

# RESILIENCE

Japfa Ltd

Sustainability Report 2020





# RESILIENCE

Japfa Ltd  
Sustainability Report 2020

---

# Table of Contents

04	<b>Foreword from our CEO</b>
06	<b>Foreword from Our Sustainability Committee</b>
08	<b>About Our Theme</b>
09	<b>2020 Highlights</b>

## 01

### Our Company

12	<b>About Our Company</b>
13	Vertically Integrated Business Model
14	Our Values
15	Our Mission
16	Scale of Operations
18	Our Business Segments
22	Governance Structure
23	Group Structure
24	Sustainability Committee
25	Sustainability Pillars
26	Sustainability Champions

## 02

### About This Report

28	<b>About This Report</b>
31	Determining Report Content
32	Stakeholder Engagement
34	Key Priorities & Topic Boundaries

## 03

### Life Cycle Assessment

36	<b>A Commitment to Quantify Sustainability</b>
38	What is Life Cycle Assessment?
40	System Boundary of Our LCA Study
41	Our Environmental Focus Areas
42	Water Management
44	Wastewater Management
45	Resource Efficiency
48	Responsible Waste Management
50	Traceable Supply Chain
52	Our Supply Chain

**04**

**People Development**

- 54 People Development**
- 56 Our Approach
- 58 Employee Engagement
- 60 Prioritising Health and Safety at The Workplace
- 62 Integrity and Diversity at The Workplace
- 64 Development and Succession Planning
- 66 Employee Benefits

**06**

**Community Development**

- 92 Community Development**
- 95 Our Approach
- 96 Japfa for Kids
- 97 Education, Environment and Sports
- 100 Japfa Foundation
- 102 Other Community Activities
- 104 Covid-19 Assistance

**05**

**Sustainable Supply of Nutritious Proteins**

- 72 Sustainable Supply of Nutritious Proteins**
- 76 Animal Welfare
- 77 Our Approach
- 78 Strict Biosecurity Protocols
- 80 Animal Vaccination
- 81 Balanced Nutrition
- 82 Housing
- 84 Handling and Traceable Distribution
- 86 Supporting Our Farmers
- 87 Our Approach
- 88 Complete Farmer Assistance
- 90 Knowledge Development and Management
- 91 Social Life Cycle Assessment Pilot: Measuring the Social Condition of Our Farmers

**07**

**Economic Contribution and Governance**

- 106 Economic Contribution and Governance**
- 110 Economic Performance
- 111 Risk Management
- 111 Internal Audit and Control

---

- 112 Associations
- 113 United Nations Sustainable Development Goals (SDG) Compass
- 114 GRI Index



# Foreword from Our CEO

2020 will be a difficult year to forget as it was the year when the Covid-19 pandemic swept across the globe and spared no nation. The virus had a destructive impact on people and businesses, putting human and corporate resilience to the test.

For Japfa, our role as a leading staple food producer became critical at a time when supply chains were disrupted and there were widespread fears of food insufficiency. Looking back, I am incredibly proud of how our entire workforce rose to the challenge to ensure that our Group continues to safely produce and deliver staple proteins to millions of people.

We believe that by empowering our people, motivating and equipping them with the necessary knowledge and skills helped the Group address challenges. As the future of food production and food security lies in the hands of the younger generation, it is an ongoing commitment for Japfa to inspire the next generation to take up farming and agriculture, and adopt new technology to increase efficiency and reduce waste.

We witnessed the nimbleness and adaptability of our people in response to the impact from Covid-19. Changes were promptly effected to protect our staff and to take full advantage of technology to minimise work disruption, collaborate remotely and engage stakeholders across several geographies. Operational changes included the immediate freezing of non-essential capital expenditure in markets experiencing a demand drop for our products. These operational limitations did not deter us but instead, spurred us on to be more innovative and productive.

Our successful performance in FY2020 is a testament to these efforts. Despite the Covid-19, Japfa delivered a solid bottom-line, with a 63.3% increase in Core PATMI without Forex<sup>1</sup> to US\$195.4 million compared to US\$119.7 million in FY2019. Our diversification strategy across proteins and markets, where we produce locally for local consumption, has proved effective in cushioning market challenges including the pandemic.

The resilience of our business model was only made possible with the relentless commitment from our people. I believe that by producing nutritious protein sustainably, we can bring long term value for future generations while doing good for the environment and our society.

I thank you, our people and all our stakeholders, for your support and am excited to see how Japfa will evolve over the next 50 years.

Tan Yong Nang  
Chief Executive Officer

<sup>1</sup>

- We derived Core PATMI from “Profit Attributable to Owners of the Parent, Net of Tax” by excluding a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, b) changes in fair value of derivatives, and c) any extraordinary items, attributable to the owners of the parent.
- “Core PATMI without Forex” is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds in PT Japfa Tbk and USD loans in Dairy, which have no tax implication.



**Tan Yong Nang**  
Chief Executive Officer



**Kevin Monteiro**  
Chief Financial Officer



# Foreword from Our Sustainability Committee

Living through one of the worst public health crisis in history has made many of us re-examine our long term priorities and values. The pandemic exposed vulnerabilities in both human and corporate life, highlighting the importance of sustainability to ensure resilience into the future.

Sustainability requires us to go beyond traditional thinking of being purely profit-driven and to take into consideration global responsibilities and stakeholders. At Japfa, we strive to embrace ESG aspects as part of everyday decision-making so as to achieve long-term value for the Group and our stakeholders. We have established strong sustainability pillars to guide us on this journey and we will continue to review and improve on our efforts to Feed Emerging Asia, while nurturing sustainable, growth orientated relationships with all our stakeholders.

The completion of the Life Cycle Assessment (LCA) of our Indonesian poultry operations, that commenced in 2019, was one of the most significant milestones in our sustainability journey. It provides the metrics for our sustainability pillars and science-based information for decision making. The quantitative analysis from our environmental LCA provides insights into environmental hotspots and to focus our ongoing efforts on water and wastewater management, waste minimisation and resource efficiency.

Clean water is essential to a healthy life. Today the world is facing a water crisis where many people do not get enough fresh drinking water and water for washing. As a business that uses water to feed its animals and for its operations, we have a responsibility to minimise our water use as well as to properly manage animal waste and wastewater emissions.

In addition to the environmental LCA, Japfa is participating as a road tester in the Social LCA Project initiated by the United Nations Environment Programme Life Cycle Initiative and Social LC Alliance. Japfa's project aim is to assess the livelihood of our contract farmers and measure the social contribution. Throughout the years, we have been supporting our farmers through technical assistance to promote animal welfare and the adoption of good farming practices, all of which should ultimately enhance their well-being. Japfa is the only company from the food and agricultural sector and from the Southeast Asian region that is included as a road-tester in this UN programme.

We take this opportunity to thank all sustainability champions for their continuing efforts in implementing our on-going initiatives. As we take the next steps on this sustainability journey, we are pleased how everyone throughout Japfa has shown their support.

Our aim is to instill sustainability through initiatives that go beyond compliance and to take the lead in sustainability within the agri-food space.

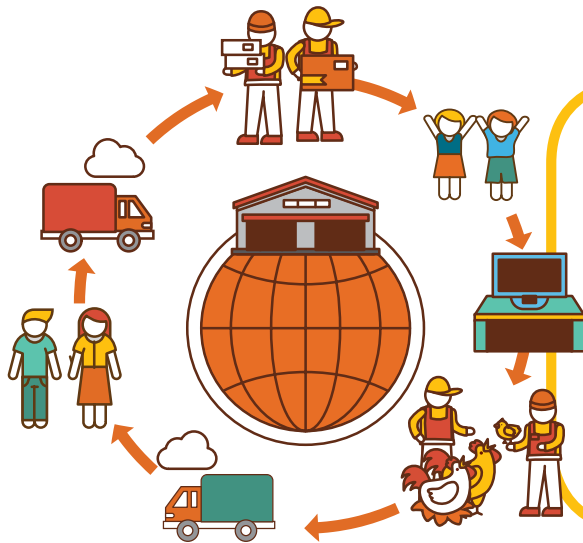
Kevin Monteiro  
Sustainability Committee



# 2020 Highlights

## Life Cycle Assessment

We completed an environmental Life Cycle Assessment of poultry products for a number of poultry units in Indonesia covering the whole vertically integrated chain. The project started in 2019 with the objective of complementing our decision-making process with science-based information



## Social Life Cycle Assessment

We participated as a road tester for the Social Life Cycle Assessment project that is led by the United Nations Environment Life Cycle Initiative and Social LC Alliance, where we focused on assessing the social impact of our farmer partnership programme

## Covid-19 Assistance

Responding to the unprecedented Covid-19 pandemic, we addressed our efforts to the communities where we operate and to those on the frontlines through a number of initiatives and support



# Our Company

1

GRI 102

**J**apfa Ltd is a leading, pan-Asian, industrialised agri-food company, dedicated to feeding emerging Asia with essential proteins. Over the past five decades we have grown 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 that excel on livestock genetics, feed, farming technologies and biosecurity, allow us to consistently produce high-quality proteins and to replicate our business model across different markets and protein types.





# About Our Company



We pride ourselves on our ability to produce high-quality products through our large scale vertically integrated operations by implementing advanced technologies and best farm management practices.

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

Our business is vertically integrated from animal feed production and breeding to commercial farming and food processing. This creates tremendous opportunities for us to capture value at different points along the agri-food value chain while providing our customers with greater food security and traceability.

Today, we are one of the largest poultry producers in Indonesia<sup>1</sup> and we have successfully replicated integrated industrialised business model for poultry operations in India, Vietnam and Myanmar and for swine in Vietnam. 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 in Indonesia. We are one of the leading producers of premium raw milk in China, with one of the highest milk yields and nutritional standards in the market.

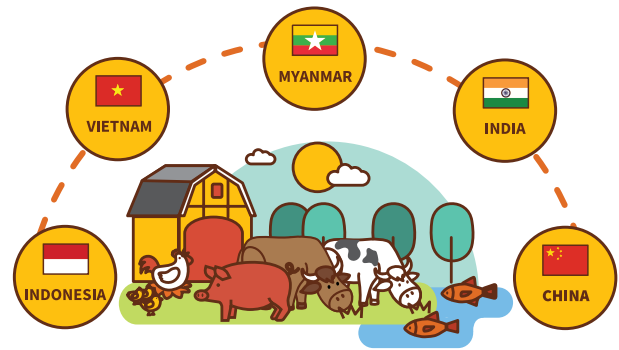
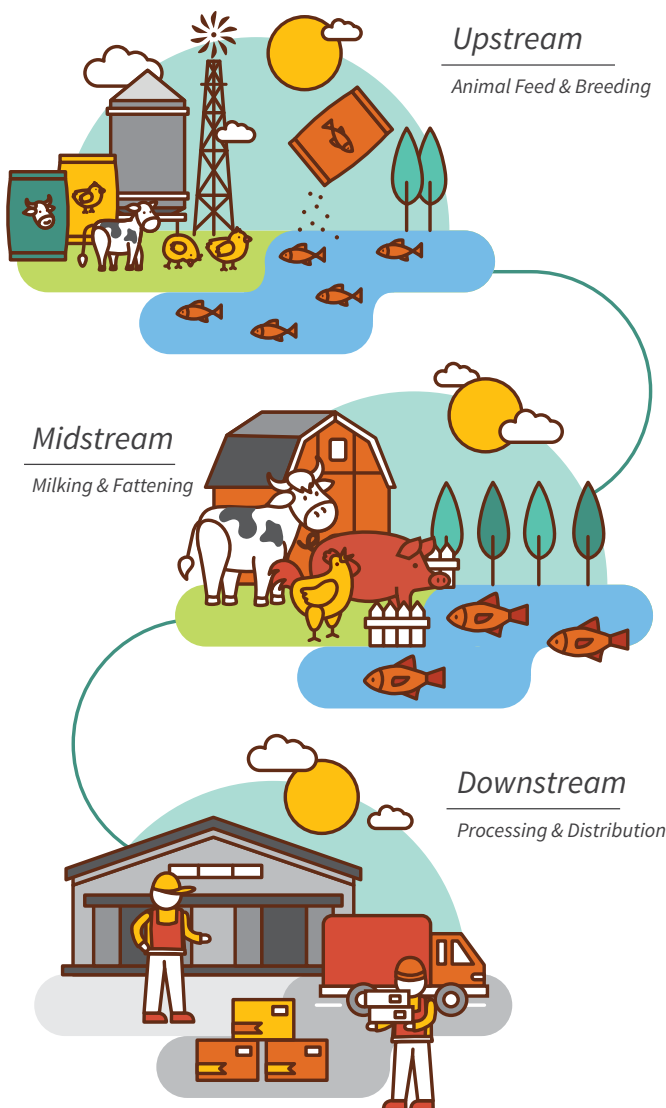
With the growth in protein consumption in emerging Asia expected to continue, we forge ahead with our strategy across multiple protein segments in the major high growth markets of emerging Asia where Japfa operates.



<sup>1</sup> By poultry feed and DOC Production (Frost & Sullivan, 2021)

## Vertically Integrated Business Model

We drive expansion by replicating our integrated industrialised business model, which covers the value chain of protein production: from animal feed and breeding to fattening and consumer products. We leverage our strength in feed, which is the backbone of our business, as well as our core competencies in large scale operations, technology, animal health, standardisation and replication. We build solid breeding pyramids through a scientific approach and leverage our strong farming mentality, strict biosecurity protocols and operational expertise to consistently produce high-quality proteins.



## Diversification Across 5 Proteins, 5 Countries

In line with our purpose of Feeding Emerging Asia, Japfa's growth strategy is to diversify and expand across multiple protein segments in multiple emerging markets in Asia, building a portfolio of uncorrelated revenue and profit streams. We focus on staple animal proteins: poultry, swine, beef, aquaculture and dairy. Our strategy is based on capturing the high growth potential for protein consumption in five key markets namely Indonesia, Vietnam, Myanmar, India and China, which together account for more than 40% of the world's total population.

## Prudent Growth

We execute our strategy with financial discipline to grow in a sustainable way.



# Our Values

GRI 102-16, GRI 102-40, GRI 102-42

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 competence



## 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 programs that bring out the best in everyone



## With Local Communities

We actively strive to be a good neighbor by engaging in social programs that address specific needs



# Our Mission

GRI 102-16



To be the **leading dependable** provider of **affordable protein foods** in emerging Asia by building on the foundation of our **excellent teamwork** and **proven experience** for the benefit of all **stakeholders**

## Clarification

### Leading

- Top of Mind
- Reference point by industry
- A continuing process
- Ahead of competition

### Dependable

- Dependable to all partners, farmers, consumers & staff
- Consistent, traceable, good quality, safe, disease free products
- Responsible to the community & environment

### Affordable

- Cater mainly to the masses
- Not the cheapest, but good value
- Role in alleviation of food shortages
- Efficient protein converter, leading to reasonable long-term profit for business sustainability

### Protein Foods

- Emphasis on poultry, livestock & marine proteins
- Including key upstream operations of feed, livestock breeding & raising, vaccines etc
- Food grade, for human consumption

### Excellent Teamwork

- Cooperate & support each other even without being asked
- Seamless coordination
- Operate as 1 unit
- Differences in opinions encouraged but move as a team

### Stakeholders

- Staff
- Customers
- Suppliers
- Contract Farmers
- Shareholders
- Community

### Proven Experience

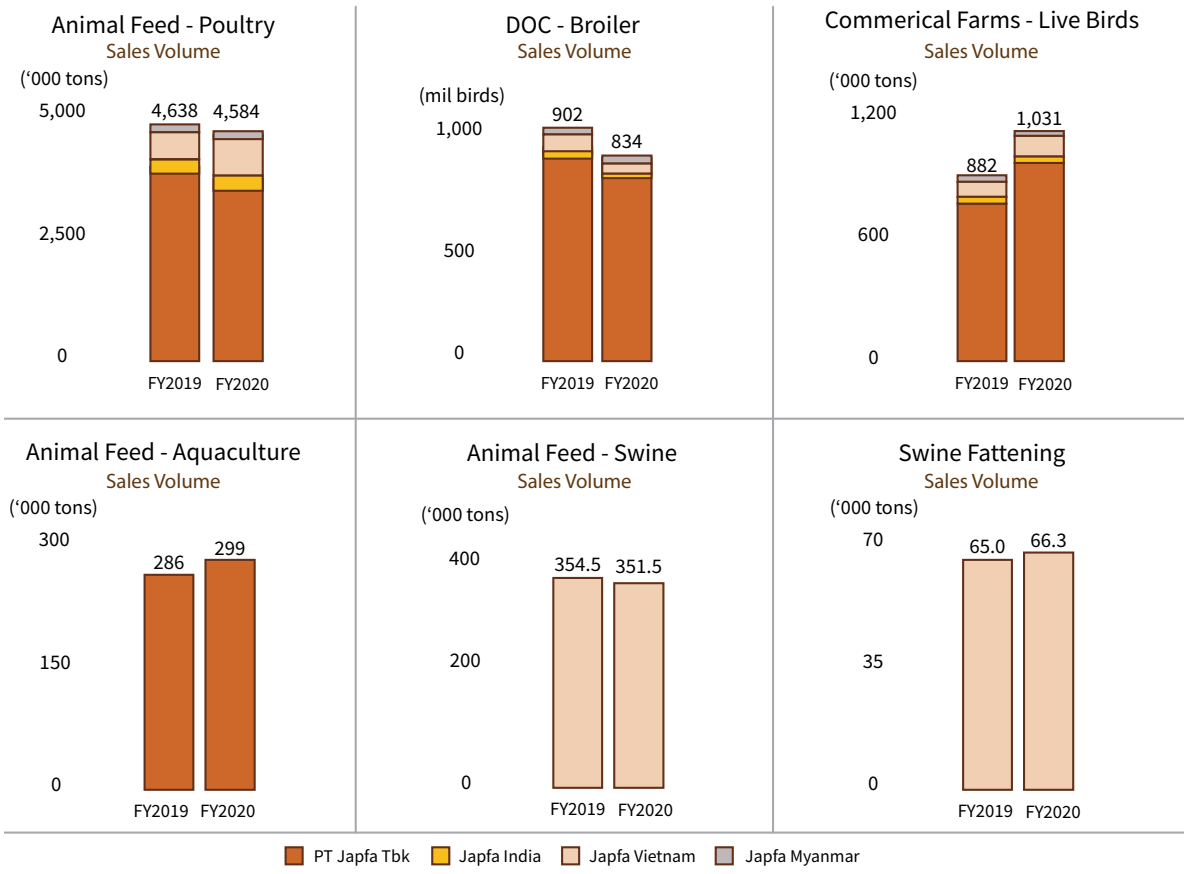
- Experienced in farming and emerging economies



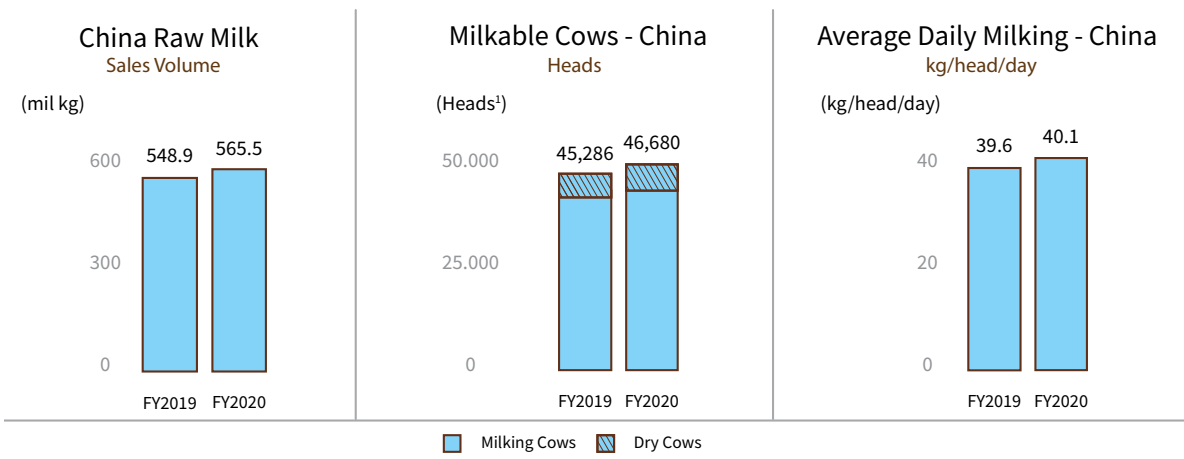
# Scale of Operations

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

## Animal Protein - Operational Performance



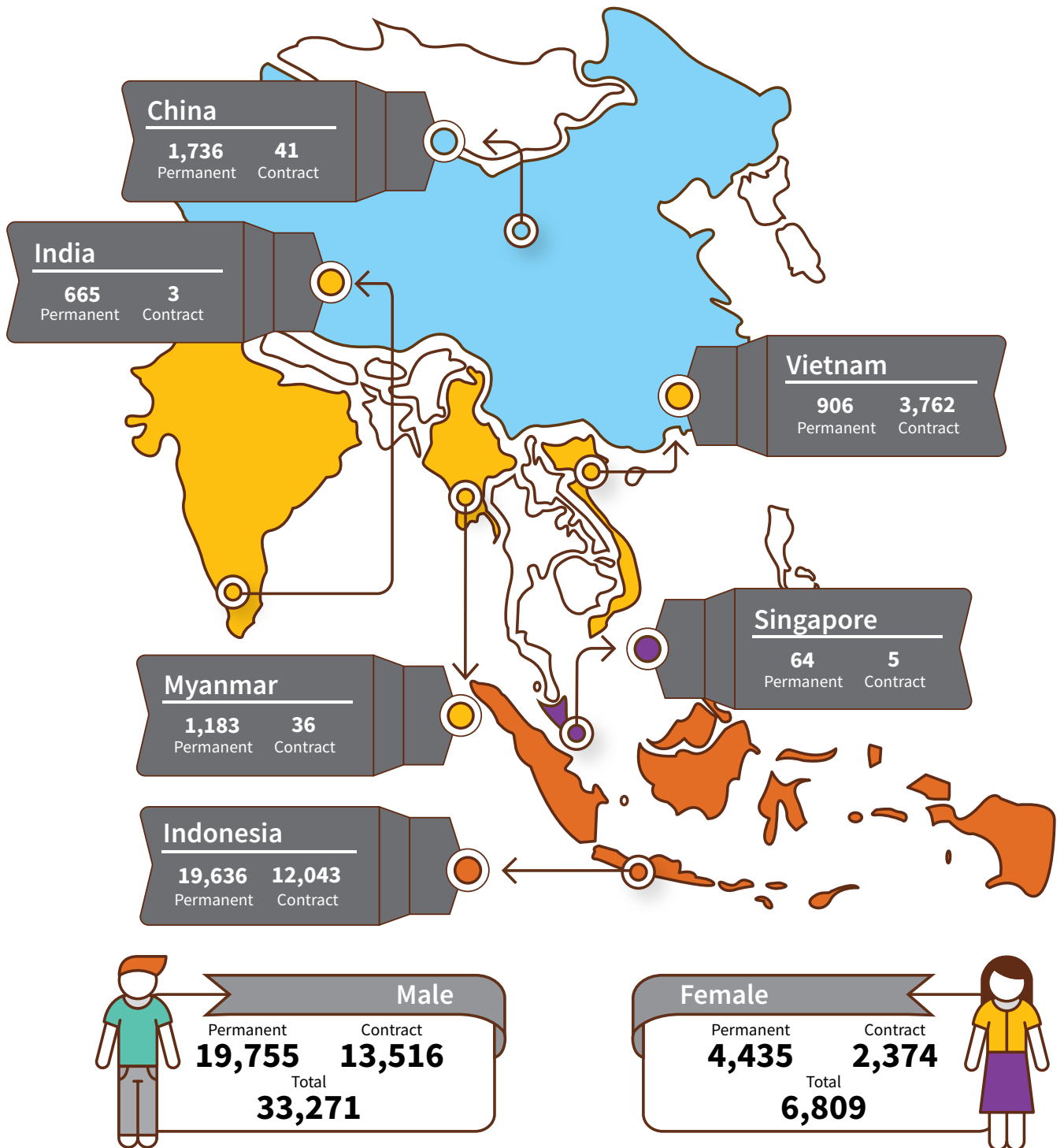
## Dairy - Operational Performance



<sup>1</sup> Number of milkable cows as at the end of the year.

Note: Total dairy herd population (which includes heifers and calves) in China as at 31 December 2020: 84,160 heads.

**Total Employees**



**Total Employees**  
**40,080**

Notes:  
 • All employees are full-time  
 • Data is compiled from Company's SAP HCM and Legacy system

# Our Business Segments

GRI 102-2, GRI 102-4, GRI 102-6

## Animal Protein - PT Japfa Tbk

### Indonesia

PT Japfa Comfeed Indonesia Tbk operates our animal protein operations in Indonesia, our 54.5% - owned<sup>1</sup> subsidiary.

Under this business segment, we produce quality animal proteins, namely poultry, beef and aquaculture, branded package food, 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.

In 2020, PT Japfa Tbk acquired PT So Good Food (“SGF”) to strategically expand its downstream business through the increased capacity of its processed meat facilities and also enhancing marketing and direct sales of processed food products to consumers.



### Poultry

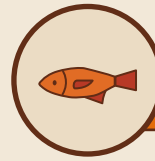
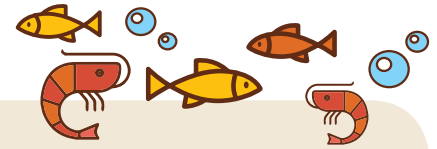


As the second largest integrated industrialised farming company in Indonesia<sup>2</sup>, we produce quality animal feed for our own poultry operations and also for sale to third parties. We also provide other quality poultry products, including high performance Day-Old-Chicks (“DOCs”) through our collaboration with Aviagen and animal health products such as vaccines.

Tapping on our strong expertise in agri-food production, we are a pioneer in protein based processed food in Indonesia. Our downstream consumer food products are manufactured mainly using our own animal proteins as raw materials, which ensures consistency in the food safety, quality and reliability. As such, our ready-to-eat and ready-to-cook processed food products under the So Good and So Nice brands are widely enjoyed by families across Indonesia.

<sup>1</sup> As of 31 December 2020

<sup>2</sup> By poultry feed and DOC production  
(Source: Frost & Sullivan Analysis, 2021)



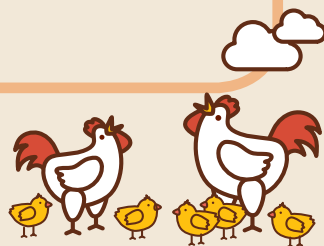
## Aquaculture

Our core activity in the aquaculture business is manufacturing various feed products for both marine and freshwater aquaculture species. We also operate cold storage and processing plants, along with several farms and hatcheries to support our aquaculture customers.

- 5 feed mills
- 10 shrimp hatcheries
- 3 freshwater fish hatcheries
- 3 cold storage and processing plants



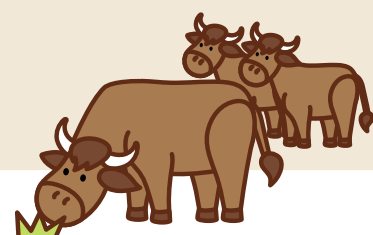
- 16 feed mills
- 76 poultry breeding farms
- 30 central hatcheries
- 15 slaughterhouses and primary processing plants
- Over 100 company-owned commercial farms
- Over 10,000 contract commercial farms



## Beef

We have our own facilities with biosecurity and management systems to provide premium quality beef, namely Tokusen Wagyu Beef and Santori beef brand.

- 4 beef cattle feedlots
- 1 processing operation



# 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 industrialised, vertically integrated business model across emerging Asia markets, our APO operations held a key role in the Group’s diversification strategy to ensure long term sustainable earnings.



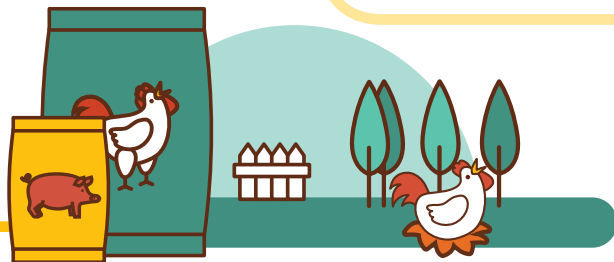
- Feed**
- 6 feed mills (poultry and swine feed)
- Poultry**
- 2 Grand Parent (“GP”) farms
  - 21 Parent Stock (“PS”) farms
  - 3 central hatcheries
  - Over 1,000 company-managed and contract commercial farms
- Swine**
- 3 Great Grand Parent (“GGP”) farms
  - 7 GP farms
  - 23 PS farms
  - Over 300 company-managed and contract fattening farms



- Poultry**
- 6 poultry feed mills
  - 1 poultry breeding farm
  - 2 hatcheries
  - Over 300 contract commercial farms



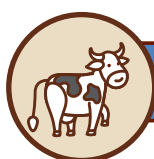
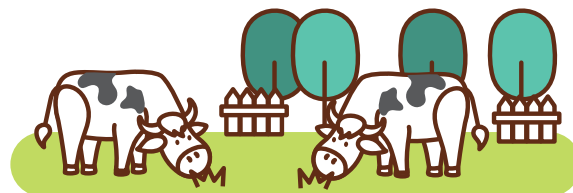
- Poultry**
- 2 poultry feed mills
  - 3 poultry breeding farms
  - 2 hatcheries
  - 10 company-managed commercial farms



## Dairy

### China

Under this segment, we operate our dairy and beef businesses in China, which are complementary to each other.



#### Dairy

We work closely with U.S. animal welfare auditors to promote the wellbeing of our cattle as we believe that happy cows are more productive. In 2020, we continued to improve on forage quality. We also focused on cow comforts by managing both heat and cold stress and paid more attention to genetic improvements.

We own eight world-class dairy farms that are designed and equipped to meet and surpass both local and international standards in productivity and biosecurity. We produce premium raw milk mainly for sale to leading dairy companies in China. Our premium raw milk consistently tops the market in terms of quality, nutrition and safety and operation consistently record the highest average milk yield in China compared to other raw milk producers.

#### Dairy

- 8 dairy farms
- 91,779 heads of Holstein cattle
- Average daily milk yield of 40.1 kg per head



#### Beef

We operate two beef fattening farms in China. It is a synergistic business with our dairy operations in many ways, including the use of the dairy herd as breeder for cattle stock, which enables us to leverage our dairy genetic expertise to improve productivity. We also enjoy cost efficiencies through economies of scale and optimisation of resources such as land and cattle farming expertise.

#### Beef

- 2 fattening farms



# Governance Structure

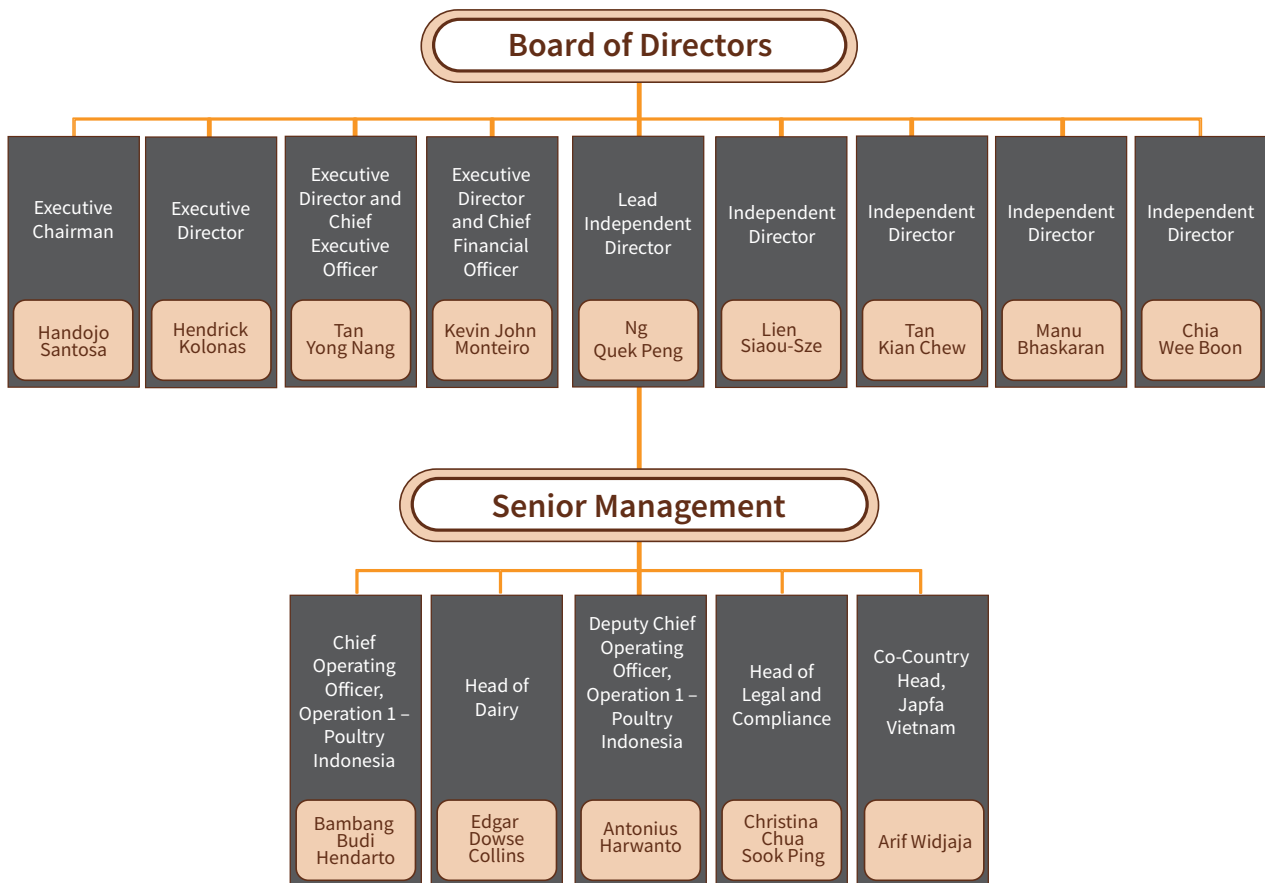
GRI 102-10, 102-18

Japfa Ltd is committed to maintaining good corporate governance and business integrity in the business activities, as key to deliver long-term and sustained value for its stakeholders.

Japfa’s corporate governance framework is specifically refers to the principles of the revised Code of Corporate Governance 2018 (“2018 Code”) issued by the Monetary Authority of Singapore on 6 August 2018.

Japfa has complied with all core Principles of the 2018 Code, and will regularly review its governance policies and practices to track the developments in best practices and regulations.

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

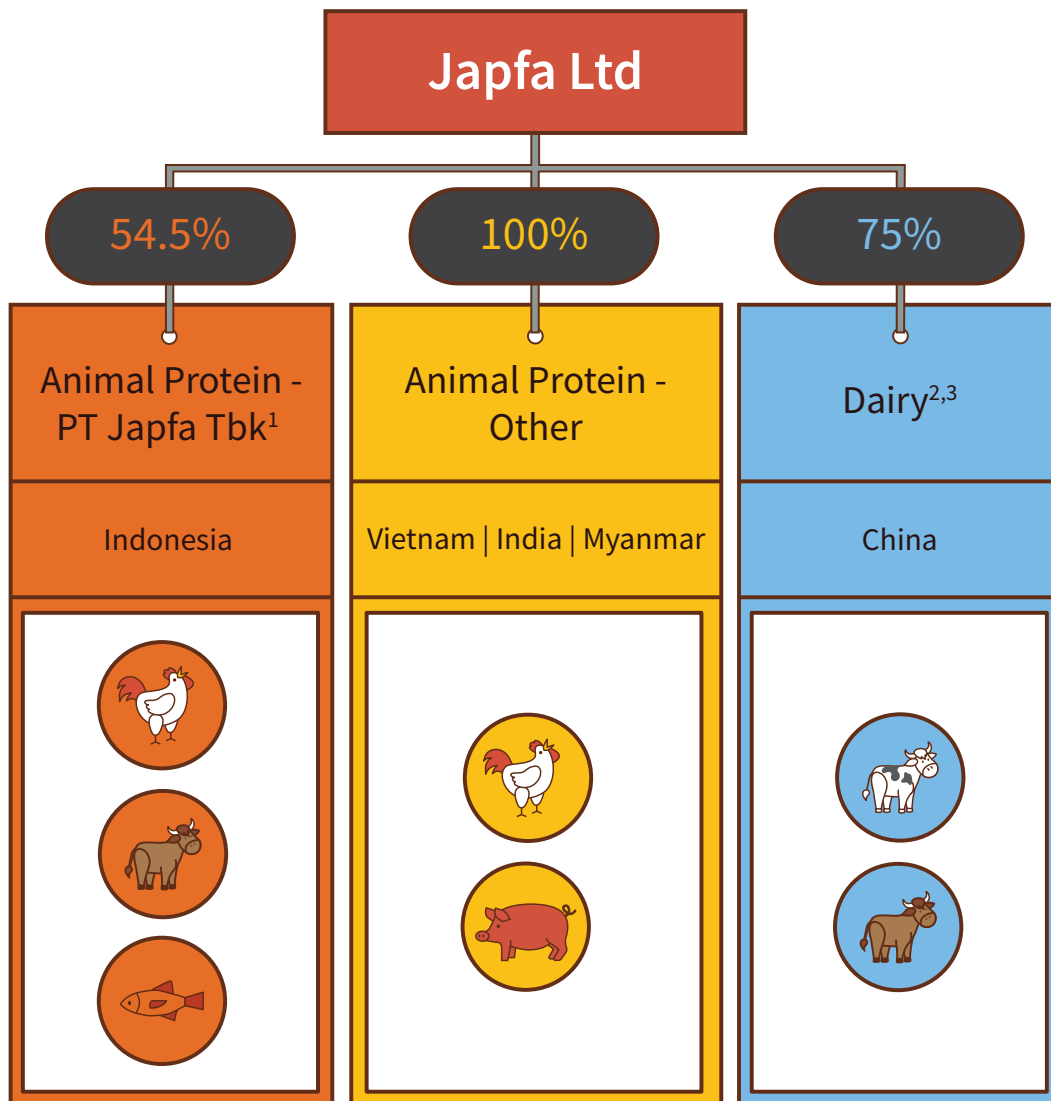


As at 31 December 2020.



# Company Group Structure

GRI 102-5, GRI 102-10, GRI 102-45



1. The 100%-owned Consumer Foods segment was transferred to and now forms part of PT Japfa Tbk following an intragroup reorganisation  
 2. Japfa retains 75% of Dairy-China following the disposal of 25% interest in Dairy-China to Meiji Co. Ltd.  
 3. Japfa retains 20% of Dairy-SEA following the effective disposal of 80% of Dairy-SEA to TPG and Northstar Group.

This diagram is for illustrative purpose only as at 31 December 2020.

# Sustainability Committee

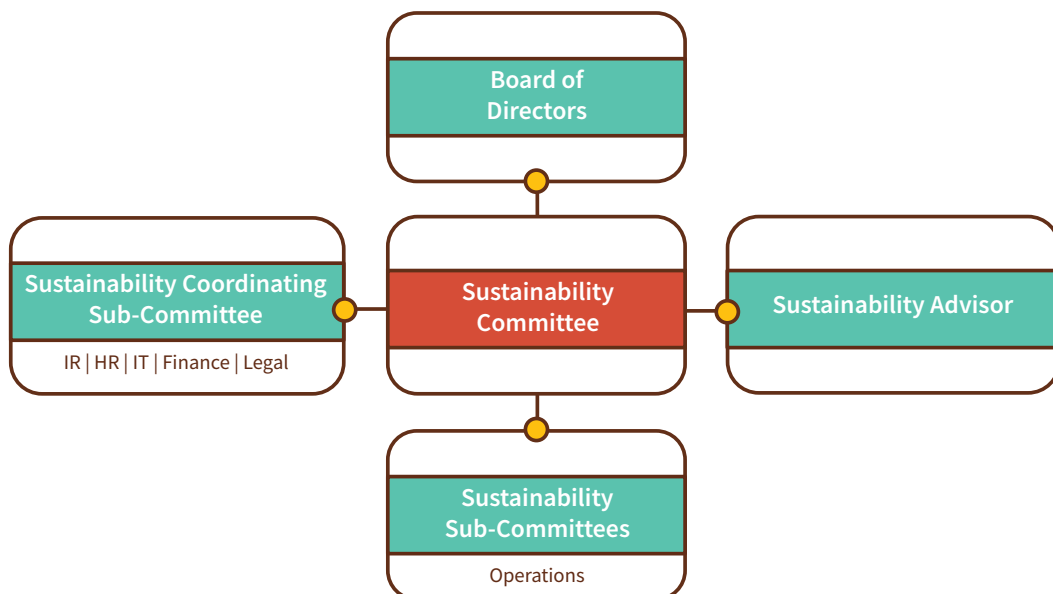
In 2018, we established a Sustainability Committee (SC) to strengthen our commitment and guide the implementation of best practices in sustainability. The Committee provides advice and assists the Board of Directors in strategic sustainability decision-making in relation to sustainability matters and long-term planning, as well as facilitates sustainability initiatives.

The Sustainability Committee comprises the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). In addition, we have the Sustainability Sub-committee and Sustainability Coordinating Sub-committee. The Sustainability Sub-committee comprises representatives from our operations across countries. The members are our sustainability champions who encourage the adoption of a sustainability mindset throughout Japfa. Our Sustainability Committee is responsible to roll out the our sustainability pillars, document our progress and identify key areas for further development.

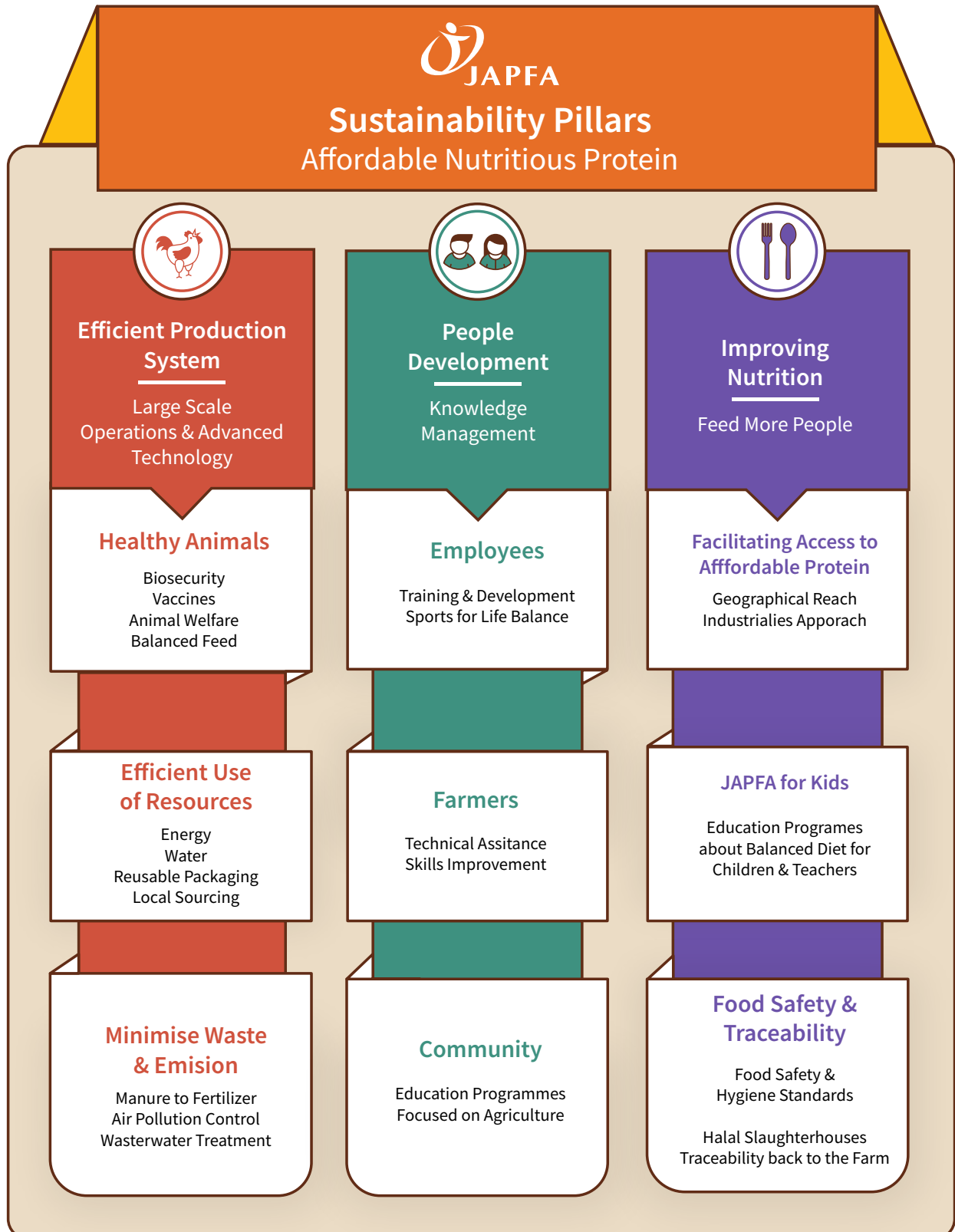
## Sustainability Committee’s Roles and Responsibilities:

- Establish and propose sustainable development policy and direction to the Board of Directors for its approval
- Develop sustainability strategies with timeframes
- Consider and assess the results of the implementation of sustainability strategies, give advice for the development, and report to the Board of Directors at least once a year
- Approve Sustainability Report annually
- Appoint Sustainability Sub-committees, as considered appropriate, for implementation of sustainability strategies in operational divisions
- Review and approve KPIs and SPTs of sustainability-linked transactions

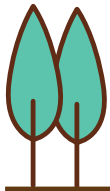
## Sustainability Organisation Structure



# Sustainability Pillars



# Sustainability Champions



Thank You  
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



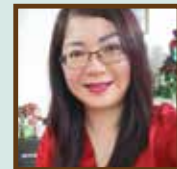
**Tan Kai Loon Jasper**  
Head of Corporate HR,  
Japfa Ltd



**Eddy Widadi**  
Head of Corporate 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 Montesoro**  
Corporate  
Communications  
Consultant,  
Japfa Ltd



**Sri Rejeki Muji Andayani**  
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



**Yulianto**  
Head of Industrial  
Relations Corp. HR,  
PT Japfa Tbk



**Irman Ruhimat Syam**  
OHS & Environment  
Manager,  
PT Japfa Tbk

As at 31 December 2020.

## Sustainability Sub-Committee for Poultry Operations



**Ir. Bambang  
Budi Hendarto**

*COO Poultry  
Indonesia Operation*



**Antonius Harwanto**

*Deputy Head of COO  
Poultry Indonesia  
Operation*



**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*



**Ardi Budiono**

*Head of Aquaculture  
Division, PT Japfa Tbk*



**Jonny Susanto**

*Financial Controller  
Aquaculture Division,  
PT Japfa Tbk*



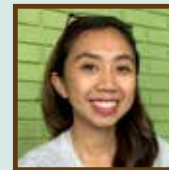
**Budhi Rahyono**

*Head of HR & GA  
Aquaculture Division,  
PT Japfa Tbk*



**Zaenal Arifin**

*EHS Security Manager  
Aquaculture Division,  
PT Japfa Tbk*



**Indira Nuranissa  
Ardiwidjaja**

*Communication & Employee  
Engagement Specialist  
Aquaculture Division,  
PT Japfa Tbk*



**Vidyasagar A**

*Financial Controller,  
Japfa India*



**Samir  
Bhiwapurkar**

*Head of HR & GA,  
Japfa India*



**Benny Hidayat**

*Head of Marketing &  
Sales, Japfa Myanmar*



**Hla Phone**

*Plant Manager South  
Feed, Japfa Myanmar*



**Nguyen  
Chi Cong**

*Deputy Head of  
North Operation,  
Japfa Vietnam*



**Nguyen  
Cong Phuong**

*Head of Feed South,  
Japfa Vietnam*

# About This Report

## 2

GRI 102

The Sustainability Report highlights our commitment to engage our stakeholders in our sustainability journey, illustrates our strategies, reviews and highlights our economic, social and environmental performance-related activities along with their outcomes.







We have published our Sustainability Report annually since 2017. Our last report was published on 9 April 2020 and covered poultry and aquaculture operations. This is our fourth report, covering the period 1 January 2020 to 31 December 2020. Similar to our 2019 Sustainability Report, the scope of the current report is poultry and aquaculture operations.

The Sustainability Report is produced to communicate our sustainability efforts and strategies and acts as our internal audit and assessment system. This report has been prepared in accordance with the GRI Standards: Core option. GRI's Food Processing Sector Guidelines are also used for our sector disclosure requirements. GRI stands for Global Reporting Initiative, an international independent standard organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption. Disclosures figures are available in the relevant sections to improve readability and the GRI Content Index, which is a list of disclosures is provided at the end of this report.

Quantitative data provided in this report were collected through our Japfa Sustainability Reporting System ("JSRS"). After JSRS was successfully implemented in Indonesia in 2019, we rolled out the system in Vietnam, Myanmar and India in 2020.

It is important to note that although in November 2020, PT Japfa Tbk acquired PT So Good Food ("SGF") under its poultry operations, however, specific environmental and social data presented in this report do not yet include data from SGF operations as it is still in the process of data integration. To support Japfa's commitment to the improvement of water wastewater treatment at our poultry operations in Indonesia, only SGF data on wastewater is included in this report. [GRI 102-49]

This report is published in English and is available for download on our official website. We welcome any input and feedback from our stakeholders. We also accept enquiries, recommendations and reviews, as well as requests for information through written submissions sent to the Company 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

Email: [investorcontact@japfa.com](mailto:investorcontact@japfa.com)

[www.japfa.com](http://www.japfa.com)





# Determining Report Content

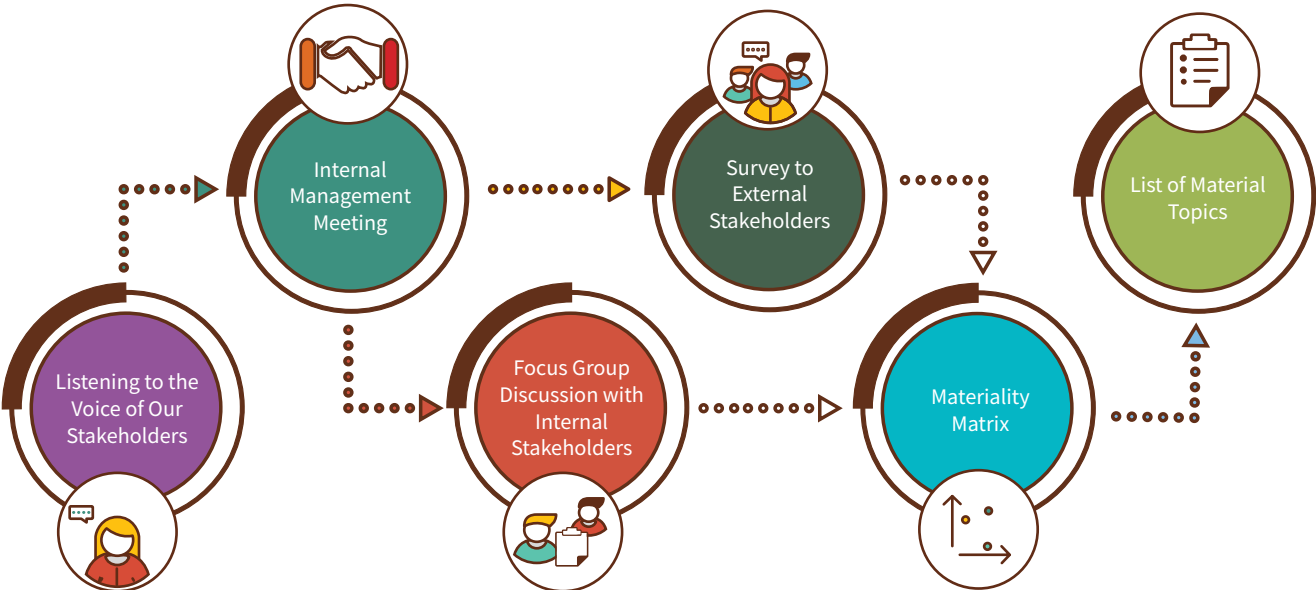
GRI 102-42, GRI 102-46

In preparing this report, we applied the 10 reporting principles based on the GRI Standards 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 determined by the remaining six principles, which are accuracy, balance, clarity, comparability, reliability and timeliness.

To understand what matters most to our Group, we started by listening to both our internal and external stakeholders. We held an internal meeting between the Sustainability Committee, Sustainability Sub-Committee, and management to start identifying the materiality topics for the report. This was followed by focus group meetings and a materiality survey to stakeholders. Finally, we compiled the meeting and survey results, and used quantitative analysis to construct the materiality matrix and define the material topics for our report. As the report was prepared in the midst of the pandemic, all activities were conducted through online platforms.

The following terms applied throughout this report:

- **“Japfa Poultry”** refers to Japfa’s Poultry Units in Indonesia, Vietnam, Myanmar and India
- **“PT Japfa Tbk”** refers to our subsidiary, PT Japfa Comfeed Indonesia Tbk
- **“Tbk Poultry”** refers to Japfa’s Poultry Units in Indonesia
- **“Tbk Aquaculture”** refers to PT Japfa’s Aquaculture operations
- **“Vietnam Poultry”** refers to Japfa’s Poultry operations in Vietnam
- **“Myanmar Poultry”** refers to Japfa’s Poultry operations in Myanmar
- **“India Poultry”** refers to Japfa’s Poultry operations in India



# Stakeholder Engagement

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-46



Photo taken before the Covid-19 Pandemic

Throughout the Covid-19 pandemic, we do our best to ensure the health of our stakeholders by following safety protocols while also fulfilling their expectations and facilitating their aspirations. With various

approaches taken by the governments in curbing virus transmission, we facilitated our stakeholder engagement and communication through digital technology.



Stakeholders	Engagement Method	Frequency	Topics
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, extraordinary general meeting of shareholders, conference, teleconference, one on one, group meeting, email	Monthly, quarterly, annually, and ad hoc	Financial and non-financial performance review, Overall annual performance review, Operational information
Government	Socialisation and coordination meetings	Ad hoc, monthly quarterly 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	Daily 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, welfare facilities, 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, quarterly and/or annually	Networking, Community development and education, Joint events
Local community organisations	Meetings	Ad hoc and/or semi-annually	Strategic cooperation to run Corporate Social Responsibility programmes; Socialisation programme, CSR implementation programme, Information on Japfa's activities, campus hiring, job opportunities and environmental conservation.
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 and Legal coverage on contract growing farms.
Suppliers	Phone calls and/or direct visits	Ad hoc, daily, semiannually and/or annually	Competitive price and supply, Quality of services, products, Renewal policies of products, Trainings, Supplier retention programme

# Key Priorities and Topic Boundaries

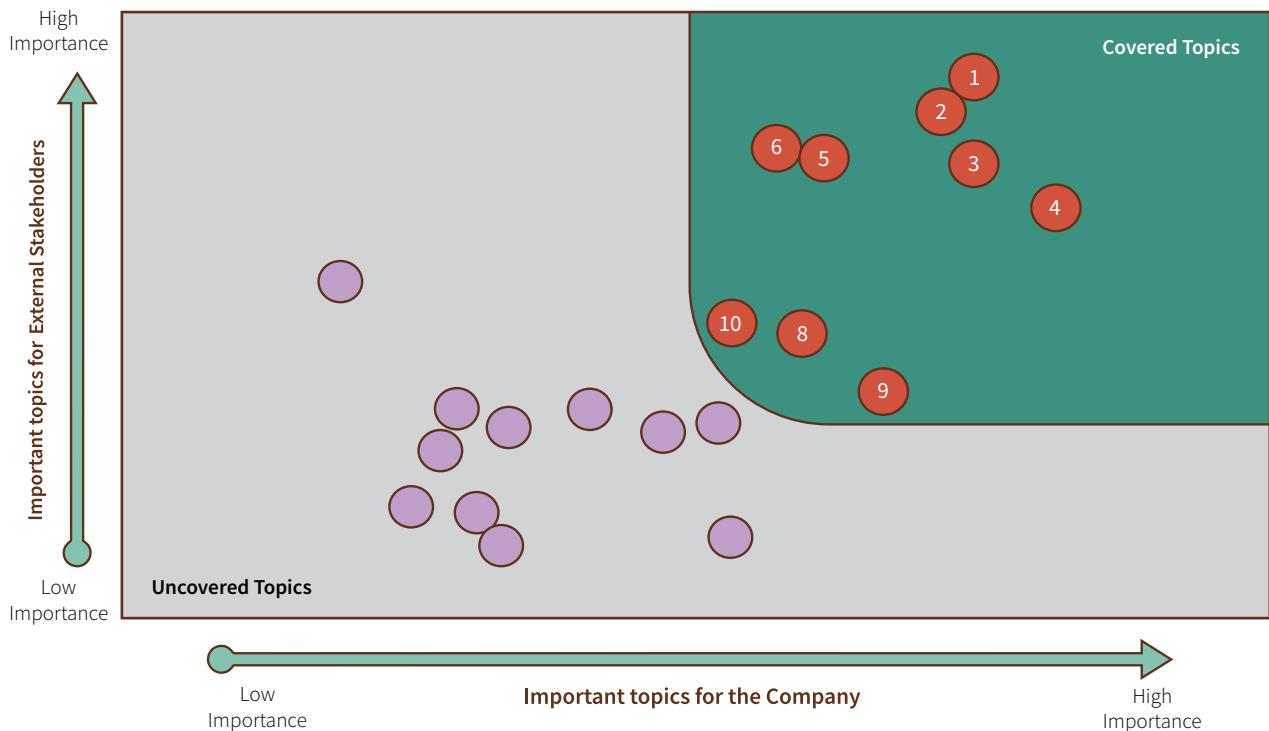
GRI 102-44, GRI 102-46, GRI 102-47

Similar to previous years, poultry remains the focus of our report, being the largest protein business. Although the poultry operations produce insignificant amounts of environmental footprint per unit product, their large scale and sales volumes make them the main contributor of environmental impact for the Group, compared to other protein operations. We have gained a greater understanding of our environmental impact since implementing the Life Cycle Assessment (“LCA”) for our poultry products from 2019 to 2020. The information about our LCA can be found in Chapter 3.

In this report, we also focused on the progress in our aquaculture operations to communicate our journey towards sustainable aquaculture practices. Aquaculture is the fastest growing food production industry in the world. The rapid expansion of the global aquaculture industry has raised society’s awareness on the impacts of the industry on wild fish populations, marine habitats, water quality and society. As we work to feed emerging Asia, we aim to be a sustainable provider of quality and trusted aquaculture products, while at the same time protecting the environment, in line with our mission of Growing Towards Mutual Prosperity.

## Materiality Matrix

10 material topics were highlighted as high priority by internal and external stakeholders



Although this report was constructed amid the Covid-19 pandemic with movement restrictions, we managed to engage our stakeholders via digital platforms, to identify what topics are material for them. There were 282 internal and external stakeholders who participated in our materiality survey, resulting in 10 material topics that were the focus in this report.

The materiality topics were then linked to GRI Standards. Each topic was designated within our supply chain and given its own set of boundaries. The

topic boundaries describe where the impacts occur for a material topic and 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 are classified into: 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.

## 10 Material Topics and Boundaries

● = Caused by    ● = Contributed by    ○ = Linked to

No,	Material Topic List	GRI Topics	Suppliers	Japfa Ltd	Japfa Regional Poultry & Aquaculture	Farmers	Customer
1	Work ethics and integrity	Anti-corruption, Diversity, and Equal Opportunities	●	●	●	●	●
2	Food safety	Customer Health and Safety, Food Processing	○	●	●	●	○
3	Company financial performance and strategy to anticipate pandemic	Occupational Health and Safety, Customer Health and Safety, Economic Performance	○	●	●	●	
4	Employee's health and safety	Occupational Health and Safety		●	●		
5	Providing access to nutritious and affordable food for community/consumer	Local Communities, Customer Health and Safety		●	●	●	○
6	Animal welfare	Animal Welfare	○	●	●	●	
7	Employee benefits	Employment, Occupational Health and Safety		●	●		
8	Traceable suppliers	Supplier Environmental Assessment, Supplier Social Assessment	○	●	●	○	
9	Training and development for employees	Employment, Training and Education, Diversity and Equal Opportunity		●	●	○	○
10	Resource efficient and responsible waste management	Energy, Waste, Water and Effluents		●	●		

- **Caused by** : The cause of the topic which has direct control to avoid or mitigate impacts
- **Contributed by** : Contributor to the topic, have influence but no direct control to avoid or mitigate impacts
- **Linked to** : Related to the causes and/or contributor of the topic due to business relationships, thus only has indirect influence to avoid or mitigate impacts

# Life Cycle Assessment:



## A Commitment to Quantify Sustainability

Sustainability is a journey for us. Sustainability has been ingrained in our operations since the founding of our Group. As we provide affordable essential proteins, we continually strive to improve the efficiency of our production system, in accordance with our sustainability pillars. In 2019 we commenced a Life Cycle Assessment to quantify and understand the impact of our products and operations on the environment and improve what really matters.





We started monitoring and reporting our sustainability practices in 2017. In the following year, we established the Sustainability Committee to spearhead our efforts. We also developed sustainability strategies and pillars which guide the sustainability practices in our operations. To enhance the data collection and quality, we developed an internal platform, Japfa Sustainability Reporting System (“JSRS”), in 2019. The JSRS not only helps us to effectively collect data throughout our operations, but also monitors and improves our sustainability effort. We implemented JSRS initially in Indonesia and in 2020 it was fully applied across our operations.

We continue to show our strong commitment toward sustainability through green initiatives, innovations, communication and quantification

of the impact of our operations and products. We believe that having an efficient production system means that we are able to manage our resources and minimise the environmental impact, in line with the Sustainable Development Goal 12: Responsible Consumption and Production. To collect science-based information for decision-making, we commenced a Life Cycle Assessment (“LCA”) screening in 2019. LCA is a robust methodology based on ISO 14040/44:2006 to quantify the inputs and outputs of our product system and its potential environmental impacts throughout its life cycle.

To date, the poultry industry in Indonesia is not required to conduct an LCA by government regulations. However, as part of our commitment to sustainability, we had taken the initiative to conduct an LCA.

### What is Life Cycle Assessment?

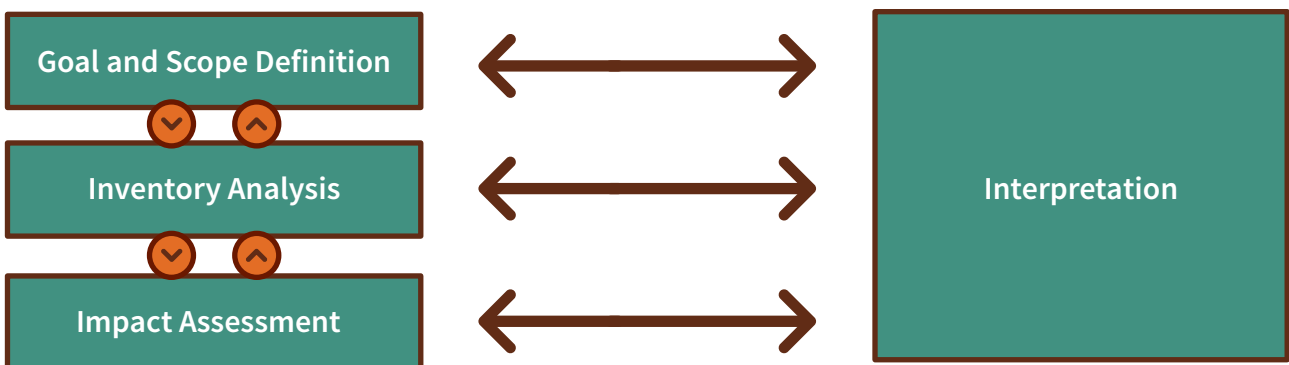
#### According to ISO 14040/44:2006:

“Compilation and evaluation of input, output and potential environmental impact of a system product throughout its life cycle.”

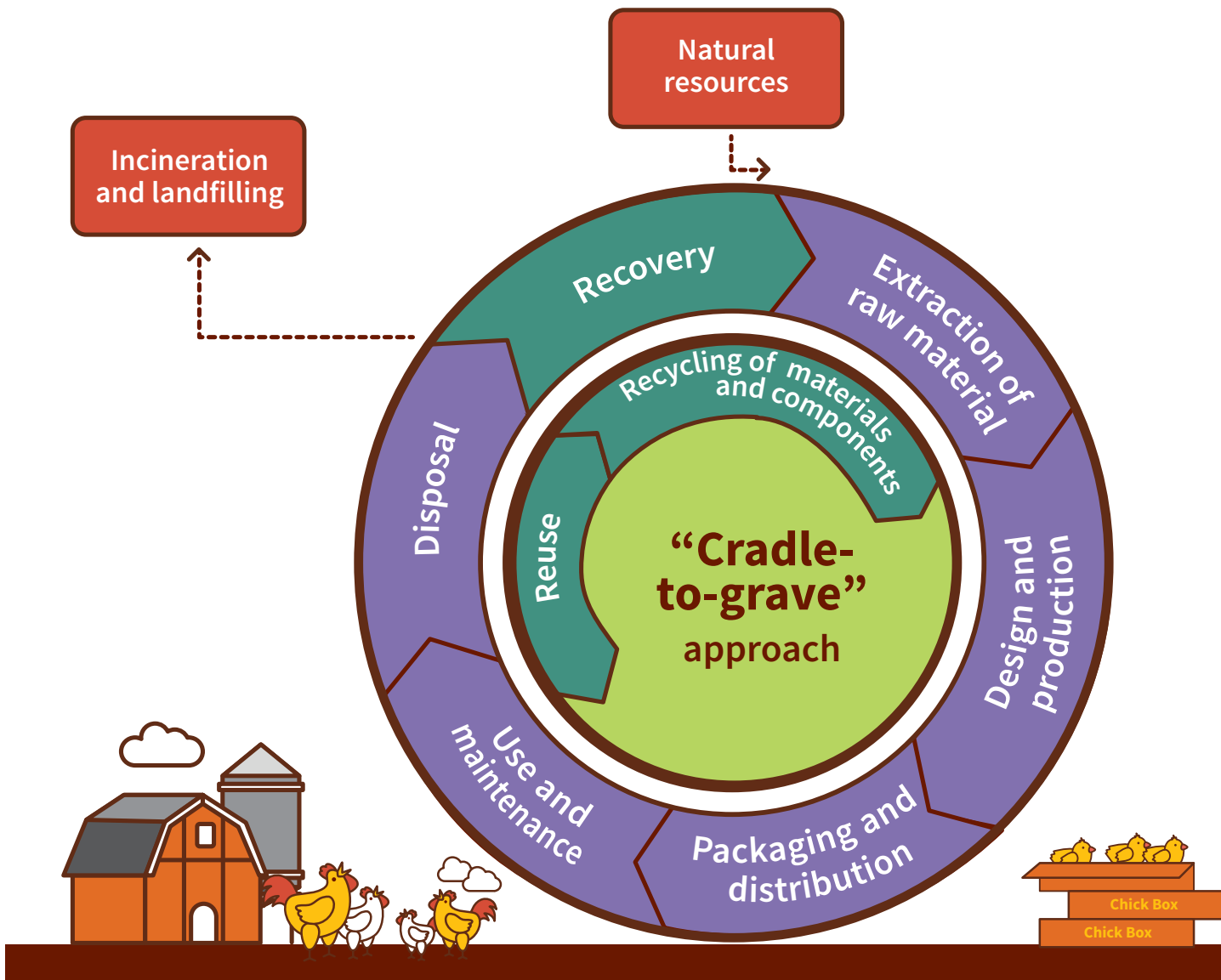


LCA provides ground for a **science-based** decision making

#### LCA Framework:







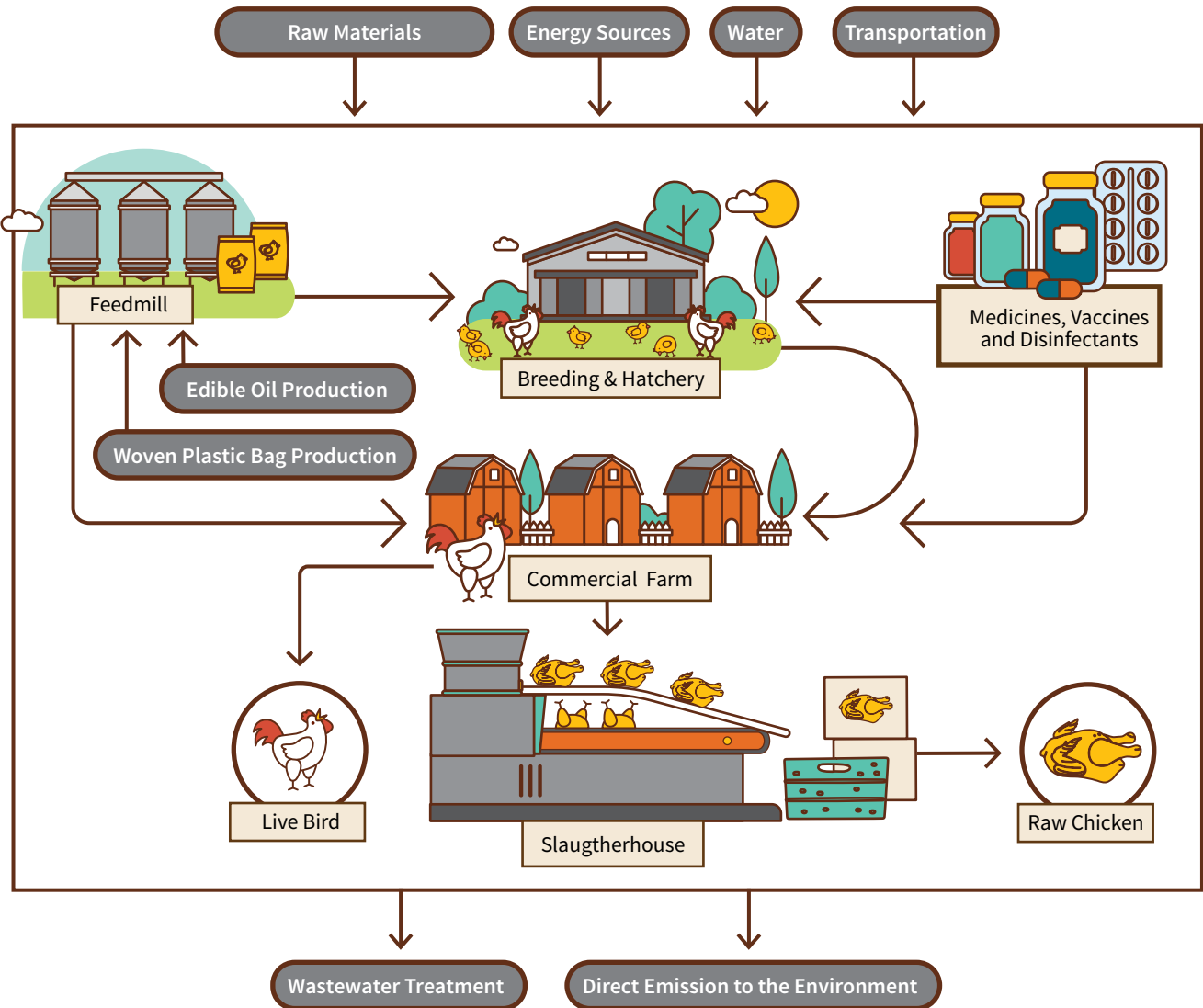
We initiated the LCA for a number of our poultry units in Indonesia, as the poultry segment is the major contributor to our revenue. The LCA covered the entire vertically integrated chain, from the production of feed to the end product, whether it is a live bird or raw chicken carcass. The quantitative analysis took into account inventory within the cradle-to-gate boundary from raw materials, energy, transportation, packaging, waste and emissions, which are then calculated into impact values of our production system [GRI 102-15]. Our LCA results are intended for internal analysis.

The LCA covered a number of poultry units representative of the life cycle of the poultry operations. We aim to review and refresh the assessment of the environmental impact of our products on a periodical basis.

We are the first vertically integrated poultry producer in Indonesia to formally conduct an LCA by engaging an independent technical expert to measure the potential environmental impact of our products throughout the supply chain



## System Boundary of our LCA Study (Cradle-to-Gate)



The LCA allows us to look beyond the traditional approach in evaluating our processes and provides perspectives from environmental and even social aspects, in addition to the financial performance. The LCA screening we conducted provides preliminary insights on our potential environmental hotspots as a basis for decision-making on potential resource and energy efficiency, waste minimisation and process efficiency improvements.

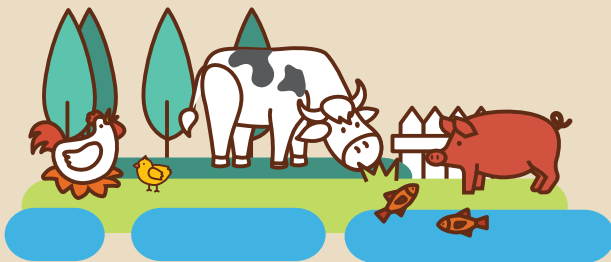
The identification of our environmental hotspots helped us to manage our resources effectively and focus on those that really matter which following our sustainability pillar, “Efficient Use of Resources”. We aim to manage our resources efficiently in line with the UN SDG 12: Ensure sustainable consumption and production patterns.

By conducting an LCA, we are one step closer to the ecolabel environmental product declaration (“EPD”), which will enable us to provide transparent, reliable information to our commercial customers (e.g. hotel, restaurant, and catering) and to consumers. We believe that our initiatives will allow us not only to ensure the quality of our products but also foster a cleaner and healthier environment for our livestock and our surrounding communities.

During the reporting period, we complied with the applicable environmental laws and regulations in each jurisdiction. [GRI 307-1]

# Our Environmental Focus Areas

The LCA has identified environmental hotspots within the animal protein production life cycle to provide nutritious and affordable food



Water Management



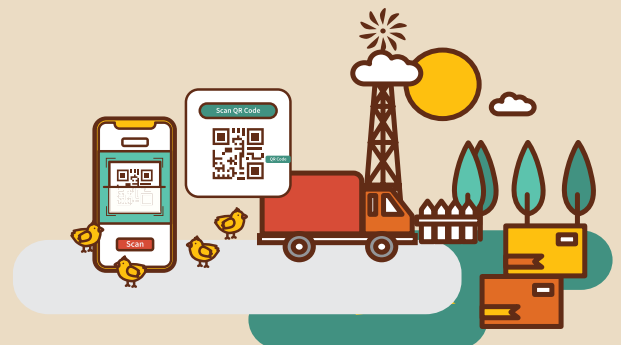
Resource Efficiency



Wastewater Management



Waste Utilisation



Traceable Supply Chain

# Water Management

GRI 102-11, GRI 102-48, GRI 303-1, GRI 303-3, GRI 303-5



**Water is a basic, yet crucial resource in human life, as well as in our operations. As it is a shared resource, we are committed to conscientiously manage our water consumption through various initiatives to contribute in conserving its availability for future generations**

## Poultry

Within our poultry operations, water is mostly consumed by our chickens as drinking water, boiler water for steam production and sanitation. Although, our activities are generally not water intensive, it is an essential resource that we rely on for its availability and quality.

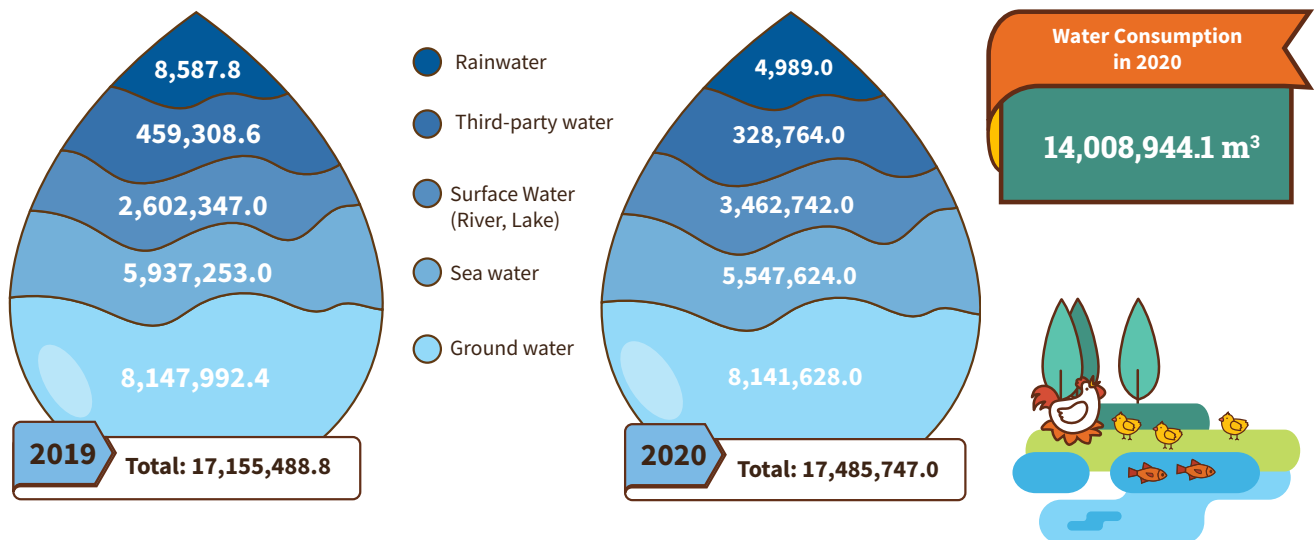
Since 2017, our feedmill in Cikande, Indonesia has been significantly affected by water scarcity issues. A water availability assessment was conducted by

geologists and local authorities, and the results showed drought prone water sources. To address this challenge, we have been harvesting rainwater, instead of buying water from third parties, which has increased our efficiency in water consumption. In 2020, our water efficiency increased by 10.2%. In addition to this feedmill in Indonesia, this rainwater harvesting system has also been utilised in India and Vietnam.

For some of our operations, we also recycle the water at our wastewater treatment plants, mainly for domestic purposes or cooling water. This allows us to reduce freshwater consumption.

Other than drought, water scarcity could also be caused by bad water quality e.g. high total dissolved solids and high levels of bacteria. In such cases, we treat the water before use to meet the standard of quality for our production. This is important as we have to ensure animal welfare and food safety.

## Water Withdrawal by Source (m<sup>3</sup>)



Notes:

- Water withdrawal data for 2019 is restated and do not include So Good Food Operations
- Water sourced from groundwater, rainwater and third-party water are assumed to be freshwater (Total dissolved solid/TDS < 1,000 mg/L)
- Surface water and seawater are considered as treated non-consumable water (TDS > 1,000 mg/L)
- Water withdrawal and consumption data for 2020 do not include So Good Food Operations and India Poultry

## Our Progressive Water Conservation Initiatives

- Installing rainwater harvesting system, specifically in operations within water stressed areas, e.g. poultry feed unit (Indonesia and India), two poultry commercial farms (Vietnam)
- Installing water flow meters for accurate monitoring
- Utilising nipple drinking systems in poultry farms
- Utilising advanced water treatment technology to improve water quality
- Recycling water using reverse osmosis system, Recirculating Aquaculture System (“RAS”) and Semi-RAS
- Establishing water use guidelines for both production and domestic use
- Educating contract farmers on the efficient use of water

## Aquaculture

In Indonesia, polluted waterways are our main challenge, especially in relation to aquaculture operations. To mitigate this potential impact, we replaced chlorine and disinfectant in the water purification system at our shrimp hatcheries with an ozone water treatment system. To maintain the supply of good quality freshwater, we create a customised water pretreatment process, adjusted to the water conditions in each of our units. In our Anyer unit, we use Polyaluminium Chloride (PAC) to treat the water intake.

We continuously explore opportunities in other units for better water management initiatives. To carefully monitor our water management, our internal Japfa Sustainability Reporting System (“JSRS”) plays an important role. Through the monitoring of water scarcity, we can continuously assess the water availability and water quality in our operations.

# Wastewater Management

GRI 102-11, GRI 102-48, GRI 303-2, GRI 303-4



As we manage the water that we utilise, we are also responsible for the wastewater that we release into the environment. We treat such water in wastewater treatment facilities to remove impurities before being discharged into the water bodies, which ensures the water released will not harm the water supplies



## Poultry

- Wastewater Treatment Plant (WWTP) in almost all operations in Tbk Poultry, Vietnam Poultry (including rental farms) and Myanmar Poultry
- Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP) in India Poultry operations
- Sedimentation ponds or simple treatment facilities in our company-owned commercial farms of Tbk Poultry
- Reverse osmosis system in several units including in Sidoarjo feedmill in Indonesia and Hmawbi farm in Myanmar which increased water recycling

## Aquaculture

- Feed modification with low phosphorus content to reduce excessive nutrients in the water body
- Wastewater Treatment Plant (WWTP) which aligns with Best Aquaculture Practice (BAP) requirements
- Moving Bed Biofilm Reactor (MBBR) technology in tilapia Processing Unit (Cold Storage and Processing Plant), where the sludge produced is further utilised as bacteria nutrition for WWTP
- Recirculating Aquaculture System (RAS) or Semi-RAS in our hatchery unit

### Water Discharged by Quality and Destination\* (m<sup>3</sup>)

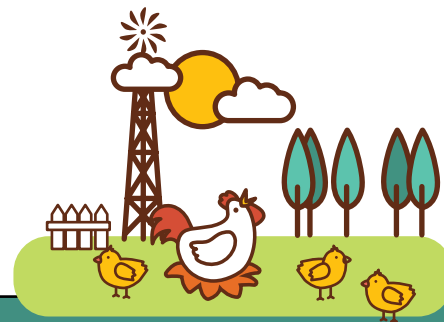
Water Discharged by Quality and Destination	Amount (m <sup>3</sup> )		Destination	
	2019	2020		
 <b>Poultry</b>	<b>1,809,241.1</b>	<b>1,717,634.5</b>	Drainage, River	
	Freshwater	738,733.6		751,799.0
	Treated non-consumable water	1,070,507.4		965,835.4
 <b>Aquaculture</b>	<b>2,834,635.0</b>	<b>2,119,681.0</b>	Drainage, River, Sea	
	Freshwater	2,720,847.0		1,955,434.0
	Treated non-consumable water	113,788.0		164,247.0
<b>Total Water Discharged</b>	<b>4,643,876.1</b>	<b>3,837,315.5</b>	<b>Drainage, River, Sea</b>	

\* - Freshwater (Total dissolved solid/TDS < 1,000 mg/L). Treated non-consumable water (TDS > 1,000 mg/L)  
 - Data for 2020 includes So Good Food operations and excludes India Poultry  
 - Data for 2019 is restated and have included water discharge data from So Good Food operations.

# Resource Efficiency

GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-5, GRI 305-1, GRI 305-2, GRI 305-7

Movement restrictions during Covid-19 pandemic spurred us to be more efficient. We focused on increasing efficiency across our production units and offices. As much as possible, meetings were held online which reduced travelling, thereby increasing the efficiency of fuel use while also decreasing emissions.



We constantly improve how we operate as we strive for a better efficiency to maximise results while minimising unnecessary outflow of resources.

## Energy Management

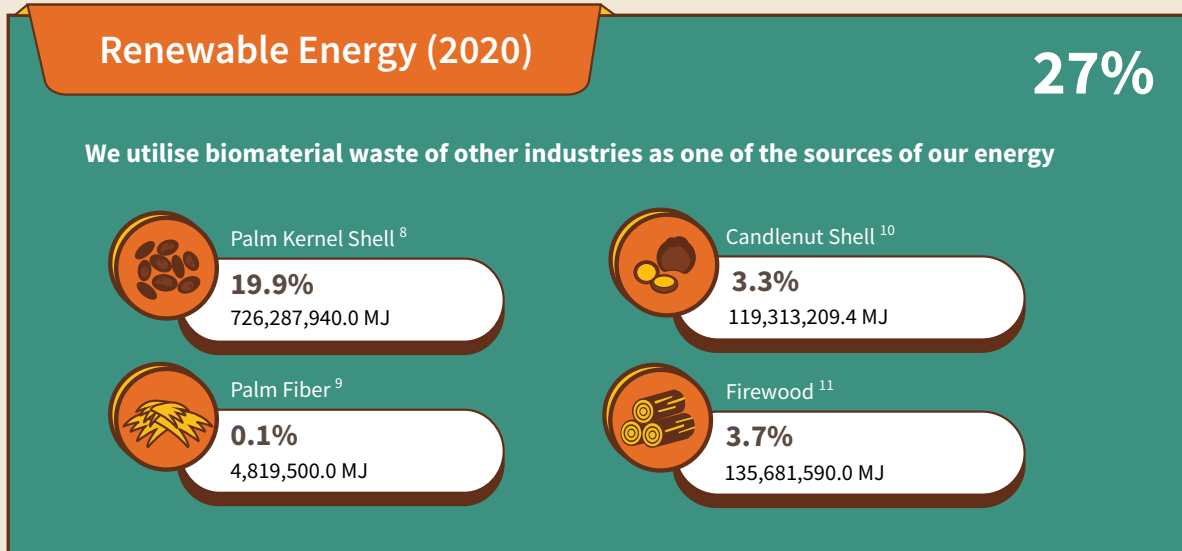
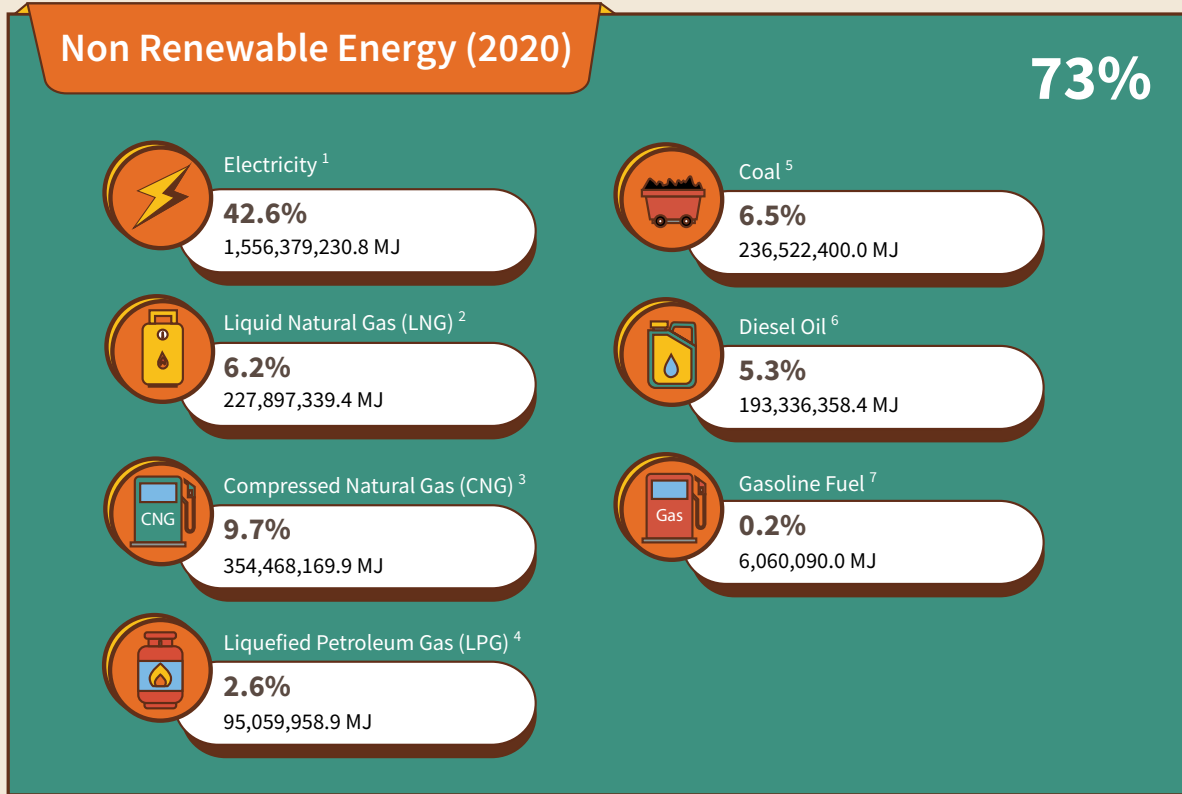
In 2020, we successfully reduced our coal consumption by nearly half from the previous year. This means that 99% of our poultry and aquaculture operations are run coal-free. Some units still use coal due to lack of access to alternative energy sources.

During the reporting period, we increased the utilisation of cleaner energy sources including natural gas, and those that were renewable i.e. biomass and solar. In Myanmar Poultry, battery-free solar panel systems were installed in two commercial farms at Nyaung Napin and Phugyi which supply energy during the day. The system reduced our electricity consumption in the units up to 32%. Similarly, in Vietnam Poultry, seven rental farms were powered by solar panels which contributed to 40% of its energy. We are assessing the feasibility of rolling out the system to other units.

Apart from switching energy sources to improve efficiency, our efforts include replacing old machineries, installing inverters and implementing strict operating procedures.



## Energy Consumption within Japfa Poultry and Tbk Aquaculture Operations



<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 by standard methodology based on School of Oceanography, University of Washington, 1 L of Gasoline = 35 MJ  
<sup>8</sup> Convert to MJ standard methodology based on suppliers data., calorific value of palm kernel shell = 17.22 MJ/kg  
<sup>9</sup> Convert to MJ standard methodology based on suppliers data., calorific value of palm fiber = 11.34 MJ/kg  
<sup>10</sup> Convert to MJ standard methodology based on research of Efendi Et. Al., calorific value of candlenut shell = 25.46 MJ/kg  
<sup>11</sup> Convert to MJ standard methodology based on World Agroforestry Centre, calorific value of firewood = 19.61 MJ/kg



In India Poultry, we created a small integrated cluster, where we located a feedmill, breeding farms and commercial owned farms in one geographical area within a 50 to 100 km radius. This improved our productivity in the country, by reducing the distance and duration of transportation. This contributed to our lower fuel consumption as well as emissions from transport.

We also initiated a facility optimisation process in India to eliminate unnecessary facilities. We transformed one of our breeding farms into a commercial farm that improved our productivity.

## Improving Resource Efficiency while Reducing Emissions

### Environmentally Friendly Refrigerant

In our poultry cold storage unit of Tbk Poultry in Mojokerto, we changed the source of our refrigerant from the conventional one that uses CFCs to ammonia and carbon dioxide. These two substances are considered more environmentally friendly as these natural refrigerants require lower energy consumption. They did not only improve our energy efficiency but also reduced the emissions of our ozone-depleting substances.

### Dust Management

Fine particles or dust from the raw materials in feedmills are easily released into the air if they are not handled with a proper system, which may harm not only the workers but also the environment. In our feedmills, we use a dust collector technology that prevents the dust from escaping to the air. The dust collected is usually distributed to a third party to be utilised for other purposes that make our waste useable.

In the feedmills of Poultry Myanmar, we also surrounded our operation area with bamboo and eucalyptus trees to prevent any leak of particulates to the surrounding community. These trees are able to strongly regulate atmospheric dust through capture or retention. We plan to apply this initiative in other units since it provides huge benefits with less investment.

### Greenhouse Gases (GHG) Emissions

**Direct GHG Emissions (Scope 1)** **79,827.0**  
Tons CO<sub>2</sub> eq

**Energy Indirect (Scope 2) GHG Emissions** **436,548.8**  
Tons CO<sub>2</sub> eq

We calculate the amount of potential GHG emissions using SimaPro software and IPCC 100a method, based on our energy consumption.

### Other Significant Air Emissions\*

**NO<sub>2</sub>** **951.3 kg**

**SO<sub>2</sub>** **1,014.4 kg**

**PM (Particulate Matter)** **493.4 kg**

**CO** **700.6 kg**

\*Data from PT Japfa Tbk only

# Responsible Waste Management

GRI 301-3, GRI 306-2, GRI 306-4, GRI 307-1

Our waste management includes products modification, waste sorting and utilisation where we aim to reduce harm to the environment, whilst creating value from the waste we produce



## Waste Utilisation

Through waste sorting, we aim to maximise our reuse and recycling efforts to minimise the waste we released to the landfill. This approach allows us to generate value from the waste we produce in the course of our operations.

As an animal proteins producer, the solid waste we produce are mostly from the livestock, including manure and carrion. During the reporting period, this category of waste accounted for over 90% of our total waste, of which approximately 89% was poultry manure alone. As manure is rich in nutrients, we distribute this waste to third parties, especially crop farmers, to be utilised as fertiliser. In general, our waste treatment activities include the following:

### POULTRY

- Manure is utilised as fertiliser by crop farmers

- Corn dust is utilised by duck farmers for mixing materials to produce their livestock feed
- In cooperation with a third party, Myanmar Poultry utilised black soldier flies technology to process part of its organic waste
- Our woven plastic bag unit in Tbk Poultry recycles rejected woven bags by reprocessing them to reduce consumption of virgin material.

### AQUACULTURE

- Dead fish, bones and scales are usually processed by third parties into fertiliser and fish meal
- Fish heads are used by restaurants to make dishes
- Fish skins are used by the local community to make fish skin snacks

## Reusable Packaging & Product Modification

To reduce our waste from DOCs cardboard box packaging, we utilise reusable plastic boxes where possible. Approximately 80-90% of our hatchery operations packed the DOCs in the reusable packaging. Cardboard boxes are still used for a long-distance travel or remote customers.

In Myanmar Poultry, reusable plastic is only used within internal operations at the moment. Cardboard boxes remain the main option for our customers when they pick up the DOCs themselves instead of being delivered.

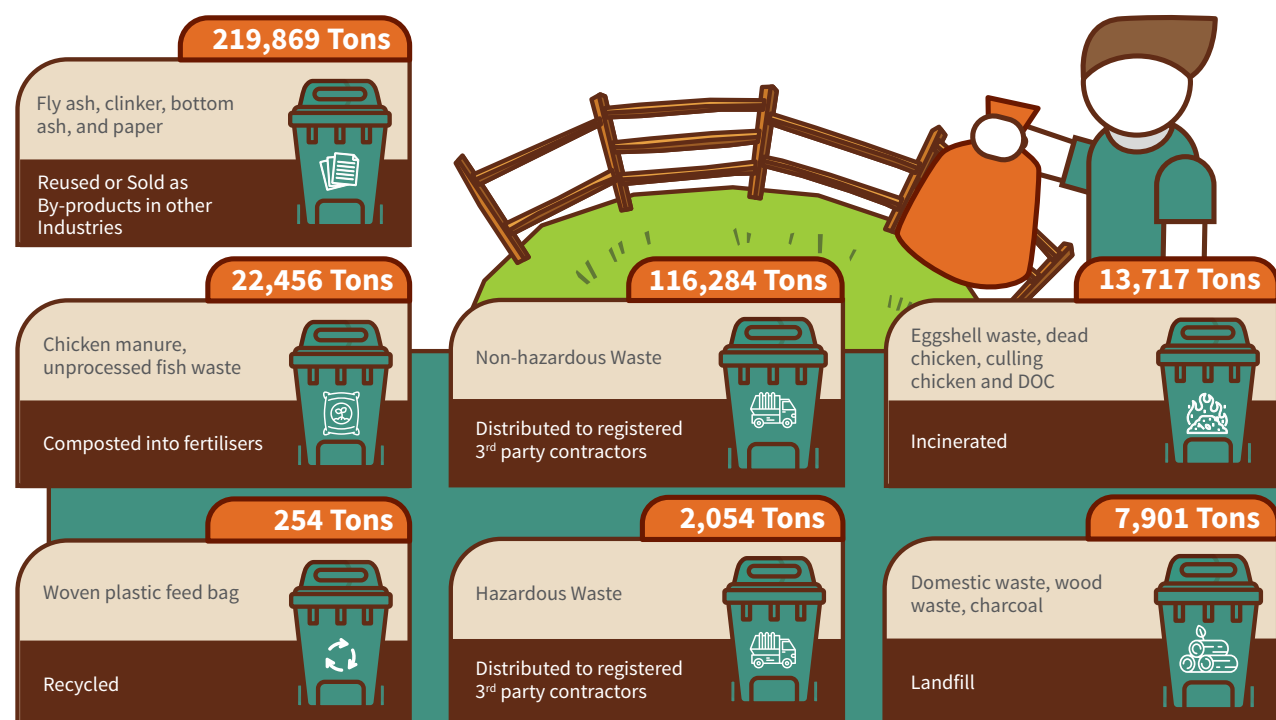
## Hazardous Waste Management

In 2020, the hazardous waste produced within our poultry and aquaculture operations was less than 1% of our total waste. In general, such waste are kept in our designated temporary storage before being transported and treated by licensed third parties.

Several units also use creative means to reduce or utilise the hazardous waste. For example, in one of

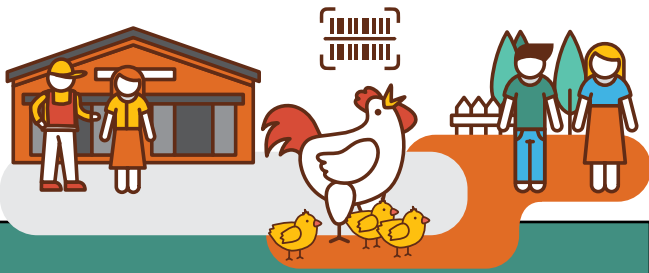
Tbk Poultry’s commercial farm unit, we improved our pen washing process in the unit to reduce damage TL (Tube Luminescent) pen lamps which resulted in the reduction of hazardous waste. Another example is in India Poultry, where we utilised bottom ash from incinerators at our feedmills for levelling in Kharagpur unit.

### Waste Generated and Disposal Method



# Traceable Supply Chain

GRI 204-1, GRI 308-2



Our vertically integrated business model allows us to have traceable processes which are essential for a sustainable supply of nutritious food

## Product Traceability

We have 300 vans which are integrated into our SAP system for tracking purposes. To provide more transparency to our customers, we use a barcode system to allow traceability of our poultry from supplier to customer. The barcode is electronically stored in our system and provides complete trace-forward (plant to customer) and trace-backward (customer to plant) capability.

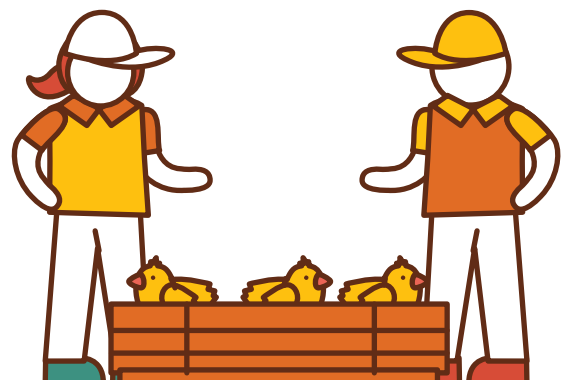
## Supplier Code of Conduct

Our raw materials are selected through strict qualifications. All suppliers are subject to the Supplier Code of Conduct and Japfa Code of Conduct.

In the aquaculture operations, suppliers are also required to comply with Best Aquaculture Practice (BAP), Marine Stewardship Council (MSC) or International Fishmeal and Fish Oil Organisation (IFFO) certification. The certification including the following principles in their requirements:

- Control of escapes and use of Genetically Modified Organisms (GMOs)
- Sustainable fish stock
- Minimising environmental impact
- Effective fisheries management

In Vietnam Poultry, since 2018 we are also enrolled in TE-Food Vietnam to support government initiatives on food traceability. The TE-Food provides the information of our processed chicken, from breeding to slaughtering processes.





## Local Sourcing

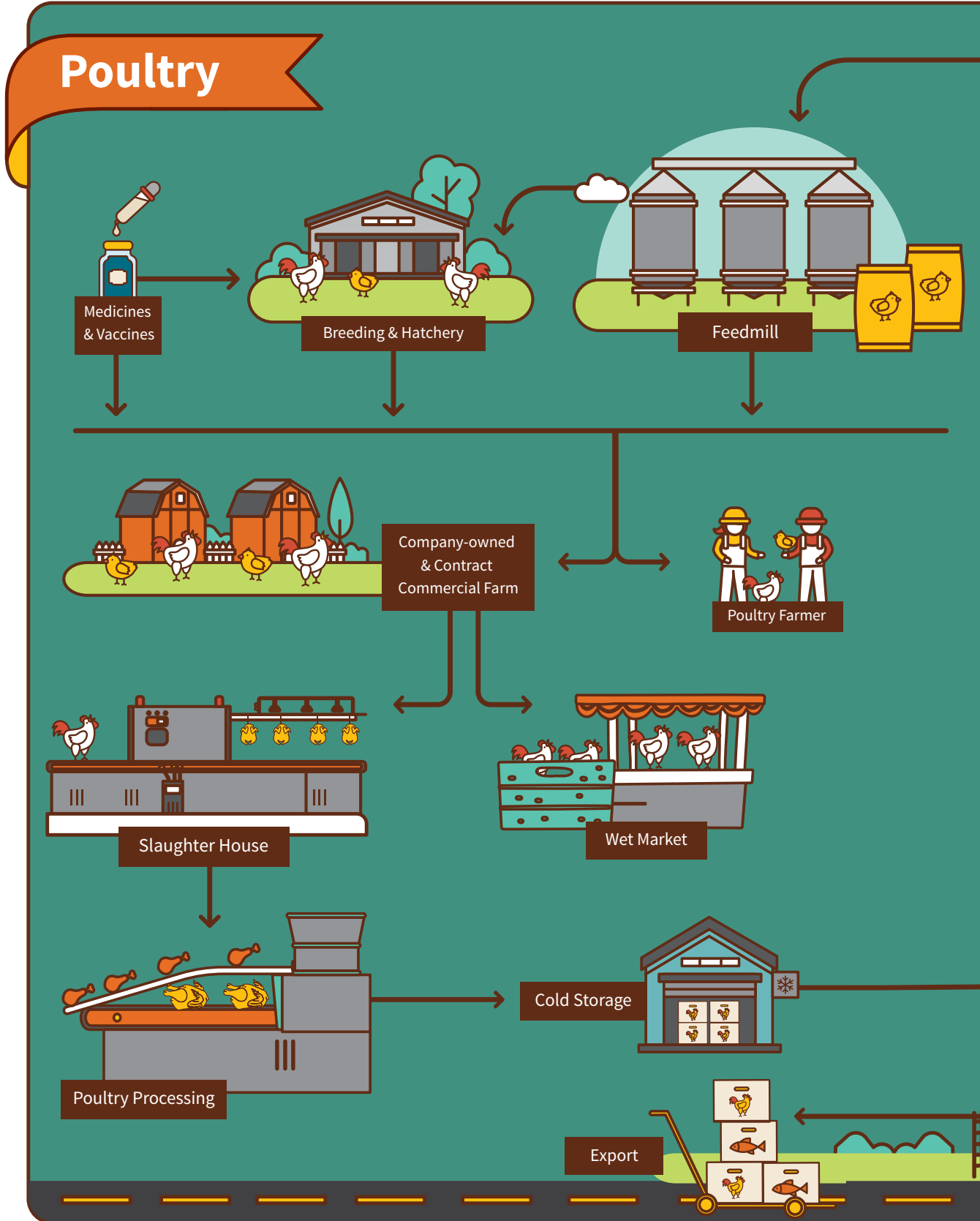
In sourcing our raw materials, we always prioritise local suppliers within the countries we operate in. This is to support local businesses and also to mitigate our indirect impact on the environment that arises from importing raw materials from other countries.

In 2020, Tbk Poultry increased the percentage of raw materials from local sources by approximately 63%. Corn, our primary raw material, is entirely sourced from local farmers, and is non-Genetically Modified Organism (GMO) following the government regulation. Similarly, in India Poultry we also optimised local sourcing, especially for plant-based materials.

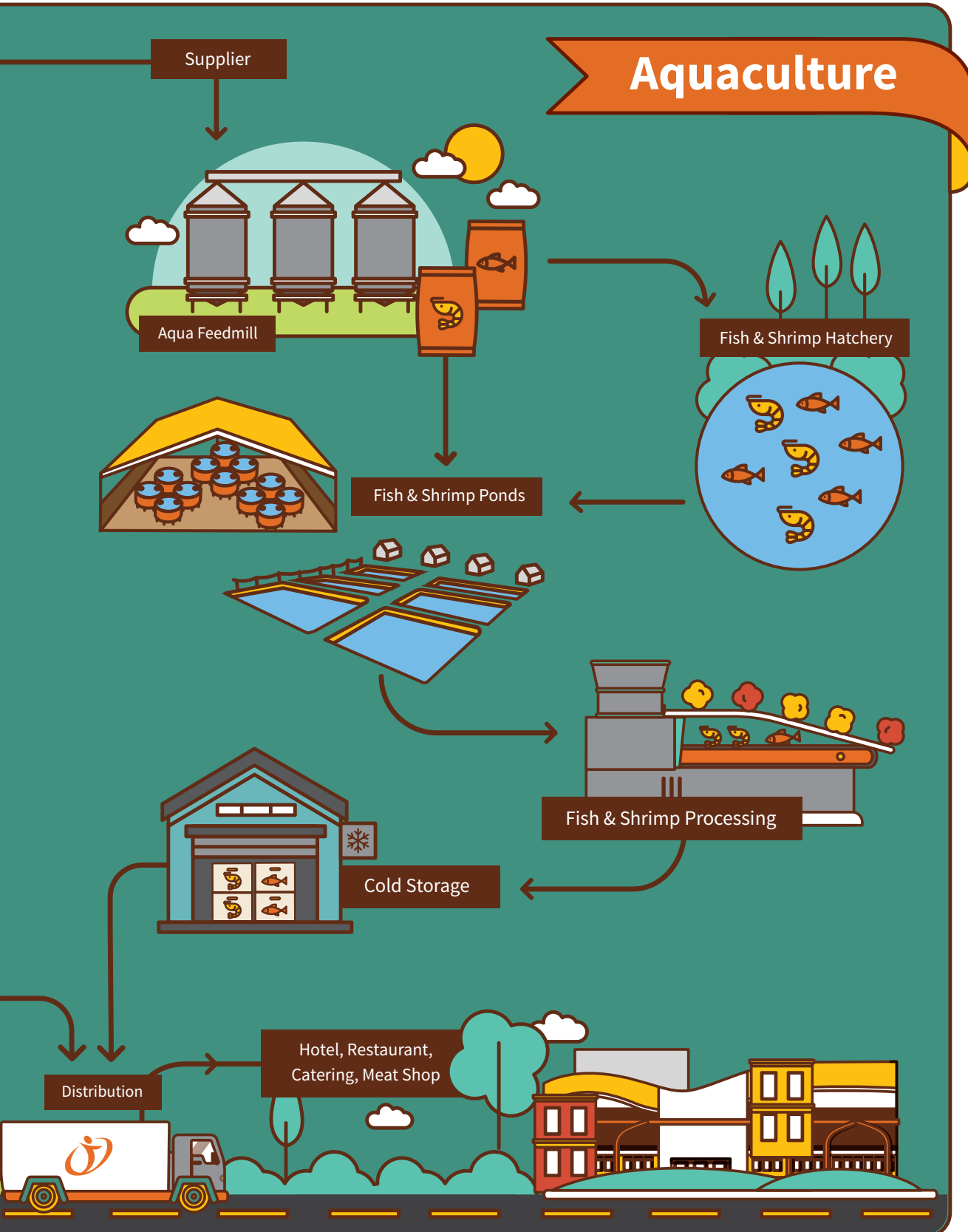
In Vietnam and Myanmar, it is more difficult to procure raw materials locally due to limited local supply. Our aquafeed mill operations face the same issue. To fulfil the requirement of essential proteins for our aquafeed and the limited local supply, we procure some of our raw materials from the global market.

# Our Supply Chain

GRI 102-9



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



# People Development

4

Sustainability is about protecting people, hence ensuring the health, safety and well-being of our employees is of the utmost importance to achieve success and value in the long run. We continuously engage our employees in various programmes and activities to maintain their physical and psychological health.







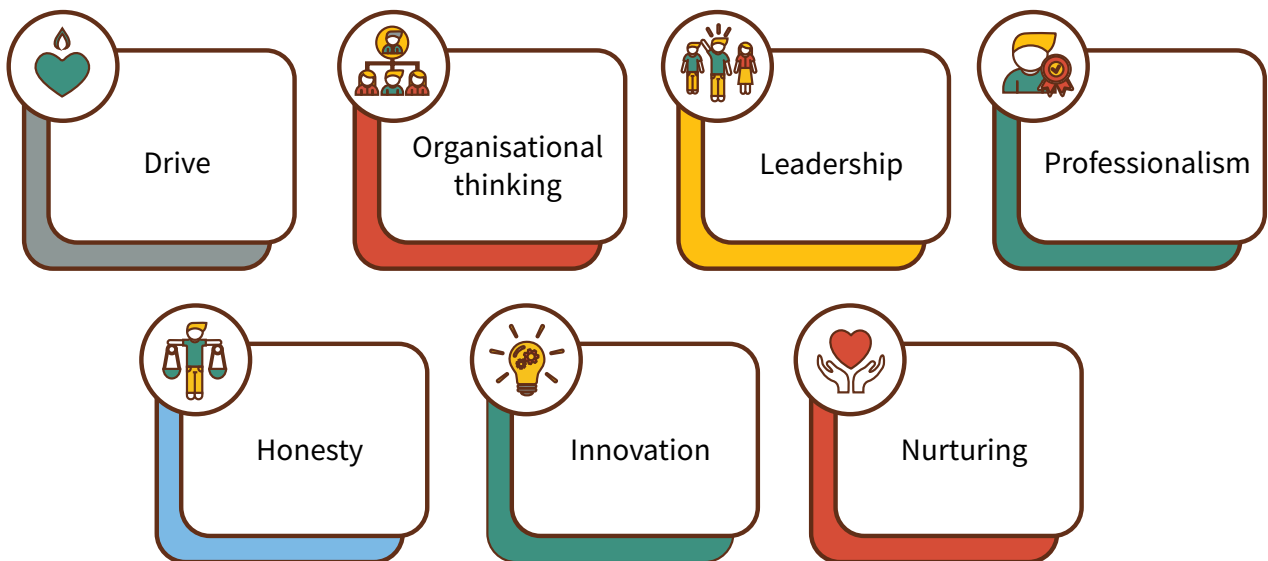


During the Covid-19 pandemic our priority was to continue to deliver safe and affordable proteins while, at the same time, making the most to protect our employees. Whenever possible, our employees worked from home and we implemented measures to ensure our staff health and safety

The driver of our company’s long term success is our people. It is essential to maintain a safe working environment for our employees where we protect their rights, nurture individual talents and add value to their career development. As a result, we are able to achieve our human resource goal “To always have good people to lead Japfa”.

We identified seven Japfa Employee Values known as “DOLPHIN” to encourage an organisational mindset that always strive to uphold the Company’s vision of “Growing Towards Mutual Prosperity”.

### 7 Japfa Employee Values - DOLPHIN



# Our Approach



**Employee Engagement**



**Inclusive Diversity**



**Occupational Health and Safety**



**Employee Benefits**



**Training and Development**

# Employee Engagement

[GRI 102-41, GRI 402-1, GRI 409-1]

We encourage an open and respectful communication in our team to foster mutual understanding and effective collaboration.

Company Regulations are set with reference to the applicable labour laws and in consultation with workers’ representatives. Significant operational changes are communicated to our employees two weeks in advance through internal channels.

Regular dialogue between senior leaders and employees through:

- Japfa Conversation
- Communication Forum
- Townhall Meetings

## Maintaining Employee During Covid-19 Pandemic

In 2020, Covid-19 brought tremendous uncertainties and triggered fear and stress, as most activities in the world were disrupted. During this period, the company took steps to protect our workers without compromising operations. These included working remotely and other measures e.g. personal protective equipments (“PPE”) for those who needed to work on-site.

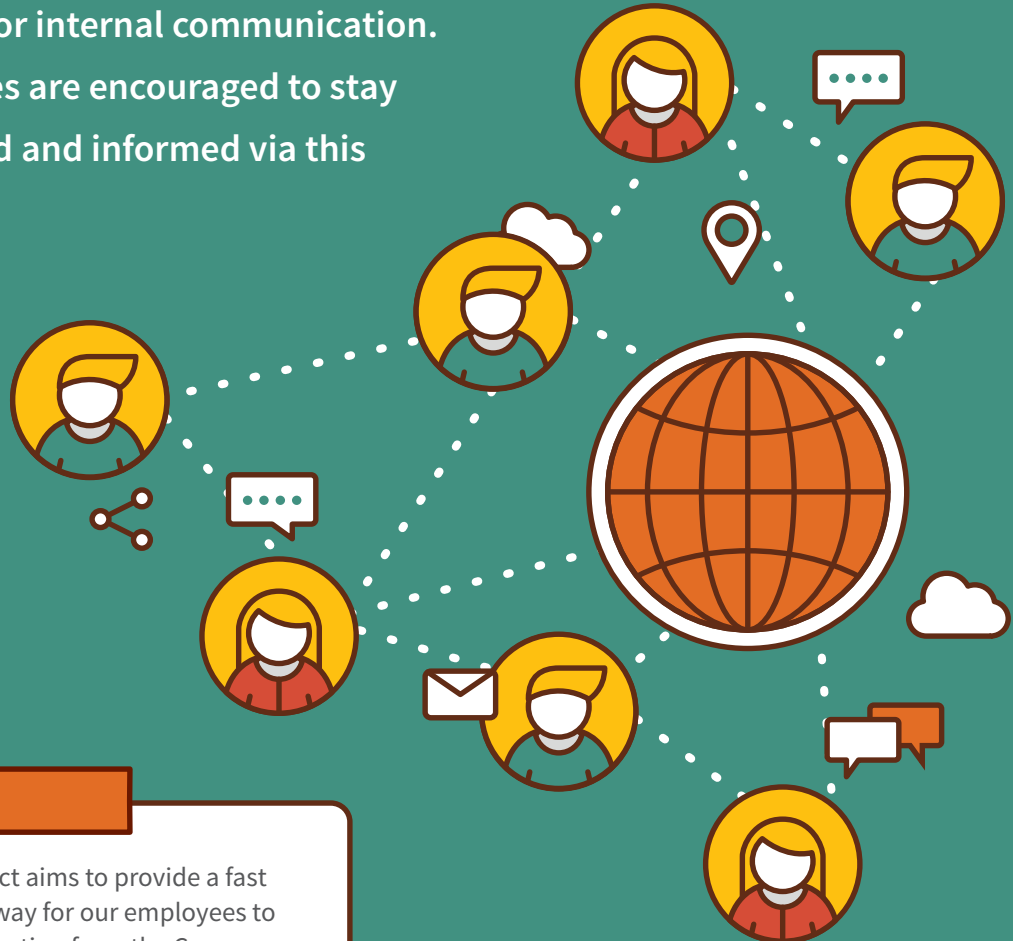
During this time, we all had to adjust to the new working conditions and effective communication became even more important. To facilitate this, we launched several initiatives both at the Group and local levels.

### Our Actions During the Covid-19 Pandemic



# JAPFA Connect

JAPFA Connect is an information channel for internal communication. Employees are encouraged to stay connected and informed via this platform.



## Objective

JAPFA Connect aims to provide a fast and efficient way for our employees to receive information from the Company

## Content

Through JAPFA Connect, employees receive information about Covid-19 information, healthy lifestyles tips, as well as company policies, corporate and divisional developments, and digital activation that employees can participate in

## Practical and Easy

JAPFA Connect is an accessible and practical for channel for communication

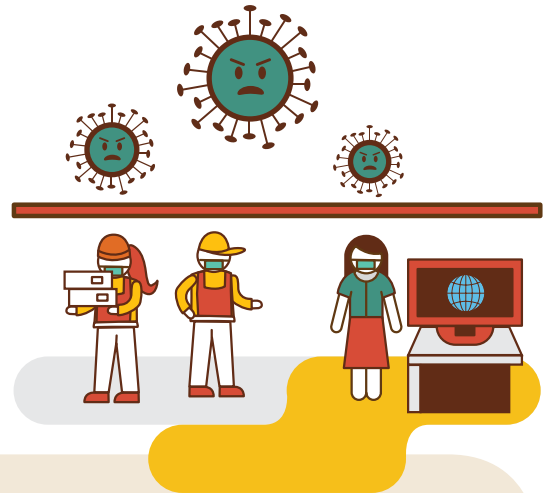
## Quick and Accurate

JAPFA Connect is continuously updated with accurate information that comes from reliable sources



## Optimising Technology to Facilitate Work Arrangements

We adjusted the way we worked during the pandemic to ensure we adhere to government regulations to prevent disease spread at the workplace.

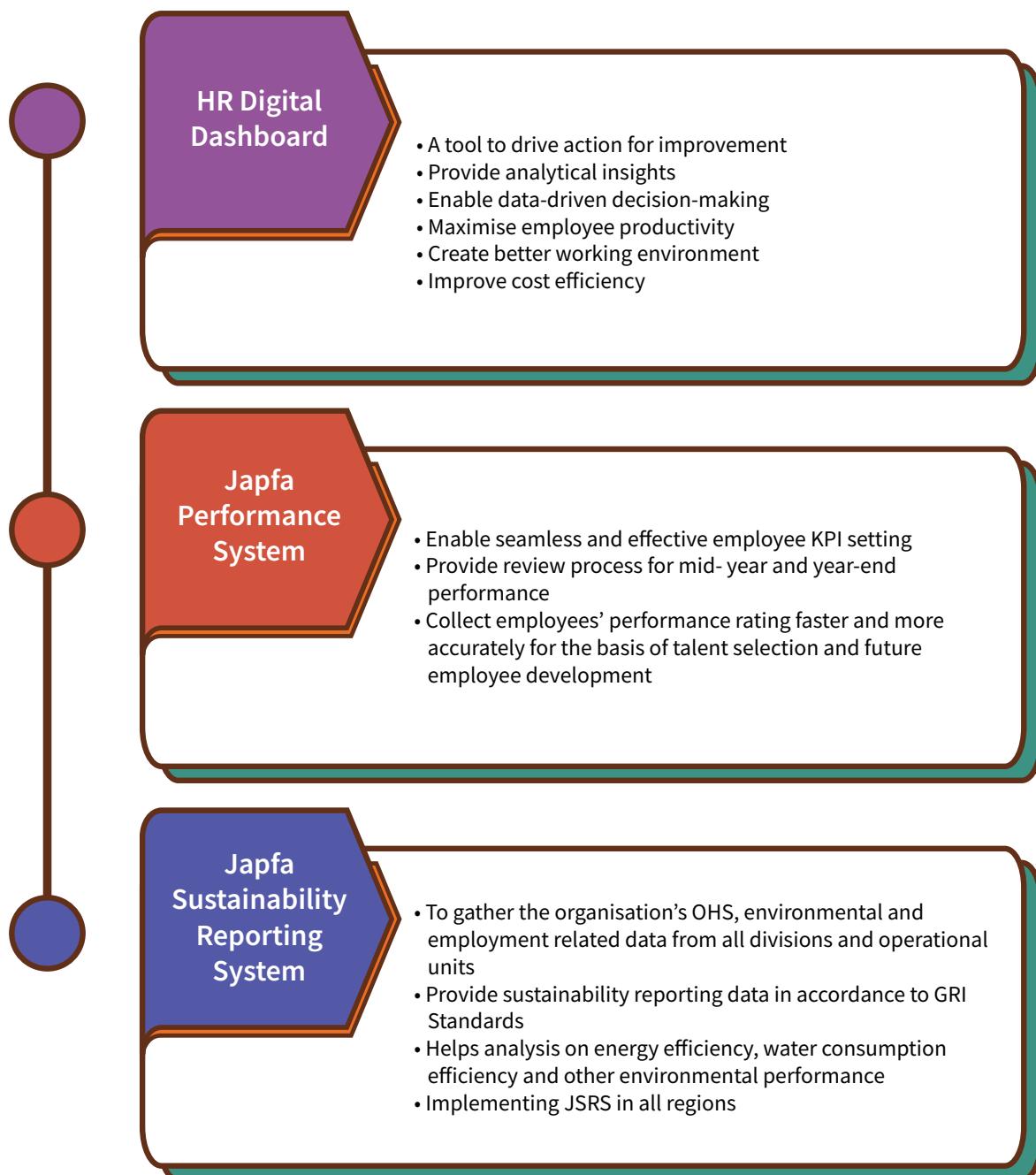


- Working from home to manage capacity limitation and enable physical distancing
- Optimising the use of digital technology for collaboration and communication
- Adopting online learning system for training and development programmes
- Introducing virtual induction programmes for new recruits in India
- Continuously exploring ways to work more effectively



## SAP Human Capital Management (HCM)

SAP HCM supports HR management systems by gathering all required data related to the organisation and the staff. Serving as a master data platform, the system implementation has been completed in most of the divisions across the countries Japfa operates in. In 2020, we continued enhancing our SAP HCM and developed new systems to further advance our HR management



We completed SAP HCM set up in Vietnam and Myanmar. For India, work is in progress for the set up.

# Prioritising Health and Safety at the Workplace

GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9

Health and safety protocols have always been closely observed in our operations. Amid the Covid-19 pandemic, these protocols form part of an effective crisis management plan to maintain business continuity.



## Covid-19 Prevention at Our Workplace

- Incorporating Covid-19 protocols
- Regular Covid-19 tests for workers and drivers in areas with high rate of infections
- Improving sanitation
- Providing individual personal protection equipment (e.g. mask)
- Implementing physical distancing
- Monitoring employees' health records, in particular those who are in self-isolation, in recovery and have recovered
- Providing on-site employees with extra nutritious foods and vitamins to boost their immune system

## Biosecurity Protocols and Sanitation

As a food producer, we uphold strict biosecurity protocols and sanitation to ensure food safety. As an example, our stringent biosecurity system in breeding farms and hatcheries prevents pathogens from entering our premises. In response to the Covid-19 outbreak, these biosecurity protocols were replicated across other units to curb the spread of the virus.

- Stringent biosecurity protocols at feedmill units in Vietnam
- Additional hand washing and sanitiser spots
- Disinfection chambers for incoming goods
- Regular disinfecting of facilities and offices
- Personal protective clothing for employees







## Physical Distancing

We kept our employees safe by implementing physical or social distancing. We also allowed those in the office to work remotely from home

### 50/50 Rule

Post lockdown, we implemented the 50:50 rule, with 50% of our office staff working at the office while the rest worked remotely.

### Shuttle Car Service

In Myanmar and India, we provided shuttle cars for those who are required to be present at the office.

### Space Management

We redesigned our office layout to adhere to physical distancing measures in Myanmar.

### Visitors Restrictions and Traffic Control at Farms

As remote working was not possible at farms and manufacturing facilities, we made the following adjustments:

- Visitor restrictions at breeding farms to reduce human traffic
- Adjustment to the home visit break rules for farm employees in Myanmar, in line with Covid-19 protocols

## Occupational Health and Safety (OHS) Management System

In compliance with government requirements, we implemented an OHS management system across our operations. The OHS management system was developed based on Hazard Identification Risk Assessment & Determining Control (HIRADC) and Hazard and Operability Study (HAZOP). These tools guide us to effectively identify the potential work risks throughout our operations and to establish preventive actions.

### OHS Commitment

- Safety campaigns and OHS training
- Health and safety committee comprising employee representatives
- Health risk assessment in all units by in-house doctors
- Internal monitoring by licensed OHS Specialists at PT Japfa Tbk
- Internal and external OHS audits for selected units in accordance to government regulations

## OHS Committee Responsibilities

- 1 To collect and process OHS data in the workplace
- 2 To show and explain to each employee about various hazards in the workplace that can cause OHS accidents, including fire and explosions, as well as other factors that can affect work efficiency and productivity
- 3 To provide personal protection equipment for the workforce
- 4 To develop a hazard control system for occupational safety and health
- 5 To evaluate the causes of accidents, occupational diseases and take the necessary steps
- 6 To advise and undertake research in the fields of occupational safety, industrial hygiene, occupational health and ergonomics
- 7 To check the completeness of work safety equipment
- 8 To develop workforce health services and help company leaders to formulate management policies and work guidelines in order to improve work safety, industrial hygiene, occupational health, ergonomics and work nutrition
- 9 To conduct safety training programmes.

## Our OHS Training Programmes



### OHS Key Highlights 2020

- OHS Management System Certification with Gold Flag Rating from the Ministry of Manpower of the Republic of Indonesia
- OHS certification for our breeder farms and hatcheries from the government in Myanmar (implementation of new policy in 2019)
- Provided OHS training for customers with 83 participants from our Aquaculture unit
- Zero Accident Awards from the Ministry of Manpower of the Republic of Indonesia and Province Government for more than 20 units



While we try to maintain a safe working environment for our employees, accidents may happen. In the event of an accident, we provide our employees with proper medical treatment and conduct investigations to find out the cause of the accident, evaluate our processes

and action plans and measures were taken to prevent the reoccurrence of the incident. We deeply regret that in 2020 there were two fatalities in aquaculture operations. Additional safety measures have been implemented to minimise the risk of recurrence.

### Work Related Injuries in 2020

Type of Injury		Fatal	Heavy	Moderate	Light	Total	Number of Hours Worked
 Tbk Poultry	Number	0	2	72	13	87	56,107,148.6
	Rate	0.0	0.0	1.3	0.2	1.5	
 Tbk Aquaculture	Number	2	0	16	8	26	10,138,438.7
	Rate	0.2	0.0	1.6	0.8	2.6	
 Vietnam Poultry	Number	0	0	15	0	15	3,406,565.0
	Rate	0.0	0.0	4.4	0.0	4.4	
 Myanmar Poultry	Number	0	15	0	0	15	3,359,003.0
	Rate	0.0	4.5	0.0	0.0	4.5	
 India Poultry	Number	0	0	0	0	0	1,327,067.7
	Rate	0.0	0.0	0.0	0.0	0.0	

$$\text{Rate of Work-Related Injury} = \frac{\text{Number of Work-Related Injuries} \times 1,000,000}{\text{Number of Hours Worked}}$$

# Diversity and Integrity

GRI 102-7, GRI 205-2, GRI 401-1, GRI 405-1, GRI 405-2, 408-1

We are proud of our diverse and multicultural workforce. We recruit our employees based on their competence, experience and cultural fit regardless of their gender, age, race, social and cultural background. We respect the rights of our employees and treat them fairly and equally.

We employ women in our operations and empower them to reach their highest potential through education, access to job opportunities, and to take up leadership positions.

In Vietnam and Myanmar, our farm workers are mainly women which play an important role in taking care of our chickens. To provide security and combat sexual harassment issues in India, we have initiatives ranging from education and communication, to the formation of a committee to look after women's affairs as mandated by the national government.



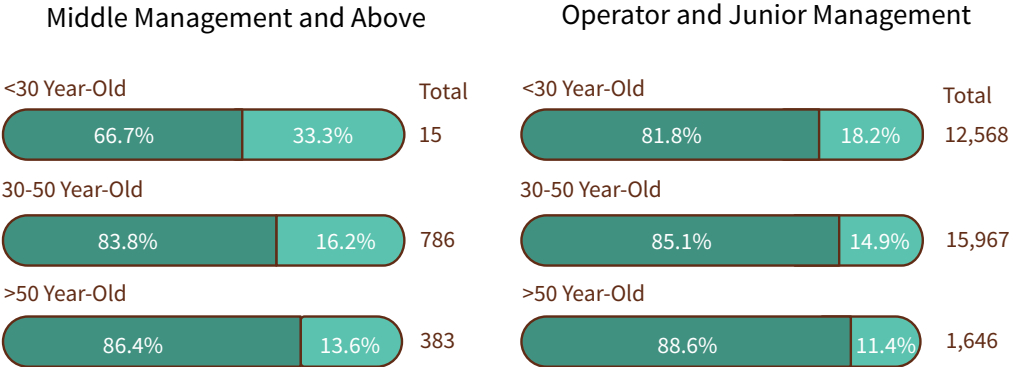
**Our team consists over 40,000 multinational employees operating farms, manufacturing facilities and offices in across Asia**

These initiatives are accessible to all women involved in our business whether they are our own employees or business partners.

We also provide opportunities for people with disabilities to work with us. We support them to maximise their skills while enhancing their participation in society.

## Age and Gender Diversity for Poultry and Aquaculture Operations

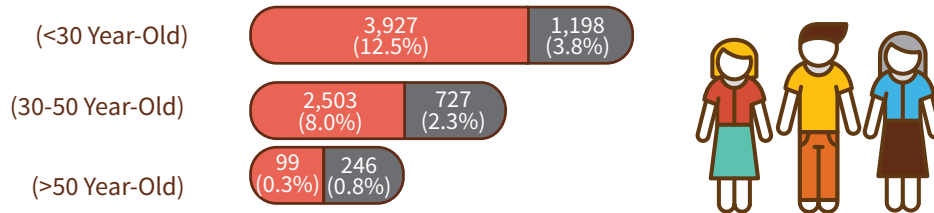
● Male ● Female



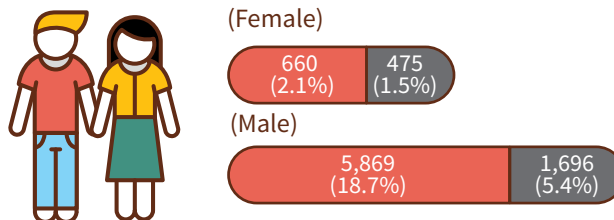
## New Employee Hires and Turnover for Poultry and Aquaculture Operations

● Recruitment ● Exit

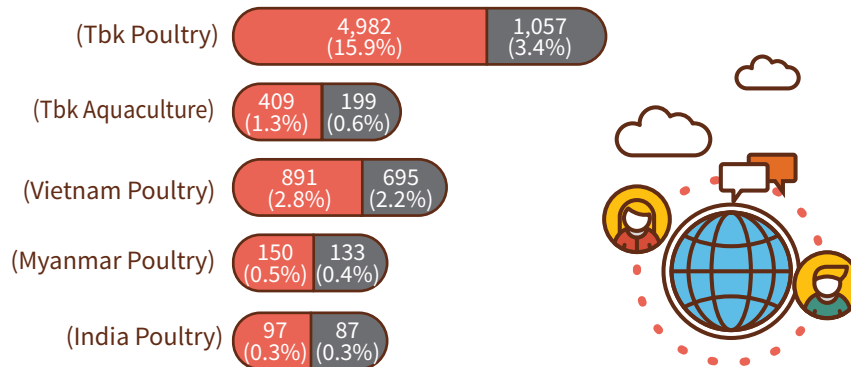
### Age Group



### Gender



### Region



## Code of Ethics and Anti-Corruption Policy

We promote ethical and professional behaviour from our employees, which is governed by our Code of Conduct.

Our Code of Conduct applies to all organisational levels across the Group and aims to create a safe and healthy work culture. We expect our employees to be responsible and to maintain Japfa's reputation when acting on behalf of the company. Our whistle-blowing system – JAPFALERT, provides a channel to report any

safely violations of our code of ethics or other illegal behaviour. The system is available to all stakeholders, and we guarantee all reports submitted are handled with the utmost confidentiality.

The Code of Conduct also covers our Anti-Corruption/Anti- Bribery Policy which all employees are briefed on during the induction programme upon their appointment. Information about our Code of Conduct can be found in the Code of Ethics section of our website.

# Development and Succession Planning

GRI 404-1, GRI 404-2

We constantly encourage all our employees to upgrade their skills, competencies and capabilities. During the pandemic, we adopted new workplace learning strategies to replace on-site training programmes.

All employees in Japfa are given equal opportunities to pick up skills that will help them in their career progression and also prepare for retirement. We performed a wide range of training and career development programmes. In addition to standard training provided across the Group, some training programmes are developed in accordance to the specific conditions in the various countries.

In 2020, we conducted e-learning and e-training. In Myanmar, we also created learning videos on farm related topics to make it easier for our employees to visualise the real conditions at the farms. When on-site training is required, we applied strict Covid-19 protocols.

In Japfa, we also encourage knowledge sharing within our teams. Exchanging information allows workers to motivate each other and sparks creativity and innovation. Some programmes initiated by our Aquaculture Division include the “Lunch and Learn” and “NGOPI – Ngobrol Pagi” programme. These programmes are designed to be less formal where employees can share inspiring stories outside of work, thus the discussion could be more casual and improve team bonding.

## Tiered Programmes

### 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 four 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

## Succession Planning

Talent management is an essential part of business continuity. Operating for almost 50 years, we combine innovation and experience through our succession planning programme.

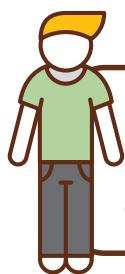
- Identifying critical positions throughout the Group
- Integrating Talent Management System into Japfa Performance system in 2020 for seamless leadership transition process
- Internal development programs
- Attracting new talents in the agricultural sector through engagements with educational institutions and social media engagement



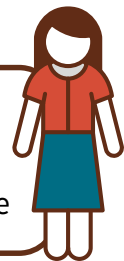
## Average Hours Training

By the end of 2020, our employees of both the poultry and aquaculture divisions across the Group (all grades) had completed

**65,010 training hours**



Male  
**1.93**  
average hours/employee



Female  
**2.82**  
average hours/employee

# Employee Benefits

GRI 202-1, GRI 401-2

Japfa strives to be an attractive employer in the agriculture industry



To appreciate the efforts of our employees, we provide them with fair compensation and attractive benefits. These are important to keep them motivated and also to boost their performance. The benefits provide additional support and protect our employees while they work and also to prepare their future.

The benefits given include transportation, health care, accident coverage, life insurance, parental leave and pension package. In India, there is a voluntary Parental Insurance Policy where employees are given the option to cover their parents in the insurance benefit.

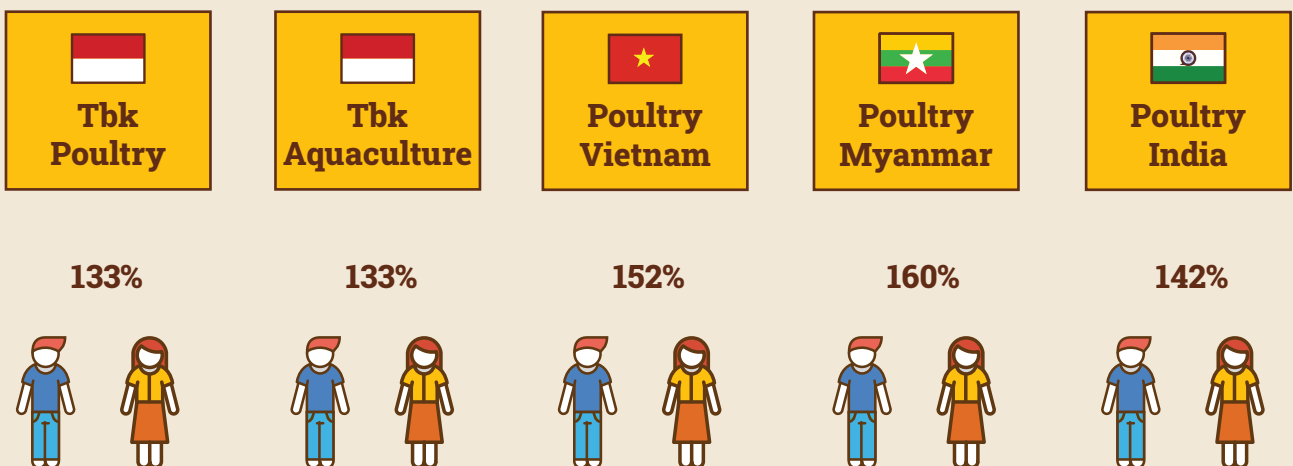




## Benefits Provided to Our Employees

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

## Japfa Entry Level Wage Compared to Local Minimum Wage for New Hires in 2020



# Sustainable Supply of Nutritious Proteins

5

GRI 102, GRI 204, GRI 413, GRI 416, GRI 417, FP 10, FP 12, FP 13

**W**e have dedicated ourselves to feed emerging Asia with essential proteins for 50 years. Over the years, we have moved steadily towards sustainable agricultural practices based on the belief that happy animals are healthy animals.





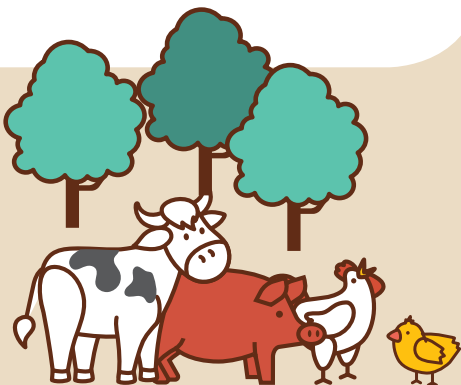


Paying attention to animal welfare and adopting sustainable farming practices guided by good governance and environmental considerations will enable us to produce nutritious and sustainable proteins.

1

## Animal Welfare

We believe that paying attention to the welfare of our livestock will enable us to raise healthier animals. This will in turn increase productivity and ensure the efficient use of resources such as feed and water. Japfa adopts precise feed formulation, good farming practices and technology to fulfill the five freedoms of animal welfare which help us to maintain food safety and security while also reducing harm to the environment.



## 2

## Good Farming Practice and Farmers Livelihood

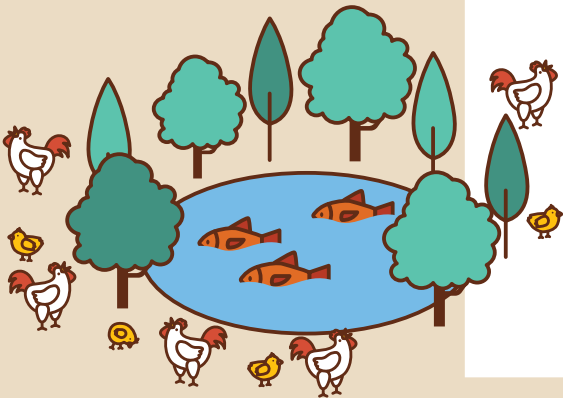
We collaborate with contract farmers who play an important role in the success of our poultry and aquaculture businesses. As part of the collaboration, we enhance their knowledge through education about good farming practices and provide the development and technical assistance programmes that will support farmers in boosting their performance and improve their livelihood.



## 3

## Preserving The Environment

Our emphasis on animal welfare allows us to reduce the environmental impact as it increases the efficient use of resources and reduces pollution of air, water and soil. For instance, precise formulation of our animal feed aims to provide adequate nutrition and reduces wastage. In this report, our environment focuses are addressed in Chapter 3.



This can only be achieved through a commitment to sustainable practices led by good governance



# Animal Welfare

## FIVE FREEDOMS

FOR ANIMAL WELFARE



**Free from hunger and thirst**



**Free from discomfort**



**Free from pain, injury or disease**



**Free to express normal behavior**



**Free from fear and distress**

As a leading poultry producer, one of our key success factors is the commitment in upholding the welfare of the animals we raise. Our vertically integrated operations from feed manufacturing, breeding and fattening to further processing, have allowed us to ensure animal welfare along the supply chain.

Consumers today are more concerned about how their food is produced and sourced, including whether the animals were humanely treated and bred in healthy

conditions, with the belief that healthier animals mean safer food and better nutrition. Our traceable production system allows us to trace all processes from the material sourcing to production, and provide transparency across the entire operation.

Traceability across the food value chain enhances food security and food safety. We are committed to maintain the traceability of our supply chain and treat our animals properly by following the principles of five freedoms of animal welfare, so that we can produce happy and healthy livestock. We believe that by standing on these principles, we are able to operate efficiently and consistently provide affordable nutritious proteins for all.

This is in line with the UN Sustainable Development Goal No. 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture, and Goal No. 12: Ensure sustainable consumption and production patterns.



# Our Approach



Strict Biosecurity Protocols



Animal Vaccination



Balanced Nutrition



Housing



Handling and Traceable Distribution

# Strict Biosecurity Protocols

To protect our animals, we uphold strict biosecurity policies and practices to prevent pests and infectious diseases from entering and spreading within our operations. Our biosecurity is measured based on three major components namely isolation, traffic control and sanitation, which are implemented along with good animal husbandry practices. People, goods and vehicles entering our premises are required to go through our biosecurity procedures.

In the breeding units of our poultry and aquaculture operations, we apply the three-zone biosecurity

system. The system classifies a production area into three zones based on the level of risk:

- High disease risk (external areas)
- Medium risk
- Low risk, a highly secure area where the animals are located.

In Tbk Poultry, we also conduct regular Salmonella tests in several farms and slaughterhouses units, in which our facilities continuously achieved 100% salmonella free results.

## Three Major Biosecurity Components



### Isolation

The poultry houses in our breeding farms and most of company-owned commercial farms apply separate hygienic air handling, feed and water troughs to avoid the risk of cross-contamination.



### Traffic Control

Strict traffic policy and regulation, includes both traffic into farm and traffic patterns within the farm. This regulation is outlined to prevent disease agents from entering the farm.



### Sanitation

A process which addresses the disinfection of materials, individuals, and equipment entering the farm and hygiene of the workforce.





### Three-Zone Biosecurity Process in Breeding Units

1. Vehicles and items from the outside are required to be cleaned and disinfected before entering the farm
2. Every item from outside the farm must be fumigated
3. Employees/visitors have to change their clothes
4. Employees/visitors have to take a shower and submerge in a disinfectant bath
5. Employees/visitors are provided with sterile uniforms before entering the farm

Our efforts in implementing stringent biosecurity that ensure the well-being of animals and free them from diseases are followed with assurance from external parties including Best Aquaculture Practices (BAP) certification, Aquaculture Stewardship Council (ASC) certification, and Halal certification from Majelis Ulama Indonesia (MUI) which assesses animal welfare aspects. Halal certifications also include requirements on technical aspects of veterinary public health and animal welfare, in addition to Islamic Law compliant practices.

In 2020, we complemented our biosecurity practices with Covid-19 health protocols at the workplace to conform with government regulation and to prevent disease spread in our operations, including increasing the frequency of sanitation practices, increasing disinfectant dosage for facilities cleaning and utilising digital technology to minimise human interactions.

# Animal Vaccination

FP13

We regularly vaccinate our livestock as needed, to boost their immune systems and to protect them from contagious diseases. The vaccines we use are produced by PT Vaksindo Satwa Nusantara (Vaksindo), our subsidiary under PT Japfa Tbk. Vaksindo is the leading poultry vaccine research producer in Indonesia actively doing research on endemic diseases in the Asian and African regions. Our vaccines are produced in facilities with Biosafety Level (BSL) - 3 certification, where the production process follows the Good Manufacturing Practices principles and ISO 9001:2015 requirements.

We conduct thorough research to formulate vaccines that are suitable for the needs of our animals. Through Vaksindo, we also collaborate with national and international institutions in Asia, Europe, Australia and America. We are building a science & innovation centre to strengthen our research capabilities.

## Advancements in Vaccine-Related Activities in 2020

- In Indonesia, we built a specialised plant to produce a vaccine for Avian Influenza (AI) and other inactivated vaccines that are required for poultry
- In Tbk Aquaculture, we developed a vaccine for tilapia to increase their survival rate
- In Myanmar, as importing vaccine from overseas was prohibited by the government, we utilised our high technology diagnostic laboratory to develop our own vaccine working together with Vaksindo
- In Vietnam, we started to implement in-ovo vaccination that increases animal welfare by reducing stress of DOC after they hatch.



# Balanced Nutrition

GRI 102-12, GRI 417-1, GRI 417-2, GRI 417-3,  
FP10, FP12

Through continuous research, we endeavour to provide the finest balanced diet that optimises the growth and development of animals and which also efficiently uses resources by reducing wastage of nutrients. We focus on producing competitive and innovative feed products that fulfil animal nutritional needs through an efficient production system.

By considering the digestive abilities of the animals, we formulate balanced feed that promotes optimal performance.

To create a balanced composition, we carefully identify nutritional contents of our raw materials using Near Infrared Reflectance (NIR) technology which provides precise information.

Our poultry feed and aquafeed are free from Antibiotic Growth Promoter (AGP) and we use alternative substances as substitutes. For poultry feed, substitutes include enzymes, probiotics, prebiotics, synbiotics, Medium Chain Fatty Acids (MSFA), essential oils and/or herbs. In our farms, antibiotics are only provided to chickens for medication as prescribed by veterinarians. For aquafeed, we use specific functional feed ingredients and additives, while for medication, we use natural ingredients and harmless chemical substances.

Our feed is produced with advanced technologies that follow good manufacturing practices. The feed is packed in woven plastic bags with clear and comprehensive labels, which comply with labelling regulations. The labels include information about ingredients, nutritional values, quality, freshness, direction of use and expiry date. We always comply with the regulations related to marketing communication of our products.

To support our research and development team in formulating the best-balanced nutrition, we built Japfa

**Our poultry feed and aquafeed are free from Antibiotic Growth Promoter (AGP) and we use alternative substances as substitutes that optimise growth**



Aquaculture Research Station (JARS) in Sumatra and Japfa Poultry Researched Farm (JPRF) which is the most advanced and the biggest in-house poultry research infrastructure across Asia Pacific. These research facilities are open to graduate research students, as we also recognise the importance of knowledge sharing and capability development. The collaboration allows us to contribute to the science community by publishing our joint research in journals.

# Housing

GRI 301-3, FP13



Whether on land or in the water, we commit to always provide comfortable and safe living conditions for our animals that fulfil the five freedoms of animal welfare. We continuously improve our housing systems to enhance comfort and cleanliness.

## Poultry Houses

We apply two types of poultry houses, namely open-house and closed-house systems, with most of our own facilities using the closed-house system. The closed-house system allows better control over the environment where we raise our poultry, so that we can maintain a favourable, comfortable, and stable environment for the poultry. Our comprehensive ventilation system includes automated rotating fans to maintain high air quality as well as appropriate humidity and consistent temperature and eliminate stress from our chickens caused by either poor ventilation or unpleasant natural factors that influence the thermal quality in the house. A proper thermal quality will prevent bacteria from growing, thus also protecting our poultry from diseases.

In Vietnam and Myanmar, we use custom heaters to accommodate temperatures and climate conditions following changes in seasons.

For both open- and closed-houses, we ensure an adequate poultry stocking density that allows them to roam freely. We also provide sufficient feeders and drinkers, and space them appropriately following the stocking density. To prevent contamination on drinking water, we use a nipple watering system, which also prevents wet manure and wasted water.



Slatted flooring is the preferred system used in our poultry houses to avoid birds stepping on their manure, hence reducing the risk of infection. To minimise contamination, in Vietnam we also reduced human intervention inside the breeding house by utilising automatic nest systems.

In India, as part of our precautionary approach in response to the country's extreme weather conditions,

we enhanced our farm management and adopted advanced technologies that included:

- Integrated automation system for farm management
- Installation of automatic inlet or window
- Conversion from conventional fans to inverter controller fans
- Conversion from manual to automatic pan feeders



## Aquaculture Ponds

Water quality is essential in aquaculture as it can affect the health and growth of the fish and shrimp. One of our breakthroughs to maintain water quality is through feed innovation. We successfully produced aquafeed with the optimum digestibility rate of nitrogen and phosphorus, thus reducing the release of nutrient wastage into the water which affects water quality. This approach is especially important for our tilapia ponds which are located in Lake Toba to ensure a balanced ecosystem in the lake.

Our shrimp ponds are mostly located at the seaside, where the conditions of water sources vary. To fulfil the water requirements for our shrimps, we treat the water before it is used in the ponds. Through a comprehensive check, including microbiology testing, we ensure the water is safe for our shrimps.

We closely monitor the physical and chemical conditions of the water in our aquatic ecosystem to maintain the optimum range of our aquaculture needs. Controlling water quality is a practical approach to reduce stress and prevent diseases, which results in better performance.

# Handling and Traceable Distribution

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

Appropriate animal handling is conducted throughout our entire operations. This practice is well-supported by our vertically integrated business model which enables traceability and comprehensive monitoring. Starting from the receipt of grandparent Day-Old-Chicks (“DOC”) or broodstock, to growing period, distribution and slaughtering process, we strive to handle our animals with care, so that they are protected from any injuries while freely expressing their natural behaviours.

## Safe Handling and Traceable Distribution

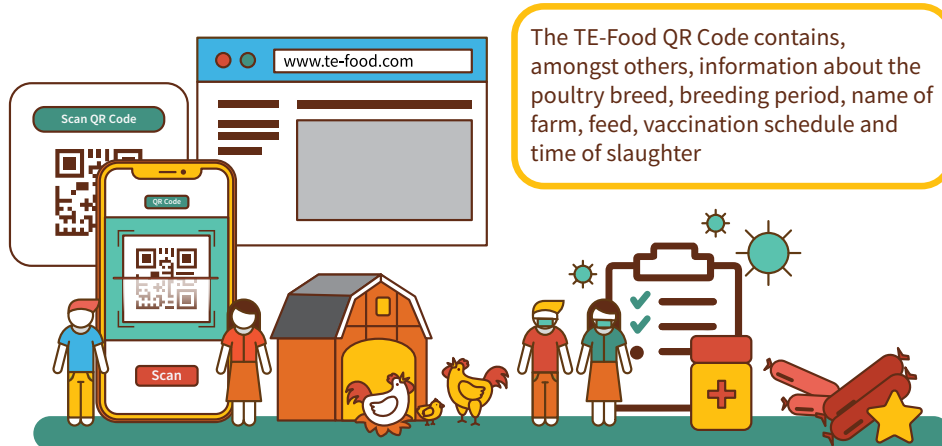
In the breeding stage of our poultry operations, the selected best genetic DOCs are handled with care. Together with our suppliers, we ensure they are free from hunger and thirst, as well as get optimal comfort enroute to farms. Our breeding units in Indonesia have been certified with Avian Influenza (AI) - free zones. Stringent biosecurity practices are implemented at all breeding units across the Group. The hatching process is conducted hygienically with modern technology which avoids excessive handling, thus maintaining the quality of the DOC.

We perform beak trimming to our parent stock DOC using infrared laser, to anticipate the natural

pecking behaviour of poultry that generally leads to cannibalism, mortality and high stress levels among them. A trimmed beak also facilitates better comfort for feeding and mating. In addition to beak trimming, we carefully manage the male and female ratio inside poultry houses to prevent cannibalism.

Our final stock DOC are packed either in reusable plastic boxes or cardboard boxes for long distance remote destinations. During the distribution to commercial farms, our DOCs are transported using specialised chick vans. Each van is equipped with an air conditioning system, thermometer and GPS that allow for a real-time monitoring of the well-being of the poultry during the delivery process.

Since 2015, the government of Ho Chi Minh City, Vietnam, implemented a farm-to-retail traceable supply chain system “TE-Food” to combat food-bourne disease and improve food safety. Japfa Vietnam participated in this government initiative since 2018. 100% of our rental farms in South Vietnam are certified and granted food safety licenses. This high-tech programme enables traceability across the supply chain through the QR Code on the packaging of our products.

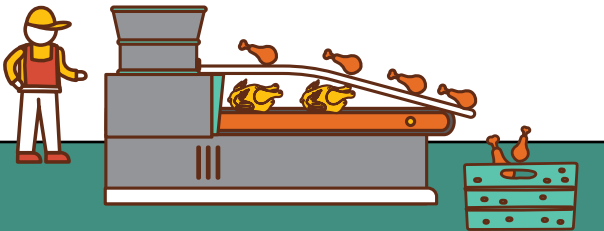


The handling process in our aquaculture operations depends on thorough monitoring from pre-spread until harvesting. Through the advancement of technology, we developed our own applications namely Quality Control Shrimp Hatchery Accurate Rapid Programme (QC Sharp) and TKT mobile. These applications help us easily monitor the cultivation process, including the conditions of our aquaculture ponds such as the temperature and quality of the water. Thus if there is any abnormal parameters we will receive an early warning and can act immediately. Growth, feed consumed and performance are also well monitored through these apps.

Our QC Sharp application is comprehensive and integrated with the other systems which create synergy across our operations. Data on water quality and Polymerase Chain Reaction (PCR) testing for the shrimp health check are also recorded in this application.

The technology we applied together with our good farming practices, advances our commitment to promote sustainable aquaculture. We are honoured that our efforts are recognised through certifications such as Best Aquaculture Practice and Aquaculture Stewardship Council Certification.

## Halal & Hygiene Processing



The processes both in poultry and aquaculture ensure food safety through hygienic handling and strict biosecurity, certified with **Food Safety System Certificate (FSSC) 22000 4.1**.

All our slaughterhouses and processing units for both poultry and aquaculture in Indonesia are **Halal** certified by the Indonesian Ulema Council (MUI) that also covers animal welfare practice

In our poultry operations, most of our live birds are sold to various agents, distributors, and traditional markets, while a small portion is further processed in slaughterhouses and processing facilities that we closely manage. In the processing units, we follow ethical and humane methods in the slaughtering process by minimising the pain and stress of our animals. Before slaughtering, we stun the chicken to free them from unnecessary pain. The slaughtering process can be only done by well-trained workers. Processed chickens are then packaged and distributed in cold chain.

Our aquaculture operations operate its own processing, cold storage and value added product facilities for tilapia fish in Janggir Leto North Sumatra. After harvest, the fish are transported live to our own cold storage and processing facility located near Lake Toba. We use modern equipment and processes such as tunnel congelation to maintain 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.

# Supporting Our Farmers

GRI 413-1

We have been supporting our farmers through both technical and theoretical assistance that promote the adoption of good farming practices. This encourages them to improve their farming skills, which results in better performance that will enhance their economic security.

Farmers are key to the transformation of traditional agricultural practices into sustainable agriculture. We invest our time and effort in supporting our farmers throughout this transformation. For years, our approach has helped increase farmers' efficiency and economic returns. We remain committed to enhance the sustainable supply of nutritious proteins, while contributing to UN SDG 1: End poverty in all its forms everywhere, and UN SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

2020 was a challenging year for all of us, especially small farmers, as demand decreased due to Covid-19 movement restrictions. This difficult time highlighted the importance of Japfa's presence among these farmers to help them cope with the new situation, thus maintaining their contribution to food security.



In the commercial farm business units, apart from operating our company-owned commercial farms, we also work with contract farmers under a profit sharing programme. The terminology and arrangement of the programme in each country may differ, hence we use "Contract Farmer" as the generic term to address these farmers. In Indonesia, contract farmer refer to farmers under partnership arrangement (kemitraan) with Japfa.



# Our Approach



**Complete Farmer Assistance**



**Knowledge Development and Management**



**Measuring the Social Conditions of Our Farmers**

# Complete Farmer Assistance

As part of our total farming solution, our professionally trained customer and technical service teams are available daily to support farmers on-site in improving their farming skills on various aspects including farm management, premium input selection, sanitation, maintenance and vaccine administration. Our experts are also ready to help solve challenges such as diseases and/or natural disaster risks. Through our complete assistance, we help these farmers improve the value of their work.

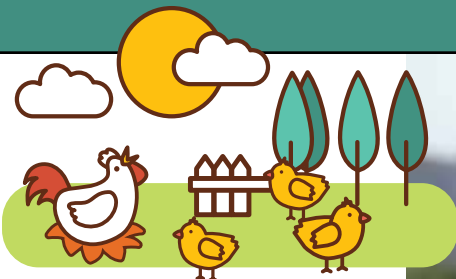
## Scope of Our Farmer Assistance

### Poultry

- Feed & nutrition assistance
- Farm management & housing system assistance
- Chick-in management
- Maximise farm returns
- Disease prevention & diagnostic assistance
- Troubleshooting
- Tools and financial access for farm improvement
- Poultry diagnostic lab

### Aquaculture

- Water quality testing & water dissolve analysis
- Culture condition analysis
- Harvest data analysis
- Water quality improvement & pond cleaning
- Farming system improvement
- Feeding programme, feeding technique & feed storage training
- Farm management SOPs
- On-site technical support contract for shrimp culture
- Geographic Information System (GIS)



Despite the challenges arising from the pandemic, we remain closely engaged with our farmers and help them to continue conducting good agricultural practices for better productivity and efficiency.

In poultry operations, we provide technical expertise to facilitate our poultry contract farmers in Indonesia to upgrade their farms from open- to closed-house systems. The closed-house system allows farmers to provide greater comfort for their animals through a well-controlled environment, which results in healthier chickens and improved productivity. We provided consultation during the transition process.

For the aquaculture farmers, in 2020 we started to provide them with spatial data from the

Geographic Information System (GIS) to complete their assessment data for pond renovation or new locations. The spatial data helps farmers to design better ponds that minimise the risk of natural disasters such as flood and upwelling.

Beyond our contract farmers, Japfa also aims to empower other farmers particularly the small-scale ones. Through our KAVAS programme (Kawasan Vannamei STP or STP Vannamei Area), we provide technical assistance to small shrimp farmers, including mobile laboratory and knowledge transfer to improve their farming methods, either by utilising a better technology or feeding regime optimisation to promote sustainable fishery.



**We provide strong technical assistance for both our contract and customer farmers through a programme that continuously monitors their operations to provide feedback for improvement. Our objective is to support and encourage them to improve their productivity**



## Integrated Commercial Poultry Farm

Most farmers in the regions where we operate experienced losses due to the Covid-19 pandemic. Therefore, we encouraged our contract farmers to stay resilient together with us through our integration approach. Pioneered by Tbk Poultry, this long-established approach has proved to help farmers maintain financial stability during times of market uncertainty in Indonesia. In 2020, we started a similar approach with different schemes in Myanmar and India. It is called Joint-Venture Partnership Programme (JV) in Myanmar, and Integration Contract Farm in India.

Within the programme Japfa supplies farmers with DOCs, feed as well as technical assistance, while the farmers provide the manpower and farm buildings. This approach provides mutual benefits both for the farmers and Japfa. Farmers continue production and obtain income. In addition, they improve their skills and knowledge. In Indonesia and Myanmar, incentives and market rewards are also given to high performing farmers. For Japfa, the partnership programme allows us to reduce the investment costs and manpower management of farms, and maintain stability in the quantity and quality of our poultry.

# Knowledge Development and Management

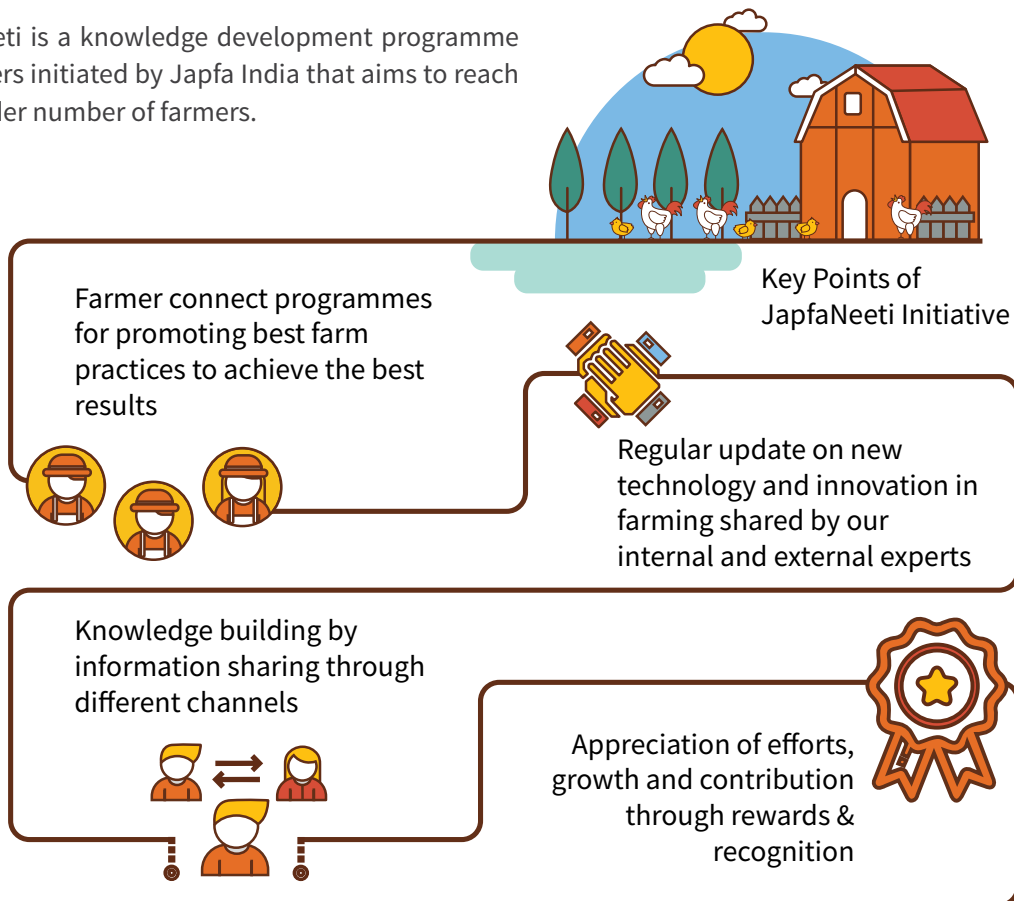
We are aware that knowledge is important to support our farmers in implementing sustainable farming practices. Therefore, we proactively create activities aimed at building up the competencies of our farmers.

In poultry operations, we have regular internal technical training programmes, including those that are covered in Ciomas Commercial Production Academy in Indonesia. The academy that was established by the commercial farm division of Tbk Poultry and focuses on catering to the skill needs of our in-house farmers.

Externally, we often take the initiative to hold small-scale seminars with local farmer groups, so that we can facilitate knowledge sharing and discussion to solve local farming issues. In addition, at PT Japfa Tbk, we also have a joint-operation programme where we provide opportunities to new contract farmers to learn and involve directly in the implementation of good farming practices at our company-owned commercial farms, so that later on they can apply it on their owned farms.

## JapfaNeeti in India

JapfaNeeti is a knowledge development programme for farmers initiated by Japfa India that aims to reach out a wider number of farmers.



## Aquaculture Division Knowledge and Skill Development Programmes

- Digital Fishery Village at Losarang, Indramayu for the development of feeder technology
- Technical guidance on modern fish farming techniques
- Seminar on health and safety for farmers
- Assisting shrimp farmers with wastewater treatment design to prevent Early Mortality Syndrome (EMS) epidemic and to prevent Hydrogen Sulfite build up in sludge waste

During the Covid-19 pandemic, we adapted the technical implementation of our knowledge development programmes, using online sharing sessions instead of face to face sessions and when on-site activities are required, to uphold strict health protocols.



# Social Life Cycle Assessment Pilot

## Measuring the Social Conditions of Our Farmers

Japfa participated as a **road tester** in the **Social LCA Project** initiated by the United Nations Environment Life Cycle Initiative and Social LC Alliance



Photo taken before the Covid-19 Pandemic

The United Nations Environment Life Cycle Initiative supported by the Social LC Alliance has recently conducted a revision of the Guidelines for Social Life Cycle Assessment (“S-LCA”) of products (S-LCA Guidelines) which were originally published in 2009. S-LCA is a technique to assess the social impacts of products and organisations from raw material extraction to final disposal. Japfa is the only company globally that represented the food and agricultural sector and the only company representing Southeast Asia that is participating in this Social LCA project to adapt the revised S-LCA guidelines.

For more info on the S-LCA project, visit: <https://www.lifecycleinitiative.org/an-update-on-the-social-lca-project/>

# Community Development

6

One way to reinforce the communities' development is by improving their economic and social conditions. Our approach has always been focused on building a healthy society that we believe is fundamental to build a strong nation. As the Covid-19 pandemic struck, this became even more relevant. This year, we continued our commitment to contribute in community development, along with providing assistance for the communities to adapt to the new normal.





Our target is to maintain the health and safety of the communities around us and to think about the future development for the countries we operate in. Education lies at the heart of our community development programmes, as we believe it will drive the effectiveness of our programmes in the long-term



In line with our ability to provide affordable nutritious proteins, we believe that educating the community about the importance of a balanced diet can contribute towards ending global malnutrition, as one of the main causes of malnutrition lies with inappropriate dietary choices. In collaboration with the agents of change within the community such as students and teachers at school, we strive to educate groups in communities about healthy and safe eating habits that are tailored to their needs and local conditions.

In addition to our commitment in building a healthier society, we also aim to empower the community by unlocking and optimising their individual and communal potential for sustainable development. By sharing our expertise in the agricultural sector, we provide not only infrastructure support but also knowledge sharing.

In the light of the Covid-19 pandemic, we have extended our support to our communities and assisted them, to the best of our abilities, in staying resilient and coping with challenges. The execution of our programmes during the reporting period was adjusted and whenever possible, we conducted the programmes remotely and/or virtually. We continuously engaged with our communities while still prioritising every individual's safety.

We believe that our approach will contribute to the improvement of the health and well-being of the population, as it is key to foster social and economic development in the countries where we operate.



# Our Approach



Japfa Foundation



Japfa for Kids



Japfa for Community



Education,  
Environment,  
and Sport



Covid-19 Assistance

# Japfa for Kids

Japfa for Kids is our long-term social flagship initiative geared towards building awareness and making positive impacts on children's well-being in rural areas



Japfa for Kids is implemented in Indonesia and India, where specific programmes are tailored to the needs of each country. In Indonesia, the emphasis is on a balanced diet and healthy living behaviour. While in India, we focus on providing proper learning facilities, including the buildings and study materials.

## At School

In Indonesia, our approach to cultivate clean and healthy living behaviour was through a nine-month mentoring programme to establish healthy schools that uphold clean habits, nutritious balanced diet and 5S implementation. In 2020, however we adjusted our approach following the schools closures due to the Covid-19 pandemic. Instead, we focused on assisting teachers to adapt to remote learning methods, so that they can be more creative and interactive in delivering their online lessons.

## At Health Centres

Japfa for Kids in Indonesia implemented a programme for health workers to raise awareness and educate parents on clean and healthy living. To align with Covid-19 protocols during the pandemic, we grouped parents in small clusters for these sessions.

# Education, Environment and Sports

GRI 203-1, GRI 203-2, GRI 304-3

## Japfa for Education

### Teaching Farms

Teaching Farms are provided for graduate researchers to do research on cultivation and animal health. We have been cooperating with Gajah Mada University (since 2003) and Brawijaya University (since 2013). In 2020, we started a collaboration with Syiah Kuala University. Activities within the teaching farms were adjusted following Covid-19 protocols.

#### Our Teaching Farm Facilities

**3 Closed-House Farms**

**2 Positive Pressure System Houses**

**9 Open-House Farms**

### Japfa Green School

We developed this programme to promote green schools through classroom learning and hands-on practice. Our focus was on waste management and development of schools gardens to produce food ingredients. The programme was successfully implemented in ten elementary schools near our operations in Cikande and Cikupa, Indonesia. In 2020, we conducted the programme virtually, following the school closures due to the Covid-19 pandemic.

### Japfa Healthy School

The Healthy School Programme is carried out by PT Japfa Tbk by fostering improvements in behaviour towards clean and safe behavior and the consumption of healthy nutrition in four elementary schools in Tambun Raya and Tigaras, Indonesia. The 9-month programme is carried out through a series of teacher skill building exercises and encouraging students to become role models for their peers.

### Improving School Facilities

In 2020, Japfa Vietnam invested more than USD100,000 to ensure the well-being of its community. In the South, 54 hours of English classes were held for almost 90 participants in Long An and Dong Nai. In support of the campaign “For the future generation”, Binh Dinh donated four sets of computers to a high school and built a roof for a kindergarten while Long An donated 27 bicycles to the students.

In India, our commitment to promote education also included the construction of ZP Primary School’s hall and class rooms to provide children with better facilities that engage them in learning. We also constructed toilet blocks, urinals and wash basins for boys at New English School.



## Japfa for Environment



We constantly look for opportunities to conserve nature, including those beyond our operations, to provide a better environment for wider communities

### Trees Planting Programme for the Community

Since 2017, through our subsidiary PT Japfa Tbk in Indonesia, we had a mangrove trees planting programme at Gebang Village, Lampung. The programme was intended to turn the village into an eco-tourism area. Our efforts to restore this 5,000m<sup>2</sup> area are still ongoing. In 2020, we added 100m of mangroves tracking, raising the total tracking length by 400m. Moreover, we released 100 mangrove crabs to support the ecosystem balance.

In Myanmar, we collaborated with the Government for our trees planting programme spanning area of approximately 60 hectares. The area will be planted with various types of plants, including hardwood trees and sunflowers.

### Forest's Canopy Walk

In cooperation with Brawijaya University, Japfa constructed a canopy walk in the conservation forest area managed by the university. This is to support activities in observing flora and fauna in the forest more comfortably and safely. The completed canopy walk is 20m long and about 15m above the ground.

### Sragen Town Forest

In Indonesia, together with the local regency environmental services, we conducted a revitalisation of the Sragen urban forest in Plumbungan village. In 2020, the programme was completed and was handed over to the local government in September 2020. The programme emphasised our belief in the importance of urban forests as green open spaces to maintain the balance of urban ecosystems.

This urban forest is integrated with our KECIK waste bank, thus enabling us to analyse the solid waste generated in the forest. See page 104 for information on KECIK waste bank.



## Japfa for Sports



### 1 Japfa Chess Club

Japfa has been a dedicated patron of chess since 2000 when it established the Japfa Chess Club as part of its quest to create and nurture Grand Masters (“GM”) in Indonesia. Since then, the Club has grown into one of Indonesia’s most prominent and respected chess clubs, giving support to some of the most talented players in the country. One of Indonesia’s top players, GM Utut Adianto, is the current Chairman of the Club.

Working in close cooperation with the Indonesian Chess Federation (Percasi) for the past 20 years, Japfa has paved the way for professional chess players in Indonesia to hone their skills to achieve their GM titles and attain global renown. Japfa’s strategy is to promote chess in Indonesia from as early as elementary school through the Japfa for Kids initiative, where kids with potential for the game are identified and groomed for the big leagues from a young age.

### 2

### Tournaments

Together with the Indonesia Chess Federation (PB Percasi), we sent professional chess players to join international tournaments. Japfa sponsored the participation of male and female players in Fide Chess Zone 3.3 in Mongolia, where GM Susanto Megaranto and WGM Medina Warda Aulia managed to win first place in their category. These wins entitled them to participate in the 2019 World Championship in Khanty Mansiysk, Russia for Grandmaster and the Women’s World Championship for Female Grandmaster 2021 in Minsk, Belarus.

In addition to the International Championship, we also hold annual tournaments for our employees, namely Japfa Chess Tournament. In 2020, it was held online with 148 players participated. In addition, to this annual tournament, we also had short tournaments in between through simultaneous and speed chess.

# Japfa Foundation

GRI 203-1, GRI 203-2

With the vision “To maximise youth potential through development of agricultural education,” the Japfa Foundation aim to empower youth by providing access to quality education especially in the agriculture sector



The younger generations is reluctant to farm and raise livestock, even though agriculture is “the future”. The demand for food is growing and the volume is increasing, whereas farmers are dwindling. This occurs globally, as it is also the case in Indonesia, therefore the Japfa Foundation seeks to improve nutrition, the quality of education and socio-economic well-being through agricultural farming.

In the light of the Covid-19 outbreak, by shifting most activities online, we prioritise the well-being of everyone. Japfa Foundation works with the locals to optimise the benefits and impact to the communities, as it will also deepen the sense of belonging of the community to the programmes. Japfa Foundation is committed to three main focuses this year, which are education, agriculture and youth.

## 1 Funding for a Teaching Factory and Industrial Classes in Vocational High Schools (VHS)

In 2020, Japfa Foundation provided financial assistance for the creation of a teaching factory and industrial classes in VHS as a follow-up to last year’s recommendations. Japfa Foundation also donated Rp 50 to 70 million per school, and supported discussion activities for curriculum development, teacher internships and student apprenticeships.

## 2 Farming for the Nation (Bertani Untuk Negeri)

This programme focuses on improving the productivity of farmers and the technical skills pursued by university graduates. Japfa Foundation has recruited 16 new graduates from various universities for the pilot programme. For the youth, Japfa Foundation incorporates multi-disciplinary training including soft skills, business management and broiler breeding techniques. The Foundation also equips our farmers with effective broiler chicken management techniques to improve productivity.

3

### Research collaboration with Bogor Agricultural University (“IPB”)

For this project, the Foundation funded Rp180 million for the construction of a mini closed-house farm for the development of local chicken or known as IPB-D1. The research was completed in August 2020, but the report is still being worked on by the IPB research team.

4

### Construction of State Vocational High School (“SMKN”) 1 Sigi

Japfa Foundation’s support in educational development for the community includes the refurbishment of schools that were damaged by the earthquake. Supported by the local government, we managed to reconstruct the SMKN 1 Sigi in Indonesia, which is now ready to be used.



5

### Agribusiness and Agrotechnology Merit Scholarship Programme for Undergraduate (S1) and Diploma 3 (D3) Level

The first batch of this programme successfully sponsored more than 100 awardees in 2019. Despite the pandemic, the second batch was successfully finalised in August 2020 and recruitment for the third batch began in October.

In this third batch, Japfa Foundation partnered with Tbk Aquaculture, where all awardees are involved in current research on Aquaculture Technology Development. The Synergised Aquaculture Innovative Learning (SAIL) Programme provides access to 20 Fisheries Science scholarship recipients from Brawijaya University and Hasanuddin University. SAIL participants who passed the evaluation and assessment, are eligible to join Management Trainee programme in Tbk Aquaculture.

Japfa Foundation is proud to share its achievements, such as the addition of Hasanuddin University (Faculty of Animal Science and Faculty of Marine Science and Fisheries) as the newest university eligible for our scholarship. In total, we have six universities with 104 of S1 awardees and six D3 awardees. In response to the pandemic situation, Japfa Foundation conducted fundraising activities for the distribution of basic necessities, face masks and hand sanitisers.



# Other Community Activities

GRI 203-1, GRI 203-2

## Empowering Communities Around Lake Toba

### Community Based Tourism Development

To support the government’s programme to promote Lake Toba as a tourist destination, we developed Community Based Tourism in Tambun Raya and Tigaras areas. The programme aims to enhance the community skills to provide attractive tourism activities. We helped them created fun activities for tourist such as camping that aims to invite tourists to explore and enjoy the natural beauty of the areas.

### Production of Organic Fertiliser

Together with local crop farmer groups in Tambun Raya Village near our tilapia unit in Simalungun, we process the leftover of our tilapia fish production into fertiliser. This fertiliser is then used by crop farmers in the surrounding area. This activity helps the farmers reduce their production cost, while it helps us adding value to our waste and minimising our waste in the environment.

## Waste Bank

In Indonesia, we established a waste bank programme in Sragen Regency. The programme aims not only to reduce amount of waste ended up in landfill, but also to change people’s behaviour in treating their waste while empowering local communities to earn additional income through waste recycling.



### Waste Bank 2020 Progress





## Development of Integrated Agricultural System

The integrated agricultural system in Anak Tuha District, Central Lampung, is a mentoring programme that was chosen to enhance the welfare of the community around the location of the Japfa business unit. The group uses manure of cattle from the feedlot to become compost. The compost is then used by other community groups as basic fertiliser for rice cultivation. Manure is also used as a medium to breed maggots (larvae) from the Black Soldier Fly (BSF), and the maggot products are used as catfish feed in other community groups.



## Japfa Peduli (Japfa Cares)

Through our Japfa Cares Programme, we dedicate ourselves to help those who are affected by natural disasters. In 2020, other than Covid-19 pandemic that struck the world, there were also several natural disasters that occurred. For example, in Indonesia at the beginning of the year, floods occurred in a number of areas.

We donated 20,200 chickens to the victims of Jabodetabek's heavy floods in early 2020. We collaborated with Indonesian Red Cross Society, DKI Jakarta and West Java Flood Disaster Volunteers and the Ministry of Social Affairs of Republic Indonesia. In mid- July 2020, floods hit another area in Indonesia, Luwu, South Sulawesi. In collaboration with the Ministry of Agriculture, we provided basic necessities such as food, blankets and tents.



## Other Social Outreach

- Donated 40 Waste containers for community in Bomo Village, Banyuwangi
- Provided food supplies for indigent communities around our Aquaculture units
- Provided Qurban (sacrifice) for communities around our Aquaculture units to celebrate Idul Adha
- Blood donation programme in collaboration with the Indonesian Red Cross Society
- Road repair in Tambun Raya and in Myanmar
- Provided ambulance for Kalar Gone village in Myanmar
- Donated disinfectant to farms during the African Swine Fever outbreak in Vietnam

# Covid-19 Assistance



In 2020, Covid-19 assistance is one of major highlights of our social support to the community. We donated relief items, including personal protective equipment, masks, hygiene kits, sanitation supplies and nutritious food supplies, to healthcare workers and people in need

## India

Through the Prime Minister Cares Fund, we donated INR 1,852,801 or approximately USD 26,469 to the Government to help fight Covid-19, including building emergency hospitals for Covid-19 patients.

The lockdown complicated the lives of migrant workers and their families as they could not go home. To lighten their burdens, we donated groceries to those located near our operation areas. In total, we helped 600 migrants/kids.

## Indonesia

Covid-19 assistance was given through our Japfa Peduli programme. Donations were distributed by our own employees as well as in collaboration with the Defence Ministry of the Republic of Indonesia, Military Regional Command III Siliwangi and the National Disaster Management Agency.

As the fish farmers' sales dropped due to the pandemic, we helped alleviate their sales losses by buying their fish for our food supply donation.

## Vietnam

We donated cash and nutritious food staples to more than 11,000 people. We distributed these reliefs particularly to those who were located in quarantined villages and had limited access to basic necessities.

## Myanmar

We promoted health protocols by donating masks, hand sanitisers and face shields. We also donated nutritious food supplies to seven monasteries as the monks were unable to go out.

## Total Assistance Rendered Related to Covid-19



Chicken carcass

9,550 pieces



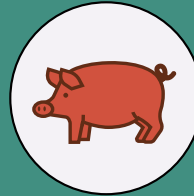
Fish

20 tons



Chicken meat

5,175 kg



Pork meat

75 kg



Groceries

600 packages



Eggs

160,450 eggs



Rice box

90,456 boxes



Milk in 200 ml packaging

1,080 cartons



Milk in 125 ml packaging

50 cartons



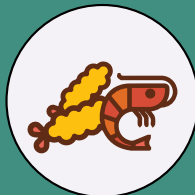
Packaged fresh milk

21 tons



Premium sausages

50 cartons



Shrimp Tempura

200 cartons



Rice in 50 kg bag

20 bags



Personal Protective Equipment (i.e. gown, face shield and mask)

38,900 pieces



Surgical gloves

70 packs



Disinfectant

100 litres



Donations in Cash

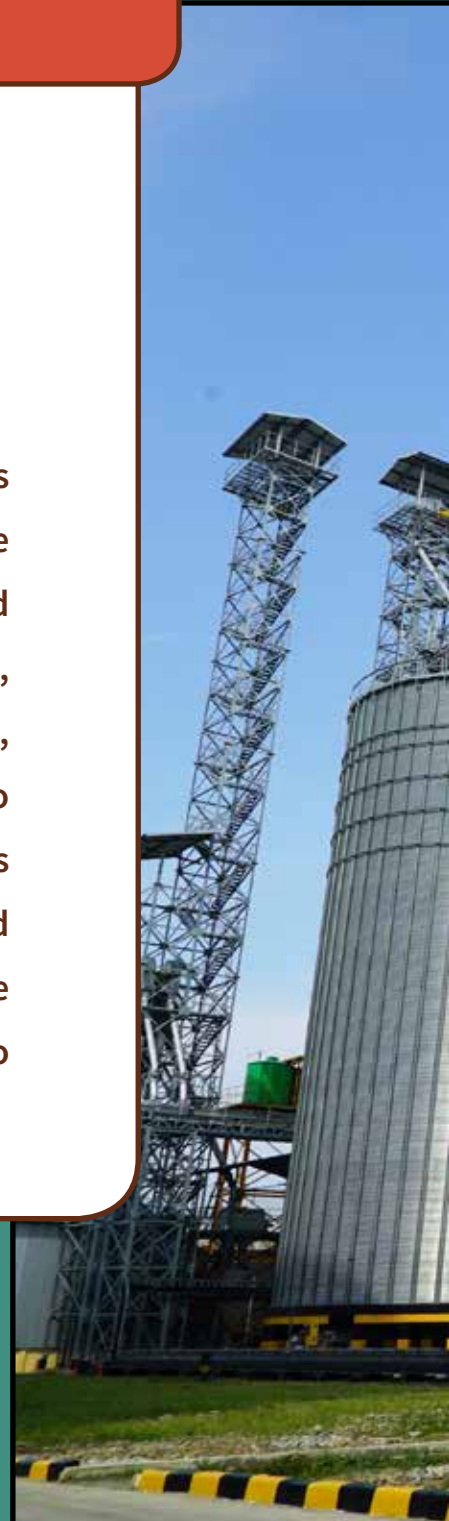
USD27,196

# Economic Contribution and Governance

7

GRI 102, GRI 201, GRI 202, GRI 203, GRI 205

The Covid-19 global health crisis slowed business activities, leading to a decline in economic performance worldwide. Businesses were impacted by unprecedented stresses, including physical distancing, movement restrictions, as well as unforeseen demand declines. Amidst the disruption, Japfa focused on keeping its food production efficient so as to continue to supply nutritious and affordable essential proteins to feed emerging Asia. Through our robust industrialised approach that governs responsible business practices, we believe that our diversification strategy provides resilience to ride through cyclicalities.





In 2020, we were faced with various challenges due to Covid-19, especially with the implementation of movement restrictions. Consumer purchasing power in several of our markets arising was affected not only from the temporary closures of public places and hospitality industries, but also from layoffs and loss of incomes that caused the Gross Domestic Production levels (GDP) to contract. A false rumour in India that the Covid-19 can be spread by chickens also slashed poultry sales in the country. These issues changed people's behaviour, which affected the consumption patterns.

In spite of the challenges, we remained steadfast in our commitment to produce safe and affordable staple proteins. We focused on resource efficiency to maintain the stability of our daily operations. As a staple proteins producer, we were not significantly impacted by the prolonged lockdowns or social restrictions in the areas we operate. However, we challenged ourselves through innovation that aim to restore people's confidence to restart economic activities and together work towards economic stability.

Amid the challenges of the Covid-19 pandemic, we focused on upholding the best management practices by deploying resources appropriately and adjusting our investment strategy



## Procurement strategy to secure materials supply

We swiftly adapted our purchasing strategy to anticipate the fluctuations of raw material supply. For example in Vietnam Poultry, we immediately stocked up and purchased from local suppliers in the early phase of the pandemic. While in Myanmar Poultry, we concentrated on the purchasing time as the prices of raw materials continuously fluctuated throughout the year.



## Expanding Downstream Market

One of the most important steps taken during the reporting period was the acquisition of PT So Good Food (SGF) by PT Japfa Tbk. This has further strengthened our synergies from upstream to downstream within Indonesia.

In 2020, we expanded our poultry downstream operations, including through opening a number of new meat shops in Indonesia, Vietnam and India. These meat shops provide easier access for consumers to our products, and support convenient shopping for fresh products despite of movement restrictions.

In aquaculture operations, we launched a brand new consumer seafood product line "Seafood Lovers". This step was taken following the growing demand for frozen food and also the development of the retail segment.



## Supporting Local Economy

The pandemic caused a slowdown in the global economy in 2020. To spur the recovery of economic activities, we pressed forward with our efficiency strategy as well as encouraged our contract farmers to improve their farming practices, which would lead to enhanced performance and income.

We also started a Joint-Venture (JV) partnership programme in Myanmar Poultry which is quite similar to the farmer partnership programme in Tbk Poultry. Through the programme, we had the opportunity to improve the competencies of local farmers through knowledge sharing and technical assistance based on our farming expertise. The JV helped boost the confidence of local farmers to continue their business despite the disruptions caused by the pandemic.

As a part of our strategy to assist the local government to maintain the stability of Indonesia's economy amidst the pandemic, we remained consistent in exporting our products.

In line with the Government's vision to grow national shrimp production, Tbk Aquaculture established a joint venture with Hendrix Genetics in Indonesia. This is to build a shrimp Broodstock Multiplication Centre (BMC) in the country, which aims to support the availability of high-quality local shrimp broodstock.



# Economic Performance

GRI 201-1, GRI 205-1, GRI 419-1

Embedding sustainability efforts in our business strategy boosts our confidence to maintain healthy economic growth in the long-run. The 3P (People, Planet and Profit) approach helps us to ensure balance in our operations where we minimise harm to people and the planet while creating the optimum value for all stakeholders.

A positive financial performance was recorded by the Group. In FY2020, revenue dipped slightly by 0.6% to US\$3.9 billion. EBITDA improved by 42.7% to US\$683.1 million from US\$478.6 million in FY2019, while Core PATMI w/o Forex rose 63.3% to US\$195.4 million compared to US\$119.7 million in FY2019 despite challenging conditions due to the global pandemic Covid-19.

## Direct Economic Value Generated and Distributed (Million USD)

Direct Economic Value Generated		2020
Revenue		3,868.3
Interest Income		6.5
(-) Other Income		52.1
<b>Total</b>		<b>3,926.9</b>
Economic Value Distributed		2020
Operating Cost (Cost of sales, SG&A exclude staff cost)		3,083.6
Employee wages and benefits		420.9
Payment to providers of capital (Debt and equity capital)		14.9
Community Investment		
CSR		13.3
JAPFA Foundation		6.4
Payment to government		25.8
<b>Total</b>		<b>3,564.9</b>
Economic Value Retained		2020
Economic Value Retained		362.0

**Notes:**

Exchange rate 2020: Rp 14,625.3/USD; VND 23,326.0/USD; MMK 1,368.0/USD; and INR 74.0925/USD

During the reporting period, we complied with all laws and regulations in the social and economic area. [GRI 419-1]



## Risk Management

[GRI 102-15]



### Epidemics

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



### 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 many of the countries we operate in.



### 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.



### Foreign Currency Fluctuations

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

## Internal Audit and Control

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 and Risk Committee (ARC) of the Board of Directors of Japfa Ltd. A quarterly report is prepared and presented to the ARC by the head of IA. Audits are selected and prioritised based on IA's risk assessment process, which continually assesses and calibrates operational risks within the company. IA Plan for the year and changes to the plan are approved by the ARC. In 2020 despite the pandemic and travel restrictions Japfa IA managed to perform all the ARC approved audits using the remote auditing process. There were 34 internal audits performed in 2020

where the scope of each audit included between 4-5 functions, which constituted approximately 10% of the total number of operations in Japfa Group.

Japfa also engages an external auditor to review and further strengthen the company's corporate governance and internal controls over financial reporting processes, and provide more support and credibility to identify areas for improvement to further mitigate risk.

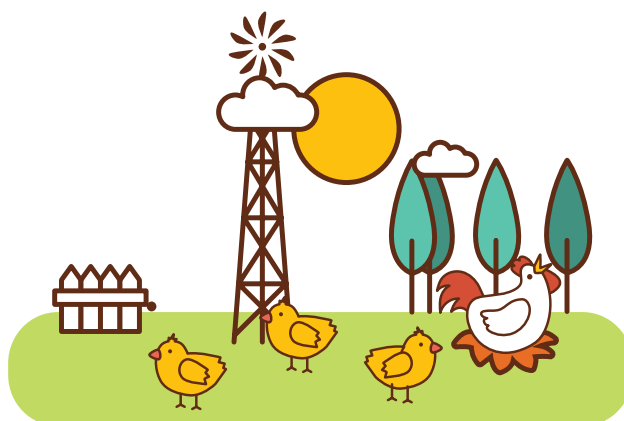
Details on our Group's Audit and Risk Committee can be found in the Corporate Governance section of our website.



# Associations

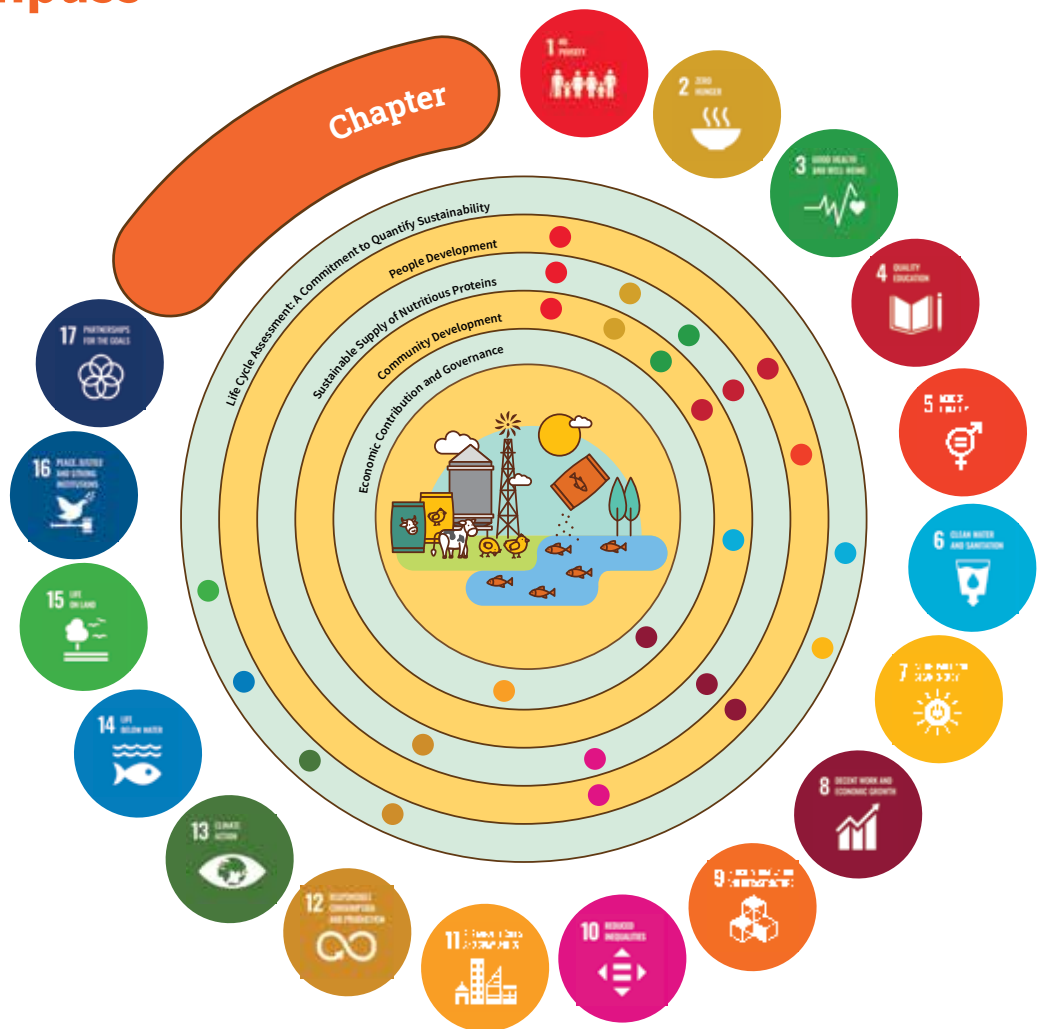
GRI 102-13

Company	Associations
PT Japfa Comfeed Indonesia Tbk	The Employers' Association of Indonesia (APINDO) DKI Jakarta Province
	Indonesian Fishery Product Processing & Marketing Association (AP5I)
	Indonesian Feedmills 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 Societ (MAI)	
World Poultry Science Indonesia Branch (MIPI)	
Japfa Comfeed Vietnam Limited Company	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 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)	



# United Nations Sustainable Development Goals (SDG) Compass

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



## Sustainable Development Goals



- Target 1.1
- Target 1.2
- Target 1.3
- Target 1.4
- Target 1.5



- Target 2.1
- Target 2.2
- Target 2.3
- Target 2.4



- Target 3.2
- Target 3.4
- Target 3.5
- Target 3.9



- Target 4.1
- Target 4.2
- Target 4.3
- Target 4.4
- Target 4.6
- Target 4.7
- Target 4.a
- Target 4.b



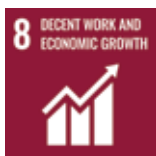
- Target 5.1
- Target 5.5
- Target 5.a
- Target 5.c



- Target 6.3
- Target 6.4
- Target 6.5
- Target 6.6
- Target 6.b



- Target 7.2
- Target 7.3



- Target 8.1
- Target 8.2
- Target 8.3
- Target 8.4
- Target 8.6
- Target 8.7
- Target 8.8



- Target 10.2
- Target 10.3



- Target 11.5
- Target 11.7



- Target 12.2
- Target 12.3
- Target 12.4
- Target 12.5
- Target 12.6
- Target 12.7
- Target 12.8



- Target 13.3



- Target 14.1
- Target 14.4
- Target 14.6



- Target 15.2
- Target 15.5
- Target 15.7

# GRI Index

GRI 102-55

GRI Standards 2018		
Disclosures		Page
General Disclosure		
102-1	Name of the organisation	10
102-2	Activities, brands, products, and services	12-13, 16-21
102-3	Location of headquarters	30
102-4	Location of operations	16-21
102-5	Ownership and legal form	23
102-6	Markets served	18-21
102-7	Scale of the organisation	16
102-8	Information on employees and other workers	16
102-9	Supply chain	92
102-10	Significant changes to the organisation and its supply chain	22-23, 30
102-11	Precautionary principle and approach	36-41, 42, 44
102-12	External initiatives	91
102-13	Membership of associations	112
102-14	Statement from senior decision-maker	4-7
102-15	Key impacts, risks, and opportunities	39, 111
102-16	Values, principles, standards, and norms of behavior	14-15
102-17	Mechanisms for advice and concerns about ethics	67
102-18	Governance structure	22
102-40	List of stakeholders group	32
102-41	Collective bargaining agreements	58
102-42	Identifying and selecting stakeholders	15, 31, 32
102-43	Approach to stakeholder engagement	32
102-44	Key topics and concerns raised	34
102-45	Entities included in the consolidated financial statements	23
102-46	Defining report content and topic boundaries	31, 34-35
102-47	List of material topics	33
102-48	Restatements of information	42, 44
102-49	Changes in reporting	30
102-50	Reporting period	30
102-51	Date of most recent report	30

GRI Standards 2018		
Disclosures		Page
102-52	Reporting cycle	30
102-53	Contact point for questions regarding the report	30
102-54	Claims of reporting in accordance with the GRI standards	30
102-55	GRI content index	114
102-56	External assurance	<i>In 2020, we did not conduct external assurance</i>
Economic		
Economic Performance		
103-1	Explanation of the material topic and its boundaries	110
103-2	The management approach and its components	110
103-3	Evaluation of the management approach	110
201-1	Direct economic value generated and distributed	110
Market Presence		
103-1	Explanation of the material topic and its boundaries	67
103-2	The management approach and its components	67
103-3	Evaluation of the management approach	67
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	67
Indirect Economic Impacts		
103-1	Explanation of the material topic and its boundaries	92-103, 109
103-2	The management approach and its components	92-103, 109
103-3	Evaluation of the management approach	92-103, 109
203-1	Infrastructure investments and services supported	97, 100, 110
203-2	Significant indirect economic impacts	97, 100, 110
Procurement Practices		
103-1	Explanation of the material topic and its boundaries	51
103-2	The management approach and its components	51
103-3	Evaluation of the management approach	51
204-1	Proportion of spending on local suppliers	51
Anti-Corruption		
103-1	Explanation of the material topic and its boundaries	67
103-2	The management approach and its components	67
103-3	Evaluation of the management approach	67
205-1	Operations assessed for risks related to corruption	111
205-2	Communication and training about anti-corruption policies and procedures	67

GRI Standards 2018		
Disclosures		Page
<b>Environment</b>		
<b>Materials</b>		
103-1	Explanation of the material topic and its boundaries	48, 84
103-2	The management approach and its components	48, 84
103-3	Evaluation of the management approach	48, 84
301-3	Reclaimed products and their packaging material	48, 84
<b>Energy</b>		
103-1	Explanation of the material topic and its boundaries	45-46
103-2	The management approach and its components	45-46
103-3	Evaluation of the management approach	45-46
302-1	Energy consumption within the organisation	46
<b>Water</b>		
103-1	Explanation of the material topic and its boundaries	42-44
103-2	The management approach and its components	42-44
103-3	Evaluation of the management approach	42-44
303-1	Interactions with water as a shared resource	42
303-2	Management of water discharge-related impacts	44
303-3	Water withdrawal	43
303-4	Water discharge	44
303-5	Water consumption	43
<b>Biodiversity</b>		
103-1	Explanation of the material topic and its boundaries	98
103-2	The management approach and its components	98
103-3	Evaluation of the management approach	98
304-3	Habitats protected or restored	98
<b>Emission</b>		
103-1	Explanation of the material topic and its boundaries	47
103-2	The management approach and its components	47
103-3	Evaluation of the management approach	47
305-1	Direct (Scope 1) GHG emissions	47
305-2	Energy indirect (Scope 2) GHG emissions	47
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	47
<b>Effluents and Waste</b>		
103-1	Explanation of the material topic and its boundaries	48-49
103-2	The management approach and its components	48-49
103-3	Evaluation of the management approach	48-49

GRI Standards 2018		
Disclosures		Page
306-2	Waste by type and disposal method	49
306-4	Transport of hazardous waste	49
Environment Compliance		
103-1	Explanation of the material topic and its boundaries	40
103-2	The management approach and its components	40
103-3	Evaluation of the management approach	40
307-1	Non-compliance with environmental laws and regulations	40
Supplier Environmental Assessment		
103-1	Explanation of the material topic and its boundaries	50
103-2	The management approach and its components	50
103-3	Evaluation of the management approach	50
308-2	Negative environmental impacts in the supply chain and actions taken	50
Social		
Employment		
103-1	Explanation of the material topic and its boundaries	66-67, 70-71
103-2	The management approach and its components	66-67, 70-71
103-3	Evaluation of the management approach	66-67, 70-71
401-1	New employee hires and employee turnover	67
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	71
Labor/Management Relations		
103-1	Explanation of the material topic and its boundaries	58
103-2	The management approach and its components	58
103-3	Evaluation of the management approach	58
402-1	Minimum notice periods regarding operational changes	58
Occupational Health and Safety		
103-1	Explanation of the material topic and its boundaries	62-65
103-2	The management approach and its components	62-65
103-3	Evaluation of the management approach	62-65
403-1	Occupational health and safety management system	63
403-2	Hazard identification, risk assessment, and incident investigation	63
403-3	Occupational health services	63
403-4	Worker participation, consultation, and communication on occupational health and safety	63
403-5	Worker training on occupational health and safety	64
403-6	Promotion of worker health	62

GRI Standards 2018		
Disclosures		Page
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62
403-8	Workers covered by an occupational health and safety management system	63
403-9	Work-related injuries	65
Training and Education		
103-1	Explanation of the material topic and its boundaries	68-69
103-2	The management approach and its components	68-69
103-3	Evaluation of the management approach	68-69
404-1	Average hours of training per year per employee	69
404-2	Programs for upgrading employee skills and transition	68
Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its boundaries	66
103-2	The management approach and its components	66
103-3	Evaluation of the management approach	66
405-1	Diversity of governance bodies and employees	66
405-2	Ratio of basic salary and remuneration of women to men	66
Child Labour		
103-1	Explanation of the material topic and its boundaries	66
103-2	The management approach and its components	66
103-3	Evaluation of the management approach	66
408-1	Operations and suppliers at significant risk for incidents of child labour	66
Local Communities		
103-1	Explanation of the material topic and its boundaries	86
103-2	The management approach and its components	86
103-3	Evaluation of the management approach	86
413-1	Operations with local community engagement, impact assessments, and development programs	86
Customer Health and Safety		
103-1	Explanation of the material topic and its boundaries	84-85
103-2	The management approach and its components	84-85
103-3	Evaluation of the management approach	84-85
416-1	Assessment of the health and safety impacts of product and service categories	84
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	84



GRI Standards 2018		
Disclosures		Page
Marketing and Labeling		
103-1	Explanation of the material topic and its boundaries	81
103-2	The management approach and its components	81
103-3	Evaluation of the management approach	81
417-1	Requirements for product and service information and labeling	81
417-2	Incidents of non-compliance concerning product and service information and labeling	81
417-3	Incidents of non-compliance concerning marketing communications	81
Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundaries	110
103-2	The management approach and its components	110
103-3	Evaluation of the management approach	110
419-1	Non-compliance with laws and regulations in the social and economic area	110
Animal Welfare		
FP10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	84
FP12	Policies and practices an antibiotic, anti-inflammatory, hormone, and / or growth promotion treatments, by species and breed type	81
FP13	Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for life terrestrial and aquatic animals	80, 82



## **Japfa Ltd**

---

391B Orchard Road, #18-08  
Ngee Ann City, Tower B  
Singapore 238874

**Tel :** (65) 6735 0031  
**Fax :** (65) 6735 4465  
[www.japfa.com](http://www.japfa.com)