
			Animal Health and Farm Supplies Unit in Klapanunggal–Bogor
		TUV Rheinland	Corporate Office in Maharashtra
			Poultry feedmill in Maharashtra, West Bengal, Bihar, and Supa
2	Environment Management System ISO 14001:2015	TUV Rheinland	Animal Feed Unit in Sragen
			Beef Cattle Feedlot in Bekri–Lampung Tengah
3	Food Safety System Certification 22000:2005	SAI Global	Poultry Slaughterhouse (RPA) Unit in Balungbendo–Sidoarjo
		Bureau Veritas	Meat Processing Unit in Serang–Banten
		SGS	Japfa Comfeed Vietnam - Limited Company
4	Halal Certificate	Indonesia Ulama Council	Poultry Slaughterhouse (RPA) Unit in Sidoarjo, Bati-Bati, Talang Baru, Maros, Medan, Pabelan, Parung, Sadang, Tabanan
			Slaughterhouse Unit in Serang
			Meat Processing Unit in Serang, Banten
5	Veterinary Control Number	Regional Agriculture and Livestock Agency	Poultry Slaughterhouse (RPA) Unit in Sidoarjo, Bati-Bati, Talang Baru, Maros, Medan, Pabelan, Parung, Sadang, Tabanan
			Cold Storage Unit–Cirebon (Grade A)
			Tilapia Processing Unit–Simalungun (Grade A)
			Slaughterhouse Unit in Serang
6	Halal Management System	LPPOM - MUI	Meat Processing Unit in Serang–Banten
			Cold Storage Unit - Cirebon (Grade A)
7	Orthodox Union Kosher Certification	Orthodox Union	Tilapia Processing Plant, Simalungun (Grade A)
			Tilapia Processing (Cold Storage) Unit in Simalungun
8	Good Manufacturing Practices (GMP) Certificate	Ministry of Agriculture Republic Indonesia	Animal Health and Farm Supplies Unit in Klapanunggal (Bogor)
			Vaccine Production Unit in Cicadas dan Wanaherang (Bogor)
9	Good Hatchery Practices Certificate	Ministry of Marine Affairs and Fisheries Directorate General of Aquaculture	Shrimp Hatchery Unit in Carita, Indramayu, Banyuwangi, Canti, Singaraja
			Tilapia Hatchery Unit in Tanah Jawa

No	Certification	Certifying Organisation	Recipient
10	Good Aquaculture Practices	Ministry of Marine Affairs and Fisheries Directorate General of Aquaculture	Shrimp Pond Units in Situbondo, Bomo (Banyuwangi), Sobo (Banyuwangi) Eel Pond Unit in Bomo (Banyuwangi)
11	Good Quarantine Practices	Ministry of Marine Affairs and Fisheries Fish Quarantine and Inspection Agency	Shrimp Hatchery Units in Carita, Indramayu, Banyuwangi, Canti, Singaraja Tilapia Hatchery Unit in Tanah Jawa
12	Best Aquaculture Practices (BAP)	NSF Certification LLC	Aquafeed unit in Gresik and Medan Shrimp Hatchery Unit-Banyuwangi
		SGS Food Product Certification	Grow Out Tilapia Unit-Simalungun Tilapia Hatchery Unit-Simalungun
		Control Union	Tilapia Processing Unit-Simalungun (4Star) Cold Storage Unit-Cirebon (Whiteleg Shrimp-1 Star; Tilapia-4 Stars; Pangasius-1 Star)
13	Sertifikat Aquaculture Stewardship Council (ASC)	Control Union	Tilapia Processing Unit in Simalungun
14	Aquaculture Stewardship Council - Chain Of Custody (ASC - CoC)	SCS	Tilapia Processing Unit in Simalungun-North Sumatra
15	British Retail Consortium	SGS	Tilapia Processing Unit in Simalungun-North Sumatra Cold Storage Unit in Cirebon
16	Free Avian Influenza (AI) Compartment Certificate	Directorate General of Livestock and Animal Health of Ministry of Agriculture The Republic of Indonesia	Chicken Breeding Unit: GP Wanayasa (1,2), GP Tegineneng, GP Kiarapedes (1,2), GP Bojong, GP Ngajum, PS Darangdan, PS Wonosegoro, PS Gisting (1,2), PS Grati (1,2,3,4), PS Subang (1,2), PS Bojong 2 Pawenang, PS Pupuan (1,2), PS Makassar (1,3), PS Pamuruyan, PS Sukamenang, PS Gelumbang, PS Mestong Jambi, PS Lubuk Basung, Purwodadi 1, Tambang Ulang 2, ULU : PS ULU Kiarapedes Hatchery Units: Wanayasa, Parungkuda, Subang, Melaya, Baturiti, Makassar, Kronjo Commercial Farm Unit in Purwosari-Semarang
17	Occupational Safety and Health Management System	TUV Rheinland MSI	Animal Feed Unit in Sragen Feed Unit in Grobogan and Padang
18	PROPER Environmental Performance Rating	Ministry of Environment and Forestry of the Republic of Indonesia	GREEN Candidate (Beyond Compliance Candidate): • Animal Feed Unit in Sragen  Prospective GREEN Candidate (Beyond Compliance Candidate): • Animal Feed Unit in Lampung, Makassar, Sidoarjo, Cikande, Cikupa • Poultry Hatchery in Sukajawa (Central Lampung) • Poultry Slaughterhouse Unit in Makassar • Beef Feedlot Unit in Bekri (Lampung) • Aquafeed Unit in Lampung  BLUE (Comply with the regulation): • Animal Feed Unit in Padang, Cirebon and Purwakarta • Poultry Slaughterhouse Unit in Lampung

No	Certification	Certifying Organisation	Recipient
19	Hazard Analysis and Critical Control Point (HACCP)		Seafood Value Added Processing Plant Unit in Cirebon
			Tilapia Processing Plant Unit in Simalungun–North Sumatra
20	Hazard Analysis and Critical Control Point (HACCP) Codex Alimentarius	SGS, IAF, Bureau of Accreditation Vietnam	Japfa Comfeed Vietnam - Limited Company
21	Halal Butcher Competence Certificate	National Agency of Profession Certification	Poultry Slaughterhouse in Medan, Lampung, Parung, Pabelan, Jogja, Krian, Maros
		Sertifikasi Profesi (BNSP)	Slaughterhouse Unit in Wabin
22	SNI Marking Certificate	Product Certification Body of Seed Stock/Breeding-Stock Directorate General of Livestock and Animal Health Services Ministry of Agriculture	SNI 7353.2:2013 for PS Layer DOC
			SNI 7353.1:2013 for PS Broiler DOC
			SNI 48681:2013 Final Stock Broiler DOC
23	SMETA-4 Pillars	ALGI	Tilapia Processing Plant Unit in Simalungun
24	Sertifikat Kelayakan Pengolahan (SKP)	Ministry of Marine Affairs and Fisheries of the Republic of Indonesia	Tilapia Processing Unit–Simalungun
			Cold Storage Unit - Cirebon
25	Certificate of merit for valuable contribution to the common success of FDI's Association of Vinh Phuc province		Japfa Comfeed Vietnam - Limited Company



# SDG Compass

We align our efforts and manage how we can contribute to the Sustainable Development Goals (SDG) through this SDG Compass

### SDGs



Target 1.1  
Target 1.3  
Target 1.4  
Target 1.5



Target 2.1  
Target 2.2  
Target 2.3  
Target 2.4  
Target 2.5



Target 3  
Target 3.4  
Target 3.5



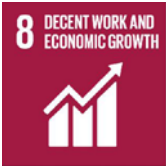
Target 4  
Target 4.1  
Target 4.2  
Target 4.3  
Target 4.4  
Target 4.6



Target 6.3  
Target 6.4



Target 7.2



Target 8.2  
Target 8.3  
Target 8.4  
Target 8.6  
Target 8.7  
Target 8.8



Target 11.5



Target 12  
Target 12.5  
Target 12.6  
Target 12.7  
Target 12.8



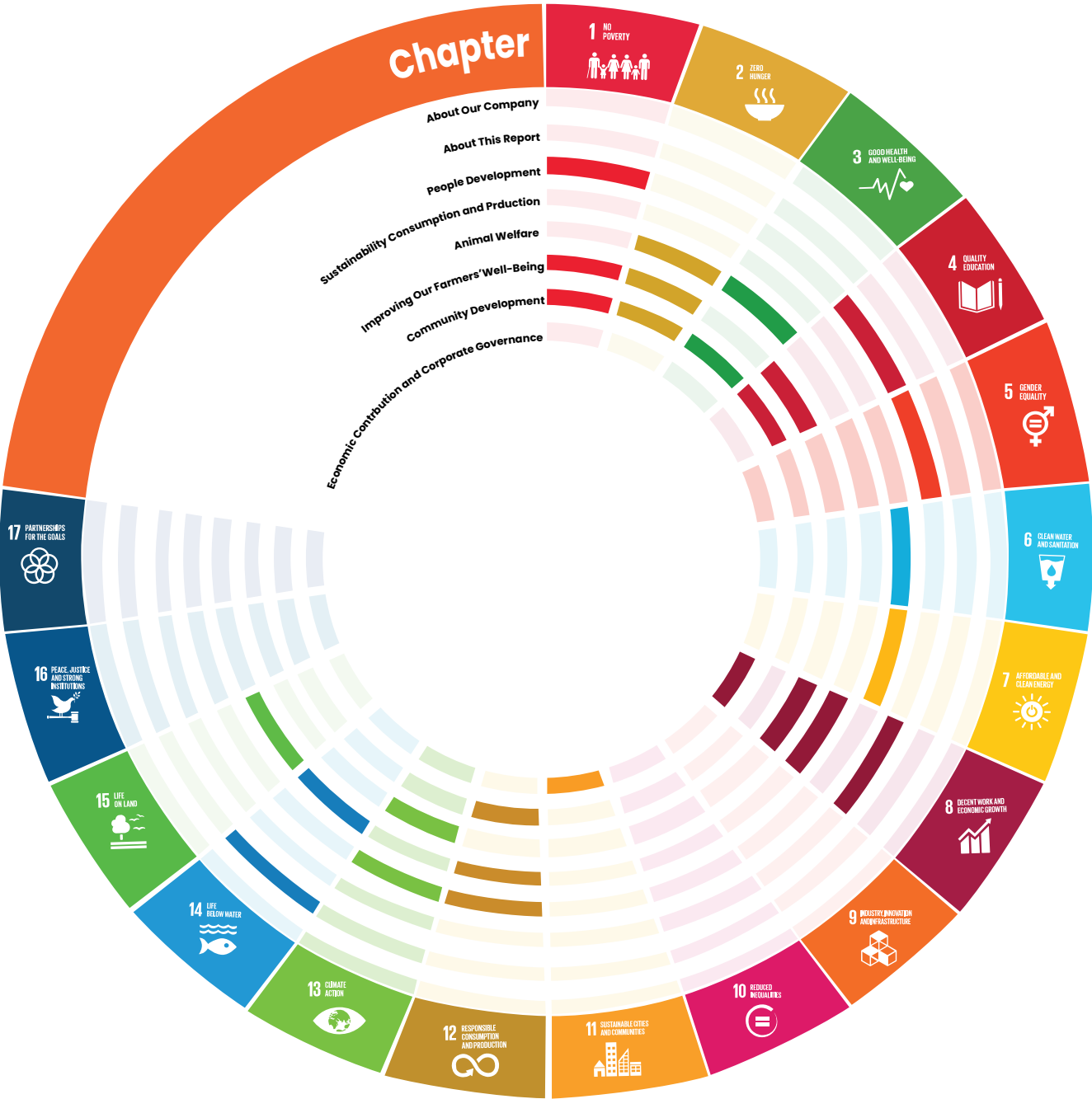
Target 13



Target 14.4  
Target 14.6



Target 15.5  
Target 15.7



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	Community		Infrastructure development		Vaccine
	Dairy		Kids		Waste utilisation
	Digitisation of management		Knowledge development and management		Wastewater treatment plants
	Economic performance		Occupational health and safety		







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