

*Together,
Building a Healthy Nation*



**3 GOOD HEALTH
AND WELL-BEING**



*Together,
Building a
Healthy Nation*

Statement regarding Forward-looking Information

This document may contain information about the Company's plans, projections, strategies and objectives, which should be treated as forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that may cause circumstances or actual results to differ from those expected or indicated.



As a Company engaged in the health sector, Kalbe prioritizes its commitment to sustainability in every decision it makes. The commitments to environmental preservation and corporate governance compliance are an integral part of developing the Company's strategies and initiatives, which include supporting the health of the entire nation.

'Together, Building a Healthy Nation' is the Kalbe's sustainability strategy when carrying out its business activities. This strategy prioritizes a balance, not only from an economic viewpoint, but also encompasses the environment, social, and governance (ESG) aspects. This is in line with Kalbe's support for the Sustainable Development Goal No. 3, 'Good Health and Well-being'.





Sustainability Strategy

Kalbe's Sustainability Policy formulates the Company's Vision, Mission, and Core Values, and is strengthened by its Sustainability Governance, Organizational Structure, Framework, and Strategy.

In November 2019, Kalbe launched its sustainability strategy 'Together, Building a Healthy Nation'. This initiative shows Kalbe's commitment to talking about sustainability, and is expected to answer the needs of internal and external stakeholders.

Internally, Kalbe follows the **ERAT** Pillars, namely **E**tos (Ethos), **R**aga (Body), **A**sa (Behavior), and **T**indak (Action), and externally Kalbe follows the **SEHAT** Pillars, namely **S**cience and Technology for Health, **E**cosystem & Environmental Preservation, **H**ygiene & Health Education, **A**ccess to Healthcare and **T**otal Sustainable Business Ecosystem. We have mapped these pillars, as Kalbe's priority support, to the seven Sustainable Development Goals (SDG), numbers 1,3,4,7,9,10, and 12, with the main support to number 3: 'Good Health and Well-being'.





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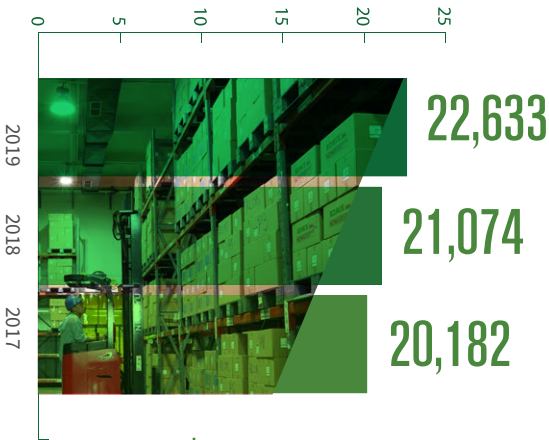


76

Report Profile



Net Sales (in Rp Billion)



Employee Composition (%)

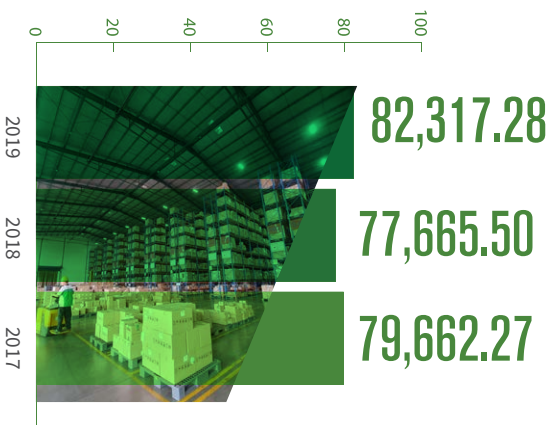


Sustainability Performance Highlights

Employee Training Hours

11,086

GHG Emissions
(Ton CO₂eq)



4.76

2019 e-health Customer Services Satisfaction Survey (Scale 5), with 800 respondents

Rp7,211 billion

2019 Environmental Management Costs

Note: Kalbe Cikarang, Kalbe Morinaga Indonesia (KMI), Sanghiang Perkasa, Bintang Toedjoe.

570

Number of Assisted Farmers in the Red Ginger Ecosystem Program

Note: Kalbe Cikarang, Kalbe Morinaga Indonesia (KMI), Dankos Farma, Sanghiang Perkasa and Bintang Toedjoe (Pulomas and Pulogadung).

Message from the President Director

[102-14] [102-15]



“Together, Building a Healthy Nation’ with the ‘ERAT’ and ‘SEHAT’ pillars has become Kalbe’s spirit of sustainability together with the Company’s value of Panca Sradha.”


Dear stakeholders,

Kalbe realizes that sustainability is a long journey, not just a destination or a goal. After every single goal is reached, there will be another goal. That is what sustainability means to Kalbe as we relentlessly work to improve our economic, environmental, social, and governance performance. There is a lot of potential for improvement that needed to be achieved and we will not be satisfied stopping here. Every experience along our journey has been very meaningful for Kalbe, especially when managing challenges, developing innovations, and building a sustainable business ecosystem.

Responding to Challenges Policy

In 2019, the Company responded and managed a number of challenges. The industry’s main challenges were a limited supply of raw materials, rapidly developing technology, limited access to health services, changes in global market conditions, and climate change that greatly affected business and put lives at risk. To answer these challenges, Kalbe set in place sustainability strategies and policies with the commitment ‘Together, Building a Healthy Nation’.





Through the 'Together, Building a Healthy Nation' and its 'ERAT' and 'SEHAT' pillars, on behalf of the Kalbe Board of Directors, I invite you to join us in implementing this sustainability spirit and continue to hold on to the Company value of Panca Sradha. A joint commitment to achieve a sustainability performance and continue to be strong in facing many challenges.

Sustainability Performance

In 2019, Kalbe's economic performance was encouraging with an increase of 7.4% in net sales and 11.7% in assets, when compared to 2018. This performance exceeded the targets set, of Rp22.6 trillion for net sales, and Rp20.2 trillion for total assets. This achievement is the result of our stakeholders' support, including our 314 local suppliers.

These relationships have been maintained using our Supplier Health, Safety, Security, Environment, and Social Assessment (SHSSESA) that ensures an alignment of sustainability commitments. We have also implemented a continuous improvement program (CONIM), with transparency in our work, and mutual respect for all our partners. We want to grow and develop together with all our stakeholders.

To ensure the sustainability performance is in line with the Company's strategy, Kalbe has established a Corporate Communications & Sustainability Function that engages and communicates with all stakeholders, and supervises the effectiveness of our corporate social responsibility (CSR) activities.

Further, the implementation of sustainability performance will be aligned with the sustainability strategy that has been developed. We hope that this performance will support the Company's achievements, be able to achieve targets, and be strong in facing the future challenges.

Together, Building a Healthy Nation

To encourage participation and communication of 'Together, Building a Healthy Nation', we made several adjustments to the Kalbe business units. To expand the value of our internal stakeholders, we applied four pillars for human resource management (HR), called 'ERAT'. These internal pillars develop individual behaviors so that everyone becomes more agile and can grasp business development opportunities and participate in sustainable development.

At the same time, to develop the external stakeholders' value and participation, we have established five sustainability pillars called 'SEHAT'. These external pillars focus on developing health research and technology, environmental sustainability, education and health access, as well as sustainable business ecosystems. Through 'SEHAT', we also support the achievement of the Sustainable Development Goals (SDG), specifically the achievement of the third goal, which is to ensure healthy lives and promote well-being for all.

Strategies for Achieving the Targets

Our commitment to become 'One Kalbe' continues and embodies our passion in running our business activities and serving our community's health needs. With 'OneKalbe', we provide quality health products and services to our community through innovations and comprehensive health care solutions (health care total solution).

Looking to the future, the health industry will continue to be important as the communities raise their awareness and start paying attention to a better life. We hope that we can further develop this business opportunity. In this report, we present the strategies and performance targets that we will undertake to develop our business towards becoming a global company.

Support for Our Country

At the end of 2019, the world was shocked by the Corona virus outbreak (COVID-19) in China. This outbreak raises concerns over supply disruptions and our partners in China and other countries. We continue to monitor the situation, and communicate strategic steps and support in this very difficult situation. We are also implementing a dual-sourcing policy to secure supply chain availability.

The global challenge from the COVID-19 virus has created a momentum for us to remain prepared with the ability to provide medicines and health products for the people of Indonesia. We are also ready to help and support all supply chains to survive in this difficult time. We hope that this challenge becomes a step for us to maintain better health, both for ourselves, and the environment surrounding us.

We would like to thank all those stakeholders who have supported Kalbe's sustainability performance throughout 2019. We will continue to innovate to create quality health products and services to serve the entire country.

Jakarta, May 2020

VIDJONGTIUS
President Director





Company Profile and Governance



Vision, Mission, Values

[102-16]



VISION

To be the best Indonesian global healthcare company driven by innovation, strong brands, and excellent management



MISSION

To improve health for a better life



MOTTO

“The Scientific Pursuit of Health for a Better Life”



CORPORATE VALUES

PANCA SRADHA



Trust is the glue of life

Mindfulness is the foundation of our action

Innovation is the key to our success

Strive to be the best

Interconnectedness is a universal way of life



Quick Overview of Kalbe

Company Name [102-1]

PT Kalbe Farma Tbk

Date of Establishment

September 10, 1966

Legal Basis of Establishment [102-5]

Deed No. 3, dated September 10, 1966, drawn up before Raden Imam Soesatyo Prawirokoesoemo, a Deputy Notary in Jakarta

Line of Business [102-2]

Pharmaceuticals, Trading, and Agency

Business Divisions

Prescription Pharmaceuticals Division, Consumer Health Division, Nutritionals Division, Distribution And Logistics Division

Head Office [102-3]

Gedung KALBE

Jl. Let. Jend. Suprpto Kav. 4 Cempaka Putih, Jakarta 10510 Indonesia

No. Telp:

(62-21) 4287 3888

(62-21) 4287 388

Fax: (62-21) 4287 3678

Website: www.kalbe.co.id

Branch Offices /

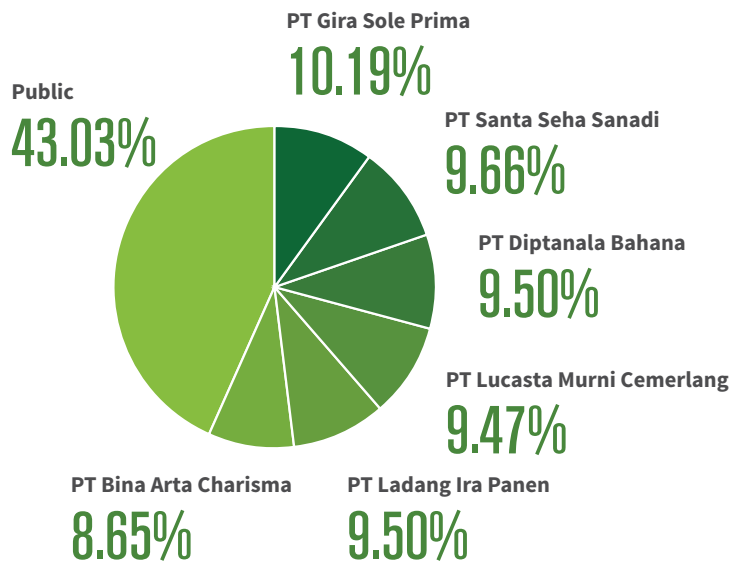
Representative Offices

Malaysia, Singapore, Nigeria, The Philippines, Myanmar, Cambodia, Sri Lanka, South Africa, Vietnam

Ticker Code

KLBF

Shareholders [102-5]

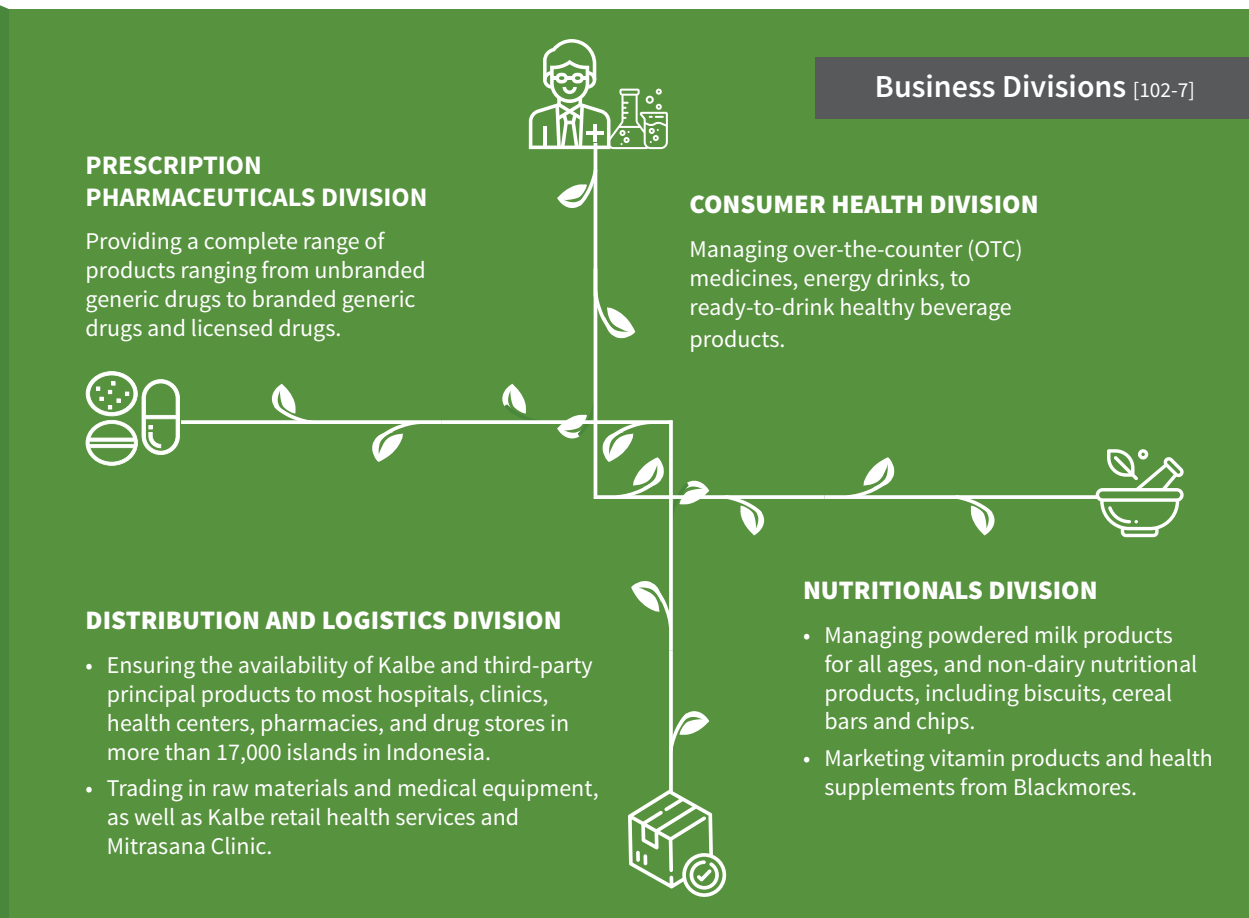


PT Kalbe Farma Tbk (Kalbe) has been operating since 1966 and has grown organically and inorganically. Kalbe’s business has been diversified into four integrated groups: Prescription Pharmaceuticals Division, Consumer Health Division, Nutritionals Division, and Distribution & Logistics Division. Through these four business divisions, Kalbe has become the largest integrated health solution provider in Indonesia and the Prescription Pharmaceuticals Division has become the largest in Southeast Asia.

Our business activities are carried out by 41 corporate entities supported by 12 production facilities (factories) and more than 200,000 outlets spread across Indonesia and overseas. Our integrated business activities are also reflected in the supply chain that is managed based on a sustainable procurement policy. [102-4]

In the upstream supply chain, Kalbe has formed partnerships with local farmers as suppliers of herbal raw materials. In addition, Kalbe has also established a Supplier Health, Safety, Security, Environment, and Social Assessment (SHSSEA) to ensure alignment of our sustainability commitments with affiliated companies that conduct toll manufacturing. Downstream, Kalbe encourages closer collaboration with transportation vendors and sub-distributors through the digital services development to improve transparent and timely processing. [102-9]

Our more than five decades of operational experience has developed a closeness between Kalbe and the local communities, as well as deep understanding of community needs. As a result, Kalbe now has brands circulating in 30 countries, including the ASEAN countries, China, Sri Lanka, the United Arab Emirates, and several African countries.





Certification [102-12]

The industry's high dependence on mostly imported raw materials, and the increasing protectionist trend following regulations issued in several countries, encouraged Kalbe to attain national and international certified management systems for its raw materials, finished goods and medical equipment.



ISO 9001 Quality Management System

ISO 14001 Environmental Management System

OHSAS 18001/ISO 45001 Occupational Health & Safety Management System

Good Manufacturing Practices (CPOB) from BPOM

ISO 22000 Food Safety Management System

FSSC 22000 Food Safety Management System

OHS Management System (OHSMS)

Hazard Analysis and Critical Control points (HACCP)

Veterinary Control Number (NKV)

Halal Assurance System Category "A" from LPPOM MUI

SNI: 2973: 2011 for Biscuits

Organic food production: Baby Porridge

Building Inspection Facilities (PSB from BPOM)

Risk Management Program Charter (PMR from BPOM)

Good Processed Food Production (CPPOB from BPOM)

Good traditional manufacturing practices (CPOTB from BPOD)

Good Manufacturing Practices (GMP from NAFDAC)

Good Medical Devices Distribution (CDAKB)

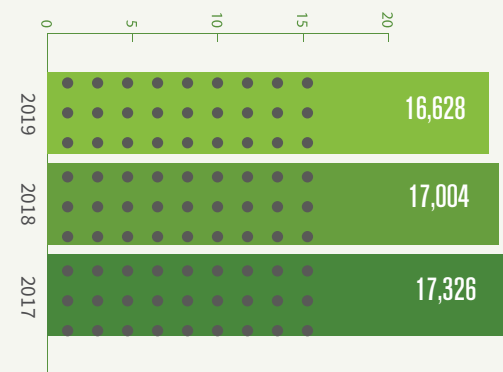
Good Drug Distribution (CDOB)

We implement strict product quality policies that take into account good manufacturing methods, food safety, and distribution methods. The processes follow ISO 22000 certification standards, Halal Assurance System, Good Manufacturing Practices (CPOB) and Good Drug Distribution (CDOB) from the Food and Drug Monitoring Agency (BPOM), and other standards.

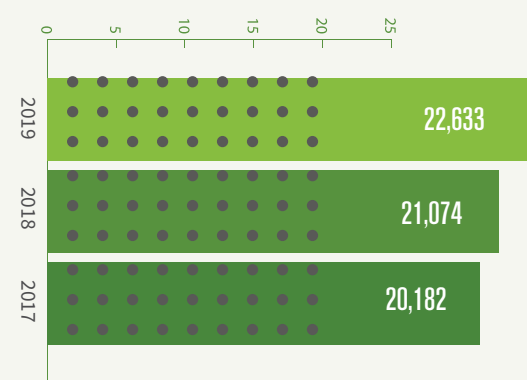
Compliance with the BPOM and the Ministry of Health regulations also regulates that all products include information on how to use the product, the raw material components, with a recycling logo on the packaging. Following this policy, there were no incidents of non-compliance with product safety and product labeling during 2019. [416-2] [417-1]

Company Scale [102-7]

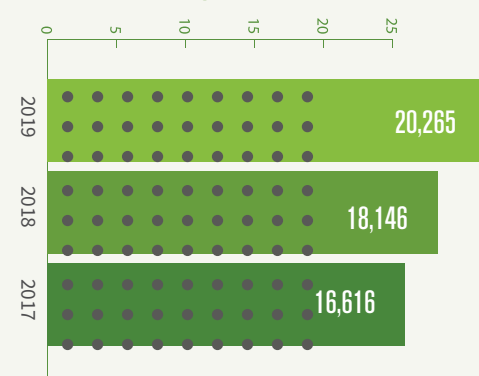
Number of employees



Net Sales (in Rp billion)



Total Assets (in Rp billion)



One of Kalbe's competitive advantages is the continuous development of new products resulting from technology advances and changes in consumer preferences. This effort supported Kalbe's economic performance, which in 2019 saw an increase in net sales of 7.4% and total assets of 11.7% compared to 2018.

In the same year, the performance of the Consumer Health and Nutritionals Divisions contributed to this sales growth by launching a number of new products, including variants of Prenagen, Morinaga, Entrasol, Zee, Fitbar and Milna. The Kalbe Group's financial performance has been presented more fully in the 2019 Annual Report.



Production Capacity 2019 ^[102-7]

PRODUCTION CAPACITY



PRESCRIPTION PHARMACEUTICALS DIVISION


**6
FACTORIES**

- Tablets: **15,457 Million**
- Capsules: **1,497 Million**
- Liquid: **92 Million Bottles**
- Injections: **113 Million Ampoules**
- Cream: **33 Million Tubes**

- Granules: **8 Million Sachets**
- Dry Syrup: **4 Million Bottles**
- Infusion Liquid: **3 Million Liters**
- Hemodialysis Fluid: **2 Million Liters**



CONSUMER HEALTH DIVISION

KAPASITAS PRODUKSI


**3
FACTORIES**

- Liquid: **20 Million Liters**
- Tablets: **424 Million**
- Capsules: **33 Million**

- Effervescent Powder: **15,000 tons**
- Fruit Juices: **27 Million Liters**



NUTRITIONALS DIVISION

PRODUCTION CAPACITY


**3
FACTORIES**

- Milk Powder and Other Foods from Milk: **24,000 Tons**

- Baby Food & Biscuits: **5,000 tons**
- Ready Drinks: **8,800 Tons**

Distribution Capacity 2019



DISTRIBUTION AND LOGISTICS DIVISION

DISTRIBUTION CAPACITY


**> 130,000
PALLETES**

**2 REGIONAL WAREHOUSE
DISTRIBUTION CENTERS**

**76 branches
and
> 200,000
outlets**

Significant Changes [102-10]

In 2019, Kalbe, through PT Kalbe Genexine Biologics (KGBio) successfully collaborated with Shanghai Henlius Biotech, Inc., China, to enhance KGBio’s research capabilities and enrich its product portfolio in the Biopharma sector. KGBio obtained an exclusive license for the development of immune oncology products (HLX10) to treat tumors and these are currently undergoing clinical trials. This cooperation will help meet the needs of biological products in the country and in Southeast Asia.

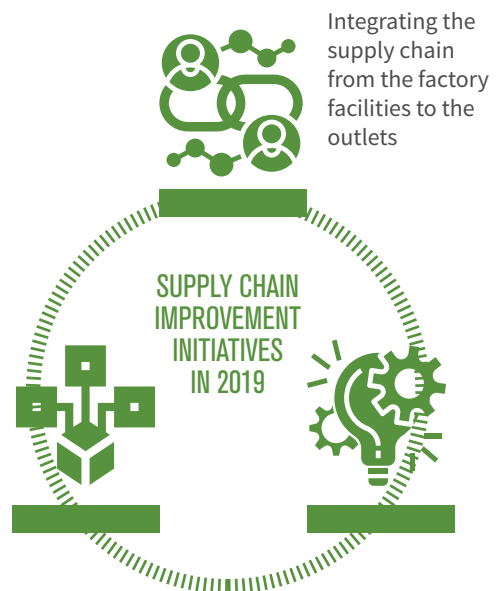
Markets Served [102-6]

In 2019, Kalbe's net sales reached Rp22,633 billion. 95% of the total sales aims to fulfil the Indonesian national market needs, with 5% exported to 30 countries in the ASEAN region, Sri Lanka, the United Arab Emirates, China, and several African countries.



Product Life Cycle Management [102-9]

Kalbe's supply chain management is coordinated by the Corporate Global Supply Chain Division using an information technology (IT) infrastructure centralized in the Corporate IT Unit. Initiatives to improve the supply chain and the net operating cycle have been carried out starting with the process of selecting suppliers, through to managing raw materials, and product distribution.



Guaranteeing supplies to customers through inventory management

Managing the buying process through Price Index management



Association Membership [102-13]

In addition to ensuring accredited management systems, Kalbe establishes and maintains strategic partnerships by joining national associations.

No.	Association	Position
1.	Association of Pharmaceutical Enterprises of Indonesia (GP Farmasi Indonesia)	Deputy Treasurer
2.	Indonesian Employers Association (APINDO)	Extraordinary Member
3.	Indonesia Global Compact Network (IGCN)	Member
4.	Indonesian Chamber of Commerce and Industry (KADIN)	Member
5.	Indonesian Association of Food and Beverage Entrepreneurs (GAPMMI)	Member
6.	Indonesia Corporate Secretary Association (ICSA)	Member
7.	Indonesian Issuers Association (AEI)	Member
8.	Scaling Up Business Network (SBN)	Member
9.	Indonesian Audit Committee Association (IKAI)	Member
10.	Indonesia Risk Management Professional Association (IRMAPA)	Member
11.	Priority Lane Employers Association (APJP)	Member
12.	Indonesian Association of Child Friendly Companies (APSAI)	Member
13.	Association of Nutritious Product for Mother and Child Companies (APPNIA)	Member
14.	Indonesian Health Supplement Entrepreneurs Association (APSKI)	Member
15.	Public Relations Association of Indonesia (PERHUMAS)	Member

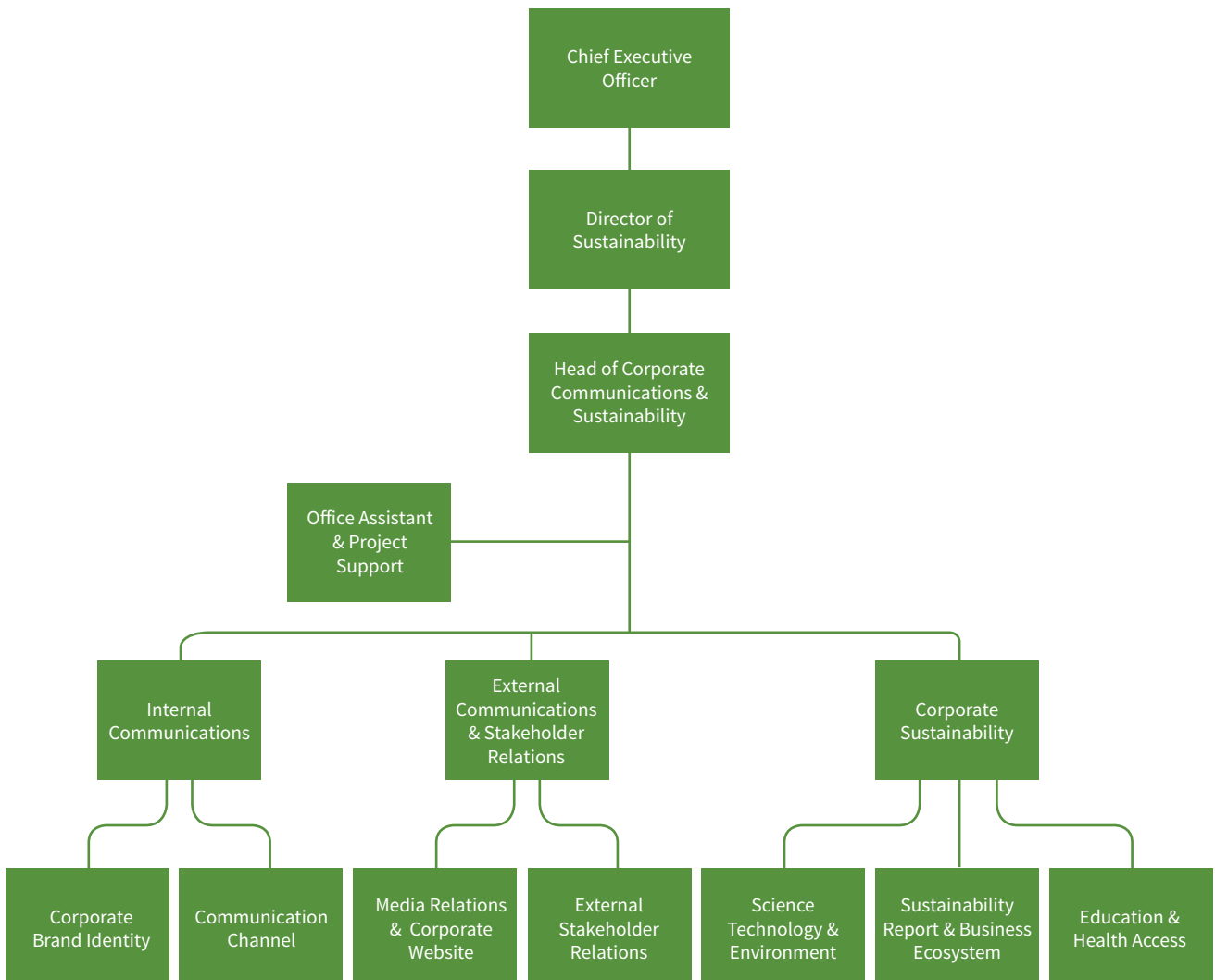
Sustainability Performance Awards 2019

No.	Award	Issuer
1.	SWA Magazine Award: The Indonesian Living Legend Companies	SWA Magazine
2.	The Winner Wonderful Indonesia Energy Event • Wonderful Indonesia Co-Branding Champions for Hydro Coco • The Best Education Program for Young Traveler for Mixagrip	Ministry of Culture and Tourism
3.	SPEX2 Award: • The Best in Pharmaceuticals Industry • The Best of The Best in Across All Industries	Tempo Media Group
4.	ASEAN Business Award: ASEAN Winner for the Priority Integration Sector Healthcare - Singapore	ASEAN Business Advisory Council
5.	Karya Anak Bangsa Award: Contribution to the Development of the Health Sector for PT Kalbio Global Medika	Ministry of Health
6.	Karya Anak Bangsa Award : The Best Herbal: Ginseng Tissue Culture Development	Ministry of Health
8.	CECT Sustainability Awards 2019: CSR Based on ISO 26000 in Consumer Issues	Trisakti University

Corporate Communications & Sustainability [102-18]

To demonstrate Kalbe's commitment in carrying out sustainable operations, the Company has established a corporate function called Corporate Communications & Sustainability. This corporate function is responsible for ensuring the effectiveness of the internal communication strategies, external communications and sustainability initiatives, including the corporate social responsibility (CSR) programs. The head of Corporate Communications & Sustainability reports directly to the Director of Sustainability.

Corporate Communications & Sustainability Governance Structure [102-18]



The Organizational Structure, Composition of the Board of Commissioners and Board of Directors, and GCG Development are based on Financial Services Authority Recommendations that are comprehensively presented in the 2019 Annual Report that complements this Sustainability Report.





Risk Management [102-11]

Kalbe manages its risk by paying attention to every stage of the integrated business process. All business risks identified in 2019 have been grouped and analyzed in the Kalbe Group Risk Profile. These business risks are compiled by each Strategic Business within the Kalbe Group. Risk management in Kalbe has adopted the 3 lines of defense concept and these are reported to and supervised by the Business Risk Committee.

One risk profile of concern to Management relates to Reputation Risk. This risk focuses on the quality of products or services produced by the Company, environmental sustainability, safety and health of employees and the community, and the application of business ethics in conducting its business. Every event that has the potential to be a risk to the Company will be followed up jointly by the various relevant stakeholders.



Marketing and Labeling [103-1] [103-2] [103-3]

Marketing and labeling functions as the main information and communication instrument and provides information to the public / customers on the use of the products. All Kalbe products carry product information on each package in accordance with the applicable standards, regulations and rules. The processes related to marketing practices is under the responsibility of Marketing, Regulatory Affairs, RnD, and QA of each Strategic Business Unit (SBU). To ensure effective marketing and labeling management, Kalbe has competent resources, including the Kalbe Group Regulatory Forum. As labeling is closely related to packaging, Kalbe evaluates the packaging through a series of stability and quality tests that are verified by the Business Development Division.

Fair Business Competition [206-1]

Kalbe pays attention to the methods used for marketing its products, and its sponsorships, in accordance with the regulations in the areas where Kalbe's products and services are located. To maintain fair business competition practices Kalbe socializes its business ethics to vendors, medical representatives, marketing personnel, and telemarketing teams.

Kalbe adheres to the business competition principles set out in the Kalbe Business Ethics. In 2019, the marketing was in accordance with the regulations and there were no legal violations related to product marketing and unfair business competition.

Since 2018 Kalbe has socialized and established initiatives for the application of Kalbe Business Ethics. In addition to the fair competition principle, Kalbe's Business Ethics also includes an anti-corruption and anti-fraud policy in the code of conduct to be followed by the Board of Commissioners, Committees, Board of Directors and all Kalbe employees and business partners.

Prevention of Conflicts of Interest and Corruption [205-3]

To prevent conflicts of interest, Kalbe has a code of conduct that explains in detail the application of compliance standards. During 2019, there were no transactions containing conflicts of interest or corruption.

Stakeholders

Stakeholders are strategic partners in aligning the direction of our goals. The constructive involvement of our stakeholders helps Kalbe in its decision-making, and in conducting its business responsibly. Stakeholder mapping takes into account the proximity and influence of each group on the sustainability of Kalbe's business. [102-42]

Stakeholder Response and Approach [102-40] [102-43] [102-44]

Stakeholders	Approach Method and Frequency	Key Topics and Stakeholder Needs	Company Response and Follow Up
Shareholders	At least once a year: <ul style="list-style-type: none"> Annual GMS, Extraordinary GMS Public Expose Site visits Correspondence Financial analysts gatherings Investor meetings 	<ul style="list-style-type: none"> Company's annual performance and projections Sustainability performance Management succession planning Corporate actions 	<ul style="list-style-type: none"> Publishing annual reports and sustainability reports Developing adaptive Company strategies Preparing regular Company performance reports Responding to capital market regulations by aligning Company operations. Providing solutions to investor questions
Public	Scheduled and continuous: <ul style="list-style-type: none"> Community development activities 	<ul style="list-style-type: none"> Company involvement in community development Recruitment of local labor according to Company requirements 	<ul style="list-style-type: none"> Conducting social responsibility activities Providing access to information through various media
Customers	At least once a year: <ul style="list-style-type: none"> Forums and communities Visits Satisfaction surveys Complaint handling Product and health education communication 	<ul style="list-style-type: none"> Product and service quality Product availability Customer service Health information 	<ul style="list-style-type: none"> Providing an information center Conducting customer visits and customer surveys Providing education and training
Employees	At least once a year: <ul style="list-style-type: none"> Forums and Communities Promotion of Company policies and regulations Team-building activities Employee appreciation Education and development Engagement Surveys 	<ul style="list-style-type: none"> Employee well-being Up-to-date employment regulations Occupational health, safety and security Conducive and harmonious work environment Equality Transparent communication Career training and development 	<ul style="list-style-type: none"> Providing training and education Managing employee grievances Conducting scheduled socialization of regulations Providing social and health facilities Creating programs for team-building and appreciation



Stakeholders	Approach Method and Frequency	Key Topics and Stakeholder Needs	Company Response and Follow Up
Associations	At least once a year: <ul style="list-style-type: none"> • Forums and communities • Information sharing • Supporting and initiating regulations to improve industry practices • Comparative studies between industries and institutions 	<ul style="list-style-type: none"> • Preparing industry-related regulations • Synchronizing regulations across institutions • Information sharing forums between industries and institutions 	<ul style="list-style-type: none"> • Providing resources and input • Receiving the Associations' accountability reports
Media	At least once a year: <ul style="list-style-type: none"> • Forums and communities • Press conferences • Press Releases • Visits • Media Briefings 	<ul style="list-style-type: none"> • Company performance • Investments • New projects • Product launches • Product education 	<ul style="list-style-type: none"> • Providing educational, actual, and transparent information • Establishing face-to-face communications
Working Partners	Forum meetings at least once a year: <ul style="list-style-type: none"> • Forums and communities • Partnership awards • Partnership development • Education and training • Partnership research 	<ul style="list-style-type: none"> • Product and service quality • Selection of partners according to regulations • Compliance with regulations • Performance evaluation • Information exchange 	<ul style="list-style-type: none"> • Providing education and outreach • Preparing annual performance evaluations for production and research performance reports
Government	At least once a year: <ul style="list-style-type: none"> • Communication forum between entrepreneurs and the Government • Providing reports on the Company's performance and the latest industry-related information 	<ul style="list-style-type: none"> • Compliance with prevailing laws and regulations • Implementation of social responsibility and reporting • Audit and assurance implementation 	<ul style="list-style-type: none"> • Complying with applicable laws and regulations • Implementing and reporting social responsibility programs • Cooperating with government health-related institutions

"The involvement of stakeholders as strategic partners helps to align our goals' direction when running a responsible business".

Management Approach to Achieving Sustainability

Sustainability Policy [103-1, 103-2, 103-3] [POJK 51]



For Kalbe, sustainability means a continuous improvement journey. At the same time as ensuring sustainable profitability, we pay attention to public health and the surrounding environment preservation. In 2019, Kalbe continued its journey and sustainability policy development. This policy aims to address the human resources needs, the environment, customers and communities, as well as the business ecosystem.

The sustainability policy is a guideline for all Kalbe work units in Indonesia and in the countries where we operate. Understanding the importance of implementing this policy, Kalbe appointed a Director of Sustainability who is responsible for the sustainability performance, conducts supervision, provides decisions and recommendations, and conducts socialization and integration in all departments, functions, and units.



Launching the 'Together, Building a Healthy Nation' theme in the 'Let's Move Toward Sustainability' event, November 12, 2019

The sustainability policy manifests the One Kalbe spirit, Panca Sradha, and supports several international conventions, as well as complies with applicable legislation. This policy is reflected in Kalbe's strategy through the five sustainability pillars, namely "SEHAT".



Kalbe Sustainability Strategic Framework

KALBE VISION AND MISSION
KALBE VALUES AND PRINCIPLES

Panca Sradha
 “Panca Sradha” instills the principles of mutual trust, full awareness, innovation, determination to progress, and the interrelations that are important in achieving sustainable performance.

One Kalbe
 The One Kalbe spirit synergizes the Kalbe business in building a healthy Indonesia.



15 CORPORATE POLICIES FROM VARIOUS BUSINESS PROCESSES



GOVERNMENT REGULATION COMPLIANCE

- Law No. 5 of 1990 regarding Conservation of Biological Resources and their Ecosystems
- Law No. 32 of 2009 regarding Environmental Protection and Management
- Law No. 41 of 1999 regarding Forestry
- Law No. 30 of 2007 regarding Energy
- Presidential Regulation No. 59 of 2017 regarding Achievement of Sustainable Development
- Minister of Manpower Regulation No. 04 of 1987 regarding the Advisory Committee for Occupational Safety and Health
- Government Regulation No.27 of 2012 regarding Environmental Permits
- Government Regulation No. 47 of 2012 regarding Limited Liability Company’s Social and Environmental Responsibility
- Financial Services Authority Regulation No. 51 of 2017 regarding the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies
- Minister of Energy and Mineral Resources Decree No. 1824 of 2018 regarding Guidelines for Implementing Community Development and Empowerment

INTERNATIONAL CONVENTIONS [102-12]

- **Sustainable Development Goals (SDG)**
 Kalbe supports the achievement of Goal 3, to ensure a healthy life and support the well-being of all.
- **ISO 26000**
 ISO 26000 is used as a basis for formulating social responsibility-related policies.
- **United Nations Global Compact**
 Commitment to align the Company’s operations and strategies with its 10 principles, elaborated into 4 pillars; human rights, labor, environment and anti-corruption.



External Determination Basis

SUSTAINABILITY POLICIES

- Policy No.1: Human Resources
- Policy No.2: Environment
- Policy No.3: Customers and Society
- Policy No.4: Business Ecosystem

PURPOSE

- Human Resources
- Environment
- Communities and customers
- Business ecosystem



Implementing Sustainability Policies

SUSTAINABLE DEVELOPMENT TAGLINE
“Together, Building a Healthy Nation”

KALBE SUSTAINABILITY PILLARS

- **S - Science and Technology for Health**
 Developing knowledge and technology through R&D, research and education to produce product innovations, systems, and services related to health.
- **E - Ecosystem & Environmental Preservation**
 Environmental Preservation through responsible management of energy, water, emission, waste, biodiversity, and environmentally products with measured impacts.
- **H - Hygiene & Health Education**
 Healthy lifestyle behaviour through promotions, education, and health interventions.
- **A - Access to Healthcare**
 Provision of health access using direct access and digital platforms.
- **T - Total Sustainable Business Ecosystem**
 Development of resources and empowering stakeholders in managing end-to-end business process to create a sustainable business ecosystem.



Sustainability Pillars

The 'SEHAT' pillar strategy planning and development is aimed at external stakeholders. The development of these pillars involved all subsidiaries and was coordinated by the Corporate Sustainability Department with measurable performance targets. By applying 'SEHAT', we believe that Kalbe will achieve its Vision and support the sustainable development theme 'Together, Building a Healthy Nation'.

Sustainability Pillar Performance

Science and Technology for Health



2020 Performance Target

Innovation, Science and Technology Health Program: 2 programs



Strategy

- Strengthen commitment for the development of science and technology for research and education
- Generate innovations for the world of health

Ecosystem & Environmental Preservation



2020 Performance Target

- Energy consumption savings: 1,000 TOE
- Hazardous and toxic waste reduction: 5%
- Maintain Green PROPER: 1 (Kalbe Cikarang Factory)
- Use of renewable energy: 0.08%
- Kalbe Factory Compliance with green building guidelines: 20%



Strategy

- Preserve natural ecosystems at Kalbe's area operating facilities
- Carry out environmental management in the Kalbe business areas



Hygiene & Health Education



2020
Performance
Target

Participants in the Stunting Prevention Program: 50 Pregnant women (Sumedang)



Strategy

Carry out programs in collaboration with academics and the Government to improve nutrition for pregnant women, nursing mothers and infants

Access to Healthcare



2020
Performance
Target

- Customer satisfaction index: e-health > 4 out of 5
- Number of visitors to the doctor live chat: 960,000



Strategy

Measuring the social impact of community interactions through KlikDokter, Halobumil, KALCare, Kalbe Family, KECC, Marketing community (e.g. Diabetes Club)

Total Sustainable Business Ecosystem



2020
Performance
Target

- Location of plasma Red Ginger Local Farmers: 6
- Vendor Management:
 - *Vendor sustainability training*: 1 batch



Strategy

- Development of the Red Ginger community and ensuring business continuity based on Red Ginger raw materials
- Manage suppliers to ensure business continuity in timeliness, quality and price of supply and supplier commitment to sustainability



Science and Technology for Health

Since 1988 Kalbe has marketed cancer drugs and made important contributions in research development and research centers in Indonesia through integrated treatment solutions, production of drugs, treatments, education on cancer treatment, stem cells, genomic tests, and biotechnology.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Sustainable Health Solutions Development

Kalbe's competitiveness improvement strategy against increasingly fierce business competition involves developing more economical and sustainable health solutions in its four Business Divisions. The development of solutions in the Prescription Pharmaceuticals Division is directed at addressing the challenges of raw materials and medicines availability, as well as reducing import dependency.

Meanwhile in 2019, development in the Consumer Health and Nutritionals Divisions prioritized answering the challenges of changing consumer preferences by continuing to launch new variants, and using more natural herbal ingredients. The Distribution and Logistics Division focused on developing innovative information technology and expanding its distribution.



PRESCRIPTION PHARMACEUTICALS DIVISION

A. Developing product and variants (SKU): Launching 23 new products

B. Developing Technology and the Supply Chain:

- Developing biosimilar production facilities to prepare for future treatment therapies.
- Diversifying natural raw materials purchases by using ginseng seeds through tissue culture technology.



CONSUMER HEALTH DIVISION

A. Developing product and variants (SKU):

Launching 1 new product, Cerebrofort Marine Gummy for Eye

B. Developing Technology and the Supply Chain:

- Adjusting marketing activities to stay relevant to the millennial lifestyle.
- Optimizing plant-based products such as those containing red ginger to reduce dependence on imported raw materials.



NUTRITIONALS DIVISION

A. Developing product and variants (SKU):

Launching 19 new variant products, Prenagen, Morinaga, Entrasol SHP, Zee, Fit Family and Milna brands

B. Developing Technology and the Supply Chain:

- Inaugurating the Kalbe Nutritionals Research Center that contributed to the launch of new milk powder products, Entrasol Senior, Lovamil Hamil and Menyusui, and Morinaga Soya.
- Strengthening Kalbe's market position through strategic partnerships with PT Milko Beverage Industry and multinational companies, such as Blackmores, Wesland Milk, and Fonterra Dairy.



DISTRIBUTION AND LOGISTICS DIVISION

Developing Technology and the Supply Chain:

- Providing alternative outlets to place orders and obtain information through the Electronic Mobile Ordering System (EMOS) application managed by its subsidiary, PT Enseval Putera Megatrading Tbk. EMOS, is one innovation to compete in the digital business. Through EMOS, Enseval customers can easily order products, obtain information on order status, review transaction details, accounts receivable information, upload order letters, and obtain tax invoice information for transactions. The EMOS application can be downloaded to a Android OS smartphone, using the search word 'EMOS PRO' and is also available through the website: <https://emos.enseval.com>
- In addition to EMOS, digital business transportation has been developed through the Mostrans digital application. This route tracking application connects transportation companies with the goods owners to facilitate the delivery of health products to the nearest factories and outlets.




Biotech Technology Production Facilities Development

Kalbe has optimized its medicinal raw materials and biological products factory in Cikarang, which is managed by PT Kalbio Global Medika, a factory that has applied the "Green Building Management Manual" issued by the Corporate HSSE. The products produced include erythropoietin (EPO) as a treatment for dialysis and cancer, Efepoetin (Long Acting EPO) used to stimulate the formation of red blood cells, as well as insulin and some Monoclonal Antibody (mAb) products for cancer treatment.


The raw material drug factory supplies local raw materials for Kalbe to develop its portfolio of biotechnology-based medicinal products in the biopharmaceutical segment of Indonesia.

INTEGRATED SOLUTIONS FOR CANCER TREATMENT, STEM CELLS, AND BIOTECHNOLOGY RESEARCH




RESEARCH DEVELOPMENT

For research development, Kalbe established the Stem Cell and Cancer Institute (SCI), Kalbe Genomics (KalGen), Regenerative and Cellular Therapy (ReGeniC), and Innogene Kalbiotech Pte. Ltd. (Innogene), and Kalbe participates with leading research centers around the world in research activities in the field of drug delivery systems, cancer treatment, stem cells, genomic testing and biotechnology.




AVAILABILITY OF CANCER DRUGS

Kalbe operates a cancer drug factory in Pulogadung, Jakarta, that supplies quality cancer drugs at more affordable prices. In 2018, Kalbe also inaugurated a raw material and biosimilar drug production factory.



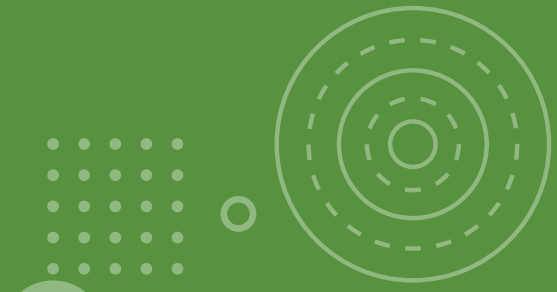
CANCER CARE

Kalbe continues to develop effective cancer diagnostic and treatment methods through its Biopharmacy Division in collaboration with several global biopharmaceutical companies.



HEALTH EDUCATION

Kalbe has established Kalbe Ethical Customer Care (KECC) as a forum to provide health information and education to the public, with a focus on serious diseases, such as cancer, kidney disease, and for consumers with special needs.



Since 1988 Kalbe has marketed cancer drugs and made important contributions in research development and research centers in Indonesia through integrated treatment solutions, production of drugs, treatments, education on cancer treatment, stem cells, genomic tests, and biotechnology.

Improving cancer treatment, stem cells and biotechnology solutions carried out during 2019, included:

Stem Cell and Cancer Institute (SCI)

SCI cancer research succeeded in detecting several DNA repair genes that can be used to conduct risk assessments and estimate the response of targeted therapy and immune checkpoint therapy. Hopefully, this DNA repair discovery will help in cancer patients healing and good health in the future. SCI also collaborated internationally with Hanyang University to develop iPSC and genetic engineering technology for cell therapy.

Kalbe Genomics (KalGen)

PT KalGen DNA launched the GYNPAD product that enables the collection of self-screening cervical cancer samples. KalGen Innolab also launched an innovative service that helps doctors and patients receive their Epidermal Growth Factor Receptor (EGFR) results quickly and precisely in two days. EGFR is a test to determine the right type of cancer treatment drug so that the diagnosis and treatment for cancer patients can be performed quicker and carefully.

Kalbio Global Medika

Kalbio Global Medika successfully launched its locally-produced Leucogen®, a drug to increase the production of granulocytes (a sub-group of white blood cells) and is preparing the production of other biological drugs to support national resistance to pharmaceutical raw materials. This production was evaluated by competent experts from the European Union (Quality Person from the European Medicines Agency) as an international recognition for product safety for patients.

KALBE GENEXINE BIOLOGICS

Kalbe Genexine Biologics is licensed for the development of an immune checkpoint inhibitor product that can be used as a single therapy, or in combination with other monoclonal antibody products, in collaboration with Shanghai Henlius Biotech, Inc. of China. Kalbe Genexine Biologics is also preparing phase III clinical trials for the Efepoetin Alfa (Efesa®) test drug used for the treatment of anemia in patients with kidney diseases. The Immuno-oncology and anemia therapy products development results will greatly assist the development of medical science in Indonesia.

In addition to treatment solutions, Kalbe also ensures that all products have quality and safety guarantees, using Pharmacovigilance.

Pharmacovigilance [102-11] [416-1]

Pharmacovigilance is a pharmacological activity that detects, assesses, understands, and prevents unwanted side effects, or other problems related to the drug, as a form of compliance with the regulators. Implementation of pharmacovigilance requires a fairly long process of socialization, system development, and provision of resources. The pharmacovigilance report results can be used as evaluation material for improvements, and to speed up the handling of product complaints more comprehensively. Pharmacovigilance competencies continues to be improved through a series of training for the Kalbe marketing team, who are required to report their level of pharmacovigilance understanding. The number of reports in 2019 increased by around 54% from 62 reports in 2018 to 134 in 2019. This shows an increase in the Kalbe's marketing team understanding and readiness in handling situations when there are side effects related to medicinal products.



Pharmacovigilance Report



Kalbe also conducts internal and external pharmacovigilance activities every year.

Internal

- Providing pharmacovigilance training to all Kalbe Ethical employees, including frontliners such as receptionists, security and medical representatives every year.
- Providing e-learning reviews every year. In 2019, the average number of trainees declared as passed was 92.9%.
- Delivering pharmacovigilance information via email to all employees every year.

External

- Attending BPOM and Ikatan Dokter Anak Indonesia (IDAI) invitations to share experiences from pharmacovigilance carried out.



TESTIMONY

“Pharmacovigilance is helpful as we can immediately report to the right section when there are undesirable results from the products usage, and also our reporting can be cross-checked directly with related parties so that future action can be taken.”

— Sari, Key Account Executive
PT Finusolprima Farma Internasional



Ristekdikti-Kalbe Science Award (RKSA) and Kalbe Junior Scientist Award (KJSA)

In addition to the awards received by Kalbe, the Company also presents awards to stakeholders. Kalbe holds its Ristekdikti-Kalbe Science Award (RKSA) and the Kalbe Junior Scientist Award (KJSA) events to encourage research and innovation development in the fields of pharmaceuticals, functional food, life sciences, and public health technologies.

RKSA is an award program for the best researchers in Indonesia involving participants from universities or research institutions covering a research period of 12 to 18 months. Since 2018, the RKSA program has been improved from previously

only giving awards for completed research, to now providing funding for research that is feasible to be commercialized, even though the research has not yet been completed. The RKSA lasts for two years.

In 2019 Kalbe evaluated five 2018 research proposals for financial assistance and commercialization. The RKSA research projects judging process and monitoring was carried out by independent parties from the Eijkman Molecular Biology Institute, Ristekdikti, BPOM, BPPT, and the National Research Council.



Stakeholder Response and Approach [102-40] [102-43] [102-44]

Chairperson's Name	Institution	Research Title
Dr. Anggraini Barlian	Institut Teknologi Bandung	Micropatterning Application to Enhance Proliferation and Differentiation of Human Wharton's Jelly Mesenchymal Stem Cells
Dessy Natalia, Ph.D	Institut Teknologi Bandung	Improvement of Quick Test Tool Performance for Dengue Fever Detection through Variation of Antigen Dengue Components
Prof. Endang Sutriswati Rahayu, MS	University of Gajah Mada	Effect on Probiotics Indigenous Powder Consumption in Overcoming Obesity
Prof. Dr. Ir. Made Astawan	Institut Pertanian Bogor	Using Fresh, Smoky, and Spoiled Tempe from Germinated Soybeans as Functional Hypoglycemic Food
Dr. dr. Rahyussalim, SpOT(K)	University of Indonesia	Effectivity and Safety of Mesenchymal Stem Cell Therapy on Patients with Intervertebral Disc Degeneration

The KJSA is an elementary school scientific work competition for children in Indonesia. This program has been held since 2011 and has involved more than 6,000 students. In 2019, KJSA received 424 scientific works, and selected 10 as the best. KJSA


encourages children to think critically and find solutions through scientific work. It is expected that the Indonesian young generation will be able to become leading researchers in the future.







7 AFFORDABLE AND CLEAN ENERGY



Decorative elements: a grid of white dots, a dashed white circle, and a solid white circle.

Ecosystem and Environmental Preservation

In 2019 the Cikarang Kalbe Plant received its second Green PROPER award from the Ministry for the Environment.



Through the OHS & Environmental Management System (OHSEMS) Kalbe has established a strict basis for compliance with environmental regulations and efficient energy use. Under the Corporate Health, Safety, Security and Environment (CHSSE) Unit responsibility, Kalbe runs the OHSEMS and obtained ISO 14001: 2015 certification, the international standard for environmental management. Kalbe's commitment to environmental preservation can be seen in the activities and costs allocated to Rp7.2 billion across several business entities.

Environmental Costs in 2019 (Million Rupiah)

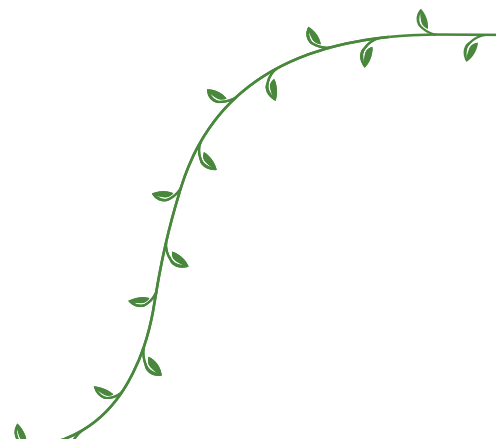
Activity	Pharmacy	Nutritionals		Consumer Health	Total
	Kalbe Farma Cikarang	Kalbe Morinaga Indonesia	Sanghiang Perkasa	Bintang Toedjoe*	
Direct Emission Control	169.88	45.65	5.60	173.62	394.75
Waste Management	893.61	546.45	31.33	1,649.03	3,120.42
Effluent Control (waste water)	450.96	1,674.97	-	672.17	2,798.10
Environmental Greening	603.48	48.98	95.73	149.60	897.79
Total	2,117.93	2,316.05	132.66	2,644.41	7,211.06

Note: Data includes Bintang Toedjoe Pulomas and Pulogadung Mills

As the pharmaceutical and trading industries have certain characteristics, Kalbe plays a significant role in reducing its environmental footprint through energy, emissions and waste management. Although Kalbe operates in industrial areas, and is not adjacent to any protected areas, Kalbe still participates in tree planting activities.

In 2019 the Cikarang Kalbe Plant received its second Green PROPER award from the Ministry of Environment and Forestry. Green PROPER shows that there were no violations of environmental laws and regulations. On the contrary, Kalbe's environmental performance has been beyond the regulatory requirements. [307-1]

As a result of the different conditions and types of activities along the Company's supply chain throughout the Indonesian Archipelago, Kalbe is not able to report the reduction of energy and emissions usage, as well as overall waste in all its business processes. Therefore, the scope of environmental performance calculation within the Company is still limited to production activities at the Cikarang Kalbe Factory, Dankos Farma, Kalbe Morinaga Indonesia (KMI), Sanghiang Perkasa (SHP), and at the Bintang Toedjoe Pulomas and Pulogadung Factories.



Energy Consumption in Production Activities

In its production activities, Kalbe uses several energy sources, including diesel fuel, compressed natural gas, and self-managed solar panel power (direct energy), as well as electrical energy obtained from third parties (indirect energy). For its production activities, electricity from PLN is the main energy source for operating machine tools, utilities, and air conditioning units. To operate boilers, we use energy from diesel fuel and compressed natural gas.

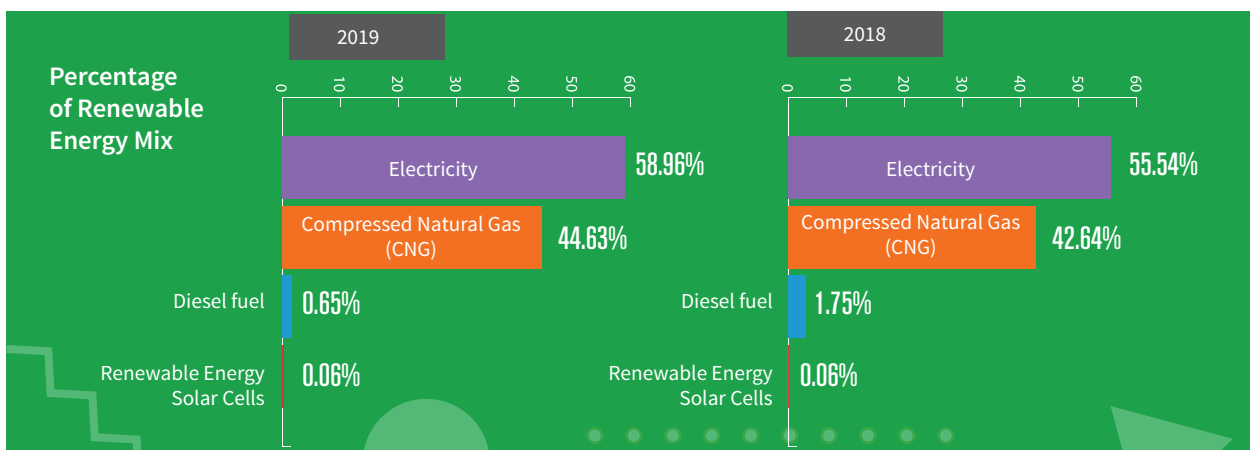
Energy Sources for Production Activities

Energy Source	Energy Type	Production Activity
Direct Energy (Scope 1)		
Diesel Fuel	Non-renewable	Boiler Operations
Compressed Natural Gas (CNG)	Non-renewable	
Solar Panels	Renewable	Lighting and blowers in the Waste Water Treatment Plant unit in the factories
Indirect Energy (Scope 2)		
Electricity from PLN	Non-renewable	Operation of machine tools, utilities, and air conditioning support units

Energy Used for Production Activities (Tons of Oil Equivalent) [302-1]

Energy Source	2019	2018	2017
Non-Renewable Energy			
Scope 1: Compressed Natural Gas (CNG)	5,982.09	5,179.41	5,215.58
Scope 1: Diesel Fuel	87.25	194.92	501.62
Scope 2: Electricity from PLN	7,902.14	8,022.54	7,801.85
Renewable Energy			
Solar Cells	8.25	6.66	1.96
Total	13,979.73	13,403.52	13,521.01

Note: Energy sources are calculated and managed directly by Kalbe with a conversion value that refers to Government Regulation No. 70 of 2009 regarding Energy Conservation. Performance, and includes Kalbe Farma Cikarang, KMI Cikampek, SHP Cikampek, B7 Pulomas, B7 Pulogadung, Dankos Farma.



Energy Efficiency Management Strategies ^[103-1] ^[103-2] ^[103-3]

For its energy conservation and efficiency practices, Kalbe has an internal Energy Management System Implementation Guideline Document that refers to various energy management standards, one being ISO 50001: 2011. This guide is used to improve energy consumption to make it more efficient and environmentally friendly.

Energy Task Force teams have been formed in each of the Kalbe Group entities. Each team is under the umbrella of the Kalbe Energy Committee that was initiated and driven by Corporate Health, Safety, Security, Environment (CHSSE). One of the goals of the Kalbe Energy Committee is to generalize perceptions in terms of energy efficiency and sharing, or exchange methods, and experience in their application.



Kalbe Cikarang Factory

For all production areas in the Cikarang Kalbe Factory, the Heating Ventilation and Air Conditioning automation control system is integrated with the production machine control unit. Through this modification savings of 93,154 kwh/month have been obtained.

Sanghiang Perkasa Factory

The Sanghiang Perkasa factory takes an administrative approach to energy savings in the office areas by turning off fresh air when there is no activity and setting the lowest air conditioning temperature at 23oC. This activity is estimated to save 8,700 kwh / month.

Kalbe Morinaga Indonesia Factory

Kalbe Morinaga Indonesia's factory has replaced two compressor units with new compressor engines of a higher capacity, using high frequency motors equipped with Variable Speed Drives (VSD). This means the compressor engine performance can be adjusted to the level of pressurized air needed, with an estimated average monthly saving of 17,640 kwh.

Dankos Farma Factory

One of the efforts in savings at Dankos Farma involved replacing the highbay lighting in the warehouse with LED lights, this replacement can save electricity by up to 1,720 kwh/month.



Increased Renewable Energy Mix

Efforts to increase the Renewable Energy Mix continue by optimizing solar power through the installation of solar panels, both for perimeter street lighting, as well as those directly connected to the electricity grid or are on-grid.

The Kalbe Group operating unit programs included:

- Solar Canopy in Kalbe Cikarang to produce 24,000 kwh/month.
- Solar powered PJU lights on the Dankos Factory roof to produce 288 kwh/month.
- All new factories in the Deltamas, Cikarang and Pulogadung industrial estates have increased their renewable energy by using solar panels in their infrastructure.

GHG Emission Control

A high dependence on fuel will negatively impact the amount of Greenhouse Gas (GHG) emissions resulting from the Company's business activities.

To participate in controlling emissions, Kalbe fulfills its responsibility by reporting the emission reductions performance, controls and management from different sources. Reports on Environmental Management Efforts and Environmental Monitoring Efforts (UKL-UPL) are submitted to the Environment Office every six months.

Stakeholder Response and Approach

Emission Sources	Calculation System
Diesel Fuel and CNG	The emission load calculation system for production activities refers to the Technical Guidelines for Calculating Baseline Emissions for the Energy-Based Greenhouse Gas Sector.
PLN Power Plant	Emission load calculation system by PLN.

The scope for the calculation includes production activities at the Cikarang Kalbe, Kalbe Farma, Kalbe Morinaga Indonesia (KMI), Dankos Farma, SHP, and in the Bintang Toedjoe Pulomas and Pulogadung Factories.

GHG Emissions by Source ^[305-1] ^[305-2] ^[305-4]

Emission Source	Unit	2019	2018	2017
Emissions from Production activities				
Scope 1: Compressed Natural Gas (CNG)	Ton CO ₂ eq	14,333.39	12,271.94	12,209.42
Scope 1: Diesel Fuel	Ton CO ₂ eq	295.87	644.96	1,670.42
Total Direct Emissions Scope 1	Ton CO₂eq	14,629.26	12,916.90	13,879.84
Emissions from Supporting activities				
Electricity from PLN	Ton CO ₂ eq	67,688.02	64,748.60	65,782.43
Scope 2: PLN Electricity for Production	Ton CO ₂ eq	67,688.02	64,748.60	65,782.43
Total Indirect Emissions Scope 2	Ton CO₂eq	67,688.02	64,748.60	65,782.43
Total Emissions	Ton CO₂eq	82,317.28	77,665.50	79,662.27

Conventional Emission Control

Although conventional emissions do not include gases that produce greenhouse gases (GHG), the presence of Nitrate Dioxide (NO₂) and Sulfur Dioxide (SO₂), as well as other particulates, can disrupt the environmental quality and human health. To control these emissions, Kalbe, through Kalbe Morinaga Indonesia, has increased its boiler performance effectiveness by adjusting the oxygen levels used in combustion boiler emissions. This has reduced SO₂ emissions from 96.71 mg / m³ to 91.71 mg / m³.

Kalbe also includes vehicles in emission tests conducted by the local Transportation Agency. To date, all operations vehicles units have passed the emission tests, meaning the exhaust emission levels are below the required threshold. For office domestic activities, we have a policy of using air conditioners with environmentally friendly refrigerant with a minimum level of Ozone Depletion Potential (ODP).

“ Kalbe Morinaga Indonesia has increased its boiler performance effectiveness by adjusting the oxygen levels used for combustion and reduced SO emissions from 96.71 mg/m to 91.71 mg/m.³”

Biodiversity Protection

This is based on a potential environmental impact mapping study in the Environmental Permit Document. All Kalbe facilities do not operate in areas of high biodiversity value. Nevertheless, Kalbe continues to seriously support biodiversity protection through reforestation activities in all operating units.

Kalbe has planted trees in vegetation areas set aside by each operating unit, and in areas recommended by the local governments. Using the Shannon-Wiener index calculation, the Cikarang Kalbe Factory recorded a biodiversity index value of 3.44. In addition, several production operations business entities run urban hydroponic farming programs. These activities not only add to the green areas, but also deliver a positive activity for employees.

Waste Management ^[306-2]

Waste management is carried out based on its physical properties, solid or liquid, as well as the material type, either hazardous and toxic (B3)

or non-hazardous and toxic (Non-B3). Corporate Health, Safety, Security, and Environment (CHSSE) is responsible for monitoring waste management either internally or by handing it over to third parties.

Liquid waste is managed through Waste Water Management Installations (WWTP). Runoff (effluent) is monitored regularly to fulfil Government established quality standards before being channeled into water bodies. Kalbe has implemented several wastewater reduction initiatives, one being the modification of drainage water for cleaning the milk production machine at the Kalbe Morinaga Indonesia Factory, which separated the chemical mixture and reduced the WWTP processing load by 14 tons / month.

Kalbe conducts quality control of wastewater, internally and externally by involving environmental laboratories that have been accredited by the National Accreditation Committee (NAC) and registered at the Ministry of Environment and Forestry (MoEF). The



wastewater quality control results are routinely reported to the City or District Environmental Agency with a copy to the Provincial Environmental Management Agency (PEMA) and the MoEF.

Non-hazardous and toxic solid waste is managed using the 3R principle; reduce, reuse, and

recycle. Hazardous and toxic waste treatment is left to the third parties authorized by the MoEF in accordance with applicable regulations. The business units that participate in the PROPER Program use an electronic hazardous and toxic waste reporting system that makes the traceability process easier and more accurate.

Waste Management [306-2]

During 2019, the waste management activities included:

The Kalbe Cikarang Factory optimized its Near Infra Red tool to check the conformity of raw material specifications using direct scans. This method replaces the conventional methods that require samples to be taken and tested in a laboratory, and no waste samples are left behind. In total, the Near Infra Red inspection method is able to reduce the generation of hazardous and toxic waste by 10 tons/year.

The Dankos Farma Pulogadung Factory has reduced hazardous and toxic waste generated from lubricants by developing a filter method, allowing the remaining lubricants to be reused.

All manufacturing units and headquarters have continually composting programs.



Hazardous and Toxic Waste Volume (Ton)

Hazardous and Toxic Waste (tons)	Total 2019	Total 2018	Total 2017
Hazardous and Toxic Waste Generated	824.06	852.61	882.03
Used Internally	-	-	-
Handed Over to 3rd Party	824.06	852.61	881.20

Note: Waste data includes Kalbe Farma (Cikarang Site), Sanghiang Perkasa, Kalbe Morinaga Indonesia, Bintang Toedjoe Pulomas & Pulogadung, and Dankos Farma.

Non-Hazardous and Toxic Waste Volume (Tons)

Non-Hazardous and Toxic Waste (tons)	Total 2019	Total 2018	Total 2017
Non-Hazardous and Toxic Waste Generated	824.06	852.61	882.03
Used Internally	-	-	-
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Note: Waste data includes Kalbe Farma (Cikarang Site), Sanghiang Perkasa, Kalbe Morinaga Indonesia, Bintang Toedjoe Pulomas & Pulogadung, and Dankos Farma.

PLASTIC WASTE REDUCTION

To reduce contaminated waste incidences from the weighing raw materials process, the Cikarang Kalbe Factory has replaced disposable plastic containers with stainless steel containers. This initiative reduces plastic waste by 37.4 Tons/Year.









3 GOOD HEALTH AND WELL-BEING



Hygiene and Health Education

Kalbe promotes behavioral change towards a healthy and prosperous lifestyle through education programs and health interventions.



Social Action and Participation to Support Healthy Living

Based on the 2018 Basic Health Research (Riskesdas) conducted by the Indonesian Ministry of Health, only 20% or ± 50 million people of Indonesia show any concern for environmental hygiene and health. The low awareness of healthy lifestyles is the result of inadequate access to sanitation, as well as a behavior and culture from a lack of education.

Kalbe develops continuous health product innovations and educational activities to support the Indonesian people's health. Consistently, Kalbe carries out health education activities in healthy lifestyles, nutrition, and disease awareness through the Kalbe Ethical Customer Care (KECC) unit. Kalbe with its subsidiaries and several external parties also runs several educational and other health assistance programs every year.

HEALTHY LIVING FOR PEOPLE



HEALTH EDUCATION



HEALTH ASSISTANCE



KALBE ETHICAL CUSTOMER CARE

- Education on the dangers and prevention of diabetes, one way by self-testing.
- Health education on understanding the importance of maintaining kidney health and blood pressure checking facilities, as well as blood sugar in several regions of Indonesia.
- Commemoration of World Breast Cancer Day, World Osteoporosis Day, World Kidney Day, World Hepatitis Day and National Elderly Day.
- Education on stunting prevention for pregnant women in the first 1,000 days of life.
- Clean caring activities at the Wonderful Indonesia tourist destination of Mount Bromo, Malang.
- Providing clean and decent drinking in Lebak, Banten.
- Kalbe provided Hydro coco, Entrostop, Kalpanax, Fatigon, Mixagrip, ABC Sakatonic, Woods Lozenges, Xonce Vit C 500mg products to help the communities in natural disaster areas in Sulawesi, Pontianak, Palembang and Palangkaraya.
- Mass circumcisions and free health education for underprivileged children.
- A 90-day health challenge for journalists that lasted until the end of January 2020.



Health Education for Medical and Health Workers



HEALTHY LIVING FOR PEOPLE

- The Indonesian Doctors' Cipta Karya Awards (AKCDI) held every year in collaboration with the Indonesian Doctors Association (IDI) to reward doctors in Indonesia who publish scientific papers in the health sector. In 2019, 55 doctors participated in 75 studies.
- The medical and pharmaceutical magazine Mirror of the World of Medicine (CDK) is a media publication of the scientific work of doctors and pharmacists. CDK works closely with the Indonesian Medical Association (PB IDI) Executive Board and the Indonesian Pharmacist Association Center (PP IAI) to help doctors and pharmacists get the chance to gain additional certificates and Participation Credit Unit (SKP) points in accordance with applicable regulations.



EDUCATION FOR DOCTORS AND PHARMACISTS

- The CDK magazines are distributed at Medical and Pharmacy Symposium organized by IDI and IAI. In 2019, CDK was distributed to 64 symposium events attended by 13,975 participants.
- Kalbe Wound Care Education Program (KWCEP) training for doctors and nurses in hospitals to introduce modern wound care concepts.
- Chemotherapy administration training for medical staff to enable them to handle the most up-to-date, safe chemotherapy, and how to avoid the risk of exposure during chemotherapy. Since 2017, chemotherapy handling education has been conducted in more than 100 hospitals in Indonesia.

Overseas health education programs included:



- World Diabetes Day, Kalbe through Diabetasol provided education and uniforms to 200 patients at Hope Center Hospital, Cambodia. In Malaysia, Kalbe also held a cooking demo event using Diabetasol products, and a health talk & Zumba session at the Health Fair, held by an independent and prominent pharmacy. Kalbe also displays Sales Promotions (SPG) at Diabetes Run events and hospital programs.
- Public Talk and Seminar at Colombo City Center Mall, Sri Lanka, hosted by the chair of the Sri Lankan nutritionists association.
- Sun Life Event at the Dusit Hotel and the 'Sagot Ka Ni Doc' Event at Vista Mall, Philippines.

Nutrition for Pregnant Mothers and Children

Lack of nutritional intake during pregnancy can trigger interference in the developing fetus. Therefore, every pregnant woman is advised to monitor the nutritional content of the food they consume.

Kalbe has several products that can help maintain the stamina of pregnant women and the quality of their breast milk during breastfeeding, such as Lovamil milk and Prenagen. Kalbe also provides nutritious baby food products, such as Milna baby porridge. The availability of Lovamil and Milna products is one of Kalbe's efforts to reduce the malnutrition level in children under five who are prone to stunting.

Stunting is the failure to grow in children due to malnutrition and is generally caused by limited parents' knowledge of the nutritional intake of infants from the fetus stage until the age of 24 months or the first 1,000 days. Based on the Indonesian Toddler Nutrition Status Survey (SSGBI) results in 2019, the prevalence rate of stunting in children under five years old is still relatively high, at 27.67%. Kalbe is concerned about this issue, and is carrying out a number of nutritional supplementation and education programs aimed at pregnant women, during fetal growth and development, and for pre-school children in Kupang, East Nusa Tenggara. This program has been running since 2017 and will continue until 2020.



Nutrition Improvement Program for Infants, School Children, and Pregnant Women

Long-term and Sustainable Strategy

Research education and PAUD school infrastructure improvements in Kupang, East Nusa Tenggara Province (NTT). Through the Morinaga brand, Kalbe involved the NTT Regional Government, the Health Service, the Kupang Education and Culture Office, the Indonesian Pediatrician Association (IDAI) East Java and NTT branches, as well as the Faculty of Health from Universitas Airlangga and Universitas Nusa Cendana.

Program

- Nutrition Care Action Program, to provide Milna MPASI supplements for babies aged 6 months and above.
- Ready to Educate the Nation Program, to fulfill the nutritional requirements of pre-school children through Morinaga Chil Go nutritional supplements and to provide nutrition education to parents and teachers through the parenting conference 'Prepare Your Child's Multitalented Intelligence Early On'. The program also provided assistance to improve the PAUD/kindergarten schools' learning and play infrastructure.
- Lovamil Shares Love Program, to provide nutritional supplements for pregnant women as well as to monitor fetal health and growth.
- Continuing Medical Education Program, to provide medical personnel assistance.
- The KlikDokter and Brand Milna partnership program for 2,300 doctors from the Indonesian Doctors Association, including Duta Stunting, Dr. Reisa Broto provided free health services to users of the KlikDokter application.

Research Findings Evaluation

- Providing education and nutritional supplements had a positive impact on the nutritional status of pregnant women, based on blood parameters such as increased hemoglobin, preventing anemia, new-born babies birth age and birth weight.
- Providing MPASI education in a timely, adequate, safe and hygienic manner, as well as the proper way to feed, was still very much needed.
- Providing nutrition education and stimulation from an early age for parents, and routine nutritional liquid milk supplements for 6 months, 2x a day, had a good impact on hemoglobin parameters, which in turn had an impact on emotional intelligence and positive behavior in pre-school children aged 3- 6 years old.



Also, in 2019, Kalbe collaborated with the Republic of Indonesia Ministry of Rural Development and Transmigration (Kemendesa PDTT) to carry out counseling with the theme 'The First 1,000 Days of Life' in the Bengkulu province. This education was delivered to mothers and families, with material on early breastfeeding (IMD), exclusive breastfeeding for six months, and complementary foods for breastfeeding (MP-ASI). This material was chosen following recommendations from the World Health Organization (WHO) and government regulations.

Education on the Dangers of Diabetes

The nutritional problems in the nation's children at an early age also influence the health conditions in adolescents and adults. Indonesia's population, aged 15 years and above, is vulnerable to chronic diseases such as diabetes and obesity. Diabetes is ranked 3rd after stroke and heart disease as the leading cause of death in the world. Based on data from the International Diabetes Federation in 2017, Indonesia was ranked 6th with the highest number of diabetics in the world.

Kalbe Prescription Pharmaceuticals division and the Kalbe Ethical Customer Care (KECC) unit held several health education discussion and education programs in various regions of Indonesia. The education was carried out by presenting speakers and health experts, also was accompanied by free health check ups for the participants.

Healthy Challenge for Journalists

The intense professional and airtime demands can result in those working as journalists and reporters potentially ignoring their health and being susceptible to disease. In November 2019, Kalbe carried out a 'Healthy Challenge for Journalists' program for 90 days. The program was attended by 41 participants from Indonesian national media.

Kalbe provided six KALcare outlets and two corners to support this healthy challenge program. Participants in the healthy challenge received consultations and health checks, took healthy exercise classes and took part in regular health education at KALcare. Following this program, Indonesian journalists are expected to be able to manage healthier lifestyles with good activities.



Environmental Care Action

Access to proper sanitation plays a big part in building a healthy nation. Providing access to proper sanitation, together with education on clean and healthy behavior, will create a sense of community need for good sanitation. Kalbe understands this and works with various parties to improve water supplies, sanitation and hygiene in disadvantaged areas with significant gaps in their facilities.

Concern for environmental cleanliness is also delivered through employees' participation in the Hydro Coco Kalbe Beverages business line product in the 'Clean Care Action'. This activity, in collaboration with the Ministry of Tourism Wonderful Indonesia program, helps maintain cleanliness and promotes a healthy living culture. In 2019, during "Clean Care Action" rubbish was collected on Mount Bromo, East Java, one of the 10 priority tourism destinations. In addition, Hydro Coco has been co-branding with the 'Wonderful Indonesia' program in creating thematic packaging, featuring several tourism locations, to introduce Indonesia's natural wealth.



Social Care Action

Apart from caring for a clean and healthy environment, Kalbe also participates in helping victims of natural disasters through social assistance and health programs.

Health Assistance for Victims of Natural Disasters

Flood Disaster Assistance in Wajo, South Sulawesi and North Konawe, Southeast Sulawesi.

Kalbe Consumer Health Division carried out clean-up actions in public facilities including schools and the surrounding environment, as well as provided free medical assistance and health education.

Assistance for Haze Victims due to Forest Fires in Pontianak, Palangkaraya and Palembang.

Kalbe Consumer Health Division provided assistance in medicines, masks, multivitamins and lozenges. Health education was also given for respiratory topic health. At the same time, free medical examinations were carried out with the Health and Family Welfare Empowerment Office (PKK) at the nearest puskesmas.



Kalbe Cares

Kalbe also engages with the communities around the operational areas to build a healthy community environment. The Company provides positive benefits and impacts for the communities' well-being through the 'Kalbe Cares' CSR program.

All 'Kalbe Cares' activities are conducted with the communities, working partners and local governments' involvement. In 2019, Kalbe's CSR costs was Rp94 billion. Close and mutually supportive collaborations have been built with stakeholders over a long time and have helped bring about mutual growth in the Kalbe business ecosystem.

Rebuilding of MTs Alkhairaat school, Salua Village, Kulawi District, Sigi Regency, Central Sulawesi

Salua Village was one of the villages affected by flash floods and liquefaction in Central Sulawesi in 2018. The Madrasah Tsanawiyah (MTs) Alkhairaat was one of the schools affected by these flash floods. As a result, the newly built school building could no longer be used and dozens of students did not have a place to study.

In 2019, Kalbe provided post-disaster recovery assistance by rebuilding the MTs Alkhairaat school building in a new, safer location. MTs Alkhairaat students now have new classrooms and have returned to school to pursue their dreams.







10 REDUCED
INEQUALITIES

Access to Healthcare

Through Kalbe Customer Care, we provide a channel for receiving customers' grievances. In 2019, 270,000 grievances were received, 97% related to information requests, and 3% related to service that we responded to and resolved immediately.

Excellent Health Services

With a marketing network in 30 countries, Kalbe provides excellent services to match the needs and characteristics of customers in each of Kalbe's operational areas. As consumers move towards digital transactions, Kalbe has made digital technology investment and development a priority. This policy not only ensures better service access in the industrial era 4.0, but also delivers an accurate and smart supply chain management.

Digital health services are managed by Kalbe e-health, a subsidiary of PT Karsa Lintas Buwana. Kalbe e-health services is managed by doctors and health experts who answer customers' needs for trusted health services.




Kalbe provides health services through the **MITRASANA CLINIC**. The Mitrasana Clinic provides one-stop service including general practice doctors, laboratories, pharmacies, and healthmart. Of the 11 Mitrasana Clinics operating in 2019, seven have been integrated with BPJS services.




Solusi Kesehatan dalam Satu Aplikasi

Dapatkan informasi seputar dunia kesehatan dan konsultasi kesehatan langsung dengan dokter terpercaya.

KLIKDOKTER (KLIKDOKTER.COM)

Application and website / web portal providing communication, information and health education services run by a medical editorial team, consisting of competent doctors. From its start, KlikDokter has had a 24-hour live chat feature, e-consultation service, and publishes health articles. In 2019, KlikDokter was significantly improved based on four main pillars; publication, teleconsultation, e-prescription & medicine delivery (for limited free drugs), and medical reservations (online booking clinics). These improvements were made in collaboration with 5,000 doctors, 584 clinics, and more than 300 pharmacies. This development supports KlikDokter to serve an additional 36 million visitors with the application being downloaded more than 500,000 times.



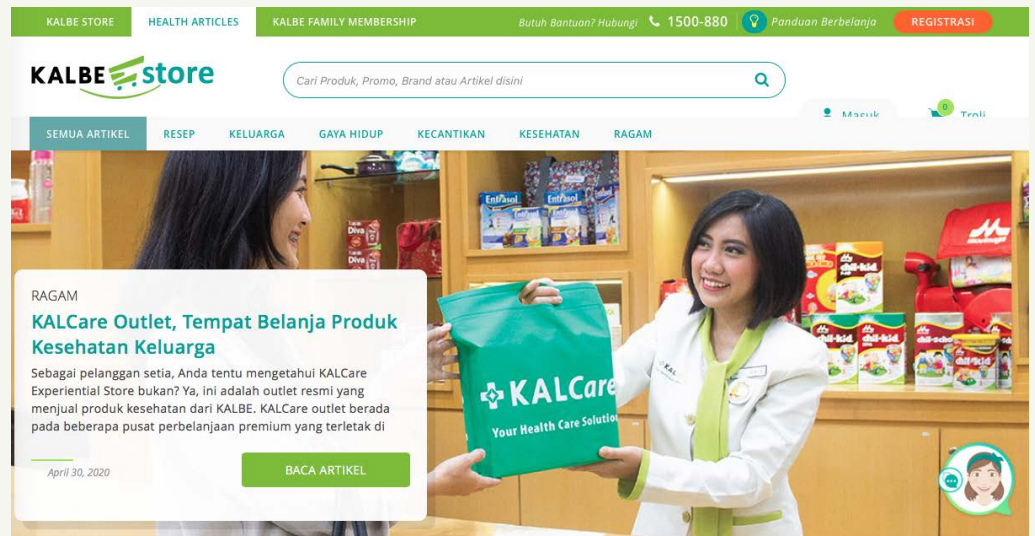
KALBE store



KALBE E-STORE (WWW.KALBESTORE.COM)

Online shopping site for medicinal, health and nutritional products in Indonesia. The Kalbe e-store service is supported by Kalbe Home Delivery service. Total traffic in 2019 was more than 4.6 million deliveries.

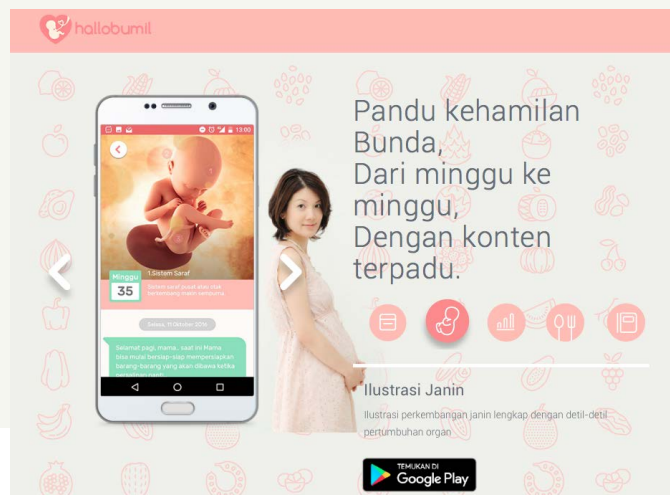
KALCARE (WWW.KALBESTORE.COM/KALCARE)



KALCARE provides access to digital health services and outlets. KALCARE provides information, education, consultation, up to blood check services, free health checks, sports facilities, competitions and seminars. By 2019, KALCARE had six outlets and has registered more than two million Kalbe Family members.

HALLOBUMIL

Application providing information and communication services to prepare pregnant women for the postpartum period. Hallobumil provides pregnancy control schedule features, nutritional information, fetal growth illustrations, and photo albums. By 2019, the Hallobumil application had been downloaded more than 500,000 times.



Kalbe Customer Care

An inferior quality of products and services can affect the public perception and lead to complaints, and this is a challenge for the Company. When delivering healthy medicines and nutritional products, public perception is the basis for gaining customer trust. Therefore, Kalbe is responsible for providing an optimal customer communication and engagement service.

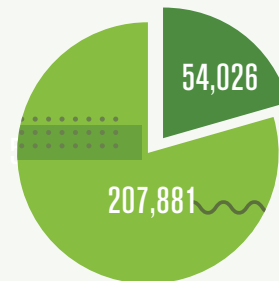
Through Kalbe Customer Care, we provide an easily accessible communication and grievance link. In 2019, 270,000 grievances were received, 97% related to information requests, and 3% related to services that we responded to and resolved within the period specified in the service level agreement.



Bebas Pulsa
customer@kalbenutritionals.com
[@KALBECare](https://twitter.com/KALBECare)



Number of Information Requests Completed



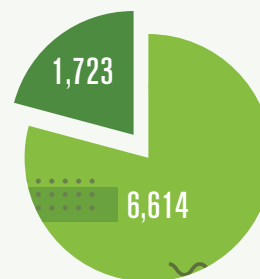
2019: 261,907



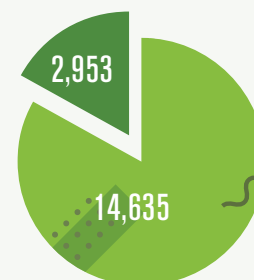
2018: 410,175

● Toll Free Channel ● Social Media

Number of Complaints / Grievances Resolved



2019: 8,337



2018: 17,588

● Toll Free Channel ● Social Media



Kalbe Customer Care also confirms that any complaints related to alleged misuse of customer information have not been sourced from us. The application of good governance in its toll-free services and information technology ensures the confidentiality and protection of customer and business partner information. Through Kalbe Customer Care, customer complaints can also be submitted face-to-face at the nearest KALCare outlet or through other multi-contact channels.

KALBE CUSTOMER CARE

- Free hotline number: 0800-140-2000
- Website Kalbe: www.kalbe.co.id
- Whatsapp : 0821-1417-8404
- Line : @KALBECare
- Twitter : @KALBECare
- Email: customer@kalbenutritionals.com

SPECIAL COMPLAINT CHANNEL FOR DOCTORS:

- Call center: 0822-9900-0145

SPECIAL COMPLAINT CHANNEL FOR NUTRIGENME & WELLNESS PROGRAMS:

- Whatsapp: 0818-0690-8040
- Call Center: 0852-8111-2343

Customer Satisfaction Survey

With globalization and competition in a high trade industry, customer satisfaction is largely determined by the quality of services and products. To measure service quality, Kalbe conducts customer satisfaction index surveys. These are conducted to determine a benchmark for the effectiveness of service delivery and as feedback for future Kalbe improvements.

Every year, a satisfaction index survey, based on service quality standards, is conducted by each Business Division and looks at ease of access, customer service responsiveness, accuracy of information / solutions, friendliness and courtesy. Kalbe continually motivates all of its Business Divisions, including frontliners, to provide easy access to services, diverse products, and the best service quality for all customers. Service improvements are made through the Kalbe Experiential Marketing Forum program, Kalbe Academia, Enhanced Recovery After Surgery (ERAS) Workshops, and Synergy Forums with BPOM and Academics.



4.76

**Product Satisfaction Survey 2019
e-health Service Quality 2019 (Scale 5)**

Customer Health and Safety

[103-1] [103-2] [103-3]

Kalbe upholds its commitment to food safety standards and compliance with regulations through its comprehensive and integrated quality management system, and its stringent quality control program. Customer health and safety guarantees are the responsibility of all business entities. Kalbe continuously evaluates the product quality improvement program results, from the pre-market to post-market stages, as well as improves the effectiveness of communication with customers.

Product Safety

All (100%) of Kalbe products go through an evaluation process of the quality and health impact during the pre-marketing, product launch to post-marketing stages. Specifically for the Prescription Pharmaceuticals Division drug use safety is prioritized, and product evaluations are carried to the highest standards by pharmacovigilance (PV) and Marketing Vigilance (MV) and certified by the POM Agency. [416-1]

Kalbe protects the health of its consumers from Kalbe products that have passed their expiration date or are not suitable for consumption. If not destroyed immediately, expired products can pose a risk of being misused by unauthorized parties. Therefore, the Company has set standards and procedures for handling expired products by coordinating with designated and licensed vendors.

Kalbe has a halal guarantee certification that has been continuously updated since 1993. Unfortunately in 2018 BPOM reported that there were several over-the-counter drugs found to contain non-halal active ingredients. This became a concern for Kalbe and other producers in the pharmaceutical industry.

Although there were no Kalbe products found that violated the regulations, or were related to the case, we voluntarily and temporarily withdrew products



that were indicated as having the same active ingredients. This withdrawal was a precautionary step. In 2019, Kalbe launched Vitazym and Librozym products to show Kalbe's consistency in complying with regulations. [416-2]

Product Information

To help consumers choose the right food and beverage products, we include information on the Kalbe product labels. The information contained in the product packaging includes:

- Nutritional value
- Product ingredients composition
- Halal information
- BPOM Product registration number
- User guide
- Production code
- Product expiration date
- Consumer service telephone numbers
- Recycling information

Specifically for prescription drugs, Kalbe has a marketing team that provides comprehensive information on the health benefits and risks inherent in medicines to hospitals, pharmacies and drugstore outlets. In addition, consumers or in this case, patients can obtain drugs based on a doctor's prescription.









12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Total Sustainable Business Ecosystem

Kalbe applies the principle of responsible sourcing and has a continuous improvement program (CONIM) to ensure suppliers / vendors improve their quality, efficiency, and environmental compliance.

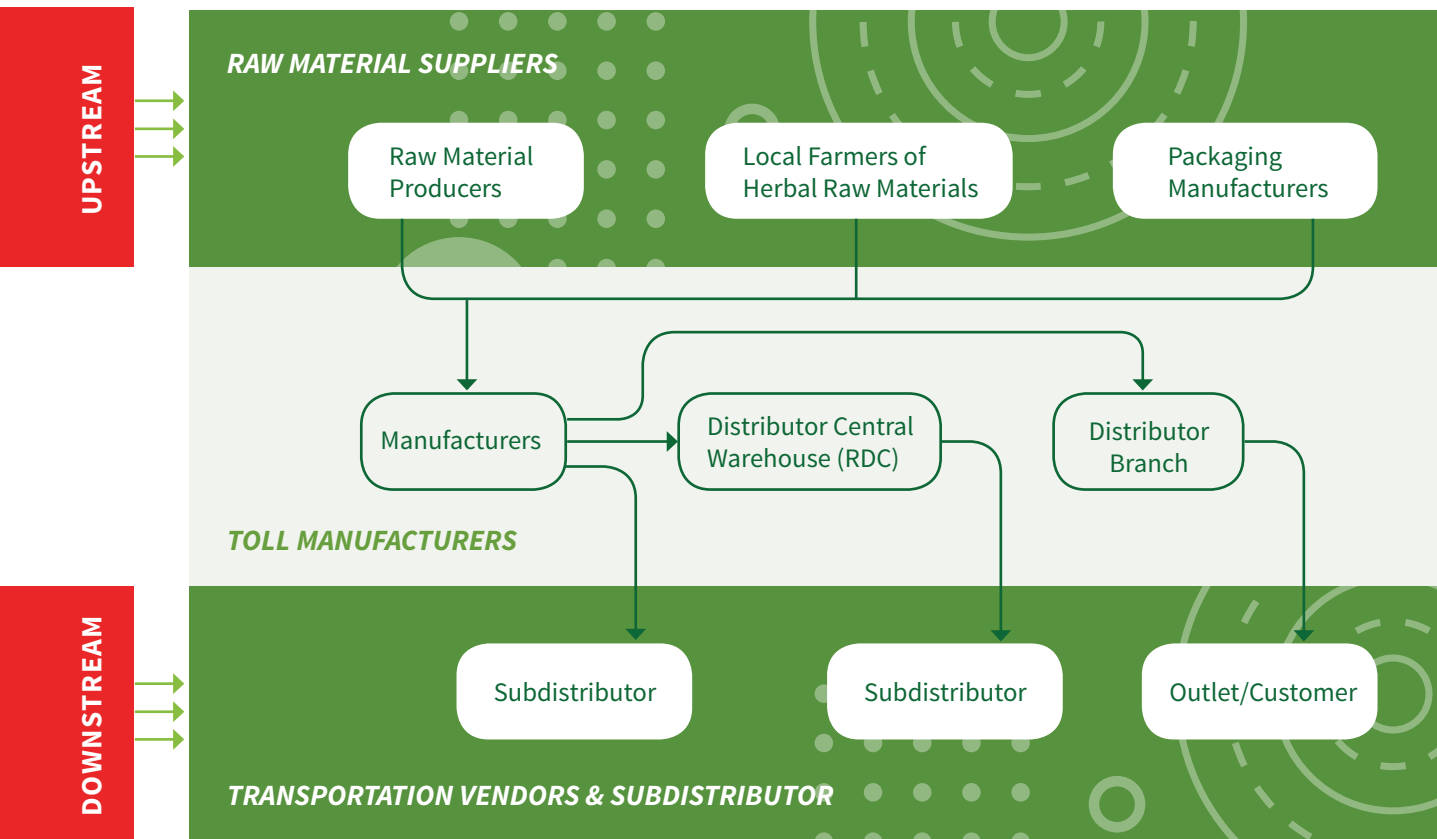


Partnerships in the Supply Chain

Kalbe runs integrated upstream and downstream activities in synergy with its subsidiaries and collaborates with other business partners. For Kalbe, suppliers/vendors as our partners play an important role in the supply chain to build a sustainable business ecosystem.

Upstream, Kalbe has formed partnerships with raw materials and packaging producers, using

national and multinational companies and local farmers who supply herbal raw materials. For the mid-stream, Kalbe applies a toll manufacturing scheme with other specialized manufacturing companies. While for downstream, distribution and logistics activities are managed by a distributor, PT Enseval Putera Megatrading Tbk, supported by transportation vendors and third-party sub-distributors.



To meet the quality specifications for more than 2,000 Kalbe products, we apply the responsible sourcing principle with a continuous improvement (CONIM) program to ensure the suppliers/vendors improve their quality, efficiency and environmental

compliance. Development of business partners is also carried out through vendor forums, vendor training, and vendor awards.



Procurement Practices [103-1] [103-2] [103-3]

Kalbe has established a reliable procurement system to ensure product availability in a timely manner and adheres to the principles of business ethics. Kalbe uses Supplier Relationship Management (SRM) to improve the vendors' capabilities, and to ensure product health safety based on standards set by the Quality Department, while ensuring timely delivery. The procurement practices performance results in 2019 were in accordance with the specifications.

Procurement Framework



Purpose

- Maintaining supply continuity.
- Managing the optimal price of raw materials and packaging.

Strategy

- Complying with the dual-sourcing policy to maintain supply sustainability.
- Negotiating with suppliers / vendors based on the number of services processed.

- Developing vendors to become sustainable partners.

Challenges

- Limitations on raw materials / packaging from a single source without any alternatives.
- Environmental issues and regulatory compliance that influence supply and demand.

Supplier / Vendor Development Program



• Kalbe Vendor Forum

A forum to improve communication and coordination based on input and changes.

• Kalbe Vendor Training

Training in 2019 involved 30 business partners with topics covering, how to prepare sustainability reports, CHSE policies, convention improvements, and innovations to improve supplier performance.

• Kalbe Vendor Award

Appreciation for suppliers / vendors with the best performance.

• Kalbe Sustainability Vendor Management

Sharing knowledge and benchmarking to increase vendor commitment to supply sustainability.



Kalbe Sustainability Vendor Management

In 2019, through the Prescription Pharmaceuticals, Consumer Health and Nutritionals Divisions, Kalbe held two sustainability management forums for suppliers. The events were attended by 30 vendors with the aim of maintaining sustainability, quality, and efficiency in the procurement of raw materials and services.



KALBE SUSTAINABILITY VENDOR MANAGEMENT



Purpose

- Improving vendor performance and ability to share benefits between Kalbe and vendors to:
 - Overcome food quality & safety challenges
 - Create a flexible inventory of goods
 - Reduce costs and or lead time
- Increasing trust between Kalbe and Vendors
- Increasing the permanence and scope of business relationships, including collaboration in innovation
- Developing strategic vendors



Strategy

- Sharing knowledge with experts in their fields
- Creating Benchmarks from selected vendors
- Aligning Kalbe Policies
- Developing vendors' commitment
- Conducting field visits (additional if necessary)



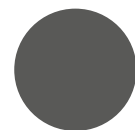
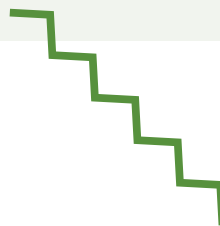
Benefits

KALBE:

- Minimizes supply & quality risks
- Reduces working capital, such as inventory
- Saves costs
- Guarantees supply
- Reduces lead time
- Delivers technical assistance and priorities in product / material / technology development

VENDOR:

- Minimizes the number of product returns
- Increases competitiveness in the industry
- Saves costs
- Creates a guaranteed goods order
- Increases productivity
- Creates new business opportunities



Economic Performance [103-1] [103-2] [103-3]

Delivering a strong economic performance is one of Kalbe's business pillars for building sustainable operations. The economic performance in this Report covers the performance of all Kalbe Entities. Kalbe's economic performance accounting and monitoring falls under the responsibility of the Director of Finance. Transactions are recorded based on the Statement of Financial Accounting Standards (PSAK), which are the accounting standards in Indonesia, and also refers to the International Financial Reporting Standard (IFRS). Financial performance reports are prepared quarterly and audited annually. Kalbe allocates human resources, product and service innovations, and financial support for the management of economic performance in 2019. To improve its economic performance, Kalbe focuses on initiatives for new business development, supply chain management, international business, digital business and leadership development.

Supplier Health, Safety, Security, Environment, and Social Assessment (SHSSESA)

To encourage improvements in vendor quality and performance (especially toll manufacturing) as a strategic part of the Kalbe business ecosystem, GSC, and CHSSE, collaborated and ran the Supplier Health, Safety, Security, Environment and Social Assessment (SHSSESA) program for four Kalbe Group vendors. SHSSESA is an upgrade to the Supplier Environment and Social Assessment (SESA) program that was implemented in 2018. The SHSSESA aims to identify the quality of vendor performance and ensure that all vendors in the Kalbe Group supply chain ecosystem comply with regulations relating to safety, health, security, environmental and social aspects. The SHSSESA evaluation results show that Kalbe Toll Manufacturing vendors fall into the 'adequate' and 'average' levels. [307-1]

Economic Value in the Supply Chain

The current supply chain produced mutual benefits. The higher the economic value Kalbe produces, the higher the economic value can be distributed to stakeholders. The shared economic value is realized through job creation, infrastructure development, and community empowerment. Strong economic resilience will become the backbone of the Company in maintaining sustainability performance and supporting the national economy.

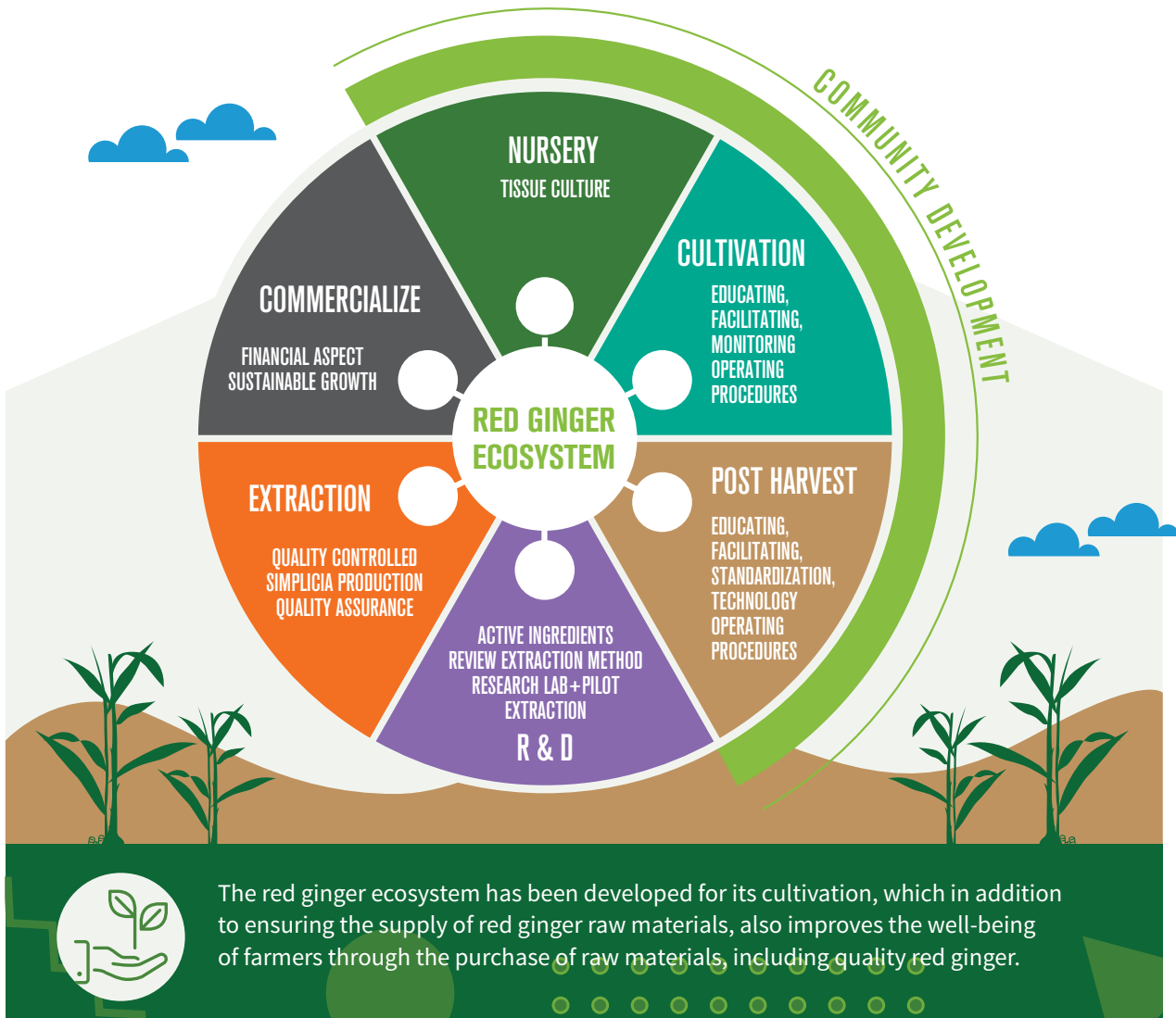
Economic Value Generated and Distributed (Rp billion) [201-1]

Description	2019	2018	2017
Economic Value Generated			
• Net Sales	22.633	21.074	20.182
Economic Value Distributed			
Cost of Goods Sold	(12.390)	(11.226)	(10.370)
Operating Expenses (exc salaries, wages, well-being)	(5.681)	(5.451)	(5.455)
Salary, wages, and employee well-being	(1.263)	(1.184)	(1.144)
Payments to Investors			
• Cash Dividends	(1.219)	(1.171)	(1.031)
• Interest and Financial Charges	(40)	(30)	(36)
Tax Payment to the Government	(865)	(809)	(788)
Community Development	(94)	(92)	(100)
Economic Value Distributed	(21.552)	(20.036)	(19.019)
Economic Value Retained	1.081	1.038	1.163

Note: Economic performance is disclosed in a consolidated manner in accordance with the audited consolidated financial statements.

Support for Local Red Ginger Farmers

Kalbe, through its subsidiary PT Bintang Toedjoe collaborates with the Republic of Indonesia National Narcotics Agency (BNN) to eradicate drugs. With this goal in mind, PT Bintang Toedjoe has empowered drug-prone areas to cultivate red ginger. This ginger is marketed under the Bejo Jahe Merah brand and is the first aromatherapy-based cold herbal medicine in Indonesia.



The red ginger ecosystem starts at the nursery stage, ensuring the availability of red ginger seed in collaboration with government institutions, such as the Agency for Assessment and Application of Technology (BPPT) and the Department of Agriculture. The next activity is the cultivation stage, where the Bintang Toedjoe team will supervise, train and mentor the planting process, including fertilizing, irrigation and harvest age techniques. The training will develop the farmers' knowledge and ability to produce consistent quality red ginger to standards set by the company.





The post harvest stage is an important part and is carried out in collaboration with the Ministry of Health and the Post Harvest Processing Center (P4TO) in various regions in Indonesia.

To develop red ginger products, PT Bintang Toedjoe conducted a standardized extract profile research process, in collaboration with various extractors. In 2018, this collaboration was initially carried out with one extractor, and has since been expanded to three extractors in 2019.

PT Bintang Toedjoe' commitment to improving the farmers well-being continues through the certainty

of buying their crops. After post-harvest processing, red ginger is processed into Bejo Masuk Angin and Herbal Komix products. As well as being used internally by the Kalbe Group (Promag Gazero), the red ginger extract is also sold to external parties whose a distribution process in cooperation with PT Global Chemindo Megatrading, a subsidiary of the Kalbe Group.



Extreme and erratic weather changes in 2019 affected the production of red ginger, due to delays in planting and harvesting. PT Bintang Toedjoe and the farmers worked together to develop an infrastructure that provided adequate irrigation systems. As a result, the quantity and quality of red ginger production was maintained.

In 2019, PT Bintang Toedjoe provided training and distributed 1,500 packages of ginger seedlings, fertilizers and organic pesticides to 30 locations in the Sidotop Village, Surabaya. The ongoing partnership also included technical assistance for the harvest, and corporate guarantees to purchase the red ginger as a main raw material.

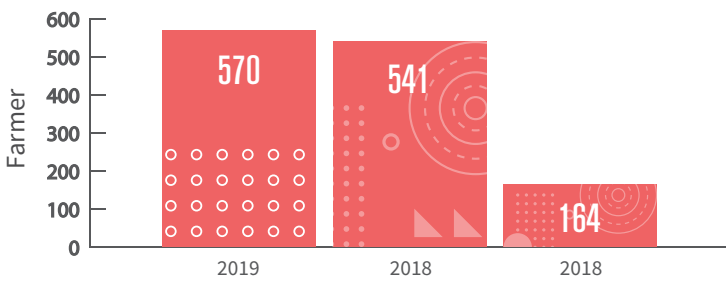
With the full involvement of 570 assisted red ginger farmers in the Red Ginger Ecosystem Program,

Kalbe will continue to work to increase red ginger production in Indonesia. Targeted development areas include Malang, Karawang, Magetan, Prabumulih, and Aceh Besar, where PT Bintang Toedjoe hopes to embrace farmers to become inspirational farmers.

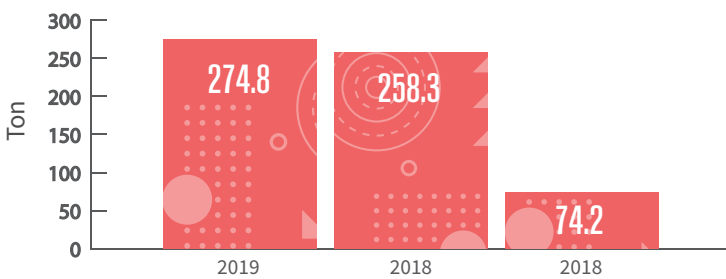


Red Ginger Ecosystem Performance

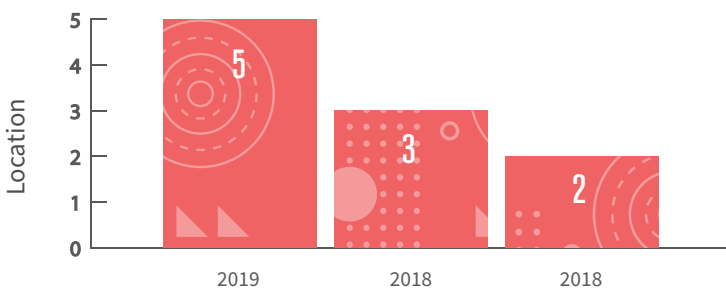
Accumulated Assisted Farmers



Red Ginger Production



Red Ginger Plasma Location



Note: The red ginger plasma location development takes place in Bengkulu, Pemalang, Banggai, Cianjur, and Magetan.



SUPPORT FOR LOCAL SUPPLIERS

In addition to assisting farmers to create shared value, we also give priority to national suppliers who have production or warehousing facilities in Indonesia. Kalbe has partnerships with 314 local suppliers.

Goods and Services Procurement Percentage [204-1]

Companies, Subsidiaries & Associated Companies	National (%)	Import (%)
PT Kalbe Farma	86%	14%
PT Dankos Farma	85%	15%
PT Hexpharm Jaya	67%	13%
PT Finusol Prima	55%	45%
PT Bintang Toedjoe	62%	38%
PT Sanghiang Perkasa	76%	24%



'ERAT' Pillar Development

Whilst applying the 'SEHAT' sustainability pillars, 2019 also saw the application of the employee value proposition pillars, called 'ERAT'. Both of these applications are important steps for all external and internal stakeholders to initiate Kalbe's transformation into a world-class Company, and to build a healthy Indonesia.

Starting with the 2017 employee engagement survey results, we identified that employee participation in the Company's programs formed an important part in increasing ownership in the Company. All Company activities involve employees, be it as blood donors, herb growers, and school teachers, and they all have a valuable role to play in building a Healthy Indonesia. We developed this understanding through the 'ERAT' Pillars in 2019. The 'ERAT' Pillars prioritizes all Kalbe individual characteristics into four pillars, namely 'Ethos', 'Body', Behavior' and 'Action'. These four pillars make up the word 'ERAT' and describes the commitment to a strong bond.

The development and implementation of the 'ERAT' Pillars is part of a long-term human resource (HR) strategy managed by the Human Resources Development Function, which also supports the achievement of sustainable development goals. Since its launch on September 17, 2019, 'ERAT' has been socialized in 37 subsidiaries. Measuring the level of employee involvement in the 'ERAT' Pillars will be carried out every year, starting in 2020.



The 'ERAT' Pillars and HR Development Program

E

ETHOS

Building nationalism, tolerance to diversity and preserving local wisdom

- Caring for a Clean Wonderful Indonesia
- The People's Party
- Love Healthy Culture with BNN
- Promag Fastingval

R

BODY

Building Kalbe Individuals with a healthy lifestyle to become health ambassadors for the communities

- Come on!
- Wellness Program (Virtual Run, Fat Loss)
- Kalbe Run
- National Futsal Tournament
- Panca Sradha Cup

A

BEHAVIOR

Building Kalbe Individuals who embrace Panca Sradha and contribute to society

- Kalbe Teaches
- Kalbe Cares
- Kalbe Sahabat Bumi
- Kalbe Scholarships
- Disaster Concern Action

T

ACTION

Building an innovation culture that is beneficial for society to create a better life

- KJSA & RKSA
- Kalbe Innovation Convention
- Cultivation of Indonesian herbal plants
- World Class Standard
- Manufacturing

Employment Management Compliance

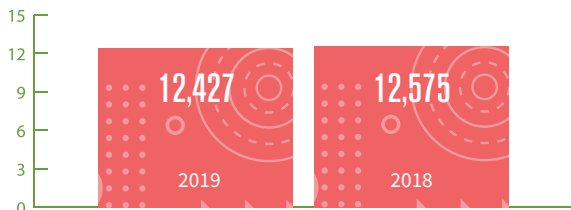
To ensure its employees' well-being, Kalbe complies with all prevailing employment regulations. A harmonious employment relationship and guaranteed employment benefits are reflected in the compliance with prevailing employment regulations and the maintained employee turnover rate at 3.6%. Kalbe recognizes gender equality in all HR areas from the recruitment process, to the assessment system, and work appreciation. At the end of 2019, the number of employees had decreased from 17,004 in 2018 to 16,628 due to

process improvements, automation, and internal regeneration.

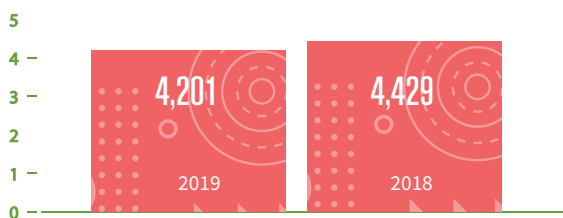
All employment management policies are regulated in a Collective Labor Agreement (CLA) and in the Business Ethics. In the CLA, Kalbe supports harmonious freedom of association, fulfillment of post-service programs, occupational safety and health, and ensures there are no forced laborers or workers under the age of 18. The applicable CLA protects the rights and obligations of all (100%) employees, both permanent and non-permanent workers. [102-41]

Employees Based on Employment Status [102-8]

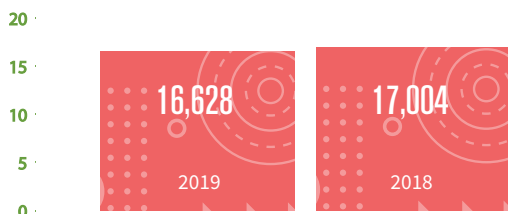
Permanent Employees



Non-permanent Employees

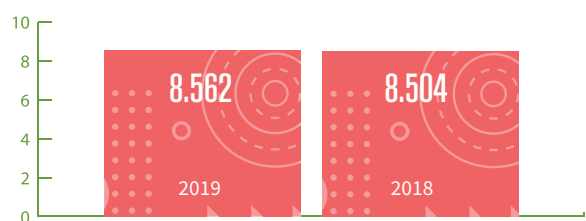


Total Employees

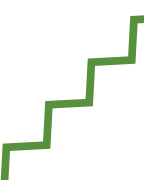
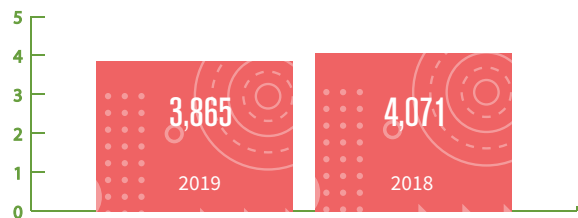


Employees Based on Gender

Male



Female



Healthy and Safe Work Environment

To ensure a healthy and safe work environment, CHSSE carried out a Hazard Identification Risk Assessment and Determining Control (HIRADC) program. Following the HIRADC assessment for all business units, Kalbe identified work behavior and working conditions risks, and implemented a number of occupational safety and health management programs in line with the HSSE Manual.



Leader Creates Leaders



Kalbe prepares future leaders using a 'Leader Creates Leaders' approach that involves all Kalbe leaders in assisting and assessing the HR development. HR development provides opportunities for all individuals to receive training appropriate to their functions and positions.



Leadership Development Program

Kalbe Middle Management Program (KMMP)

Developing cross-functional skills and holistic ways of thinking to improve the decision-making process. The program combines classroom training sessions with project assignments in the workplace, under the guidance of a cross-departmental or even cross-company mentor.

Kalbe First-line Management Program (KFMP)

Developing senior officer employees' business and management knowledge to prepare them as competent managers.

Finance Officer Development Program (FODP)

Developing financial management candidates. This program includes in-class training and cross-company

assignments so that participants can practice its application in the workplace.

Business Development Officer Development Program

Developing employee business development and innovation management skills. The program includes lecture sessions, class discussions, and innovative assignments in the field given by mentors.

Global Talent Management Program

Developing employees to become global managers through overseas assignment opportunities. The program introduces Kalbe's values, work ethics and management system to employees in the countries where Kalbe is located.

Education and Training [103-1] [103-2] [103-3]

The Company’s performance relies on quality human resources (HR). Therefore, Kalbe is committed to improving its human resources and organization so they can face the current and future challenges. Kalbe improves the human resource through education and training activities based on the "Leader creates Leaders" principle, which involves all Kalbe leaders in developing human resources in line with Company values.



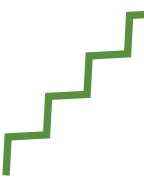
HR development is also held at the Kalbe Learning Center (KLC) through training in pharmaceutical manufacturing techniques. Technical training covers basic skills, ethics and work attitude training, good medicine manufacturing (CPOB), and standard operating procedures (SOP) in pharmaceutical manufacturing. During 2019, this training was attended by 1,497 participants with 1,218 graduating consisting of 746 production operators, 99 technicians and 373 from manufacturing support.

Training is facilitated by business schools and other leading institutions, and also involves management from various business units. While working at Kalbe, employees will undergo a tiered development program and gain work experience to form Kalbe's leadership. In 2019, the training and HR development costs was Rp22 billion for the Kalbe Group, and Rp10.2 billion for Kalbe Farma.

Education and Training Activities 2018 [404-1]

Training Topics	Number of Participants Receiving Training		Training Hours	Average Training Hours / Employee
	Male	Female		
Leadership	384	409	2,324	2.9
Functional	613	494	6,042	5.5
Quality	1,328	1,757	2,720	0.9
Jumlah	2,325	2,660	11,086	2.2
	4,985			





Report Profile

The 2019 Sustainability Report covers the period from January 1 to December 31, 2019. This report is published annually and is a continuation of the 2018 Sustainability Report that was published in May 2019. The sustainability report is published at the same time as the annual report to assist stakeholders in making decisions. [102-50, 102-51, 102-52]

This report has been prepared in accordance with the Financial Services Authority (POJK) Regulation: POJK 51/POJK.03/2017, and the sustainability report standards in the 2016 Global Reporting Initiative (GRI) in 2016 with the 'Core' option. [102-49] [102-54]

In the report, there are restatements regarding the energy usage, emissions, and waste to adjust to a more comprehensive method and scope of

calculation to cover the Dankos Farma's business. Kalbe assures the accuracy of the information included, even though the Company did not appoint an external agency to conduct verification (assurance). [102-48, 102-56]

Contact Person [102-53]

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Content Determination and Material Topics Impact Boundaries [102-46]

The process of determining the report contents, including materiality and topic limitations, refers to the following principles:



The quality of reporting pays attention to the following principles:



Accuracy, the presentation of numbers and information from relevant sources.



Balance, conveying positive, neutral information and also the challenges facing Kalbe in maintaining sustainability.



Clarity, information expected to help stakeholders understand the context of Kalbe's sustainability.



Comparability, the presentation of quantity data with comparisons for three years for certain information.



Reliability, the process of requesting data and information provided by responsible and authorized parties.



Timeliness, submission of sustainability reports at the General Meeting of Shareholders.

Report Content Determination Stages:



Identification,

identified sustainability contexts relevant to the Company's business in the health sector. The identification process involved related work units and was coordinated by the Head of Corporate Communications & Sustainability.



Prioritization,

determined the priority topics considered important based on materiality principles and support for the commitments of the Five Sustainability Pillars through focus group discussions involving the Board of Directors and Board of Commissioners on December 18, 2019. Involvement of the Company's Leadership demonstrated Kalbe's commitment to present information that is relevant to the needs of stakeholders.



Validation,

all material topics was discussed and agreed upon by Members of the Board of Directors and Board of Commissioners to prioritize the information to be conveyed in this report. This discussion took place at the Head Office, Jakarta, on December 18, 2019.



Review,

reviewed the information presented in the previous year's sustainability report after receiving input from external stakeholders, from customers and readers of the sustainability report, as well as from internal teams, including the subsidiaries.

Reporting Scope

This report presents economic, employment, and governance performance based on consolidated Kalbe Group data. Meanwhile, the environmental and community performance reflects the performance of several subsidiaries in the four Kalbe Business Divisions.

The Prescription Pharmaceuticals Division performance was represented by the Kalbe Factory in Cikarang, the Consumer Health Division was represented by PT Bintang Toedjoe, and the Nutritionals Division was represented by PT Sanghiang Perkasa (SHP) and PT Kalbe Morinaga


Indonesia (KMI). Next year, environmental information will be improved by including the performance of the Distribution and Logistics Division represented by PT Enseval Putera Megatrading Tbk (EPM). [102-45]

In this report, there were no changes to the reporting period and scope. However, there were through adjustments using the 'SEHAT' Pillars as a sustainability strategy. Several priority material topics have been adjusted for the performance targets of each Pillar. As a result, there were six material topics of primary concern in the 2019 sustainability report. [102-49]

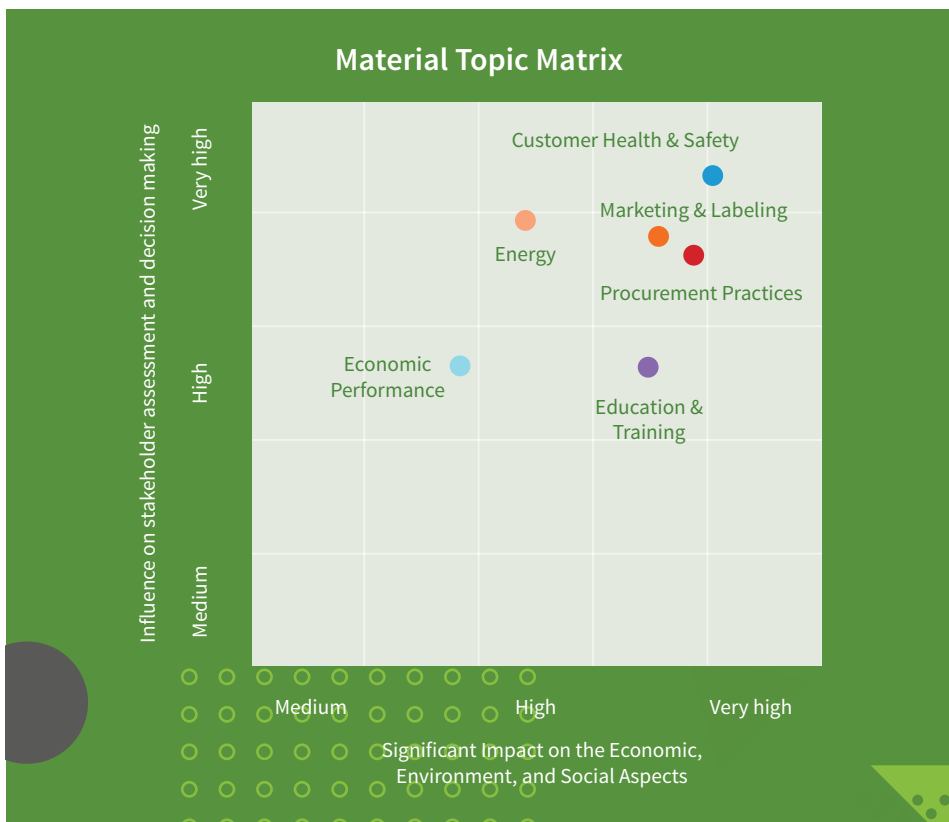
Material Topic Boundary for Stakeholders [102-47] [103-1]

Sustainability Topic	Impact on Stakeholders			Topic's Importance to be Presented in the Report
	Head Office	Manufacturing	External	
Customer Health & Safety  	Employees, Shareholders	Employees, Partners / Working Partners	Communities, Customers, Government	Maintaining and improving customer trust in Kalbe products and services as health solutions.
Economic Performance  	Shareholders, Employees	Employees, Partners / Working Partners	Communities, Customers, Government, Media	Ensuring the growth of economic performance through market creation, operational effectiveness and efficiency, and social responsibility.
Procurement Practices   	Employees	Employees, Partners / Working Partners	Communities, Customers, Government, Partners / Working Partners	Managing integrated supply chains to ensure supply sustainability.
Marketing and Labeling 	Employees, Shareholders	Employees, Partners / Working Partners	Communities, Customers, Government, Associations	Strengthening the quality management system, customer protection, and products and services information to ensure the community / customer health and safety.



Sustainability Topic	Impact on Stakeholders			Topic's Importance to be Presented in the Report
	Head Office	Manufacturing	External	
Energy 	Employees	Employees, Partners / Working Partners	Communities, Government, Media	Improving efficiency through energy conservation.
Education and Training 	Employees	Employees, Partners / Working Partners	Communities, Customers, Government, Associations, Media, Partners / Working Partners	Building human resources based on the Panca Sradha culture in synergy with the 'One Kalbe' spirit.

The material topics identification results were turned into a matrix, determined through a focus group discussion. This process also involved internal and external stakeholders to ensure the topics' suitability with the Company's business strategies and processes, and included paying attention to the external stakeholders' needs.



Feedback Responses

Kalbe would like to thank and express its appreciation for all of the improvement inputs following the publication of the 2017 and 2018 sustainability reports. Input was received from internal and external stakeholders. Input of significance related to improving information on the environmental management performance, especially the calculation of greenhouse gas (GHG) emissions, strategy developments, and sustainability policies.

Based on the input received, in this 2019 sustainability report, Kalbe has presented its sustainability strategies and policies as the first step to becoming an international scale Company. However, we have not yet delivered the results of GHG emissions for all subsidiaries, although we continue to gradually improve our environmental performance. In this 2019 sustainability report, we have delivered a calculation of the GHG emissions from the Cikarang Kalbe Factory, Kalbe Farma, Kalbe Morinaga Indonesia (KMI), Dankos Farma, SHP, and the Bintang Toedjoe Pulomas and Pulogadung Factories.



Attachments

Total Employees Based on Employment Status and Gender [102-8]

Description	Gender	2019		2018		2017	
		Total	%	Total	%	Total	%
Permanent Employees	Male	8,562	68.94	8,504	67.63	8,473	66.66
	Female	3,865	31.06	4,071	32.37	4,238	33.34
	Total	12,427	100	12,575	100	12,711	100
Non-permanent Employees	Male	2,659	63.29	2,739	61.83	2,766	59.93
	Female	1,542	36.71	1,691	38.17	1,849	40.07
	Total	4,201	100	4,430	100	4,615	100

Number of Employees by Age Group

Age Group	2019				2018				2017			
	Permanent	Non-permanent	Total	%	Permanent	Non-permanent	Total	%	Permanent	Non-permanent	Total	%
18 – 25	1,639	2,894	4,533	27.26	1,920	3,096	5,016	29.51	2,221	3,250	5,471	31.58
26 – 35	6,026	1,114	7,140	42.94	6,023	1,079	7,102	41.76	6,018	1,105	7,123	41.11
36 – 45	3,429	88	3,517	21.15	3,363	145	3,508	20.63	3,292	172	3,464	19.99
46 – 55	1,321	52	1,373	8.26	1,259	62	1,321	7.77	1,174	49	1,223	7.06
>55	12	53	65	0.39	10	47	57	0.34	6	39	45	0.26
Jumlah	12,427	4,201	16,628	100	12,575	4,429	17,004	100	12,711	4,615	17,326	100

Number of Employees Based on Education Level

Education Level	2019		2018		2017	
	Total	%	Total	%	Total	%
Elementary School	20	0.12	27	0.16	32	0.19
Middle School	63	0.38	87	0.51	95	0.55
High School	7,381	44.39	8,109	47.69	8,202	47.34
D1-D3 Diploma	2,289	13.77	2,257	13.27	3,409	19.68
Bachelor's degree	5,718	34.39	5,281	31.06	4,617	26.65
Master's degree	331	1.99	405	2.38	237	1.37
Pharmacist	299	1.80	554	3.26	581	3.35
Professional	512	3.07	268	1.58	140	0.81
PhD	15	0.1	17	0.10	12	0.07
Total	16,628	100	17,005	100	17,326	100

POJK 51/POJK.03/2017 Reference & GRI Standard Contents Index [102-55]

POJK References and GRI Standards	Disclosure		Page numbers &/URLs
GRI 101	Foundation 2016		
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016 & POJK 51/ OJK.03/2017	102-1	Name of the organization	13
	102-2	Activities, brands, products, & services	13
	102-3	Location of headquarters	13
	102-4	Location of operations	14
	102-5	Ownership and legal for	13
	102-6	Markets served	18
	102-7	Scale of the organization	16-17
	102-8	Information on employees and other workers	72, 81
	102-10	Significant changes to the organization and its supply chain	18
	102-13	Membership of associations	19
	102-14	Statement from senior decision-maker	8
	102-16	Values, principles, standards, and norms of behavior	12
	102-18	Governance structure	20
	102-40	List of stakeholder groups	22, 35
	102-42	Identifying and selecting stakeholders	22
	102-43	Approach to stakeholder engagement	22, 35
	102-44	Key topics and concerns raised	22, 35
102-56	External assurance	76	
GRI 102: Pengungkapan Umum 2016	102-9	Supply chain	14, 18
	102-11	Precautionary Principle or approach	21, 32
	102-12	External initiatives	15, 25
	102-41	Collective bargaining agreements	72
	102-45	Entities included in the consolidated financial statements	78
	102-46	Defining report content and topic Boundaries	76
	102-47	List of material topics	78
	102-48	Restatements of information	76
	102-49	Changes in reporting	76, 78
	102-50	Reporting period	76
	102-51	Date of most recent report	76
	102-52	Reporting cycle	76
	102-53	Contact point for questions regarding the report	76
102-54	Claims of reporting in accordance with the GRI Standards	76	
102-55	GRI content index	82	
POJK 51/OJK.03/2017	2	An overview of the sustainability performance aspect	7
	5.a	Board of Directors and Board of Commissioners duties on sustainability performance	9
	5.b	Competencies development for sustainability on members of the Board of Directors	74
	5.c	Company procedures in controlling the risk of sustainability	21
	5.e	Issues related to sustainability performance	50, 52
	6.a	Activities to build a sustainability culture	5



POJK References and GRI Standards	Disclosure		Page numbers &/URLs
POJK 51/OJK.03/2017	6.c.1	The Company's commitment to provide products and / or services equivalent to consumers	60
	6.c.2.c	Decent and safe working environment	73
	6.f.1	Innovation and development of Sustainable Products	30
	6.f.2	Number and percentage of products and services that have been evaluated for the customer's safety	60
	6.f.3	Positive and negative impact of Product and / or Services and distribution process	58
	6.f.4	Number of products withdrawn and the reason	60
	6.f.5	Survey of customer satisfaction	59
MATERIAL TOPICS			
Economic Performance			
GRI 103: Pendekatan Manajemen 2016	103-1	Explanation of the material topics and boundary	24, 67, 78
	103-2	The management approach and its components	67
	103-3	Evaluation of the management approach	67
GRI 201: Kinerja Ekonomi 2016	201-1	Direct economic value generated and distributed	67
POJK 51/OJK.03/2017	6.b.1	Comparison of targets and performance of production, portfolio, financing, or investment, income and profit & loss	67
	6.b.2	Comparison of portfolio targets and performance, financing targets, or investments in sustainable projects	67
Procurement Practices			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, 65, 78
	103-2	The management approach and its components	65
	103-3	Evaluation of the management approach	65
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	70
Energy and Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, 40, 79
	103-2	The management approach and its components	40
	103-3	Evaluation of the management approach	40
GRI 302: Energy 2016	302-1	Energy consumption within the organization	39
GRI 302: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41
	305-2	Energy indirect (Scope 2) GHG emissions	41
	305-4	GHG emissions intensity	41
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	43
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	38, 67
POJK 51/OJK.03/2017	6.d.3.a	Number and intensity of energy	39
	6.d.3.b	Efforts and achievements of energy efficiency, including renewable energy sources	39
	6.e.3.a	Impacts of operational areas that are near or in conservation area	40
	6.e.3.b	Efforts to conserve biodiversity	42
	6.e.4.a	Number and intensity of emissions by type	41-42

Referensi POJK No. 51/POJK.03.2017 dan Indeks Isi GRI [102-55]

Education and Training			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, 74, 79
	103-2	The management approach and its components	74
	103-3	Evaluation of the management approach	74
GRI 404: Education and Training 2016	404-1	Average hours of training per year per employee	74
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, 60, 78
	103-2	The management approach and its components	60
	103-3	Evaluation of the management approach	60
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	32, 60
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	16, 60
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21, 24, 78
	103-2	The management approach and its components	21
	103-3	Evaluation of the management approach	21
GRI 417: Marketing and Labeling	417-1	Product & service information and labeling	21



Feedback Sheet

2019 Sustainability Report PT Kalbe Farma Tbk has provided an overview of the company's sustainability performance. We look forward to your input on this Sustainability Report via e-mail at the bottom of this sheet.

Your Profile

Name (if you are willing to):

Institution / Company:

Email:

Stakeholder Group:

- | | |
|-----------------------------------|---|
| <input type="radio"/> Shareholder | <input type="radio"/> Working partners |
| <input type="radio"/> Customer | <input type="radio"/> Community |
| <input type="radio"/> Government | <input type="radio"/> Media |
| <input type="radio"/> Employee | <input type="radio"/> Other, please specify ... |
| <input type="radio"/> Association | |

1 This report is easy to understand:

- Disagree Neutral Agree

2 This report described the Company's performance in sustainability development

- Disagree Neutral Agree

3 Please provide an assessment of the material aspects that are most important to you: (value 1 = least important to 5 = most important)

- Customer Safety and Health []
- Economic Performance []
- Procurement Practices []
- Marketing and Labeling []
- Energy []
- Education and Training []

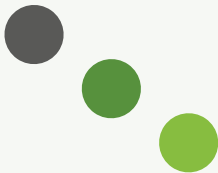
4 Other suggestions or information on the report:

.....
.....



Thank you for your input. Please send the feedback sheet by e-mail to:
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