TOP GLOVE CONTINUES TO BOLSTER SUSTAINABILITY EFFORTS

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As the climate crisis intensifies, global corporations around the world, such as Top Glove, are rallying to achieve net zero carbon emissions by prioritizing their Environmental, Social and Corporate Governance (ESG) goals.

Last year, Top Glove Corporation, the world's largest manufacturer of gloves, declared 2021 as its "Year of ESG", making it a corporate mantra while launching several sustainability initiatives.

"From this year onward, we are bolstering our sustainability efforts with several midterm targets to achieve by FY2025 across the ESG spectrum," says Tan Sri Dr Lim Wee Chai, Top Glove's Founder and Executive Chairman.

Environmental: Achieving Carbon Neutrality and Developing Green Gloves

"We have long been an advocate of environmental stewardship," says Lim, referring to the industry term that describes the responsible use and protection of the natural environment through sustainable practices such as water harvesting and recycling, the use of recyclable packaging materials, and reducing the carbon footprint.

"By FY2025, we aim to reduce carbon emission intensity by 25%, as well as the total consumption of electricity, natural gas, and water. Our water treatment plants are already carbon-neutral, and our office premises and warehouses will follow suit by FY2025. An additional 27 factories will also shift toward greater reliance on solar energy within the next three years."

Top Glove's increasing use of renewable energy was demonstrated by a recent deal with Japan-based Shizen Energy Inc.'s Malaysia subsidiary to supply solar-generated electricity for 20 years. That is equivalent to planting 400,000 trees per year to offset CO2 emissions.

To meet the challenge of adapting to a new market that favors sustainable products, the company now offers Forest Stewardship Certified (FSC) gloves, biodegradable nitrile gloves that degrade at least 10 times faster than regular gloves, and bio-based Chlorinated Polyethylene (CPE) nontoxic gloves as part of its current product mix.

Social: Going Vegetarian and Taking Care of Employees' Physical and Mental Health

"People are the backbone of our business. We not only care for the livelihoods of our 22,000 employees, but are also committed to providing the best work environment for them."

With its unique health-centric culture, Top Glove employs a team of in-house medical professionals, wellness experts and fitness instructors to ensure the physical and mental wellbeing of its employees. Its health benefits include annual health screenings, guided gym training, and subsidized vegetarian meals to promote good health and reduce carbon footprint. Last year, the company launched a Zero Harm on Mental Health program to complement its Zero Harm and Safety Health Emergency Preparedness program.

As a result of its commitment to human resource excellence, Top Glove was voted one of HR Asia's Best Companies to Work for in Asia 2020 by Business Media International, marking the fifth consecutive year the company has won this award. It plans to recruit up to 6,740 graduates by the end of FY2022, and to create 30,000 jobs by FY2025.

"Over the years, we have refined our labor practices to be consistent with global best practices and standards set by international bodies such as the Sedex Members Ethical Trade Audit (SMETA) and the International Labour Organization (ILO)," says Lim.

Governance: Promoting a Responsible Corporate Culture and Zero Tolerance for Corruption

Top Glove targets to recruit up to 6,740 graduates from 1 September 2021 to 31 August 2022 (FY2022) and create an additional 30,000 jobs by FY2025.

In terms of corporate governance, Top Glove has implemented several new policies to foster a responsible corporate culture. Among them are the whistleblowing policy and the capping of independent directors' tenure at nine years without extension. The company also has an Anti Bribery Management System in place to prevent corruption.

Top Glove's ESG initiatives are championed by the company's Board and communicated internally and with stakeholders outside the company. There are also clear definitions for ESG reporting with quantitative indicators. The company is walking the talk by holding its management accountable with 40% of the team's remunerations tied to ESG performance.

There will be additional audits to ensure continued compliance with global standards while existing Morgan Stanley Capital International (MSCI), Dow Jones Sustainability Indices (DJSI) and Financial Times Stock Exchange Group (FTSE) Russell index ratings will be strengthened.

Beyond the organization itself, the company is committed to implementing 100% traceability across the supply chain to ensure suppliers are ESG-compliant, too.

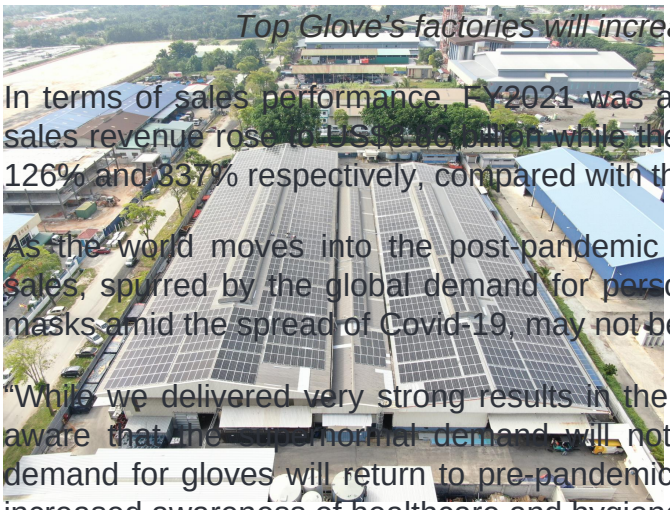
For the first time, Top Glove has been recognized as an "industry mover" in The Sustainability

Yearbook 2022 by S&P Global, a distinction accorded to only 53 corporations worldwide.

As a result of outstanding performance in gender reporting and implementing measures to advance gender equality in the workplace, the company also saw its maiden inclusion in the Bloomberg Gender Equality Index in 2022.

“In our role as a responsible global company, sustainability is at the heart of our business, and we have made it a priority to invest resources toward safeguarding the environment, advancing ethical business, building communities, and making a positive impact on lives. We aim to make our ESG practices even more robust in the long run,” says Lim.

Post-pandemic Challenges: Strengthening Talent and Investing in Technology



Top Glove’s factories will increasingly be powered by solar energy.

In terms of sales performance, FY2021 was an extraordinary year for the company. Top Glove’s sales revenue rose to US$6.6 billion while the profit after tax was US$1.85 billion, an increase of 126% and 837% respectively, compared with the previous year.

As the world moves into the post-pandemic recovery phase, Top Glove’s exceptionally robust sales, spurred by the global demand for personal protective equipment such as gloves and face masks amid the spread of Covid-19, may not be sustained.

“While we delivered very strong results in the two years when Covid-19 was at its peak, we are aware that the supernormal demand will not last. As the pandemic comes under control, the demand for gloves will return to pre-pandemic levels, perhaps stabilizing at a higher level due to increased awareness of healthcare and hygiene,” adds Lim.

“This is an inevitable part of the business cycle, and we have gone through roughly half a dozen such cycles over the past 31 years, each time coming out of it better and stronger.”

Meanwhile, Top Glove will be deferring its expansion plans over the short term and focusing on improving product quality and work efficiency. The company will also continue to invest in technological innovations, automation, digitalization, and R&D, while also strengthening its talent pool.

“We have customer and manufacturing bases spread out globally and a diverse product range of nitrile, natural rubber, vinyl, and surgical gloves. Our production capacity of 100 billion gloves annually is the largest among all glove manufacturers worldwide, and this allows us to handle large orders from distributors,” Lim says in response to a question about whether competition from new players in the glove industry worried him.