

LOOKING OUT FOR THE ENVIRONMENT

by Genevieve Cua

One would not equate mining with sustainability, but Top International sets out to prove detractors wrong

OF ALL the industries labelled as unsustainable, mining ranks among the worst. Homegrown Top International Holding, however, has set out to make a difference through a commitment to a triple bottom line discipline. This means keeping an eye out not only for company financials, but also for the social and environmental or ecological impacts of its business.

Victor Tan founded Top International in 2014 as a commodities trading firm. One of his earliest ventures was to supply Malaysian bauxite, an aluminium-rich ore used in the production of aluminium. Today, Top International is one of Malaysia's top bauxite trading companies with an export capacity of 1.8 million metric tons a month or 20 million metric tons a year. In 2019, the firm generated annual revenues of US\$140 million.

The global bauxite market, valued at about US\$9.9 billion in 2019, is expected to grow at a compound annual clip of 3.3 per cent between 2020 and 2027. Growth is underpinned by demand for aluminium from sectors such as automotive, construction and electronics industries.

Top International operates mines in Guinea in West Africa and runs trading operations in Malaysia and Indonesia. Says Mr Tan: "It is no secret that although mining is an essential part of our lives, the cost is significant to the environment and community. This requires a commitment to balanced and responsible mining practices which at the end of the day produce net gains. We believe in balancing the three Ps – people, planet and performance. These are key to achieving a sustainable outcome... These underpin our strategic direction as we continue to grow as an organisation in our mission and vision."

Entrepreneurship may well be in Mr Tan's blood. His father was a businessman in Johor. Over three decades, the older Mr Tan's activities ranged from a hardware store in the kampong, a contractor for oil and gas companies, and eventually a bauxite trading company in Indonesia. According to a case study by the Singapore Business Federation, the younger Mr Tan opted to start his own firm in 2014 just as his father closed his company the previous year. At the time, Top International supplied bauxite to his father's former customers.

His younger siblings joined Top International after university in what Mr Tan describes as a "natural and organic process". At the start he recruited mainly from "trusted friends and family", and eventually sought external recruits for management and specialist positions.

"This was so that we can bring in candidates with specialisations and expertise to add value and enable the organisation to grow to the next level. Through the years my siblings and I have grown even closer... as we work to achieve company goals."

ACCORDING to the SBF profile, Top International built a core team by 2016 and decided to mine bauxite in Guinea. It also sought to diversify into other sectors of the mining trade.

Key to Mr Tan's management approach is the definition of the company's values. These are found in the acronym "Top" which stands for trust, opportunities and professionalism. Trust means operating ethically so that it becomes a trusted partner. The firm also believes professionalism drives success and good governance, which help to develop a strong reputation and achieve scalability.

Over the past couple of years, Mr Tan has expanded Top's values, reflected in a new acronym Anchor. This spells accountable, nimble, capable, humble, one-team and resourceful. "It is our hope that even as we soar high as a team, we must always stay rooted to our values like an anchor and not forget where we came from," he said.

Sustainability is a key value. Its Guinea mine, for instance, boasts green technology in the form of an investment in two units of the Wirtgen surface miners in 2018, costing around US\$3 million each. The equipment prioritises safe mining as it avoids the blasting method used by conventional miners.

Mr Tan says the machines are typically used by multinational corporations and state-owned enterprises. "Nevertheless we have deployed (them) for our operations



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as they are not only more environmental friendly but also safer for our own team who operate them."

Beyond safer mining, the firm is also committed to helping to uplift the Guinea community in which it operates. These activities include building lampposts; distribution of food and water supplies; constructing wells for a constant supply of safe drinking water and roads for better access. It has also undertaken to rehabilitate the land by planting cashew trees.

"We have a mining area of about 5,000 hectares, ongoing rehabilitation works currently stand at one-fifth of the land. As the topography of some land that we mine comprise mainly of hard rocks, they were thus not suitable for growing plants. For land that is suitable for rehabilitation, we have since planted more than 15,000 cashew trees."

OF COURSE, these commitments take place amid a focus on the bottom line. "We will not be able to carry out the required commitments and sustain ourselves without performing commercially as a business. This means we need to be efficient and effective as a commercial entity as we balance our commitment to People and Planet."

Mr Tan says Top aims to build itself into a conglomerate with a diversified and resilient business. "This has led us to unfamiliar but exciting paths of evaluations in acquiring or starting new business streams in areas such as the agriculture, shipping, education and technology sectors."

Agriculture is currently in the due diligence stage; it is doing a pilot test or trial harvest on 35 hectares of land for crops including rice and maize.

Mr Tan counts his father as his biggest role model and mentor. "Growing up I observed how my father had always managed to start a business from scratch... He was adaptable, resilient and has an unconquerable spirit. I now realise he was a serial entrepreneur way before the term was invented."

He observed his father's sincerity in his dealings with people, and his ability to adapt to people. "This has enabled me to manage and interact with different groups of people. In business, besides having business acumen, it is also important to understand the intricacies of relationships and manage the different dynamics well. Only then will we be able to achieve win-win outcomes."

"We have observed an upward trend among family firms focusing on sustainability as a key priority. A community stewardship mindset is needed to mitigate the impact of climate change especially in the community where the businesses operate. In order for the focus not to be short-lived, business owners must keep their eye on financials. To do so, a good system of governance should be in place. Family firms with their long-term vision can leverage their values and legacy to be champions of social change and environmental conservation."

BFI@SMU

This column profiles business families and how they approach issues of governance and stewardship. They support the Business Families Institute's mission. SMU established BFI in 2012, in response to the growing needs of business families in Asia. It encourages business families to Think Generations, Think Growth, Think Giving and Think Global.

WIN-WIN OUTCOMES

1) Victor Tan, founder of Top International 2, 4) Planting cashew trees 3) Providing safe drinking water 4) Safer operations with Wirtgen surface miners