



**LTKM BERHAD**

199701027444

# **SUSTAINABILITY REPORT 2023**



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# Scope



This Sustainability Report ( “the Report”) forms part of our reporting for the financial year ended 31 March 2023. The information reported herein revolves around LTKM’s core business activity which is the production and sale of chicken eggs.

This Report has drawn on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad. The guide has been used for guidance only, with the reporting predominantly focused on issues which are specific and material to LTKM’s business and stakeholders.

The target audience for this Report are the stakeholders that have interest in the activities of LTKM, with particular emphasis on shareholders, consumers, customers, suppliers, employees and the communities where we operate.

This Report should be read side by side with LTKM’s Annual Report 2023 for a comprehensive reporting of the Group’s financial and non-financial performance.

# *About US*

Premium  
Table Top  
Egg Brand  
“LTK Omega  
Plus”

Located in  
Melaka on a  
450 Acres  
Farm Land

In  
Operations  
Since  
1988

Semi  
Automated  
Operations

Production  
capacity  
**1.5 million**  
Eggs Daily

**Biggest** Single  
Location Farm  
Egg Producer in  
Malaysia

Employs  
around  
**450**  
Employees

# *Our Corporate Profile*

# *Performance Review*

## *Financial Year 2023*

LTKM saw financial year 2023 turned around after sustaining losses for the past two consecutive financial years. The Group recorded improvement of 28% in revenue at RM257 million with a net profit of RM21 million as opposed to a net loss of RM15 million in the 2022 financial year. Production maintained approximately 450 million pieces of eggs or 1.5 million per day.



Revenue  
RM257 million



RM21 million in  
net profit



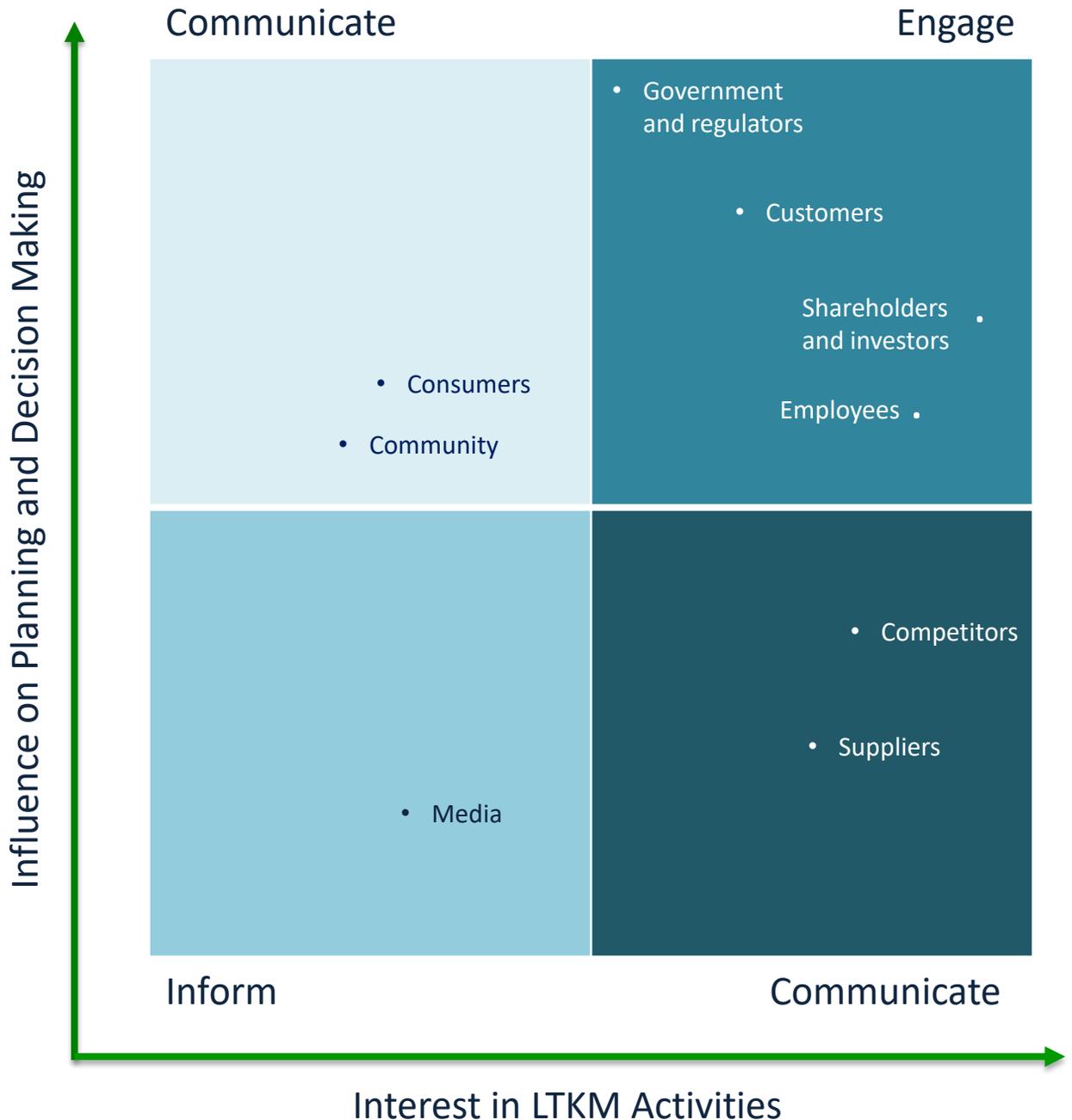
540 million  
pieces of eggs  
production

Readers may also refer to the 2023 Annual Report which is published together with this Sustainability Report for a more detailed performance review of the 2023 financial year.

# Our Stakeholders

To better understand and provide appropriate response in driving our sustainability goals, LTKM has continuously engaged its key stakeholders.

The following chart maps out our stakeholder matrix that represent the level of influence and level of interest of our material stakeholder groups. It is upon these that our stakeholder engagement strategy is built.



# Our Stakeholders cont'd

## Stakeholders and engagement channels

LTKM engages with its stakeholders through a number of formal and informal channels. Our engagement with stakeholders emphasises on :

- Addressing business critical issues
- Mutually benefitting, constructive and co-operative interactions
- Recognizing that all stakeholders are existing or potential consumers

## Stakeholder Group and the Engagement Channels

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### Shareholders and investors

- ☉ *Annual General Meeting*
- ☉ *Investor relations*
- ☉ *Annual Report*
- ☉ *Quarterly Report*
- ☉ *Website*
- ☉ *Media release*

### Government and regulators

- ☉ *Authorities*
- ☉ *Training and seminar*
- ☉ *Investor relations*
- ☉ *Face to face meeting*
- ☉ *Farm visitation and regular audit*
- ☉ *Onsite briefing by the Fire & Rescue Department (“BOMBA”) and Malaysia Civil Defence Force (“APM”)*
- ☉ *Periodic report submission*

### Employees

- ☉ *On the Job*
- ☉ *Staff meeting*
- ☉ *Internal and external training*
- ☉ *Performance review*
- ☉ *One to one session*

# Our Stakeholders cont'd

## Stakeholders and engagement channels (cont'd)

### Suppliers

- ☞ *Face to face meeting*
- ☞ *Direct negotiation*
- ☞ *Market survey*

### Consumers

- ☞ *LTKM official contact and official email*
- ☞ *Online feedback form available in LTKM website*
- ☞ *Print and media advertisement*
- ☞ *Market survey*
- ☞ *Promotional roadshow*

### Industry

- ☞ *Federation of Livestock Farmers' Associations of Malaysia*
- ☞ *Selangor Livestock Farmers' Association*

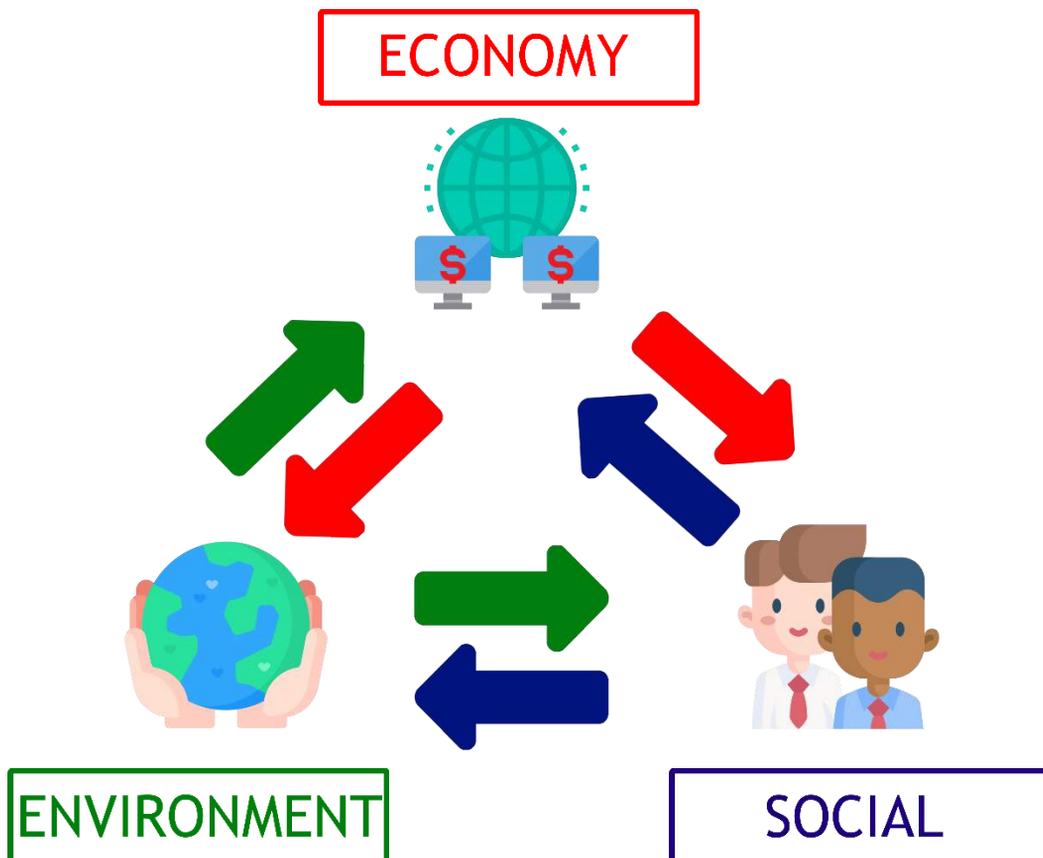
### Community

- ☞ *CSR project*
- ☞ *Contribution in cash and kind*
- ☞ *Media release*

# Our Approach

Being a producer of consumer product namely chicken eggs and operating from a single location spanning over 450 acres, even though our value chains extend from raw material sourcing to consumers and the communities in which we operate, they are concentrated at one location. As such our material risk and environmental footprint are significantly heightened in that one location. For this reason, we have to manage a robust set of sustainability strategy with equally if not more heightened strictness, effectiveness and diligence.

Our management has long placed sustainability as a core objective in its business strategy to ensure sustainable growth of the business. Our sustainability approach has evolved from years of insights, gained from managing the business, the livestock and the challenges that ensued. Over the years, these insights have been assimilated into our operating practices and policies and are used to craft sustainability strategy in economic, environment and social (EES) aspects.



In the ensuing pages, we will display the measures taken and placed with particular regards on the areas we have identified as our material sustainability issues.

# Our Governance

LTKM's Board of Directors accepts overall responsibility for advancing sustainable development at LTKM by ensuring that the practice of sustainability is embedded in our business practices and are executed accountably and responsibly. The senior management in charge of the operations of the farm, assist the board in the execution and monitoring of all aspects of sustainability.

**Board of Directors**

The Board is responsible for the formation of the Group's Sustainability target and goals.



**Senior Management**

Senior management of the Group will be entrusted to produce and delegate action plan to achieve the sustainability target and goals as set out by the Board.



**Employees**

Employees will be delegated to perform the action plan as set out by the senior management which has been assimilated into their regular roles and responsibilities to achieve the sustainability target and goals set by the Board.

# Message from our Chairman

To our Stakeholders,

Welcome to LTKM sustainability reporting for financial year 2023.

I would like to take this opportunity to thank all our employees, members of the management and fellow directors for their dedication, contribution and support given to LTKM with regards to our sustainability goals and in keeping the farm efficiently run and safe for everyone.



One of the main sustainability challenges remains to be the area of bird health. Disease outbreak involving livestock, birds in particular, has widely spread globally in recent years. Its degree of complexity and severity continue to pose an escalating challenge for the industry and veterinary health concerns. Due to the flocking of the layers at farms, a disease can spread quickly and affect mortality. Every slight increase in mortality may result in significant drop in the layers' productivity and subsequently in production and financial loss. For this, we are deeply grateful for the support of the government through the Department of Veterinary Services Malaysia ("DVS") particularly in the effort to manage threats of diseases at farms.

We are also grateful to the government through the Ministry of Domestic Trade and Cost of Living, our shareholders, suppliers, customers, consumers and others for the continuous support extended to us. Our stakeholders have traveled together with LTKM in our journey so far and help to ensure that LTKM remains a reputable brand as producer of "LTK Omega Plus" eggs which is well-known throughout Malaysia.

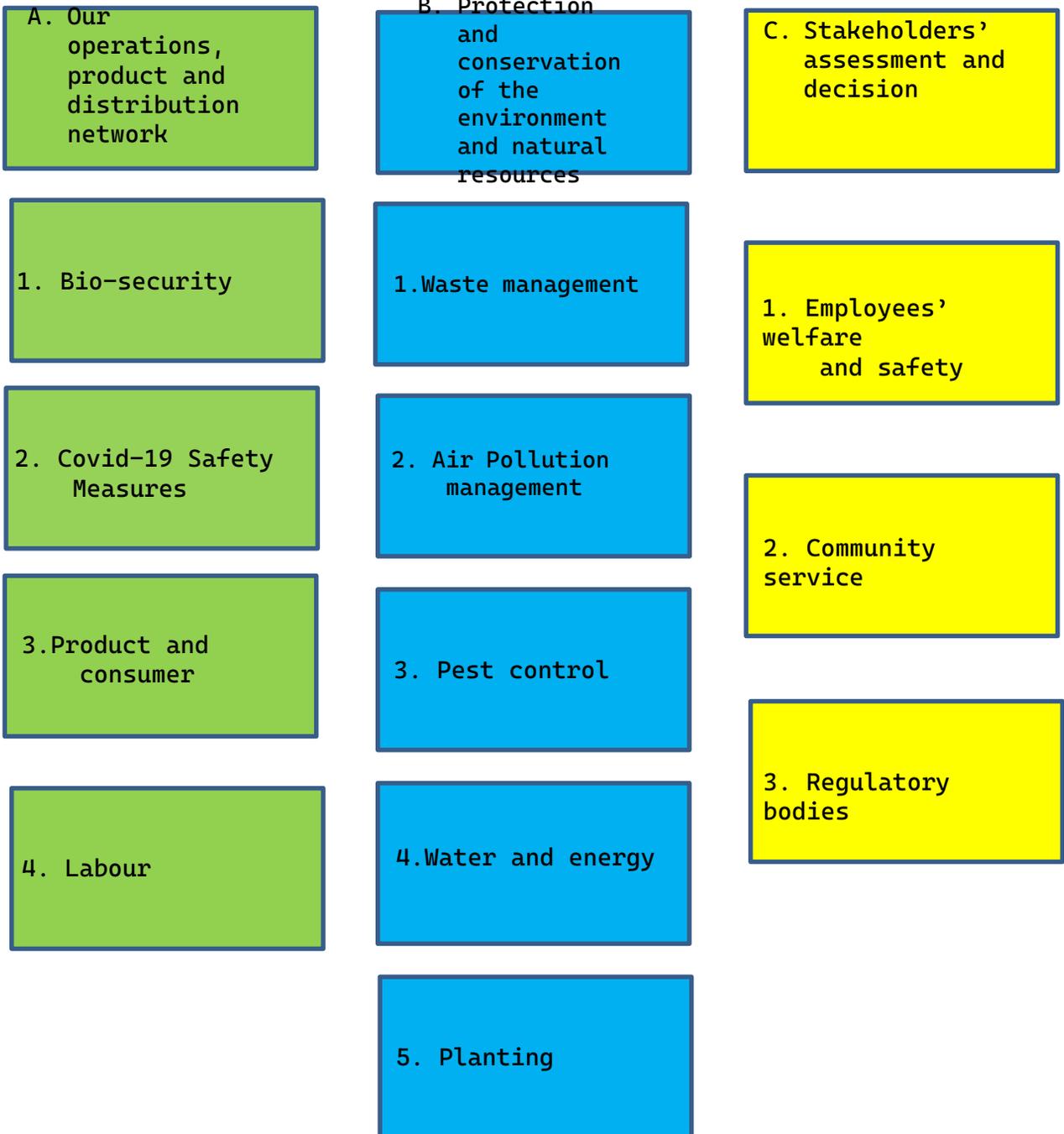
In the ensuing pages, we set out to share with you the matters of sustainability and how the Company embeds good practices into its operations in its sustainability efforts.

Datuk Tan Kok  
Executive Chairman  
LTKM Berhad

# Material Sustainability Issues

This report intends to cover the issues we believe are most material to LTKM. We define these issues as those with significant influence on :

- Our operations, product and distribution network
- Protection and conservation of the environment and natural resources
- Stakeholders' assessment and decision



## A. Our Operations, Products and Distribution Network

### 1. Bio-security

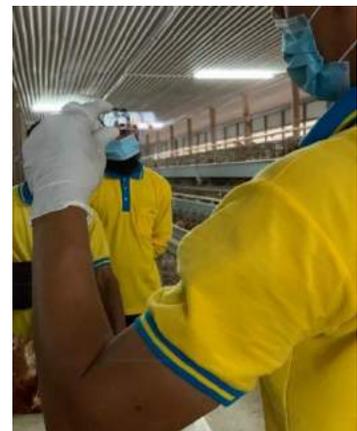
In our line of industry which deals directly with livestock, disease is a main threat and risk to sustainability. Malaysia has not been spared of animal disease outbreaks. New strains of the Avian Influenza virus can cause livestock disease outbreak at farms from time to time. Latest strain of the avian influenza virus has been reported globally. On farms, if one bird falls ill, it may result in entire flock being culled<sup>1</sup>.

Therefore, LTKM has given this area its utmost attention and has put in place very stringent bio-security measures.

#### Stringent flock health policy

In-house veterinarian conducts immunisation and routine tests for infections and detection of disease.

Veterinary principals and pharmaceutical guidelines are strictly adhered to.



#### Trained and experienced employees

Our trained and experienced employees makes daily observation of the livestock under their care including mortality, morbidity, egg production, feed, water, temperature, air quality, lighting and behavior for preventive and detective signs.



<sup>1</sup> Source: The Star: "The experts are watching a new pandemic now"

# Closed Chicken House



Designed for optimal health and hygiene. Well laid out from each other with spacious indoor, multi-tiered and well-raised from ground.

Installed with cooling pads and ventilation fans to control the temperature and humidity in the houses.

Closed house design prevents contacts with wild birds which can be disease carriers.

Upon depletion of old flocks, closed chicken houses are thoroughly cleansed, by performing decontamination and disinfection procedure before accepting new batch of young flocks.

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# Fencing



Erected fencing forms our primary defence against invasion of rodent that can cause devastating consequences if left unchecked.

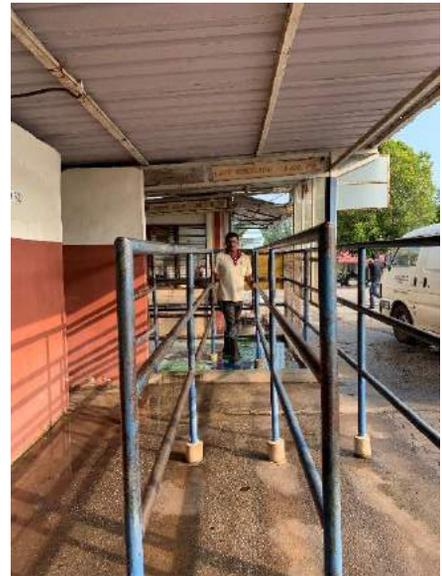
LTKM farm area is completely fenced up with corrugated zinc and chain-link fencing to prevent human and animal trespassers.



## Disinfectant - foot dip

Everyone entering the farm premise must walk through the foot dip at the guard house.

Permanent foot dip are also built at the disinfectant room, egg store and at the entrance of every chicken house.



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## Disinfectant - spray



Workers must wear their uniform and walk through the disinfectant spray and foot dip with rubber boots prior to entering the farm.

Farm vehicles undergo disinfection at the vehicle disinfectant spray before re-entering the farm.

Visitors entering the farm are required to put on full disinfectant suit from cap, mask, overalls to boots.

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## Chicken manure

Chicken manure are cleared every alternate days to prevent the build-up of stench and toxic gases such as hydrogen sulfide, methane, ammonia, and carbon dioxide and breeding of flies that carry diseases.



## 2. Product and Consumer

### Daily delivery of farm fresh eggs

LTKM strives to deliver quality products to our customers and consumers by focusing on quality across all parts of the value chain from poultry health management, to feed quality and sourcing of high quality raw materials to processing of feeds at our own feed meal plant for freshness and quality control.



- Eggs on tray ready for delivery



- Packed LTK Omega Plus eggs in cartons for delivery

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### Safe and quality feed ingredients

Sourcing of feed ingredients are strictly controlled to ensure quality. They are proactively sampled and tested for safety and quality. LTKM uses 100% natural feeds such as corn, soybean and flaxseed. These feeds are mixed at our own feed meal plant to ensure purity and freshness rather than buying pre-mixed feed meals.



Omega eggs are produced by adding high quality omega-3 rich ingredients such as salmon fish oil and linseed oil which was first produced under technology licensing with Marditech Corporation Sdn Bhd.

# Consumer satisfaction

Consumer hotline is available via email or telephone to attend to enquiries or complaints promptly.



## Reaching out to consumers



LTKM embarks on roadshow and promotional events to reach out to consumers.

Product information pamphlets are distributed to inform consumers on benefits of LTK Omega Plus eggs as compared to ordinary eggs.

*Ultimately, LTKM assures customers of high quality and farm fresh eggs at affordable prices.*

## 3. Labour

LTKM has automated certain processes and tasks to reduce dependency on labour and to drive efficiency. This step is important to ensure operations are uninterrupted as LTKM has increased its capacity over the years and the government's policy on foreign labour has become increasingly stringent.

Without automation, LTKM's operations will be too labour intensive which can be a risk to operational sustainability.



- Eggs on conveyor belt installed around the chicken house.



- Eggs graded according to weight by computerised weighing machine.

***LTKM has installed automated conveyer belts along the cages to ensure continuous collection of eggs. By installing automated conveyer belts, the Group managed to reduce the need for manual collection which is a major challenge due to size of farm.***

*LTKM has also installed state-of-the-art fully automated and computerized egg-grading and sorting machines which reduces the need for tedious manual inspection.*

*Use of pre-set time-based feed and water dispenser system reduces labour dependency with multiple benefits of cost savings due to reduced wastage and optimal feeding for optimal productivity.*

*LTKM sells mostly on ex-factory basis which means we do not need to keep our own fleet of delivery trucks and drivers.*

## B. Protection and Conservation of the Environment and Natural Resources

For LTKM, environment encompasses not only the impact of the Group's operation to nature but also to the surrounding community.

The main LTKM environmental footprint areas include solid waste, water, air and energy use. Our aim is to leave minimal environmental footprints. The following reviews our management approach to each of these impact areas.

### 1. Waste Management

Chicken manure is the main solid waste generated from the operation of the farm apart from packaging materials.

#### Clean poultry farming technology

Cleaning of chicken manure every alternate days helps to prevent the build-up of toxic gases such as hydrogen sulfide, methane, ammonia, and carbon dioxide which pollutes the air and spurs the breeding of flies. Chicken manure collected are immediately delivered to the manure processing plant for treatment into fertiliser.



- Organic Fertiliser Fermentation Machine.

#### Alternative use

Organic fermentation process to treat chicken manure into fertiliser.

By using microbes, the process of turning chicken manure into fertiliser is done organically and thus eradicates the need for using harmful chemical compounds that pollute the environment.



# Recycling



Cultivating awareness and habits in the employees by encouraging the reusing of materials such as containers, papers, paper boxes while performing their respective job function.

Recycling has proven to have dual benefits of conserving and preserving the environment while reducing operating costs.

## Old Hen

Disposing of live old hens reduces pollution and need for washing and cleaning as there is no culling carried out nor remnants of carcasses at the farm.

## 2. Air Pollution Management

Chicken manure generates stench that can be unpleasant to the our employees and communities around our farm. The absence of such unpleasant stench in our farm is testament to the effectiveness of our sustainability measures particularly with regards to air pollution :

### Frequent Clearance of Chicken Manure

Clearing of chicken manure every alternate days helps to reduce toxic gases that creates unpleasant stench if accumulated in huge amount, which in turn creates inconvenience to our employees and in long term, can cause sickness to the communities around LTKM farm.

### Effective Microorganisms (Microbes)

To treat chicken manure into fertiliser, LTKM uses microbes to achieve this purpose. These microbes does not harm the nature in anyway and has proven to reduce pungent smell during fermentation.

### No Disposal Through Open Burning

LTKM does not dispose of waste through open burning. Our wastes are regularly collected and managed by waste recycling companies.

# 3. Pest Control

Control of pests and wild birds invasion is very important for disease prevention. Preference in controlling the intrusion using non-chemical method has been introduced :



Wire netting has been installed at chicken houses around the farm, at the feed mill and eggstore distribution center that act as the primary prevention measure against wild birds intrusion.

Traps are placed at designated location as secondary prevention against intrusions by rodents.



- Wire nettings at eggstore distribution center for prevention of wild bird entries.

- Bird proof netting at closed chicken house for prevention of wild bird entries.



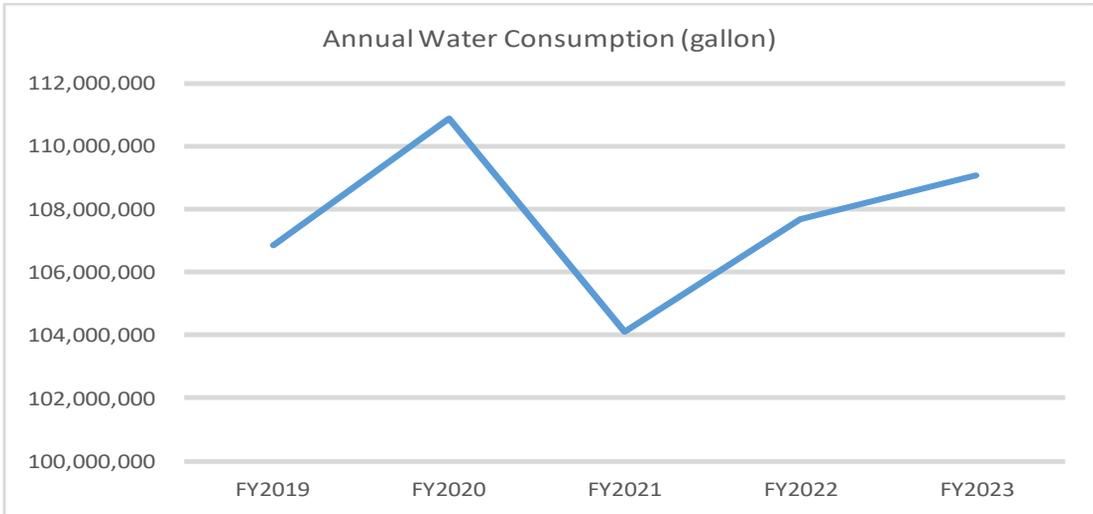
- Closed house design provides 100% bird proof invasion.



# 4. Water and Energy

## Water Consumption

Water is used in cooling pad to maintain the temperature in chicken houses and for feeding of the livestock. In financial year 2023, water consumption increased as compared to the previous reporting year due to higher sanitizing activities at the farm.



Water Consumption (gallon)				
FY2019	FY2020	FY2021	FY2022	FY2023
106,848,720	110,867,680	104,095,860	107,700,780	109,084,360

While opportunities to conserve water is limited due to the nature of the operation, we do seek out opportunities to continually improve our management practices and procedures pertaining to water usage.

Apart from cooling system and livestock feeding, change in climate temperature, sanitising activities in the chicken house and workers internal use also contribute to the water consumption in the farm area.

# Water Treatment

LTKM has its own water treatment plant to process and treat natural water resources drawn from own artesian well. The processed water has been formulated based on recommendation given by industry experts.

Sample of water are taken periodically and sent to external laboratory for testing, to ensure that the quality of the processed water are safe for consumption by the livestock.



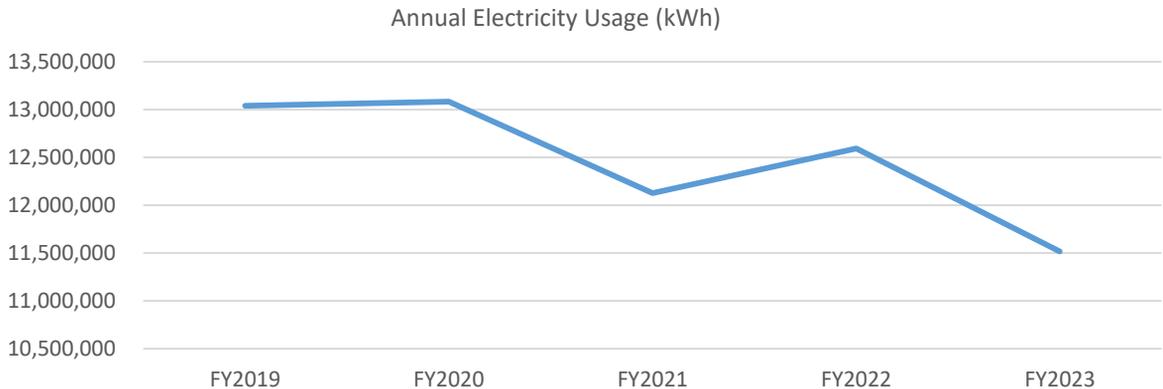
- Water tanks for sedimentation process at first stage filtering.

- Water from tanks are further filtered to produce potable water safe for livestock consumption.



# Electricity

Our operation primarily uses electricity to power farm plants and machineries.



Electricity Usage (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
13,041,394	13,082,295	12,127,063	12,593,943	11,516,930

Energy consumption has decreased over the past 5 years due replacement to use of energy saving lights and air-conditioning units and effecient cooling pads to regulate the temperature in the chicken houses. FY2023 recorded lower total electricity consumption mainly as a a result of cooler weather experienced during the period. LTKM will continuously work hand in hand with our consultant and energy manager to optimise energy consumption and seek to reduce wastage due to any inefficiencies.

As a directive from Energy Commission Malaysia (“ST”), LTKM is required to appoint certified consultant and energy manager, to:

- Ensure the safety compliance of our electrical equipment and during installation.
- Ensure the energy consumption is well within the stipulated range allocated.
- Recommend steps to monitor and regulate consumption for the period evaluated.

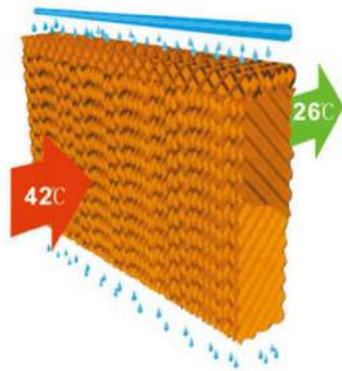
Report will be submitted to ST every six months with the recommendation of the consultant and energy manager on:

- Energy consumption for the period of six months prior submission of report.
- Steps taken to monitor and regulate consumption during the period evaluated.

ST will evaluate and provide comments and feedbacks on our processes that requires further improvement.

LTKM has undertaken several steps to reduce and better manage energy usage:

## Natural cooling system



Use of cooling pads for temperature control in chicken houses.

Use of industrial ventilation fan to provide fresh air to the livestock in chicken houses.



## Energy efficient



Use of LED lighting and new generation air-conditioning with system such as inverter technology in offices to reduce power consumption.

Preferential procurement based on guidelines provided by Energy Commission Malaysia.



Endorsement Label used by Suruhanjaya Tenaga (Energy Commission)

# Creating awareness



Cultivating energy conservation practices among employees by emphasising on turning off the electricity for air-conditioners, fans and lights for long absence from premise during lunch or out of office.

## Backup Power

Backup power source to prevent line-down which will be critical in the event power supply failure. Sufficiently and strategically placed at focal areas of the farm.

Two types of backup power source used:

- Industrial Uninterruptible Power Supply (UPS) Unit.
- Standby Generator Set (Genset).



- Standby Genset.

- Industrial UPS.



## 5. Planting



Unoccupied areas in the farm are planted with oil palm trees. Initially, planting of trees forms part of a requirement by the town council as a buffer zone.

Over the years, the tree planting effort has continued on. So far, a total of 91 acres of unoccupied land has been used for this purpose.

The trees planting has helped contribute to reducing the carbon footprint from our operations. It also helps to reduce the amount of rain water runoff as well, which reduces erosion and pollution in our waterways and may reduce the effects of flooding.



## C. Stakeholders' Assessment and Decision

At LTKM we understand that interest and welfare of stakeholders such as employees and community particularly those living around the farm, are important to ensure sustainability and growth.

### 1. Employees' Welfare and Safety

Our safety goal is:

- Prevention of all workplace injuries and illnesses.
- Ensuring safety road signs and safety instruction signboards are placed in critical areas in the farm to remind vehicle operators and employees to adhere to company's safety rules.
- Providing trainings on handling of machines and equipments and update employees' skill to handle machines and equipments safely.
- Prevention of Covid-19 infection among the employees within the workplace.

### Occupational Safety and Health Committee

The Committee has been established to oversee the implementation of safety procedures and provide guidance and training. The Committee consists of employees from different levels and positions.

The Committee is tasked to perform random checks on designated zones around the farm to ensure that employees are following the rules and regulations laid down by the company and to issue reminder , warning letter or propose action for violation of stipulated health and safety rules and regulations.



A fire drill in progress

# Health and Safety Training Programme

Annually, the Committee engaged relevant authorities to conduct different training for our employees. The training includes demonstration in operating fire-fighting equipment and the steps to be taken during emergencies such as putting out a small fire or performing evacuations, first-aid training with Malaysia Civil Defense Force (“APM”), first-aid and CPR training with Melaka State Health Department (“JKNM”), fire safety and awareness program by professionally certified organisation.



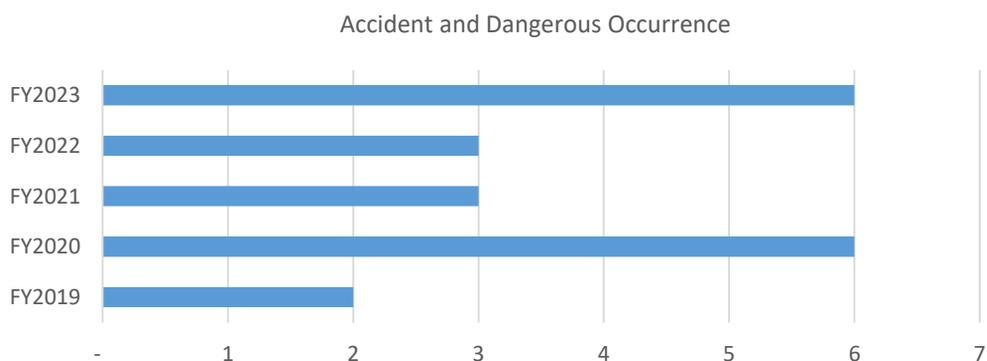
The Committee is tasked to record the details of the participating organisation, purpose of the training, activities taken and participant involved as required by DOSH.

The record of training will be submitted to DOSH for validation and feedbacks on training compliance. The Committee will immediately rectify any issues raised by DOSH.

## Accident and Dangerous Occurrence Case Reported

In compliance with regulatory requirements, we have been submitting the accident and dangerous occurrence report to DOSH on yearly basis.

Following are numbers of reported cases to DOSH in compliance to the regulation:



\* In accordance to DOSH reportable case definition.

# Accident and Dangerous Occurrence Case Reported (cont'd)

During the financial year 2023, a total of 6 on the job incident cases was registered, which is a 100% increase from the financial year. There was no incident involving fatality.

After occurrence of each incident, the Committee immediately initiated an investigation into the root cause of the incident. Employees were then questioned to get a clear detail of the incident and root cause, re-trained and feedbacks were sought on workflow improvements to avoid same incidence from re-occurring.

***By creating awareness on Occupational Safety and Health in employees, LTKM intends to keep the number of reported cases of accidents and dangerous occurrences to a minimal.***

## Accommodation for employees

LTKM provides employment opportunities particularly for the community in its neighbourhood. Our operation currently employs over 450 workers at the farm ranging from operators to management.

We value the contribution of our employees and provide various benefits and opportunities for development and enhancement of their skills namely :

*Accommodation complying to the requirements of the local authorities, near to farm for local and foreign employee for easy commuting from home to work and back, and to ensure their safety to and from work.*



*A total of 88 units of worker quarters were built for employees' accommodation.*

## Transportation for employees



## Safety equipment for employees



- Employee with standard working protective gear such as helmet, goggle, face mask and boots.

- Employees in personal protective equipment (PPE) suit .



- Employee working with protective gear on.



## First-aid kit



*First-aid kit for emergency use are placed at all areas of our operations.*

## Trainings



*Internal and external trainings to keep abreast with the industry and regulatory requirements.*



## 2. *Community Service*

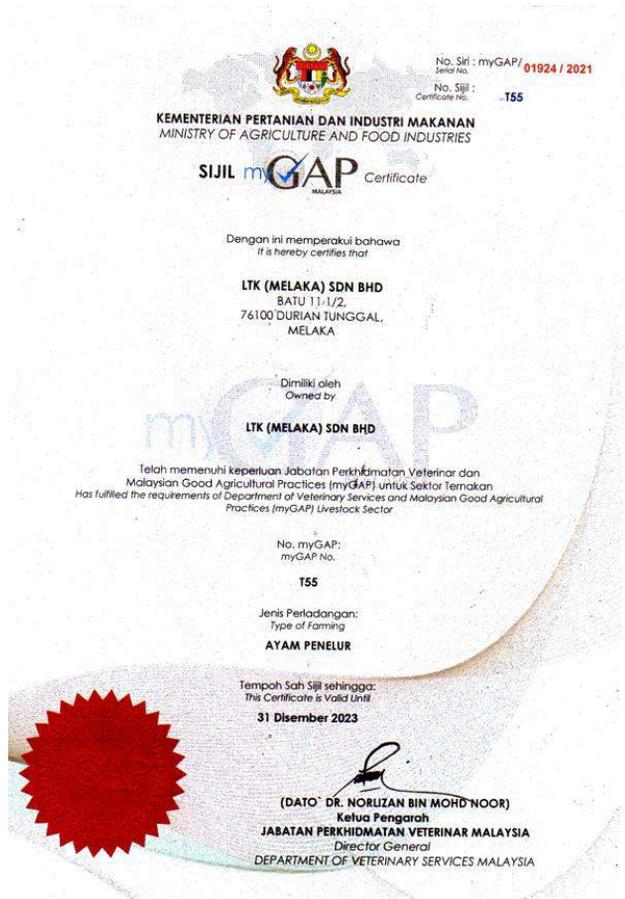
Giving back to the community is part of our culture. At LTKM, we believe that caring is all about sharing, especially towards the underprivileged and less fortunate.

Other than providing job opportunities to the community particularly the potential workforce of the communities of the surrounding area, LTKM also gives back by way of direct donations. LTKM regularly makes eggs and cash contributions to organisations such as schools, homes for the underprivileged, community projects and events ; and charitable organizations.



# 3. Regulatory Bodies

As a producer in the food industry, LTKM complies strictly with the standards stipulated by the authorities namely the Department of Veterinary Services (“DVS”) of the Ministry of Agriculture and Agro-Based Industries Malaysia (“MOA”) and the Singapore Food Agency (“SFA”) of Singapore’s Ministry of the Environment and Water Resources (“MEWR”) .



We continuously control and monitor our qualities to ensure that these standards are strictly followed. Our in-house veterinarian works closely with officers from DVS in conducting tests for disease control on our livestock in accordance with regulatory requirements and industry practices. The steps and the results of the test are documented and reported to DVS as per regulations.

Every year we have continued to receive the certification for Malaysia Good Agricultural Practices (“MyGAP”) issued by MOA for our commendable farm management practices.

**LTKM BERHAD** (442942-H)

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