

PEOPLE



HUMAN CAPITAL

Human capital assesses the intangible qualities workers possess that create economic value as well as the linkage to employee retention. While some of the intangible values of human capital may not be discreetly quantifiable, it is regarded as an essential driver of economic growth and productivity. A company's investment in education, training and workforce development to enhance the value of their human capital is pivotal to developing a committed employee base.

A diverse and inclusive workforce can also increase human capital by bringing a variety of perspectives and ideas. Education and training are important factors, as they equip employees with the skills to effectively contribute to the workforce. Employees' health and wellness can be an important factor when assessing human capital as well.

Social interactions and relationships, both within and beyond a company, can influence a company's human capital. Technological advancements can rapidly restructure human capital by introducing new marketable skills and replacing old ones. Soft skills and emotional intelligence that promote workplace cohesion are increasingly becoming important in assessments of human capital.

Importance to the Animal Food Industry:

- When employers make investments in their employees' skills and wellness, it can lead to higher retention rates and lower recruitment costs.
- The ability to maintain economic growth is fueled by a committed and passionate workforce. Employee retention is valuable in all areas but can be particularly important in rural areas where many animal food industry members are located.
- Considering the intangible qualities that workers possess bring value to the company, investing resources in this area allows companies to ensure their workforce realizes their full potential by contributing their unique skills and talents.
- Increasing human capital fosters innovation and creativity by supporting a diverse workplace that promotes fresh ideas and nurtures problem-solving abilities.
- Growth in human capital reduces poverty in the communities where the industry operates. By creating opportunities for employment and income generation, companies can support the populations surrounding their facilities.
- Social and technical skill development can improve overall societal well-being.





Example 1:

AgState produces animal feed, grain, fertilizer and fuel. They provide agronomic advice, solutions and services, high-quality feed and innovative risk management products for grain.

Value:

AgState believes that the main components to maintaining good human capital are the ability to retain and acquire talent and empowering employees to grow and improve with the company.

Action:

AgState measures human capital using a talent score card, which records turnover rates, demographics, employee qualities and other details. This scorecard is evaluated monthly, quarterly and annually. AgState maintains good human capital through their leadership development program, which supports employee retention and offers growth opportunities within the company. They have also started a program for migrant and H2A visa workers that ensures a consistent workforce for day-to-day operations. Excluding involuntary terminations, their average annual turnover rate is 20.7%.



Benefit:

AgState's focus on employee retention and maintaining good human capital has had a positive financial impact for the company. Increased retention and leadership development has contributed to lower talent recruitment costs and a more stable workforce.

Example 2:

CJ BIO America serves as the North American private subsidiary of CJ America BIO, whose parent company, CJ CheilJedang, represents one of several globally, publicly traded businesses of the CJ Group, which is one of South Korea's largest industrial conglomerates comprised of Food & Food Service, BIO & Pharma, Entertainment & Media, and Retail & Logistics divisions.

CJ BIO is the world's leading supplier of fermentation-based bioproducts for animal nutrition, human nutrition, and biomaterials at its 13 manufacturing facilities worldwide. The 64-acre Fort Dodge site produces essential amino acids for swine and poultry diets. The site's advanced microbial fermentation and refinery processes, cutting edge technologies, and geographic location enable us to achieve commercially scalable production while continuously improving quality and value sustainably.

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**Value:**

CJ BIO America places a strong emphasis on employee retention and encourages employees to grow within the company. High employee retention rates help ensure a strong and reliable workforce while minimizing extra hiring and training efforts.

Action:

Because employee retention is so valuable, CJ BIO America implements efforts to ensure its employees choose to stay and grow within the company. Employees are encouraged to train, interview and transition into new roles in the organization. For example, if an employee demonstrates leadership qualities, that employee is encouraged to interview and train for a supervisory position, with all training at no cost to that employee.

CJ BIO America's goal is to turn a job for its present 240 employees into a career. The company is comprised of more employees who have been here over five years than those under that same time, bearing a testament to the company's dedication to a top-tier workforce. Many employees transition from production to other departments; finance, procurement, and human resources represent the most popular relocations. As of January 2024, CJ BIO America has established a three-year retention average of 82%, besting the 30% attrition rate common to most American manufacturers.

Other incentives to retain employees include offering competitive pay, perks, and benefits packages, as well as recognizing non-manager/non-supervisor employees with monthly colleague-driven awards for the Most Valuable Player (MVP), All-Star, and Honorable Mentions awards.

Pertaining to training and education of our human capital, CJ BIO America works diligently to hire and maintain qualified people in manufacturing areas, implementing in-person and LMS-based trainings to ensure its employees are up to date with all protocols. Upon hire, all CJ BIO America employees receive a minimum of 8 hours of basic safety and health training, with an additional 8 hours covering industry-specific hazards for employees in non-administrative roles. In 2023, their employees completed 6,308 LMS training sessions and 52 in-person trainings, with a total of 256 employees using the system.

Additionally, CJ BIO America's Learning Management System (LMS) provides monthly required or elective training virtual trainings and continuing education ranging from general applications, such as common software skills; to more specific applications, such as cross-cultural communication; to highly specialized applications, such as 3-dimensional simulation training. This LMS tracks annual training hours by gender and employee level for future reporting purposes, serving as CJ BIO America's first formal tracking system for training and education.

All training and continuing education opportunities are free of charge and transferable, including to careers outside of CJ BIO America.

Benefit:

Through a focus on human capital, CJ BIO America's employees have a good relationship with the company and feel they have opportunities for growth and promotions within the company.

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