

WITH LESSONS LEARNT FROM US ACTION, TOP GLOVE AIMS HIGHER

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GEORGE TOWN: The year-long ban by the US customs authorities on Top Glove Corp Bhd's exports to America was a "wake-up call" for the company amid concerns of forced labour by the world's largest medical glove maker.

Top Glove managing director Lee Kim Meow said the ban was a learning experience that had improved the company's environment, social and corporate governance (ESG) markers in addressing claims of forced labour.

The US Customs and Border Protection (CBP) banned gloves made by the company following findings of forced labour last year. On Sept 10, it lifted the ban.

Lee said the lifting of the ban did not mean it was "good to go" for the years to come, adding the company would do its best to ensure it did not happen again.

"The lesson we learnt from the CBP episode is to be proactive and everyone has realised the importance of paying more attention in this

area (of ESG),” he told a briefing for investors on Zoom today.

“In a way, it is a good wake-up call, because Top Glove, through this episode, has become a better organisation and we are humbled by our experience.

“We are on a better path to do better, to do over and above what the industry is doing,” he said in response to a question on lessons from the ban.

Lee said it was also happy to be back in business in the American market with the CBP verifying and clearing it of forced labour claims.

He said existing customers there were keen to place orders, with some consignments ready to be shipped at the end of this month and in early October given the checks carried out by an independent labour group.

CBP restricted imports from Top Glove’s two subsidiaries in July 2020 after stating that it had reasonable, but not conclusive information, to indicate that it produced goods with forced labour.

In March, CBP decided to ban all products from all subsidiaries after finding “conclusive evidence” that certain products by Top Glove had been manufactured with the use of convict, forced or indentured labour.

CBP acting commissioner Troy Miller, in a statement, said the import ban was rescinded on Sept 10 after the company was found to have addressed all indicators of forced labour, including issuing more than US\$30 million (RM125 million) in remediation payments to workers and improving labour and living conditions at the company’s facilities.

Addressing the EU challenge

Meanwhile, Top Glove executive chairman Lim Wee Chai said as for the European Union's plans to ban products made by forced labour into its market, the company was confident it would not face any issues.

European Commission president Ursula von der Leyen had proposed the ban of products made using forced labour at the EU parliament recently, following pressure from groups there.

Lim said Top Glove was at an advantage compared to other glove manufacturers, given the experience it had gone through.

“Of course, it is not so easy to implement forced labour (product bans) in the EU, as it is more challenging to get all countries to agree (to a ban). Especially so when they (member countries) import so many products from Southeast Asia or Asia, so it takes time.

“But it is good that they (the EU) start to look at this. It is good for business to sustain, continue to invest and pay attention to forced labour and ESG,” he said.

In March, Impactt, an independent consultant Top Glove hired to monitor the ongoing implementation of its “corrective action plans” and other remedial steps, said it found no evidence of “systemic forced labour” as of January.

While forced labour indicators such as restriction of movement, excessive overtime and withholding of wages were no longer present as of January, Impactt said that “further progress” had been made on other indicators, such as retention of identity documents, abusive working and living conditions, deception, debt bondage, physical and sexual violence and intimidation.

In a filing with the bourse today, Top Glove's net profit jumped by 346% to RM7.87 billion in the financial year ended Aug 31, 2021 (FY21) from RM1.75 billion in the same period a year earlier.

Revenue for the year also surged by 127% to RM16.40 billion from RM7.24 billion in FY20.

It attributed the performance to strong demand coupled with elevated average selling prices (ASPs) driven by the ongoing pandemic.

It said its Q4 performance was softer on the back of normalising demand following mass vaccine rollouts on a global scale, leading to lower sales volume and ASPs, which were not matched by a corresponding reduction in raw material prices.

This was further affected by the punitive actions by CBP impacting sales volume and profit, Bernama reported.