

# Stakeholder Engagement

# Stakeholder Engagement

Stakeholder Group	Why We Engage	Top 5 Material Matters Concerned	How We Engage	Frequency	Our Response To Concerns	Value Created
<p><b>Government/Regulators</b> Governmental bodies regulate our daily business activities. It is our responsibility to comply with applicable local, national and international laws and regulations.</p>		<ol style="list-style-type: none"> <li>Environmental Compliance</li> <li>Human Rights</li> <li>Labour Management Relations</li> <li>Waste &amp; Effluent</li> <li>Ethics, Integrity &amp; Governance</li> </ol>	Formal meetings include factory/ hostel visits	As needed	<ol style="list-style-type: none"> <li>Adherence to Environmental Quality Act (1974)</li> <li>Factories certification with ISO 14001 Environmental Management System</li> <li>Enhance social compliance and Human Rights &amp; Ethical Conduct by reference to UNGP Business &amp; Human Rights</li> <li>Disposal of scheduled waste and discharge of effluent according to the Department of Environment's (DOE) standards</li> <li>Implementation of the ISO 37001 Anti-Bribery Management System</li> </ol>	<ol style="list-style-type: none"> <li>Renewal of product licenses and business permits</li> <li>Employees' rights assured</li> <li>Business reputation and integrity assured</li> <li>Compliance with governmental regulations</li> </ol>
<p><b>Local Communities</b> We are cognisant that our operations may have an effect to the nearby community. We are dedicated to assuage their concerns and uplift the community.</p>		<ol style="list-style-type: none"> <li>Waste &amp; Effluent</li> <li>Infectious Diseases</li> <li>Environmental Compliance</li> <li>Occupational Health &amp; Safety</li> <li>Human Rights</li> </ol>	Engagements with local councils and Residence Associations  Community support programmes	As needed	<ol style="list-style-type: none"> <li>Disposal of scheduled waste and discharge of effluent according to the Department of Environment's (DOE) standards</li> <li>Monitoring of direct and indirect emissions</li> <li>COVID vaccination for employees and local communities</li> <li>Independent audits on social compliance</li> <li>TGGD Clinic is open to local communities</li> </ol>	<ol style="list-style-type: none"> <li>Sustainable relationship with the local communities</li> <li>Safer and cleaner living environment for the local communities</li> <li>Harmonious community</li> </ol>
<p><b>Non-Governmental Organisations (NGOs)</b> NGOs provide beneficial inputs on our social and environmental initiatives. They also bridge the distance between us and other stakeholders.</p>		<ol style="list-style-type: none"> <li>Environmental Compliance</li> <li>Human Rights</li> <li>Labour Management Relations</li> <li>Ethics, Integrity &amp; Governance</li> <li>Waste &amp; Effluent</li> </ol>	Formal/casual meetings  Campaigns	As needed	<ol style="list-style-type: none"> <li>Factories certification with ISO 14001 Environmental Management System</li> <li>Independent audits on social compliance</li> <li>Implementation of the ISO 37001 Anti-Bribery Management System</li> <li>Disposal of scheduled waste and discharge of effluent according to the Department of Environment's (DOE) standards</li> </ol>	<ol style="list-style-type: none"> <li>Positive relationship with NGOs</li> <li>Improved company's image among the public</li> </ol>
<p><b>Media</b> The media has great influence over the public perception of the Group. Positive or negative media reporting may respectively boost or damage the Group's reputation.</p>		<ol style="list-style-type: none"> <li>Labour Management Relations</li> <li>Human Rights</li> <li>Environmental Compliance</li> <li>Ethics, Integrity &amp; Governance</li> <li>Physical Impacts on Climate Change</li> </ol>	Quartely financial results' briefings  Interviews  Media inquiries	Quarterly   As needed	<ol style="list-style-type: none"> <li>Independent audits on social compliance</li> <li>Adherence to Environmental Quality Act (1974)</li> <li>Implementation of the ISO 37001 Anti-Bribery Management System</li> <li>Set Scope 1 &amp; 2 emissions reduction target and include Employee Commuting in Scope 3</li> </ol>	<ol style="list-style-type: none"> <li>Increased brand relevance and reputation</li> <li>Transparency in information reporting to all relevant parties</li> </ol>
<p><b>Industry Associations</b> Different associations convey different market insights. Effective engagement and collaboration with them could add value to the Group's long term growth.</p>		<ol style="list-style-type: none"> <li>Human Rights</li> <li>Product Safety &amp; Quality</li> <li>Ethics, Integrity &amp; Governance</li> <li>Labour Management Relations</li> <li>Environmental Compliance</li> </ol>	Formal meetings	As needed	<ol style="list-style-type: none"> <li>Independent audits on social compliance</li> <li>Innovation through R&amp;D</li> <li>Investment in automation and digitalisation</li> <li>Whistleblowing channel</li> <li>Factories certification with ISO 14001 Environmental Management System</li> </ol>	<ol style="list-style-type: none"> <li>Continuous support from industry peers</li> <li>Informational updates about the industry</li> <li>Stronger relationships with our peers</li> <li>Industry peers assured of business integrity and sustainability</li> </ol>

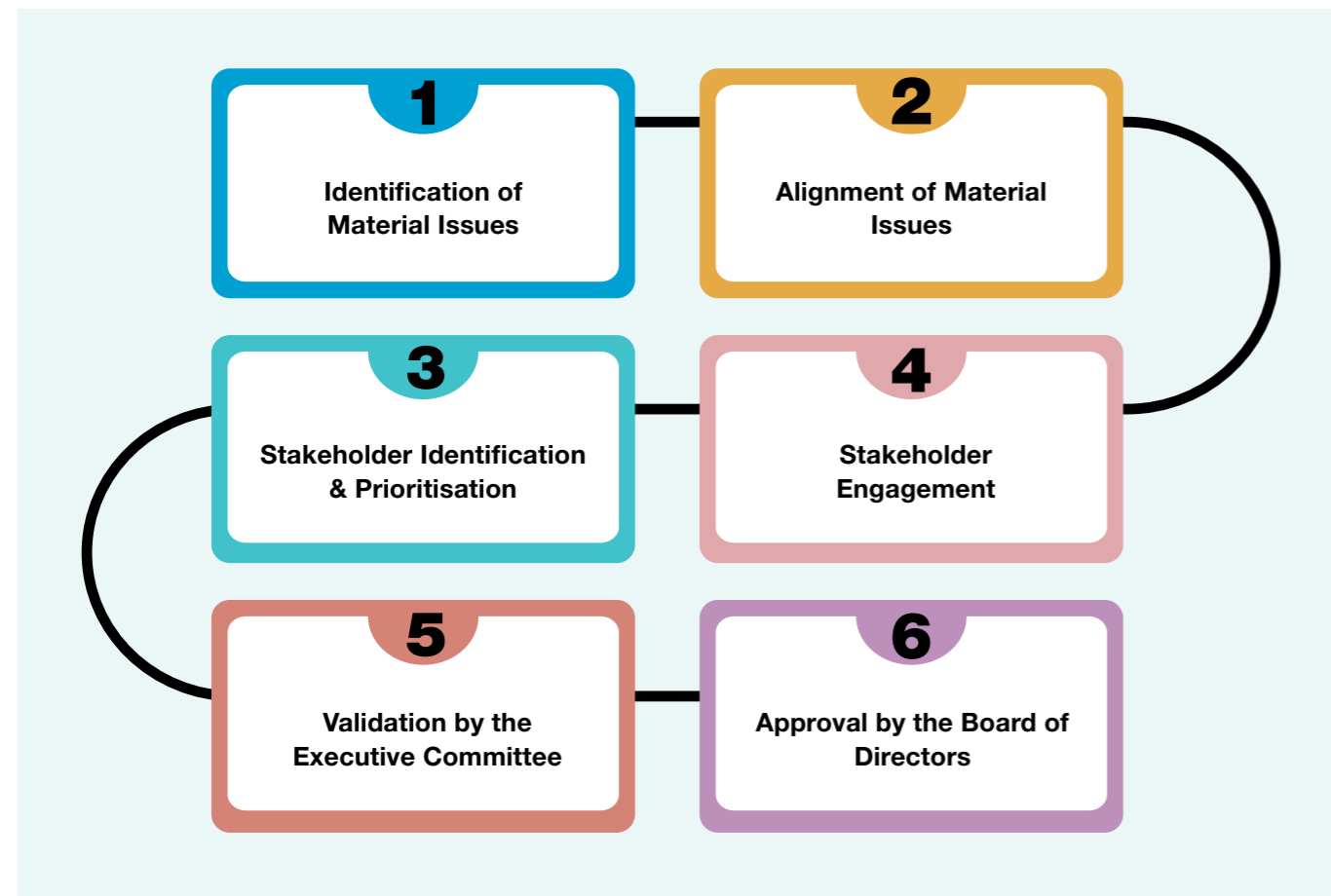
# Materiality Assessment 2022

## MATERIALITY ASSESSMENT 2022: A TRANSITION PHASE FOR THE GLOVE INDUSTRY POST PANDEMIC

Material ESG issues have a significant impact on our Company's business performance and they are the drivers of our long term value creation. Top Glove conducts a major material assessment every four years and a minor assessment every two years or when there is a need.

In July 2022, Top Glove conducted a minor materiality assessment after FY2021's formal and comprehensive assessment in view of the transition phase which the glove industry is facing post pandemic. We engaged with stakeholders to ensure the prioritisation of materiality issues were still valid and representative. By understanding our stakeholders' concerns and expectations, we can better identify our material issues and areas which we can provide the most value, drive our strategy, allocate effort and resources, and direct our reporting.

The chart below illustrates our holistic approach to the materiality process.



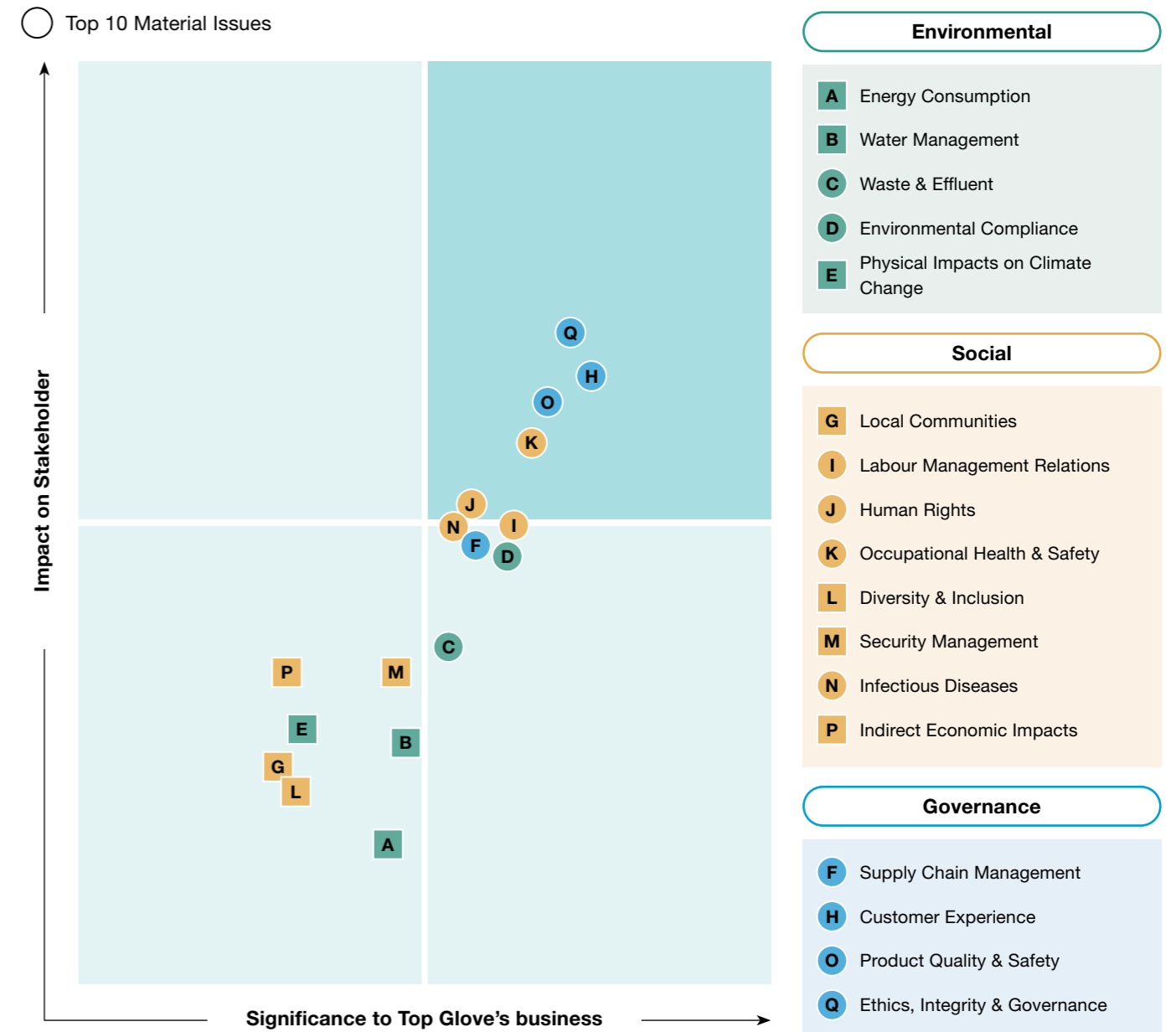
**Materiality Assessment Guideline**  
Scan the QR code to view our Materiality Assessment Guideline  
[https://www.topglove.com/storage/sustainability-policies/October2022/Materiality%20Assessment%20Guideline%20\(1\).pdf](https://www.topglove.com/storage/sustainability-policies/October2022/Materiality%20Assessment%20Guideline%20(1).pdf)

**Detailed Materiality Process**  
Scan the QR code to view our Detailed Materiality Process  
<https://www.topglove.com/materiality-assessment>

# Materiality Assessment 2022

From the responses, we could see changes of the importance of material issues to stakeholders. Ethics, Integrity & Governance has become the most important material issue in the eyes of stakeholders for FY2022. FY2022 is Top Glove's Year of Customer Centricity, multifarious customer-centric programmes were carried out and had successfully raised awareness on the importance of quality product, value add and excellent customer service which are very important to our business sustainability. Hence, we can see an increase in the importance of Customer Experience. Besides that, Product Quality & Safety, Occupational Health & Safety and Human Rights continue to remain in the Top 5 material issues. We have moved Product Quality & Safety, Supply Chain Management and Customer Experience from social to governance sphere to align with our Sustainability Roadmap.

## Material Matrix



## Materiality Assessment 2022

## Materiality Assessment 2022

Environmental				
No.	Material Issue	Related UN SDGs	Related GRI Topic	Page Reference in Sustainability Report 2022
1	Physical Impacts on Climate Change		305: Emissions	17 to 28
2	Energy Consumption		302: Energy	29 to 31
3	Environmental Compliance		2-27: Compliance with laws and regulations	31 to 32
4	Waste and Effluent		306: Waste	32 to 34
5	Water Management		303: Water and effluents 2018 306: Waste	35 to 39

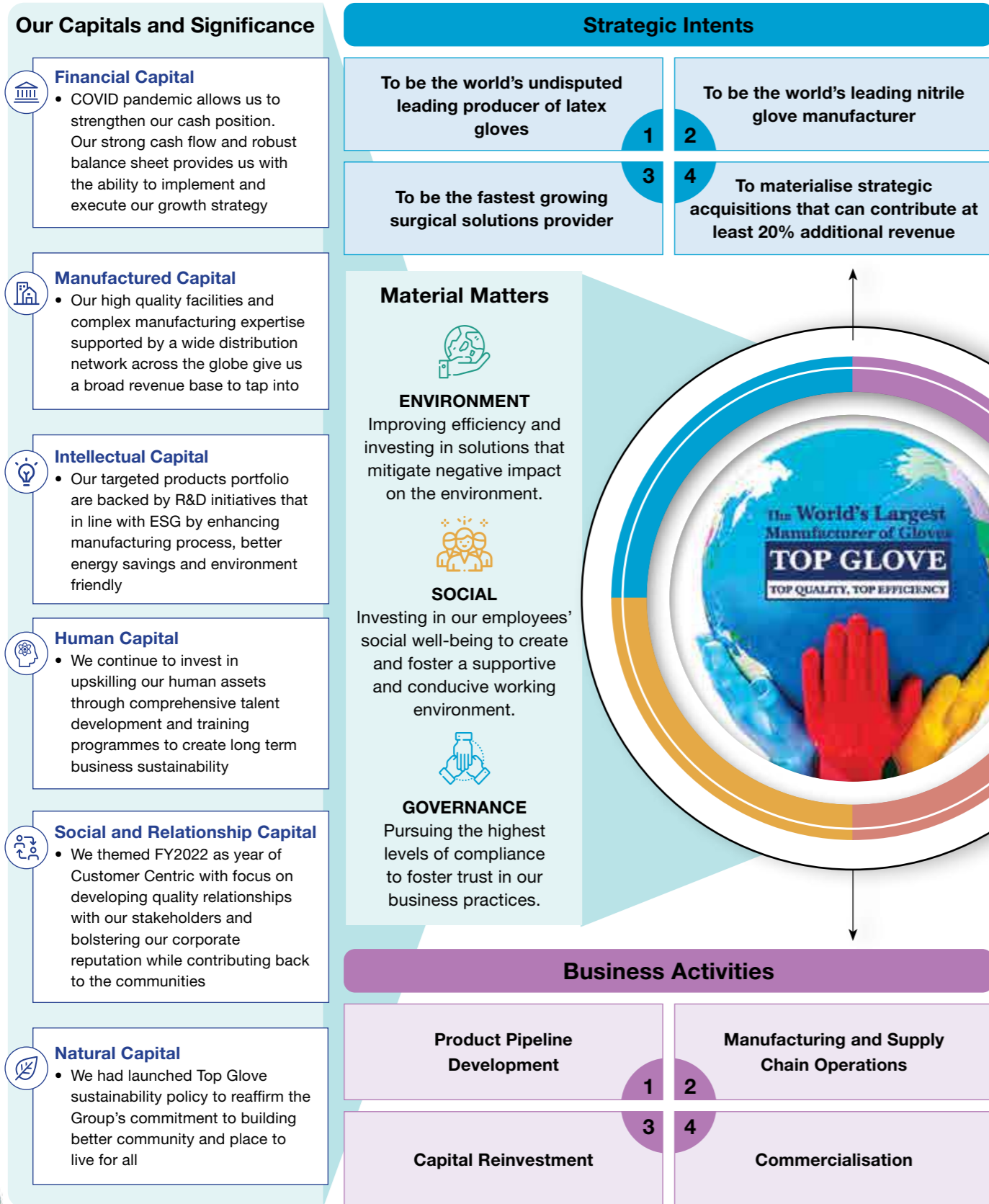
Social				
No.	Material Issue	Related UN SDGs	Related GRI Topic	Page Reference in Sustainability Report 2022
1	Human Rights		406: Non-discrimination 407: Freedom of association and collective bargaining 408: Child labour 409: Forced or compulsory labour 2-27: Compliance with laws and regulations	41 to 48
2	Labour Management Relations		402: Labour management relations	41 to 48
3	Occupational Health & Safety		403: Occupational health & safety	48 to 54
4	Diversity & Inclusion		405: Diversity and equal opportunity 406: Non-discrimination	55 to 61
5	Security Management		410: Security practices	62

Social				
No.	Material Issue	Related UN SDGs	Related GRI Topic	Page Reference in Sustainability Report 2022
6	Infectious Diseases		403: Occupational health & safety	63 to 64
7	Local Communities		413: Local communities	65 to 69
8	Indirect Economic Impacts		203: Indirect economic impacts	19 & 53 Reported as part of Task Force on Climate-related Financial Disclosure (page 19) and Promoting Wellness (page 53)

Governance				
No.	Material Issue	Related UN SDGs	Related GRI Topic	Page Reference in Sustainability Report 2022
1	Ethics, Integrity & Governance		205: Anti-corruption 418: Customer privacy	71 to 78
2	Product Quality & Safety		416: Customer health & safety 2016 417: Marketing & labelling	78 to 79
3	Supply Chain Management		204: Procurement practices 308: Supplier environmental assessment 414: Supplier social assessment	80 to 83
4	Customer Experience		417: Marketing & labelling	83 to 84

# Our Value Creation Model

Our model is built with sustainability and responsibility in mind. We leverage on the six capitals to drive our strategic intents, after taking into consideration of our material matters and competitive strengths, which in turn generate the output and the outcomes that reflect the value created for our stakeholders.



# Our Value Creation Model

**Our Vision** To be your world class partner in gloves and healthcare products

**Our Mission** Ensuring safe human protection globally



# Our Business Strategies

# Our Business Strategies

To be the world's number one gloves manufacturer, we focus on strengthening our fundamentals to adapt into the challenging market environment, remain our commitment on ESG initiatives with the vision and mission to build a better future and create sustainable values for our stakeholders and community. Our focus areas, namely cost efficiency, product quality, customer service, and strategic acquisitions, drive our strategic intents which aim to expand and cement our operations, drive business competitiveness through time and create meaningful value for stakeholders. Our Value Creation Model has guided us in our strategy and decision making to adapt into the challenging business environment.

### Our Focus Areas



Cost Efficiency



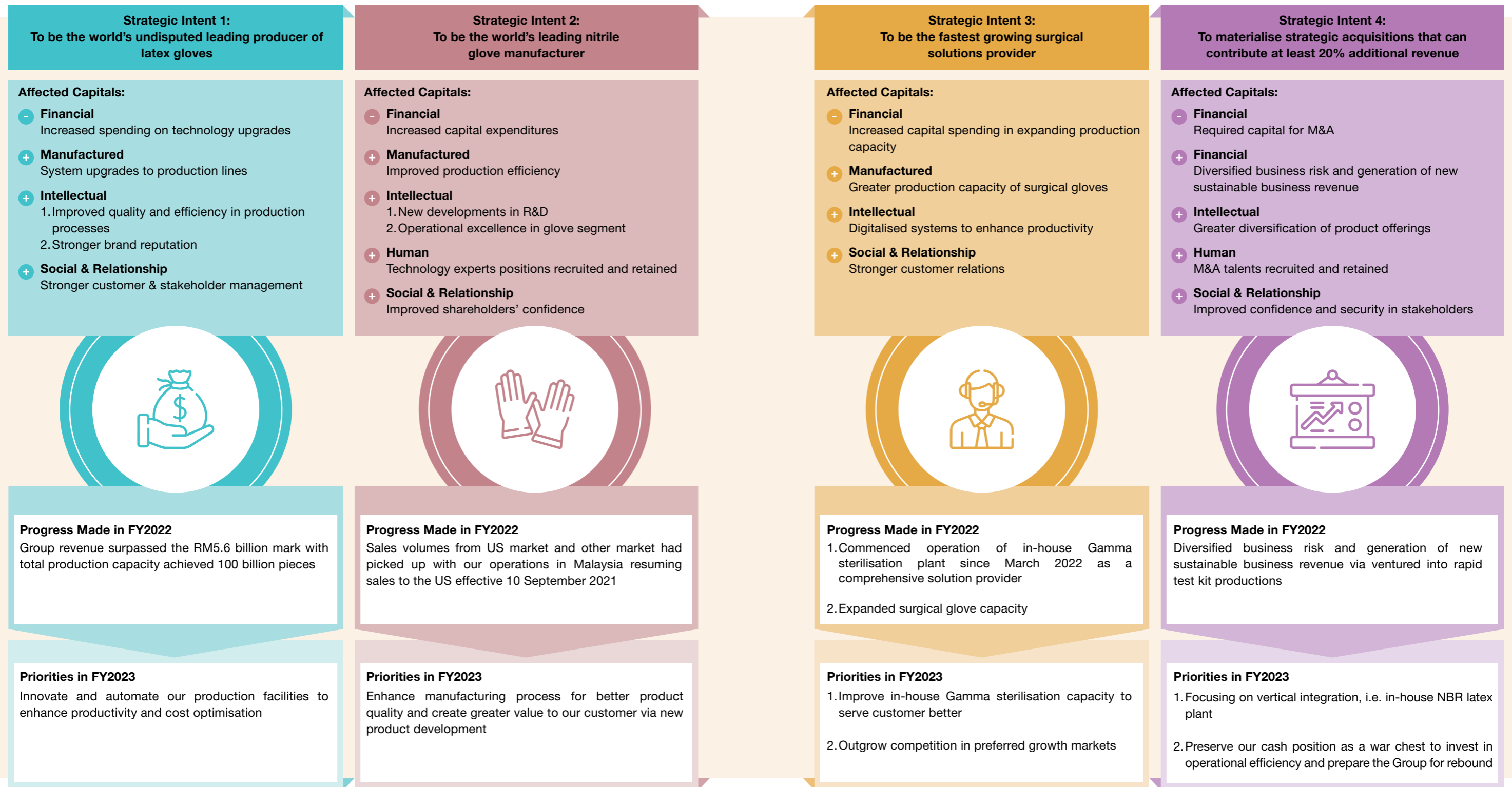
Product Quality



Customer Service



Strategic acquisitions



# Sustainability Strategy

# Sustainability Strategy

## TOP GLOVE FY2025 SUSTAINABILITY BLUEPRINT STRUCTURE

Top Glove strives to advance into a sustainable business at heart. We revamped our sustainability strategy to better deliver on our commitment towards sustainable development. The Top Glove FY2025 Sustainability Blueprint Structure is driven by our Company Mission and focuses on three strategic themes namely Environmental, Social and Governance which are supported by five sustainability goals.

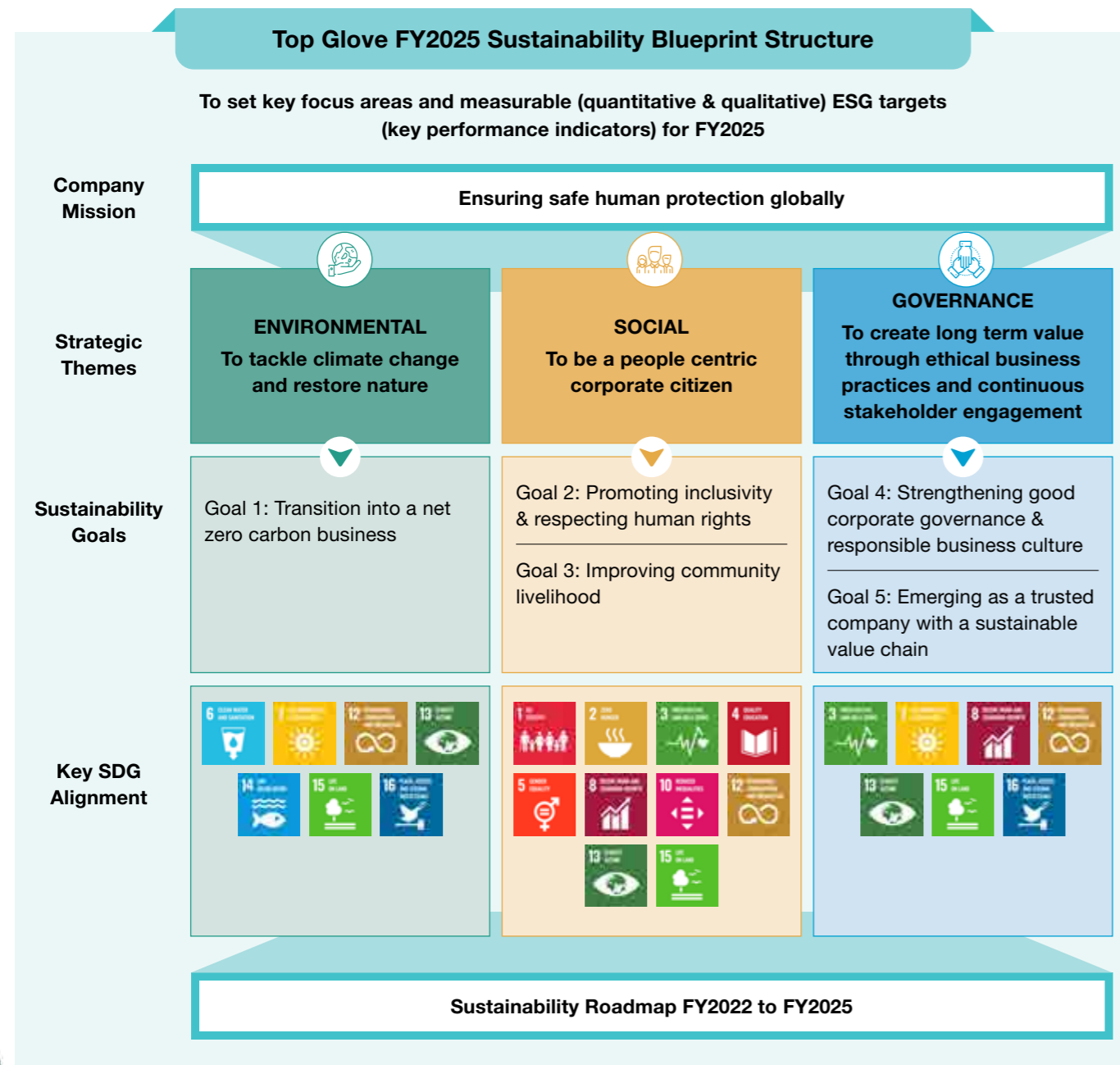
Top Glove's sustainability strategy is sculptured in parallel with the 10 principles of the United Nations Global Compact (UNGC) and we expanded our key United Nations Sustainable Development Goals (SDGs) alignment to 14 out of the 17 goals. Accordingly, the birth of our Sustainability Roadmap FY2022 to FY2025 mapped out measurable medium term ESG targets and set a commitment for the Group to incorporate these important aspects not only in its daily operations but also in its decision making processes.



Sustainability Report 2022

Scan the QR code to view Sustainability Report 2022

[https://tgapp.topglove.com/IAR2022/Sustainability\\_Report/2022/SUSTAINABILITY%20REPORT%202022.pdf](https://tgapp.topglove.com/IAR2022/Sustainability_Report/2022/SUSTAINABILITY%20REPORT%202022.pdf)



## SUSTAINABILITY ROADMAP FY2022 TO FY2025

Established in FY2022, the Top Glove Sustainability Roadmap FY2022 to FY2025 paths our strategic sustainability goals and ambitious ESG targets to create sustainable value for stakeholders and the environment.

We are committed to making a submission to the Science Based Target initiative (SBTi) for net zero carbon and establish Top Glove's Net Zero Carbon initiative (NZTI) Roadmap in FY2024. Subsequently, we will determine the net zero carbon target year for Top Glove in FY2025.

### Measuring Our Performance

We cannot improve what we cannot measure. Hence, we have established Specific, Measurable, Attainable, Relevant and Time-based (S.M.A.R.T.) targets to track the achievement level of each goal. The key FY2025 and interim annual targets are tracked quarterly and reported annually. All target years are financial year end and all reporting data is through FY2022. The targets are built with FY2021 as the baseline, unless specified.

Legend: Progress Tracking to 2025

- Progressing well and on track to achieve targets by 2025
- Progressing with slight delay, to review current approach
- Progressing but lagging, to review and revise targets (if necessary)

2025 Sustainability Goals	2025 Target	Interim 2022 Annual Target	2022 Performance	
<b>Goal 1: Transition into a net zero carbon business</b> 	1. Reduce carbon emission intensity by <b>10%</b> to 0.0176 MT/1,000 pcs of gloves <i>*FY2022 as baseline</i>	Restudied the methodology and baseline changed from FY2021 to FY2022	○○●	
	2. Reduce electricity consumption intensity by <b>10%</b> to 7.76 kWh/1,000 pcs of gloves <i>*FY2022 as baseline</i>			
	3. Reduce natural gas consumption by <b>10%</b> to 0.279 MMBtu/1,000 pcs of gloves <i>*FY2022 as baseline</i>			
	4. Reduce municipal water consumption intensity by <b>34%</b> to 0.151 m <sup>3</sup> /1,000 pcs of gloves <i>*FY2021 as baseline</i>	Reduce <b>10%</b> to 0.207 m <sup>3</sup> /1,000 pcs of gloves	Reduced 3.6% to 0.222 m <sup>3</sup> /1,000 pcs of gloves	○●○
	5. Reduce scheduled waste intensity by <b>13%</b> to 0.140 kg/1,000 pcs of gloves <i>*FY2021 as baseline</i>	Reduce <b>5%</b> to 0.152 kg/1,000 pcs of gloves	Reduced 5.5% to 0.151 kg/1,000 pcs of gloves	○○●
	6. Divert disposal of scheduled waste from licensed landfill by <b>74%</b> <i>*FY2021 as baseline</i>	Divert 68%	Diverted 68.4%	○○●
	7. Reduce solid waste by <b>20%</b> to 8,248 MT <i>*FY2021 as baseline</i>	Reduce <b>5%</b> to 9,620 MT	Reduced 26.2% to 7,468 MT	○○●
	8. Increase the purchase of inner boxes made with 100% recycled material or FSC paper to <b>95% in terms of quantity</b> <i>*FY2021 as baseline</i>	Increase to <b>80%</b>	Achieved 82%	○○●
	9. Reduce a total of <b>25 types</b> of plastic bag thickness by 0.01 mm <i>*new target</i>	<b>Explore</b> types of plastic bag which have the potential for reduction of thickness by 0.01 mm	Identified 95 types of plastic bags	○○●
	10. <b>Procure</b> bottles made with <b>50%</b> recycled plastic materials <i>*FY2021 as baseline</i>	<b>Explore</b> plastic bottles made with <b>25%</b> recycled plastic materials	Explored bottles made with 25% and 40% recycled materials	○○●

## Sustainability Strategy

## Sustainability Strategy

2025 Sustainability Goals	2025 Target	Interim 2022 Annual Target	2022 Performance
<b>Goal 1: Transition into a net zero carbon business</b>	11. <b>Continue to procure</b> refill packs for liquid detergent by <b>50%</b> of the quantity of bottles purchased <i>*FY2021 as baseline</i>	<b>Explore</b> to procure refill packs	Sourced refill pack samples ○○●
	12. Reduce usage of virgin plastic resin in stretch film packing by <b>40%</b> <i>*new target</i>	<b>Explore</b> alternate materials and method for packing	Explored different material and method of wrapping stretch film and conducted testing to prove the effectiveness ○○●
	13. Reduce paper usage by <b>80%</b> to 12,600 kg <i>*FY2021 as baseline</i>	Reduce <b>20%</b> to 50,400 kg	Reduced 56.9% to 27,907 kg ○○●
<b>Goal 2: Promoting inclusivity &amp; respecting human rights</b>	1. <b>Social compliance audit rating</b> BSCI: 100% factories audited achieve 'A' rating SMETA: 100% factories audited achieve not more than 5 NCs/factory <i>*FY2021 as baseline</i>	BSCI: <b>100%</b> factories audited achieve 'A' rating SMETA: <b>90%</b> factories audited achieve not more than 10 NCs/factory	BSCI: 75% factories audited achieved 'A' rating ○○● SMETA: 96% factories audited achieved not more than 10 NCs/factory ○○●
	2. Create <b>30,000</b> job opportunities <i>*FY2021 as baseline</i>	Create <b>7,300</b> job opportunities	Created 6,378 job opportunities ○○●
	3. Achieve <b>50%</b> female leadership in managerial positions (manager and above) <i>*FY2021 as baseline</i>	Achieve <b>44%</b>	Achieved 50% ○○●
	4. Reduce occupational accident rate to <b>2.77</b> per 1,000 workers <i>*FY2021 as baseline</i>	Reduce to <b>3.12</b> per 1,000 workers	Reduced to 2.99 per 1,000 workers ○○●
	5. <b>95%</b> of contractors to pass safety evaluation <i>*FY2021 as baseline</i>	Achieve <b>65%</b>	Achieved 80.2% ○○●
<b>Goal 3: Improving community livelihood</b>	Projects championed by Top Glove Foundation:		
<b>Education Pillar</b>			
<ul style="list-style-type: none"> <li>TG Scholarship Award: Provide scholarships to degree students</li> <li>EduShare Programme: Provide reconditioned laptops to underprivileged students</li> </ul>			
<b>Environment Pillar</b>			
<ul style="list-style-type: none"> <li>Mangrove Nursery &amp; Planting Project: Build mangrove nursery and plant mangrove propagules</li> <li>Grow Green Project: Propagate potted plants to create a greener work environment</li> </ul>			
<b>Community Pillar:</b>			
<ul style="list-style-type: none"> <li>Lend A Hand (LAH) Project: Support underserved families in cash/kind</li> </ul>			

2025 Sustainability Goals	2025 Target	Interim 2022 Annual Target	2022 Performance
<b>Goal 4: Strengthening good corporate governance &amp; responsible business culture</b>	1. Achieve ISO 45001 Occupational Health & Safety Management System certification for <b>100%</b> of our factories (43 out of 43 factories) <i>*FY2021 as baseline</i>	Certify 3 factories or achieve <b>14%</b> (6 out of 43 factories)	Certified 3 factories or achieved 14% (6 out of 43 factories) ○○●
	2. Maintain ISO 9001 Quality Management System certification for <b>100%</b> of our factories (43 out of 43 factories) <i>*FY2021 as baseline</i>	Certify 6 factories or achieve <b>100%</b> (43 out of 43 factories)	Certified 6 factories or achieved 100% (43 out of 43 factories) ○○●
	3. Achieve ISO 14001 Environmental Management System certification for <b>100%</b> of our factories (43 out of 43 factories) <i>*FY2021 as baseline</i>	Certify 7 factories or achieve <b>42%</b> (18 out of 43 factories)	Certified 6 factories or achieved 40% (17 out of 43 factories) ○●○
	4. Achieve ISO 50001 Energy Management System certification for <b>100%</b> of the selected factories (12 out of 12 factories) <i>*12 factories are selected based on factories energy performance and system readiness</i> <i>*FY2021 as baseline</i>	Certify 3 factories or achieve <b>25%</b> (3 out of 12 factories)	Certified 3 factories or achieved 25% (3 out of 12 factories) ○○●
	5. Achieve ISO 37001 Anti-Bribery Management System certification for <b>100%</b> entities (15 out of 15 entities) <i>*FY2021 as baseline</i>	Certify 3 entities or achieve <b>53%</b> (8 out of 15 entities)	Certified 3 entities or achieved 53% (8 out of 15 entities) ○○●
	6. Certify related factories with FSC certification within 6 months of customer request <i>*new target</i>	Certify 1 factory under packaging manufacturer and additional 1 glove factory	Certified 1 factory under packaging manufacturer and additional 1 glove factory ○○●
<b>Goal 5: Emerging as a trusted company with a sustainable value chain</b>	1. Conduct supplier audit to <b>100%</b> active critical suppliers (new & existing) on ESG metrics <i>*FY2021 as baseline</i>	Conduct to <b>70%</b>	Conducted to 93% ○○●
	2. Achieve <b>70%</b> traceability to plantations of natural rubber sourcing <i>*new target</i>	Map 1 <sup>st</sup> tier suppliers for our latex concentration plants	Mapped 1 <sup>st</sup> tier suppliers for our latex concentration plants and developed traceability template for data collation ○○●

## Managing Our Risks and Opportunities

## Managing Our Risks and Opportunities

For financial year ended 31 August 2022, the significant risks to the Group are as follows:

BUSINESS
<p style="text-align: center;"><b>Risk</b></p> <p>With the aims to cementing its position as the world's leading and largest glove manufacturer, the Group has earlier pursued in ramping up its glove production capacity to meet with global demand. Given with the challenging operating environment where the effect of normalisation in demand and price correction take place, its utilization rate of the production capacity will be mainly subjected to the effect of endemic and imbalance oversupply situation.</p>
<p style="text-align: center;"><b>Mitigation</b></p> <ol style="list-style-type: none"> <li>In consideration of the oversupply situation due to additional aggressive expansion from existing and new players during the pandemic period, the Group has taken several measures to mitigate the impact which include a deferment in its expansion plans to reduce capacity expansion, which most of the players are doing the same as well.</li> <li>A profound strategy for production facilities rationalisation and cost management has been formulated with its first imperative to sustain a smooth operation by reducing wastages and enhancing its production efficiencies.</li> </ol>
<p style="text-align: center;"><b>Opportunities</b></p> <p>The Group is optimistic that the oversupply situation is likely to be improved as small and new players are gradually reducing and shutting down their production lines together with the deferment of expansion by other players in the market. The Group remains its commitment to continue meeting the global market demand on an appropriate manner with its ability to shift promptly from growth plan to deferment of capacity expansion and back when the market recovers.</p>

OPERATION
<p style="text-align: center;"><b>Risk</b></p> <p>The Group's exposure to operation risk arises primarily from the potential equipment breakdown, insufficient raw materials, fire outbreak, electricity interruption, water shortage or gas curtailment which could cause unplanned downtime at the factory production lines.</p>
<p style="text-align: center;"><b>Mitigation</b></p> <p>The Group addresses these risks by maintaining sound risk management policies and a high standard and cost-efficient preventive maintenance regime coupled with technical and operating efficiency of its assets.</p>
<p style="text-align: center;"><b>Opportunities</b></p> <p>The Group would be able to scale in its core operations, provide a stable and cost-effective platform that enhance its operational capabilities and efficiency.</p>

INFORMATION TECHNOLOGY, DIGITALISATION AND CYBER
<p style="text-align: center;"><b>Risk</b></p> <p>With the Group's initiatives to increase automation and digitalisation, it also increases the complexity on integrating the production at factories with the information management system. The Group's business may be vulnerable to security breaches to key systems, assets and facilities resulting from cyber-attacks or sabotage. Potential disruptions to operational systems or destruction of facilities from such security breaches can adversely affect the Group's reputation, business and financial results.</p>
<p style="text-align: center;"><b>Mitigation</b></p> <ol style="list-style-type: none"> <li>To mitigate the risk, the Group's IT Department stays vigilant in identifying and addressing any potential cyber threats.</li> <li>In addition, IT Department continuously upgrades and enhances its security system.</li> </ol>
<p style="text-align: center;"><b>Opportunities</b></p> <p>In embracing automation and digitalisation, the Group is able to increase its efficiency from the use of technology to further automate the factories' production lines, reducing manual labour and improving the quality of its products with lower operation cost.</p>

GLOBAL GOVERNANCE
<p style="text-align: center;"><b>Risk</b></p> <p>The glove manufacturing sector is subjected to multiple rules and regulations by various regulatory bodies globally. This includes the potential changes of legislation in Malaysia or other countries since the Group's products are exported globally. In addition, the Group also have operational presence in USA, Brazil, Germany, Thailand, China and Vietnam. Any non-compliance by the Group to the relevant legislation and regulations in those countries could impact the Group's financial and business prospects, it could also put the Group's reputation at stake.</p>
<p style="text-align: center;"><b>Mitigation</b></p> <ol style="list-style-type: none"> <li>A dedicated compliance function is established to ensure a centralised compliance oversight are in place within the Group.</li> <li>In addition, the Group's in-house Legal Department and Regulatory Affairs Department proactively advise the Group on the applicable laws and regulatory obligations to ensure that compliances are met.</li> <li>The Group also mitigates the risks through in-depth regulatory review prior to commitment to any new project.</li> </ol>
<p style="text-align: center;"><b>Opportunities</b></p> <p>Regular monitoring of changes in regulatory requirements to ensure adherence to the local and international laws provide reasonable assurance that the Group's operations and activities are conducted in line with key regulatory requirements in all of its operating countries. This will also ensure the Group's reputation is protected from any adverse impact.</p>



## Managing Our Risks and Opportunities

### PEOPLE

#### Risk

The Group exports to 195 countries and produces different type of gloves catering for different customer's needs of different markets. Taking into consideration of the complexity in term of order and requirement, the Group requires workers to assist in its production lines. Any changes or developments in the source countries' labour-sending policies, public attitudes towards migration and the interaction with Malaysian Government's policies would have an effect on the labour supply, this will impact the Group's production operation.

#### Mitigation

1. The Group's in-house Legal Department and Human Resource Department continue to stay vigilant on the development in laws and regulations and provide proactive update to ensure the Group stays current with the latest regulatory changes.
2. The Group constantly monitors and improves its labour practice and committed to comply with the United Nations Guiding Principles on Business and Human Rights and Internal Labour Organisation's best labour practices to promote the resilience of glove industry.
3. A dedicated manpower utilization plan is established and reviewed on a regular basis to ensure sufficient labour supply in catering the Group's operational needs.
4. The Group has continually move towards the adoption of technology and automation to minimize human reliance, together with the diversification of its operations internationally to other countries such as Vietnam and Thailand.

#### Opportunities

Regular and continuous improvement of the Group's labour practise and employee welfare in line with the commitment to protect human rights and safeguard employee's wellbeing. The Group also continuously adhere to the Human Rights & Ethical Conduct, which stipulates fair and ethical labour practices in accordance with the Business Social Compliance Initiative (BSCI) Code of Conduct which is applicable to the Group's employees and supply chain such as suppliers, business partners and customers.

### MARKET

#### Risk

As an export-oriented manufacturing entity, the Group's financial performance is exposed to the risks of fluctuation in foreign currency exchange rates and volatility in commodity prices; particularly the main raw material in glove manufacturing which are natural rubber latex and nitrile latex. Fluctuation in key foreign currency exchange rates, such as US Dollar, and the related commodity prices will create a short-term impact on the Group's financial performance due to time lag effect of the cost pass-through mechanism. Furthermore, inflationary pressure in general economy has a bearing on its production cost and could expose the Group to a further margin compression in the near term.

#### Mitigation

1. The Group constantly monitors these risk factors and endeavours to achieve an effective and efficient cost pass-through mechanism with the aim to minimizing the impact on its financial performance caused by macro factors.
2. Certain cost reduction and cost avoidance exercises have been implemented by the Group to ensure cost efficiency in operations and aim to maintaining a healthy cash flow level.

#### Opportunities

An optimal capital structure will enable the Group to properly manage its funds and maximizing its market value while minimizing the cost of capital.

## Managing Our Risks and Opportunities

### SUSTAINABILITY

#### Risk

While many countries have reopened up their boarder and gradually removed the travel restrictions, emerging of a new COVID variant could expose the Group to risk of supply chain disruption arising from global shipment congestion and global manufacturing and production crisis. Risk of receiving below average quality goods and lack of upstream material heightened due to the Group's dependency on a few sources of supplier and/or on other countries to fulfilling some components of the raw materials which faced shortages from the local suppliers. Apart from the traditional key considerations to be scrutinized in its supply chain, the increasing scrutiny on ESG matters will primarily expose the Group to a further stringent process in selecting its key suppliers, with the aim of meeting ESG standards at a sustainable cost. Furthermore, there is increasing scrutiny of the Group's environmental risks with regards to water consumption, energy usage, effluent and emission discharge and other climate-related risk.

#### Mitigation

1. The Group continues its effort to actively source for alternative materials or suppliers to ensure smooth supply of materials and assembly well ahead of time to provide a buffer against short-term disruptions.
2. The Group has also pursued for a potential alternate source of supply or substitution of materials which have limited supplies in the market.
3. The Group has ventured into multiple upstream business units such as chemical, former, latex and packaging material plant in the effort to mitigate the supply chain disruption of these materials.
4. The Group incorporates its ESG framework into the business operation and regularly perform diligence check on key suppliers based on a broad spectrum of standards.
5. Board Sustainability Committee oversees the Groups' sustainability efforts and steers ESG strategies into a competitive advantage to generate long term value for stakeholders.

#### Opportunities

The Group's ongoing efforts to localise supply chains and placing priorities to the local and Asia vendors in sourcing of the raw materials whenever possible which may indirectly stimulate domestic and Asia economic growth. In the effort to support good governance and sustainability efforts, the Group is committed to collaborate with transparent, ethical as well as socially and environmentally responsible vendors. In addition to that is the Group's regular monitoring of changes in requirements to ensure adherence and to provide reasonable assurance that the Group operates in line with environmental and social requirements in all operating countries.

## 2022 Sustainability Highlights

All content and data in this Creating Sustainable Value section has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd.

### 2022 SUSTAINABILITY HIGHLIGHTS

#### Resumed exporting and selling gloves to U.S.A.

following modification of finding by U.S. Customs and Border Protection (CBP) on 10 September 2021



Maintained inclusion on Dow Jones Sustainability Indices (DJSI) for four consecutive years, **ranked top 3%** (as at 21 October 2022) in the **Healthcare Equipment & Supplies** industry with a score of 67 out of 100

The **first Malaysian glovemaker to be included in 2022 Bloomberg Gender Equality Index** with an above industry average score



Notched another first with inclusion in the **S&P Global Sustainability Yearbook 2022** with an Industry Mover distinction

#### Sustainability Award Industry Mover 2022

**S&P Global**

Ranked **Top 16%** amongst the **Healthcare Sector on the FTSE Russell ESG Ratings, scored 3.7 out of 5.0**, reflecting an increase of about **20%**



Became a **member of the United Nations Global Compact Network in March 2022** to accelerate the Group's corporate sustainability agenda



#### Launched ESG World platform

on its website for easy public access to Top Glove's comprehensive sustainability information



Established Traceability Committee as part of the effort to **achieve 70% traceability to natural rubber plantations**



Entered into a **20-year Power Purchase Agreement** on Earth Day 2022

Launched **Top Glove Sustainability Policy** and revised the **Business Partners' Code of Conduct**

Committed to submit to the **Science Based Target initiative (SBTi)** for Net Zero Carbon in FY2024 and set Net Zero Carbon target year in FY2025



#### Sustainability Report 2022

Pages 66 to 77 are a summary of Top Glove's Sustainability Highlights for FY2022. For more details on Top Glove's sustainability related performance, scan the QR code to view our Sustainability Report 2022.

[https://tgapp.topglove.com/IAR2022/Sustainability\\_Report/2022/index.php](https://tgapp.topglove.com/IAR2022/Sustainability_Report/2022/index.php)



# Environmental: Tackling Climate Change and Restoring Nature

## Environmental

### 2022 ENVIRONMENTAL HIGHLIGHTS

Refined carbon emissions calculation to align with GHG Protocol

Solar power system implementation at **8 factories** with capacity of **5.34 MWp** as at FY2022

**17 factories** certified with Environmental Management System ISO 14001 as at FY2022

**3 factories** certified with ISO 50001 Energy Management System as at FY2022

Approximately **98%** of packaging materials (in terms of quantity) made of recycled or recyclable material

Approximately **1,500 eco bricks** made as at FY2022 under Eco Brick Programme towards reducing plastic waste

Built the first **2 nurseries** and harvested a total of **1,300 mangrove propagules**

**86,262 trees** planted at a 30,773 hectare plantation land in Indonesia as at FY2022 and able to absorb approximately 1,811 MT of CO<sub>2</sub>

Nearly **0.4 million** formers reglazed and reused, resulting in cost savings of **RM1.8 million** for reglazing and conversion as well as waste disposal management

Rubber Reclaimed Project estimated to avoid **80 MT of CO<sub>2</sub>eq emissions** by preventing **27,163 kg of nitrile waste** being incinerated

Our Sustainability Roadmap has become our comprehensive strategy for sustainability. It sets forth ambitious targets that we intend to achieve by 2025.

It sets out 5 key goals relevant to our stakeholders across our business and wider supply chain: transitioning to a net zero business, Promoting inclusivity and respecting human rights, Improving community livelihood, Strengthening good corporate governance and responsible business culture and Emerging as a trusted company with a sustainable value chain.

We developed our strategy in consultation with our stakeholders, drawing upon global standards and frameworks to determine a series of commitments under each impact area. Furthermore, it sets out our approach to continue supporting the UN's Sustainable Development Goals (SDGs).

### GOAL 1: TRANSITION INTO A NET ZERO CARBON BUSINESS



Top Glove is cognisant that our business and operational activities can potentially impact the environment. We are committed to adapt and mitigate climate change by continuously refining our manufacturing processes and practices as we uphold environmental stewardship in our practice. The Group aspires to achieve net zero carbon emissions through leveraging on innovation and technology.

Capital	Material Issues	Initiatives	Value Created
<ul style="list-style-type: none"> <li>Manufactured</li> <li>Intellectual</li> <li>Natural</li> </ul>	<ul style="list-style-type: none"> <li>Physical Impacts on Climate Change</li> <li>Energy Consumption</li> <li>Environmental Compliance</li> <li>Waste &amp; Effluent</li> <li>Water Management</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy and energy saving projects</li> <li>Innovative product development</li> <li>Waste reduction and recovery practices</li> <li>Water conservation facilities</li> </ul>	<ul style="list-style-type: none"> <li>Optimised resources consumption</li> <li>Impactful landfill mitigation</li> <li>Environmental pollution prevention</li> </ul>

### Task Force on Climate-related Financial Disclosure (TCFD)

In line with our support of the TCFD, Top Glove aims to better articulate climate related risks that have a financial impact on our business in accordance with the four (4) core elements of recommended climate related financial disclosure as detailed below.

### Sustainability Governance

With regard to sustainability governance, the Board is supported by the Board Sustainability Committee (BSC) which was established in March 2019 towards strategically integrate sustainability across key aspects of Top Glove's business. The BSC comprises four independent directors and is chaired by a Senior Independent Director. The BSC provides oversight to Top Glove's sustainability strategy including climate-related risks, opportunities and initiatives that drive climate change mitigation and adaptation strategies, as well as key Environmental, Social and Governance target setting and performance tracking. This Committee is supported by the Sustainability Steering Group (SSG) is chaired by our Managing Director and its members consist of all Heads of Departments across the company. During monthly meetings, the SSG members brainstorm and plan for the execution of climate-related strategies; monitor the ESG performance of our operations against Top Glove's sustainability goals and targets; and track and submit their report to the Sustainability Department quarterly. For more details on the sustainability governance structure, please refer to page 71 in Sustainability Report 2022.

## Environmental

## Environmental


### Strategy

#### Climate Change Scenario Analysis

Climate change presents a range of risks and opportunities that could impact and benefit Top Glove. These can be categorised into transition risks (which incorporates policy and legal, technology, market and reputation risk) and physical risks. Aligned with the recommendations of TCFD, Intergovernmental Panel on Climate Change (IPCC), and best practices, Top Glove conducted its first climate change scenario analysis in FY2022 across our value chain. Central to the TCFD recommendations in assessing risks and opportunities across future time horizons and climate scenarios, Top Glove's analysis focused on two scenarios. These scenarios are based on the Representative Concentration Pathways (RCPs) set out by the IPCC. These scenarios are also aligned with the IPCC's RCP2.6 and RCP8.5 pathway with the intention to present sharp contrast.

The table below outlines potential significant climate-related risks and opportunities identified through our qualitative assessment. Our analysis of materiality will be refined over time to be aligned with the mechanisms used to quantify risks and opportunities.

Climate Change Scenario	Type	Climate Related Risks	Potential Financial Impacts	Strategies
RCP8.5 Limited climate action leading to global warming of 4 degrees Celsius above preindustrial levels by 2100	Physical Risks [acute and chronic risk]	a. Rising mean temperatures which lead to increased frequency of drought	a. Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions) b. Reduced revenue and higher costs from negative impacts on workforce (e.g. health, safety, absenteeism) c. Increased operating costs (e.g. inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants) d. Increased capital costs (e.g. damage to facilities)	a. Installed recycled water at Reverse Osmosis (RO) plant system 30 m <sup>3</sup> /hour. b. Increased water storage tank capacity and rainwater harvesting. c. Service replacement new RO membrane stage 1 and 2 to increase RO capacity. d. Installed new Ultrafiltration (UF) tank 20 m <sup>3</sup> to increase RO system capacity from 280 m <sup>3</sup> per day to 500 m <sup>3</sup> per day. e. Collaborated with Air Selangor in Skim Perpaipan Air Selangor (IWSS) to have new piping system from Lam Bee reservoir for selected factories in Klang to mitigate water stress issue
		b. Increased severity of extreme weather events such as floods	e. Reduced revenues from lower sales/output f. Increased insurance premiums and potential for reduced availability of insurance on assets in 'high-risk' locations	a. Implementation and installation of Watergate System, Stick gate, Super Pump, Flood retention ponds to prevent flood. b. On-Site Detention Ponds are in place at new factories. c. Regular maintenance [every 3 months] to clear drains and rivers by relevant authorities and companies. d. Desilting work at ponds, upgrading to higher pond bundwalls and installation of Gabion Weir at its outlet to slow down downstream water flow rates.

Climate Change Scenario	Type	Climate Related Risks	Potential Financial Impacts	Strategies
RCP8.5 Limited climate action leading to global warming of 4 degrees Celsius above preindustrial levels by 2100		In FY2022, we further invested RM690,448 in flood mitigation initiatives.  <div style="border: 1px solid black; padding: 5px; width: fit-content;">  <p><b>Flood control &amp; water flow initiatives</b> Scan the QR code to view our flood control &amp; water flow initiatives (under Facilities Investment &amp; Improvement section)</p> <p><a href="https://www.topglove.com/environment">https://www.topglove.com/environment</a></p> </div>		e. Conduct survey to obtain data for the hydraulic modelling simulation to identify bottleneck areas. f. To raise up the lid culvert and install new extension at U-drain to improve water flow. g. Daily, weekly and monthly check and monitoring is scheduled to ensure all prevention systems are in good condition. h. Upgrade old small pipe culvert into bigger dimension where needed for better water flow. i. Constructed drain diversion along Jalan Setia Murni, Shah Alam, Malaysia with controlled floodgates to reduce water load towards the main monsoon drain. j. Assisted nearby local residential area with installation of electrical submersible pump and flood gate.
	Opportunity [Products]	a. Increased demand for PPE due to the extreme weather and possible outbreak of disease	a. Increased revenue through high demand for PPE	Top Glove is equipped with 812 production lines and a production capacity of 100 billion pieces of gloves per annum.
RCP2.6 Aligns with the goals of the Paris Agreement and requires steep global annual emissions reductions, sustained for decades, to stay within a 1.5 degrees Celsius carbon budget	Transition Risk [Policy and Legal]	a. Increased carbon pricing and carbon tax b. Enhanced emissions reporting obligations c. Mandates on and regulation of existing products and services d. Exposure to litigation	a. Increased operating costs (e.g. higher compliance costs, increased insurance premiums) b. Write-offs, asset impairment, and early retirement of existing assets due to policy changes c. Increased costs and/or reduced demand for products and services resulting from fines and court judgements	a. Involved in discussions with peers and organisations such as UN Global Compact Network Malaysia & Brunei (UNGCMYB) and CEO Action Network (CAN) on the carbon pricing and carbon tax b. Installed solar power in 2020 and renewed the solar power PPA to increase total solar capacity from 5.34 MWp to 15.47 MWp c. As at FY2022, 17 factories certified with ISO 14001 with a target to achieve 100% certification by FY2025 to ensure compliance with the Environmental Management System

## Environmental

## Environmental

Climate Change Scenario	Type	Climate Related Risks	Potential Financial Impacts	Strategies
RCP2.6 Aligns with the goals of the Paris Agreement and requires steep global annual emissions reductions, sustained for decades, to stay within a 1.5 degrees Celsius carbon budget	Transition Risk [Technology]	<ul style="list-style-type: none"> <li>a. Substitution of existing products with lower emissions options</li> <li>b. Unsuccessful investment in new technologies</li> <li>c. Costs to transition to lower emissions technology</li> </ul>	<ul style="list-style-type: none"> <li>a. Write-offs and early retirement of existing assets</li> <li>b. Reduced demand for products and services</li> <li>c. Research and development (R&amp;D) expenditures in new and alternative technologies</li> <li>d. Capital investments in technology development</li> <li>e. Costs to adopt/deploy new practices and processes</li> </ul>	<ul style="list-style-type: none"> <li>a. Established a Digitalisation &amp; Automation Department in 2019 to focus on data digitalisation for near real time monitoring</li> <li>b. Automation projects at operations to increase efficiency and reduce energy consumption</li> <li>c. Our Engineering Department performs continuous studies on projects which could reduce the carbon emission such as combined heat and power (CHP) system</li> </ul>
	Transition Risk [Market]	<ul style="list-style-type: none"> <li>a. Changing customer behavior</li> <li>b. Uncertainty in market signals</li> <li>c. Increased cost of raw materials</li> <li>d. Increased demand for low carbon products to reduce emissions resulting in loss of competitive advantage if Top Glove fails to act</li> </ul>	<ul style="list-style-type: none"> <li>a. Reduced demand for products due to shift in consumer preferences</li> <li>b. Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)</li> <li>c. Abrupt and unexpected shifts in energy costs</li> <li>d. Change in revenue mix and sources, resulting in decreased revenues</li> <li>e. Re-pricing of assets (e.g. fossil fuel reserves, land valuations, securities valuations)</li> </ul>	<ul style="list-style-type: none"> <li>a. Production of biodegradable gloves since 2019</li> <li>b. Innovate more green products and adopt circular economy to recover nitrile waste into new product such as rubber gasket, rubber sealant etc.</li> <li>c. Top Glove targets to commission our own nitrile plant by 2023 which is one of the important raw materials</li> <li>d. Top Glove has our own printing company, Eastern Press which is FSC certified for printing of inners and cartons</li> </ul>
	Transition Risk [Reputation]	Increased stakeholder concern or negative stakeholder feedback	<ul style="list-style-type: none"> <li>a. Reduced revenue from decreased demand for products</li> <li>b. Reduced revenue from decreased production capacity (e.g. delayed planning approvals, supply chain interruptions)</li> <li>c. Reduced revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention)</li> </ul>	<ul style="list-style-type: none"> <li>a. Regular updates with stakeholders on any initiative implemented by Top Glove</li> <li>b. Sustainability Steering Group chaired by the Managing Director and consists of all Heads of Departments meets monthly to ensure ESG targets are on track</li> <li>c. Assurance audit by a third party for the Sustainability Report to ensure the data credibility</li> </ul>
	Opportunity [Resource Efficiency]	<ul style="list-style-type: none"> <li>a. Use of more efficient modes of transport</li> <li>b. Use of more efficient production and distribution processes</li> <li>c. Use of recycling</li> </ul>	<ul style="list-style-type: none"> <li>a. Reduced operating costs (e.g. through efficiency gains and cost reductions)</li> <li>b. Increased production capacity, resulting in increased revenues</li> </ul>	<ul style="list-style-type: none"> <li>a. Take business travel into account to ensure the efficient modes of transport are used</li> <li>b. Organise recycling programme such as Fabric Recycling Project where donated fabrics will be upcycled and recycled to produce cleaning cloths and bags. This is aligned with the Circular Economy concept as well.</li> </ul>

Climate Change Scenario	Type	Climate Related Risks	Potential Financial Impacts	Strategies
RCP2.6 Aligns with the goals of the Paris Agreement and requires steep global annual emissions reductions, sustained for decades, to stay within a 1.5 degrees Celsius carbon budget	Opportunity [Resource Efficiency]	<ul style="list-style-type: none"> <li>d. Move to more efficient buildings</li> <li>e. Reduced water usage and consumption</li> </ul>	<ul style="list-style-type: none"> <li>c. Increased value of fixed assets (e.g. highly rated energy-efficient buildings)</li> <li>d. Benefits to workforce management and planning (e.g. improved health and safety, employee satisfaction) resulting in lower costs</li> </ul>	<ul style="list-style-type: none"> <li>c. Engage with contractors to divert scheduled waste disposal from landfill</li> <li>d. Obtained Green Building Index certification for Top Glove Headquarters in Malaysia</li> <li>e. Conduct yearly awareness training and international events sharing with employees on importance of sustainability including climate change and water saving.</li> </ul>
	Opportunity [Products]	<ul style="list-style-type: none"> <li>a. Increase demand for low carbon and environmentally-friendly products</li> <li>b. Ability to diversify business activities</li> <li>c. Shift in consumer preferences</li> <li>d. Development of new products or services through R&amp;D and innovation</li> </ul>	<ul style="list-style-type: none"> <li>a. Increased revenue through demand for lower emission products and services</li> <li>b. Better competitive position in line with shifting consumer preferences, resulting in increased revenues</li> </ul>	<ul style="list-style-type: none"> <li>a. Production of biodegradable glove products since 2019</li> <li>b. R&amp;D Department consists of approximately 1,000 members to innovate and develop low carbon products</li> </ul>
	Opportunity [Markets]	<ul style="list-style-type: none"> <li>a. Access to new markets</li> </ul>	<ul style="list-style-type: none"> <li>a. Increased revenues through access to new and emerging markets (e.g. partnerships with governments, development banks)</li> </ul>	

### Risk Management

The Group emphasises climate change and environmental stewardship, and climate-related risk factors have been incorporated in the Group's Enterprise Risk Management (ERM) Framework under Section 7: Sustainability & ESG Risk. The Risk Management Department implemented contextualisation process and conducted successive rounds of discussion on a regular basis with risk owners from the business units which covers all its operating countries to identify, assess and mitigate climate-related risk as per the methodology set in the ERM Framework. The process entails a continuous cycle from the establishment of scope, context and criteria for both Transition Climate Risk and Physical Climate Risk to ensure proper alignment with the Group's interconnected objectives and towards mitigating the impact of climate change on its business operations in a global context.

### Metrics and Targets

In FY2022, Top Glove has developed the Sustainability Blueprint and targets until FY2025. One of the strategic themes outlined in the Blueprint is tackling climate change and restoring nature with the goal of transitioning into a net zero carbon business. Interim annual targets have been in place to monitor our progress including environmental compliance and operational performance metrics, specifically in the areas of water management, energy efficiency and waste management. Monitoring and reporting these metrics help us identify areas with highest climate-related risks for more targeted approaches. To track the progress towards our over-arching goals set under the Sustainability Blueprint, metrics and their corresponding performance are provided for the last three years.



Kindly refer to pages 59 to 61 in this report for an overview on our Sustainability Roadmap Target FY2022 to FY2025.



## Social: To Be a People Centric Corporate Citizen

## Social

### 2022 SOCIAL HIGHLIGHTS

Estimate to invest  
**RM232 million**  
to improve accommodation for approximately  
**11,404 employees**

Revamped existing performance management system to inculcate a performance driven culture

Contributed  
**RM56.5 million**  
in income tax towards nation building and  
to promote sustainable economic growth

**99.9%**  
of our global workforce were  
fully vaccinated against COVID  
as at 31 August 2022

Country by country breakdown:

- Malaysia: RM43.3 million
- Thailand: RM13.7 million
- U.S.A.: RM5.3 million
- Singapore: RM2,033
- China: (RM1.7 million)
- Brazil: (RM2.0 million)
- Germany: (RM2.1 million)

Awarded  
**14 scholarships**  
worth a total of over  
**RM500,000** in FY2022

Strong representation of women in our workforce:

**36% at board level**  
**50% at managerial level**  
(manager and above)

Provided **6,378**  
job opportunities globally,  
where **93%** of the employees hired in  
Malaysia are locals

Invested  
**RM845,000**  
in employee training,  
achieving a total of **698,918**  
training hours

### GOAL 2: PROMOTING INCLUSIVITY & RESPECTING HUMAN RIGHTS



Top Glove acknowledges that employees are their most valuable asset. We respect and protect human rights, while promoting diversity and inclusivity in our workforce to nurture a healthy working environment conducive to optimal growth. We believe that the greatest innovation comes from a group of passionate employees from heterogenous cultural background.

Capital	Material Issues	Initiatives	Value Created
<ul style="list-style-type: none"> <li>Human</li> <li>Social &amp; Relationship</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights</li> <li>Labor Management Relations</li> <li>Occupational Health &amp; Safety</li> <li>Diversity &amp; Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with local laws &amp; regulations and international labour standard</li> <li>Work-life integration policies</li> <li>Safety and wellness programmes</li> <li>Employee learning and development programmes</li> <li>Women empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Productive and innovative workforce</li> <li>Diverse workforce</li> <li>Safe and healthy working environment</li> </ul>

### GOAL 3: IMPROVING COMMUNITY LIVELIHOOD



Top Glove is a firm advocator of corporate social responsibility and we understand that people and community are the essence of our society. We ensure safe human protection globally not only through our products, but also through various educational, environmental and community projects. We are committed to uplift underprivileged communities through Top Glove's philanthropic arm, Top Glove Foundation.

Capital	Material Issues	Initiatives	Value Created
<ul style="list-style-type: none"> <li>Financial</li> <li>Social &amp; Relationship</li> </ul>	<ul style="list-style-type: none"> <li>Security Management</li> <li>Infectious Diseases</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Auxiliary police team</li> <li>COVID preventive measures</li> <li>Post pandemic business strategies</li> <li>Employee volunteerism</li> <li>Community projects</li> </ul>	<ul style="list-style-type: none"> <li>Uplifted communities</li> <li>National economic growth</li> <li>Kindness mindset</li> </ul>



## Governance: To Create Long Term Value Through Ethical Business Practices and Continuous Stakeholder Engagement

### Governance

#### 2022 GOVERNANCE HIGHLIGHTS

Adoption of **Directors Fit and Proper Policy and Shareholders Communication Policy and Procedure**

**Engagements between Independent Directors and Executive Management** as well as Independent Directors and worker representatives

**Annual Board effectiveness evaluation conducted internally, facilitated by the Company Secretary via online questionnaires**

Diverse gender and skills across Board of Directors, with  
**36% of female directors**

Consistent measure,  
**40% of KPI** linked to **ESG metrics**

**Implementation of Balanced Scorecard to align KPIs with business strategy at all levels**

**Mapped 1<sup>st</sup> tier suppliers for our latex concentration plants and developed traceability template for data collation**



▲ Top Glove's Directors, senior management and corporate consultant at the Company's Board Away Day held in May 2022.

#### GOAL 4: STRENGTHENING GOOD CORPORATE & RESPONSIBLE BUSINESS CULTURE



Top Glove's unwavering reputation is grounded in its Business Ethics: Honesty, Integrity & Transparency. We promote our core values to all employees from their first day at work as earning the trust of stakeholders is of utmost importance for the future of our business. We are committed to upholding good ethics and compliance to ensure good corporate governance within the Group.

Capital	Material Issues	Initiatives	Value Created
<ul style="list-style-type: none"> <li>Intellectual</li> <li>Social &amp; Relationship</li> </ul>	<ul style="list-style-type: none"> <li>Ethics, Integrity &amp; Governance</li> </ul>	<ul style="list-style-type: none"> <li>Assimilation of business culture</li> </ul>	<ul style="list-style-type: none"> <li>Peace and justice working culture</li> </ul>

#### GOAL 5: EMERGING AS A TRUSTED COMPANY WITH A SUSTAINABLE VALUE CHAIN



Top Glove's position as the world's largest manufacturer of gloves has the potential to impact the supply chain. We aim to be the role model of our suppliers and business partners for them to embrace sustainability. We are committed to create a sustainable value chain by continually engaging our business partners to support sustainability practices and providing customer experience that exceeds expectations.

Capital	Material Issues	Initiatives	Value Created
<ul style="list-style-type: none"> <li>Natural</li> <li>Human</li> <li>Social &amp; Relationship</li> <li>Manufactured</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality &amp; Safety</li> <li>Supply Chain Management</li> <li>Customer Experience</li> </ul>	<ul style="list-style-type: none"> <li>Conformance to international standards</li> <li>Traceability</li> <li>Customer centric culture</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable value chain</li> <li>Customer satisfaction</li> </ul>

# Corporate Governance Overview Statement

# Corporate Governance Overview Statement

## OUR COMMITMENT TOWARDS GOOD GOVERNANCE

With governance underpinning the foundations of an organisation, we remain committed to sustainable business practices and embracing highest standard of corporate governance in managing our business and successful delivery of our strategy despite the rapidly changing business environment.

The Board continues to play a vital role in ensuring the stability of the business during this challenging time by delivering effective leadership which supports the delivery of strong and sustainable financial and operational performance for the Group and long term value for our stakeholders.

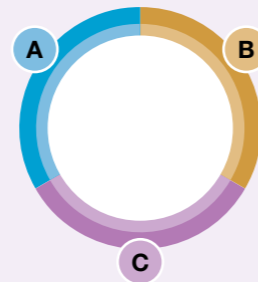
At Top Glove, our people is our greatest asset. They are key to our continued success and to the delivery of our established, consistent, proven and successful strategy. The resilient and commitment of our people and their unwavering dedication to keeping our operations running safely and to providing the highest quality of service to our customers, despite the challenges faced are testament to the quality of our people.

The importance of good governance is never greater than in times of macroeconomic uncertainty. The Group's success depends on our continual commitment to high corporate governance standards, as well as a healthy and responsible culture, both in the boardroom and across the Group. We do not view corporate governance as an exercise in compliance but as an evolving and core discipline which generates value for our stakeholders and underpins our success.

In the current challenging economic environment, effective oversight of strategy and risk is particularly important to promote the long term of the Group. In performing this role, the Board seeks to be responsive to both the evolving regulatory environment and changing expectations about the role of business in society. In particular, the Board seeks to ensure that the Group's culture is aligned with its purpose and values and that the Company has the necessary financial and human resources to deliver its strategy successfully.

As a Board, we are committed to ensuring that the Company's purpose, values and high standards are set from the Chairman and all Non-Executive Directors with the support of the Executive Directors and the executive management team, embedded throughout the Group. We are dedicated to leading by example to demonstrate Top Glove's strong corporate values and culture which promote the long term sustainable success of the Company for the benefit of all of our stakeholders.

This Statement makes reference to the three (3) Broad Principles of the Malaysian Code on Corporate Governance ("MCCG")



- A Principle A : Board Leadership and Effectiveness**
- B Principle B : Effective Audit and Risk Management**
- C Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

Scan the QR code for more information about Our Corporate Governance Policies and Disclosures

<https://www.topglove.com/governance-manual/>

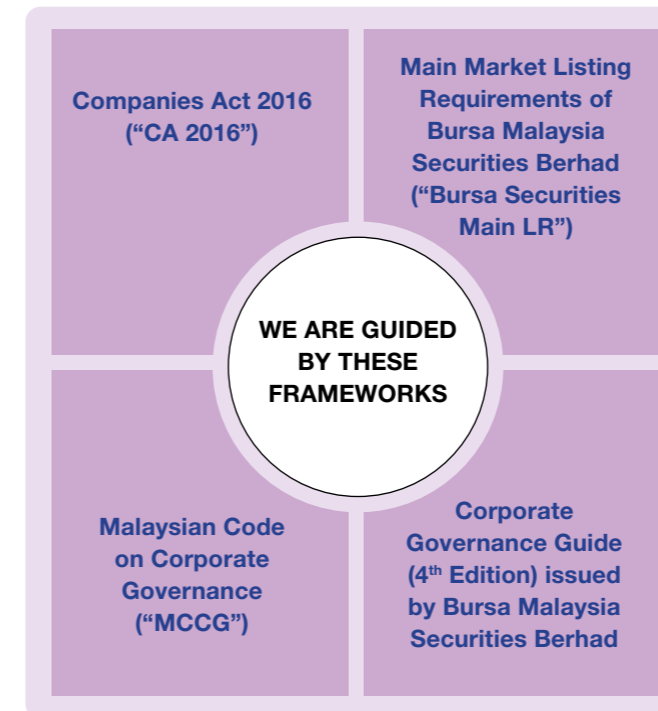
Scan the QR code for more information about Our Corporate Governance Report

[https://tgapp.topglove.com/IAR2022/CG\\_Report/2022/index.php](https://tgapp.topglove.com/IAR2022/CG_Report/2022/index.php)

### SUMMARY OF CORPORATE GOVERNANCE PRACTICES

For the financial year ended 31 August 2022 ("FY2022"), Top Glove Corporation Bhd ("Top Glove" or "the Company") has applied all the Practices and adopted all the steps-up encapsulated in MCCG. We will continue our efforts to further strengthen our governance practices in ensuring its robustness to continuously safeguard the interests of our stakeholders while driving growth.

The details of how the Company has applied, complied with and adopted the MCCG Principles and Practices are outlined in our Corporate Governance Report 2022, which is available on our website at <https://www.topglove.com/governance-manual/>



OUR GOVERNANCE PRACTICES EXCEED WHAT IS GENERALLY REQUIRED

## Malaysia-ASEAN Corporate Governance Report 2020

Ranked **No. 29**

in the list of top 100 companies for Corporate Governance Disclosure 2020





## Corporate Governance Overview Statement

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### OUR BALANCED AND EXPERIENCED BOARD DELIVERS AND DRIVES OUR STRATEGY

**Board of Directors**

Led by the Chairman, the Board takes primary responsibility in defining the Group’s strategic direction, risk appetite and control environment aiming to promote long term value of the stakeholders.

Key responsibilities of the Board are as follows :

Setting the **Vision, Mission and Strategic direction** for the Company and monitor delivery of strategy by the Executive Directors

**Shaping the culture and values** of the organisation in ensuring that the Company adheres to high standard of ethics

**Formalise governance model** and ensure appropriate policies and procedures are in place

**Maintain effective communication** with the Stakeholders

**Deliberate on formal schedule of matters** specifically reserved for Board decision

The Board Charter duly adopted by the Board clearly established the functions reserved for the Board and those delegated to Management. It is a reference and induction literature in providing the Board members and Management insight into the functions of the Board.

[The Board Charter is accessible through the Company’s website : https://www.topglove.com/governance-manual/](https://www.topglove.com/governance-manual/)

**Board Committees**

Presently, the Board is supported by four (4) Board Committees with delegated responsibilities to oversee the Group’s affairs and authorise to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”).

Each Board Committee will review, report and make recommendations to the Board during the Board meeting on matters relevant to their roles and responsibilities. The Chairman of the respective Board Committee will provide highlights to the Board and the minutes of the respective Board Committees meeting will also be tabled at the quarterly Board meetings so as to keep the Board abreast of the decision and deliberation made by each Board Committee.

Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice as required for the performance of its duties.

**EXCO**

Executive Committee (“EXCO”) assists the Board in ensuring that the Board’s decision, strategies set, business plans, budgets, policies, procedures, daily business and operational issues approved by the Board are implemented and/or monitored efficiently and effectively by the Group’s Management.

The EXCO will review and consider the transactions or activities put forth by the Management, and approve them within its delegated authority or recommend them to the appropriate Board Committee and/or the Board.

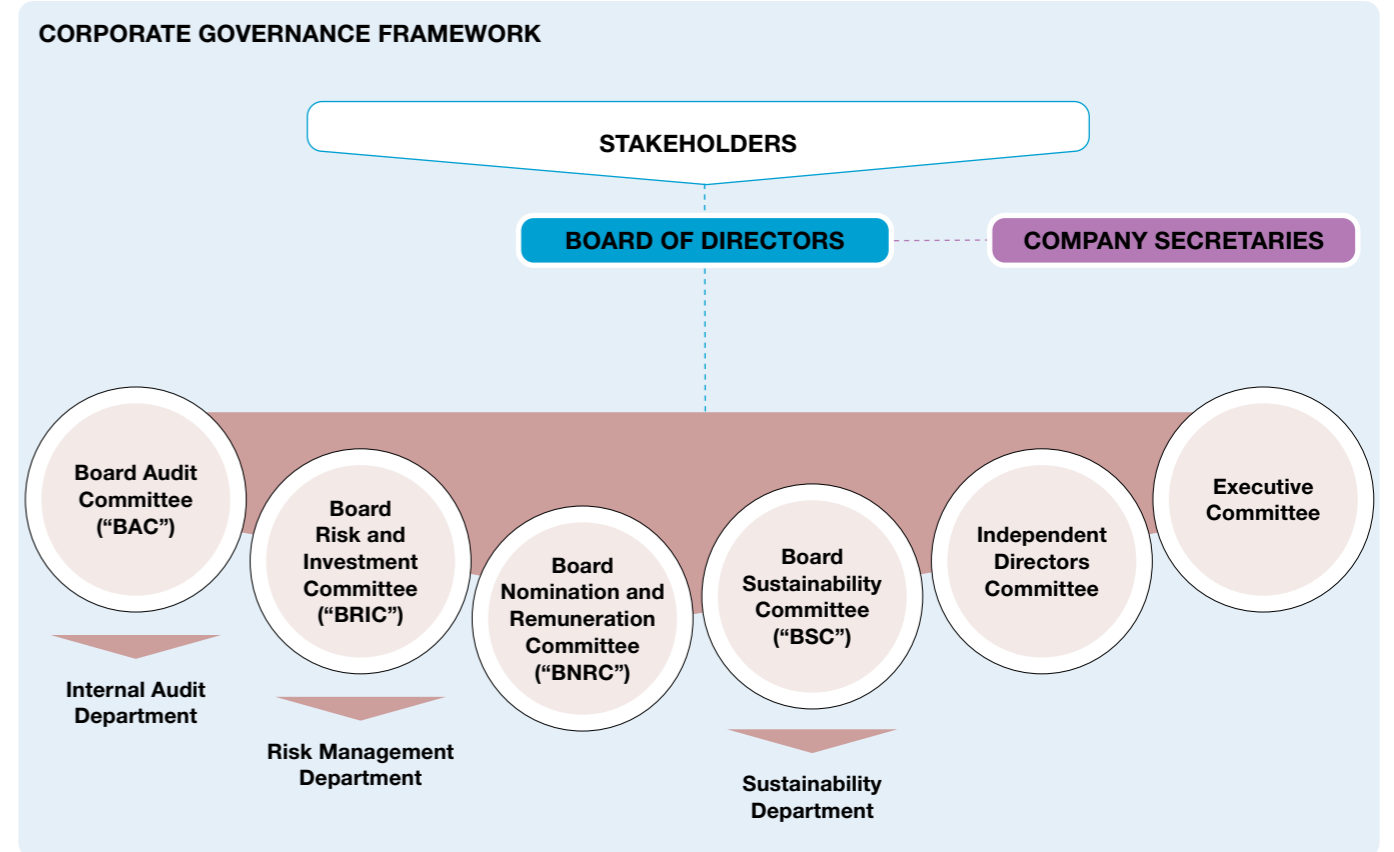
**Company Secretaries**

Company Secretaries play an advisory role to the Board and support the Board in ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

The Board is regularly updated by the Company Secretaries on changes in the relevant statutory and regulatory requirements, particularly in areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and the Group’s Management as well as the Directors induction programmes and assisting with professional developments.

## Corporate Governance Overview Statement



**Roles**

<p><b>Executive Chairman (“EC”)</b></p> <p>The EC leads the Board and manage the interface between the Board and Management. Responsible for the orderly conduct and effective function of the Board.</p>	<p><b>Managing Director (“MD”)</b></p> <p>The MD spearheads and is responsible for the overall Group of businesses and day-to-day management of the Company in accordance with the strategic plans and within the budgets approved by the Board.</p>	<p><b>Executive Directors (“ED”)</b></p> <p>The EDs are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.</p>
<p><b>Senior Independent Non-Executive Director (“SINED”)</b></p> <p>The SINED serves as an intermediary to other Directors when necessary and available to all stakeholders if they have any concerns which require resolution.</p>	<p><b>Independent Non-Executive Directors (“INED”)</b></p> <p>The INEDs are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of long-term interests of all stakeholders. The INEDs provide independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process to safeguard the long-term interests of all stakeholders.</p>	<p><b>Non-Independent Non-Executive Director (“NINED”)</b></p> <p>The NINED functions to provide in-depth knowledge and insight from the Group’s perspective.</p> <p>The NINED is to ensure that the knowledge and insight contributed will lead to a comprehensive, balanced and unbiased decision-making process that serves in the best interests of the Group.</p>

## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

### BOARD MEETINGS

The Board meets at least seven (7) times in each financial year to review the formal schedule of matters specifically reserved for its approval. Additional meetings may be convened as special Board meetings, as and when necessary. In the intervals between Board meetings, any matters requiring urgent Board's decisions or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made and the same applies to the Board Committees.

The dates of the meetings of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Directors and Board Committees members' dates are booked and also to facilitate Management's planning for the whole financial year. The Board decisions made at the Board meetings shall be by a majority vote as prescribed by the Constitution of the Company.

In FY2022, the Board met eight (8) times. The Senior Management, Internal and External Auditors, Corporate Consultants and the Company Secretary will attend the Board meetings upon invitation, as and when necessary.

The Board has adopted 75% Board Meeting Attendance requirement to be in line with good governance practices, having viewed that technology has made it more convenient for meeting participation. In FY2022, all Directors complied with the 75% Board meeting attendance requirement.

### Directors' attendance at Board, Board Committees and General Meetings held during the FY2022

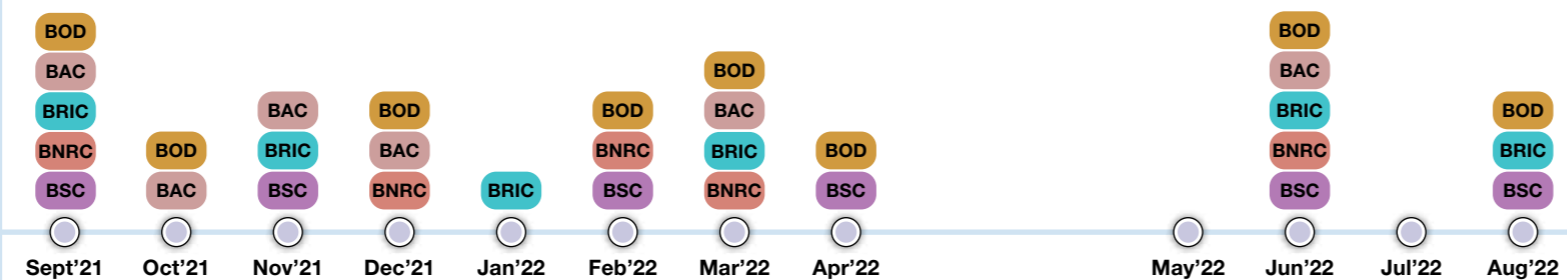
	Name of Directors	Designation	Board Meeting ("BOD")	General Meeting ("GM")	Board Committees			
					BAC	BRIC	BNRC	BSC
1.	Tan Sri Dr Lim Wee Chai	EC	8/8	2/2	-	-	-	-
2.	Lim Cheong Guan <sup>a</sup>	MD	8/8	2/2	-	-	-	-
3.	Lim Hooi Sin	ED	8/8	2/2	-	-	-	-
4.	Ng Yong Lin <sup>b</sup>	ED	1/1	-	-	-	-	-
5.	Dato' Lee Kim Meow <sup>c</sup>	NINED	8/8	2/2	-	-	-	-
6.	Sharmila Sekarajasekaran <sup>d</sup>	SINED	8/8	2/2	10/10	-	7/7	6/6
7.	Datuk Noripah Kamso <sup>e</sup>	INED	8/8	2/2	10/10	7/7	-	4/4
8.	Datuk Dr. Norma Mansor	INED	8/8	2/2	-	7/7	7/7	-
9.	Azrina Arshad <sup>f</sup>	INED	8/8	2/2	6/6	-	7/7	6/6
10.	Lo Kai Yiu, Anthony <sup>g</sup>	INED	5/5	-	-	-	-	2/2
11.	Martin Giles Manen <sup>h</sup>	INED	5/5	-	4/4	5/5	-	4/4
12.	Dato' Kong Sooi Lin <sup>i</sup>	INED	2/3	-	-	-	-	-
13.	Dr Ngo Get Ping <sup>j</sup>	INED	2/3	-	-	-	1/1	-
14.	Lester Garson Huang <sup>k</sup>	INED	5/5	-	-	-	-	2/2
15.	Dato' Lim Han Boon <sup>l</sup>	SINED	3/3	2/2	6/6	2/2	4/4	-
16.	Puan Sri Tong Siew Bee <sup>m</sup>	NINED	1/3	2/2	-	-	-	1/2
17.	Tan Sri Rainer Althoff <sup>n</sup>	INED	2/3	2/2	-	3/3	-	-
18.	Lim Andy <sup>o</sup>	INED	3/3	2/2	-	-	-	-
<b>Total number of Meetings :</b>			<b>8</b>	<b>2</b>	<b>10</b>	<b>7</b>	<b>7</b>	<b>6</b>

<sup>a</sup> Lim Cheong Guan was redesignated from ED to MD effective 1 August 2022.  
<sup>b</sup> Ng Yong Lin was appointed as ED effective 1 August 2022.  
<sup>c</sup> Dato' Lee Kim Meow was redesignated from MD to NINED effective 1 August 2022 and appointed as member of BRIC on 20 September 2022 and BNRC on 3 October 2022.  
<sup>d</sup> Sharmila Sekarajasekaran was redesignated as SINED effective 6 January 2022.  
<sup>e</sup> Datuk Noripah Kamso stepped down as member of BSC effective 27 April 2022.  
<sup>f</sup> Azrina Arshad stepped down as member of BAC effective 25 January 2022.  
<sup>g</sup> Lo Kai Yiu, Anthony was appointed as INED effective 7 January 2022 and member of BSC on 27 April 2022. He resigned as INED effective 3 October 2022.  
<sup>h</sup> Martin Giles Manen was appointed as INED, Chairman of BAC, member of both BRIC and BSC effective 25 January 2022.  
<sup>i</sup> Dato' Kong Sooi Lin was appointed as INED effective 9 March 2022.  
<sup>j</sup> Dr Ngo Get Ping was appointed as INED effective 9 March 2022 and member of BNRC on 27 April 2022.  
<sup>k</sup> Lester Garson Huang was appointed as INED effective 7 January 2022 and member of BSC on 27 April 2022. He resigned as INED effective 13 September 2022.  
<sup>l</sup> Dato' Lim Han Boon retired as INED on 6 January 2022.  
<sup>m</sup> Puan Sri Tong Siew Bee retired as NINED on 6 January 2022.  
<sup>n</sup> Tan Sri Rainer Althoff retired as INED on 18 February 2022.  
<sup>o</sup> Lim Andy resigned as INED on 18 February 2022.

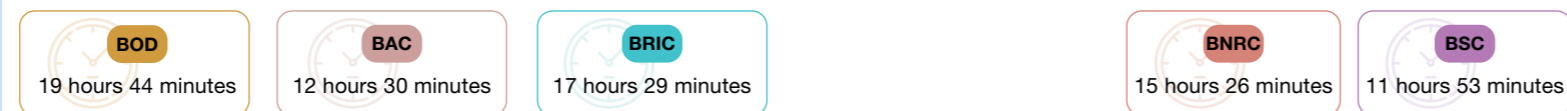
### Board's Key Areas of Focus during FY2022 :

<b>Strategy</b>	1. Business strategy brainstorming and strategic plans progress updates
	2. Annual budget setting and review
	3. Business expansion plans and developments
	4. Setting Balanced Scorecard for the Group
<b>Financial Performance</b>	5. Quarterly, half-yearly and yearly financial performance reports
	6. Share performances on Bursa Securities and Singapore Exchange
	7. Capital structure review and balance sheet management
	8. Dividend policy and proposal
<b>Risk and Internal Controls</b>	9. Audit Findings
	10. Enterprise Risk Management Framework and report
	11. Material risks and mitigation plans
	12. Business Continuity Management Policy and Framework
	13. Jurisdictional Regulatory Framework
<b>Corporate Governance and Compliance</b>	14. Board Charter, Board Manual and Terms of Reference of Board Committees
	15. Board and Board Committees size and composition
	16. Board appointment, renewal and re-election
	17. Board remuneration package review
	18. Board Effectiveness Evaluation and actionable improvement plan
	19. Corporate Governance disclosure review and updates
	20. Reappointment of Auditors
	21. Board Policies adoption and revision
	22. Board and Senior Management succession planning
	23. Group Organisation Chart
	24. Integrated Annual Report and Shareholders Circular
	25. Global regulatory compliance
	26. Employees' satisfaction survey
<b>Sustainability</b>	27. Rolled out the Group Sustainability Policy
	28. Sustainability Initiatives progress update
	29. Labour practices management and social compliance
	30. Materiality Assessment for Sustainability Matrix
	31. Sustainability Roadmap and Strategies Framework
	32. Integration of Sustainability into Business Strategy
	33. Remuneration payment linked to ESG metrics
	34. Introduction of sustainability key performance indicators for Senior Management
	35. Proposed dual primary listing in the Stock Exchange of Hong Kong Limited
<b>Corporate Proposal</b>	

### FY2022 Board and Board Committees' Meeting Calendar



### Total hours for Board and Board Committees' Meetings FY2022



## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

### BOARD AWAY DAY

As an annual event, the Board had during its Board Away Day held in May 2022 reinforced Top Glove's Purpose "Be Relevant and Sustainable in Gloves and Healthcare Business" facilitated by the Corporate Consultant.

The Board together with the Senior Management were divided into groups during the Board Away Day to brainstorm the desired outcomes by having a reality check and focus on the action plans to overcome all these challenges.

The action plan concluded will be reviewed during the Executive Committee ("EXCO") meeting held bimonthly and its implementation is monitored by Corporate Strategy team. Strategies implementation progress will also be updated to the Board during the quarterly Board meeting. The Board brings objectivity by scrutinise the Management's implementation in ensuring the goals and targets set for Management are met and in line with the Company's long term objectives.

### INDEPENDENCE

The Board recognizes the significant contribution by the INEDs to the Company in bringing independent and objective judgment to the Board in decision making.

An annual independency assessment has been carried out by the BNRC to reaffirm the independence of all INEDs based on the provisions of Bursa Securities Main LR, including a self-declaration of any involvement or relationship which could interfere with an independent judgement and ability to act in the best interests of the Company. An independent confirmation based on the independency assessment is also obtained before appointment of INED.

During FY2022, the Board was satisfied that none of the INEDs had any relationship that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

The Board has put in place and updated the Independent Director Tenure Policy which set the limit on the tenure of independent Directors to nine (9) years without further extension. Upon completion of nine (9) years tenure, an Independent Director will vacate his Board seat from the Company.

### SUPPLY AND ACCESS TO INFORMATION

The Board and Board Committees received pertinent information from the Management on a timely basis to fulfil their roles. Besides, all the Board Committees and Executive Committee ("EXCO") meetings minutes were tabled in Board meeting for Directors' attention and notation.

All Directors are provided with the Board meeting agenda and Board papers which contain among others, the Company's financial performance, business outlook and respective Board Committees' Reports prior to the Board meeting. The Board papers are issued in advance and in a timely manner to facilitate informed decision-making process. The Managing Director and Executive Directors would lead the presentation of Board papers and provide comprehensive explanations of strategy and business plans, business performance, potential mergers and acquisitions and other pertinent issues.

Any proposals and recommendations by Management will be discussed at the EXCO level and then the recommendation from EXCO will be put forth to the relevant Board Committees for deliberation and endorsement. Thereafter, the Chairman of the respective Board Committees will brief the Board and seek an approval from the Board. All matters raised, deliberations, decisions and conclusions including dissenting views made at the Board meetings with clear actions to be taken by responsible parties are recorded in the minutes.

Notices on the closed period for dealing in Top Glove's securities are served to Directors, key management personnel and principal officers who are deemed to be privy to any sensitive information for the applicable periods especially the regular annual scheduled Board meetings to approve the quarterly financial results. This is to comply with Bursa Securities Main LR and the Capital Markets and Services Act 2007 requirements where Directors, key management personnel and principal officers of the Company and the Group are prohibited from dealing in securities based on price sensitive information which have not been publicly announced within thirty (30) calendar days before the targeted date of announcement of the quarterly financial results up to the date of announcement.

The Directors are also notified of any corporate announcements released to Bursa Securities and the impending restrictions on dealing with the securities of the Company prior to the announcement.

### BOARD GOVERNANCE : DEMONSTRATING CARE AND CONCERN TO WORKERS

Our people are our greatest asset. In adhering to their fiduciary duties, the Board Committees, including INEDs are actively engaging with the Management on all sustainability matters which include workers related issues. The Board had set aside their busy schedule to join our workers' town hall sessions. Our Board had also met with the Management to provide guidance on the strategies, measures and recommendations as well as obtain the relevant updates and action plan from the Management as to fulfil their oversight responsibilities.

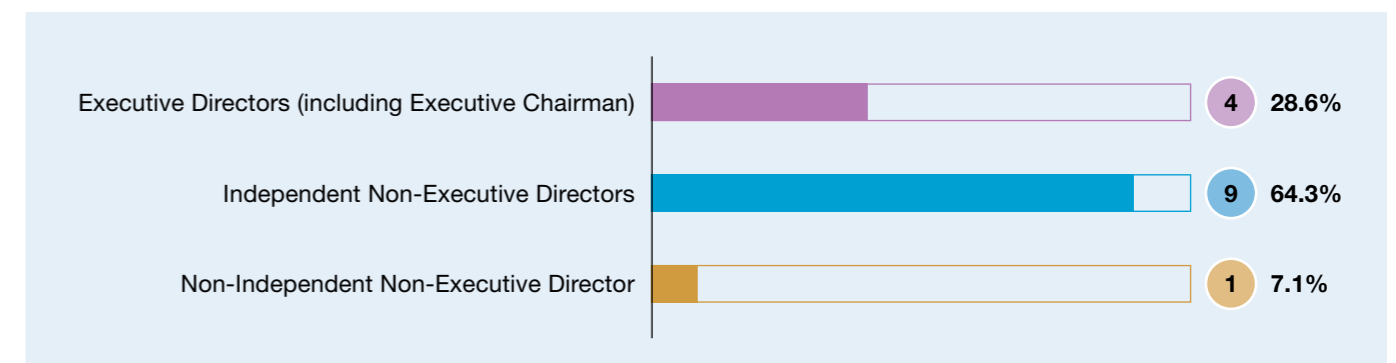
The synergised engagement between the Board and Management as well as workers is becoming more frequent and profoundly important with the Board demonstrating their genuine interest on what is happening on the ground as to ensure the governance of the Company as a whole is in good health.

### BOARD BALANCE, COMPOSITION AND DIVERSITY

The Board regularly review its composition to ensure that the composition best fits the Company's needs and is adequate in discharging its duties and responsibilities.

In the course of identifying experienced, qualified and fit-for-purpose candidates, the BNRC had approached several external sources including Institute of Corporate Directors Malaysia ("ICDM") and independent human resource advisors. BNRC has made reference to the Board skill matrix analysis and Board Effectiveness Evaluation exercise conducted for FY2022 to guide the selection of potential Board candidates. The BNRC also shared the Board skill matrix to the external sources in order to get the desired candidate who met the Board's needs.

As at 31 August 2022, the Board comprise fourteen (14) Board members as below :



The Board is committed in maintaining diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

There is a clear division between the roles of Chairman and the Managing Director to preserve a balance of authority and accountability to avoid unfettered powers of decision making.

During the year under review, the Board through the BNRC reviewed and restructured the Board Committees' composition to ensure that the composition best fit the Company's need. The women Directors represented 36% of members of the Board. In recognition of its effort and achievement to embrace Diversity, Equity and Inclusion, Top Glove had been included in the Bloomberg Gender Equality Index in January 2022.

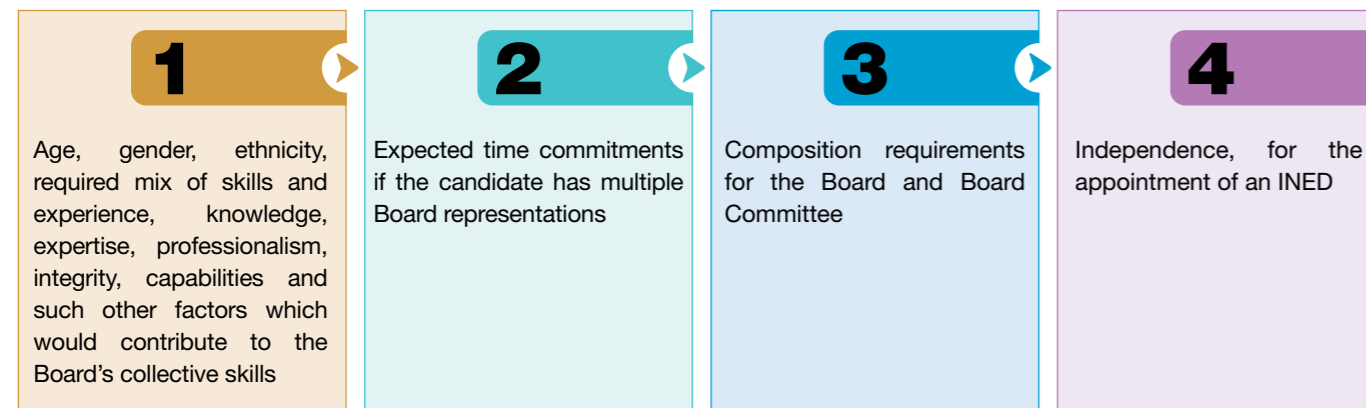
In tandem with the Company's intention to be listed on the Hong Kong Stock Exchange ("HKSE"), the Company had appointed two (2) additional INEDs, Mr Lester Garson Huang and Mr Anthony Lo Kai Yiu in January 2022. Given their solid background and vast experience as independent non-executive Directors of companies listed on the HKSE, the Board believed both Mr Lo and Mr Huang would be able to bring unique perspectives and valuable expertise to further enhance diversity of the Board.

## Corporate Governance Overview Statement

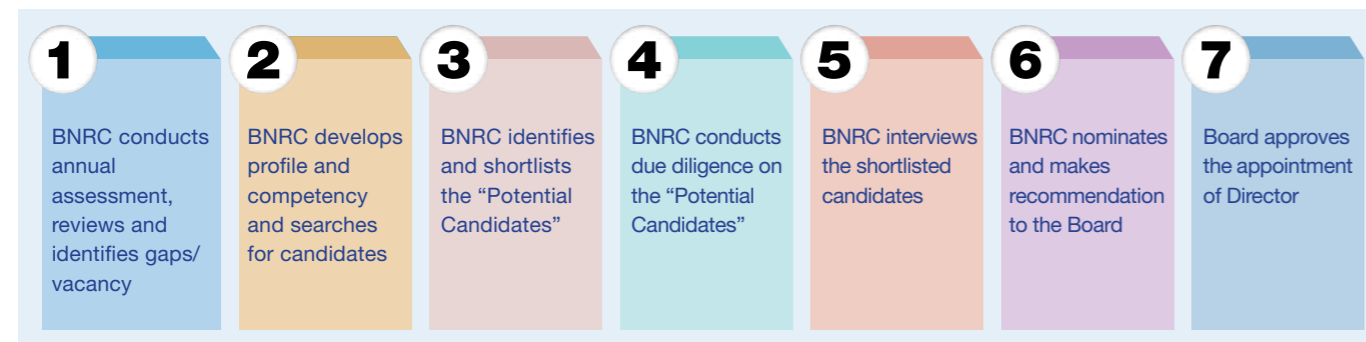
### BOARD APPOINTMENT AND SUCCESSION PLANNING

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process, through the BNRC. The BNRC is also responsible for reviewing the existing composition of the Board, identifying the gaps and subsequently recommend to the Board a suitable candidate with the required skill set, expertise and experience. The Board had during its meeting held in September 2021 resolved not to consider any active politician to be on the Board.

In reviewing and recommending to the Board of any new Director appointment, the BNRC considers :



Top Glove's Boardroom appointment process is as follows :



The Board, with assistance from the BNRC, is responsible for succession planning for the Directors and Key Senior Management ("Key Business Leaders"), guided by the Succession Planning Policy adopted by the Board. The succession planning is to ensure the stability and accountability of the Group by preparing for an eventual permanent change in leadership, either planned or unplanned, so as to ensure continuous support in operation and service when the above Key Business Leaders leave their positions.

Succession Planning and the review of Board Composition saw five (5) new Independent Non-Executive Directors joined the Board in FY2022. Following the retirement of Dato' Lee Kim Meow from his full-time employment with the Company, Mr Lim Cheong Guan assumed the position of Managing Director on 1 August 2022.

*The Succession Planning Policy is accessible through the Company's website : <https://www.topglove.com/governance-manual/>*

### DIRECTORS' RE-ELECTION

The BNRC and Board ensure that the annual re-election of Directors was contingent on satisfactory evaluation of Directors' performance and contribution to the Board.

*The details of the Directors standing for re-election and the justification can be found on pages 250 to 251 of the Notice of AGM.*

## Corporate Governance Overview Statement

### DIRECTORS' PROFESSIONAL DEVELOPMENT

The Board has a training policy for Directors with the aim to ensure all Directors have access to learning, development and training opportunities to better equip with the skills and knowledge required to fulfil their fiduciary duties and carry out their roles and responsibilities.

The Board's Induction or Orientation is a programme co-ordinated by the Company Secretary together with the Executive Director and head of business units with the objectives of providing the newly appointed Directors the necessary information and overview to assist them in understanding the operations, corporate strategies, current issues and challenges, structure and the management of the Company, as well as on-site briefings or site visits for better understanding of the operations aspect of the Company.

The Board through the BNRC has determined the training needs of the Directors based on outcome derived from the annual Board performance and effectiveness evaluation. The Company Secretary constantly sourced for suitable development programme for the respective Directors in accordance to the training need analysis. The Directors may raise any training needs with the Chairman who helps to ensure that the training programme meets the needs of the Board, Directors and the business. Directors may also request training on specific issues with some attending external courses which are specific to their area of expertise, such as remuneration or audit.

Ongoing training in business and industry related as well as regulatory updates are provided to the Board. This helps to ensure the Board keeps up to date with the latest trend in the industry and business world as well as latest development in the regulatory and legal matter. From time to time, meetings with subject experts in the business are arranged for Directors who may wish to gain a deeper insight into a particular topic.

#### Summary of Training attended by all Board members in FY2022

Training Categories	Number of Trainings Attended
A. Corporate Governance, Risk Management and Internal Controls	12
B. Leadership	10
C. Sustainability	8
D. Human Capital or Talent Management	5
E. Accounting and Financial	1
F. IT or Digital Strategy	2
G. Operations & Quality Management	1
H. Healthcare	2
<b>Total</b>	<b>41</b>

*During FY2022, all the Board members attended various training programmes; the list of training attended by each Director can be found on pages 15 to 18 of the Corporate Governance Report.*

*The Training Policy for Directors is accessible through the Company's website : <https://www.topglove.com/governance-manual/>*

### BOARD AND SENIOR MANAGEMENT REMUNERATION

The Remuneration Policy and Procedures for Directors and Senior Management ("the Remuneration Policy") was updated by the Board in September 2021 to reflect the current component of the remuneration packages and current structure of the Board and Senior Management. The Board had resolved to adopt the practice whereby the Executives remuneration will link to Environmental, Social and Governance metrics and the performance evaluations of the Board and Senior Management include a review of their performance in addressing the Company's material sustainability risks and opportunities. In FY2022, in tandem with the Group's commitment to address climate change issue, carbon emission reduction had been incorporated as a Group KPI and will also be associated the Executives compensation.

The Remuneration Policy comprised remuneration guiding principles, remuneration framework, remuneration elements as well as remuneration policies and procedures. The remuneration of Executive Chairman, Executives Directors and Key Senior Management is determined based on, amongst others, their scope of duties, responsibilities, skills and experience, corporate and individual performances and achievement of annual key performance indicators as well as prevailing market practice and economic situation. The remuneration of the INEDs and NINED is determined based on experience and level of responsibilities undertaken, extent of contributions, effort and time spent, number of committees served as well as prevailing market practice and economic situation.

*The Remuneration Policy is accessible through the Company's website : <https://www.topglove.com/governance-manual/>*

The Company rewards its employees and the Executive Directors with options under the Employees Share Option Scheme ("ESOS") and shares under the Employees Share Grant Plan ("ESGP"). The Executive Directors are not entitled to receive meeting allowances for the Board and Board Committees meetings they have attended. The details of the vesting of options under the ESOS and awards of shares under the ESGP are set out on pages 114 to 115 of this Integrated Annual Report under the Directors' Report of the Audited Financial Statements for FY2022.

## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

The ESOS and ESGP Committees as below comprised majority INEDs will continue to oversee the administration as well as to ensure proper implementation of ESOS and ESGP according to the respective By-Laws :

- 1) Tan Sri Dr Lim Wee Chai (Chairman)
- 2) Lim Cheong Guan
- 3) Lim Jin Feng
- 4) Datuk Noripah Kamso
- 5) Datuk Dr. Norma Mansor
- 6) Sharmila Sekarajasekaran
- 7) Martin Giles Manen

During FY2022, the ESOS and ESGP Committees had considered and approved the ESOS and ESGP allocation factors to the eligible employees of the Group. The Non-Executive Directors are entitled to receive meeting allowances for the Board and Board Committees meetings they have attended but are not entitled to participate in the ESOS and ESGP save for the NINED.

*The details of the Directors' remuneration comprising remuneration received/ receivable from the Company and subsidiaries respectively in FY2022 can be found in our Corporate Governance Report which can be accessed via <https://www.topglove.com/governance-manual/>*

### ETHICS AND INTEGRITY

The Board has adopted the Directors' Code of Conduct and Ethics for Directors to reflect the underlying values and commitment to lay standards of trust, integrity, responsibility, excellence, commitment, dedication, diligence, ethics and professionalism contributing towards the social and environmental growth of the surroundings in which Top Glove Group operates.

Embracing ethical culture in an organisation is fundamental in preservation of the Company's reputation and thereby increases the confidence of stakeholders. The Company has committed to uphold the practice of integrity in the organisation and has adequate policies and procedures in place driven by the Integrity Department.

*The Directors' Code of Conduct and Ethics is available on the Company's website at <https://www.topglove.com/governance-manual/>*

### BOARD EFFECTIVENESS EVALUATION

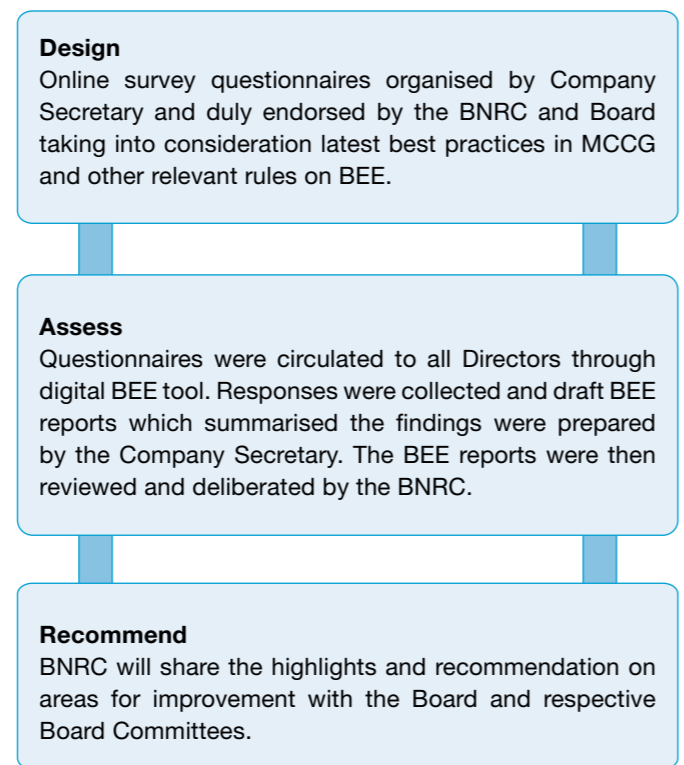
The Board recognised that a structured and regular evaluation of Board is an important pillar of good corporate governance. The Board conducts a rigorous Board Effectiveness Evaluation ("BEE") process each year to review and evaluate the effectiveness of the Board as a whole, the contribution of each individual Director and peers, independence of the INEDs and Board Committees' performance including various Head of Support Functions supporting the respective Board Committees.

### BEE PROCESS

For FY2022, BEE was conducted internally, facilitated by the Company Secretary via online questionnaires. Overall, it was the collective view of the Directors that the Board is effective in discharging its responsibility, operating with an open and transparent culture which allows constructive challenge on key issues.

The Board Committees' performance evaluation has shown that each Board Committees remained effective to support the Board. Individual director's performance and contribution was assessed through one to one interview with the Board Chair. The Board Chair was assessed by BNRC Chair. During the assessment session, both parties will discuss openly on their personal development, Boardroom culture and activities.

### BEE Process FY2022



### ASSESSMENT CRITERIA

The BEE assessment criteria covered the following key areas :

Scope of Assessment	Assessment Criteria
<b>Questionnaire assessment</b>	
1. Board Performance Assessment	1. Board Mix & Composition 2. Quality of Information and Decision-Making 3. Boardroom Activities 4. Board Chairman's Role
2. Board Skills Matrix	1. Envisaged Board Skills Matrix 2. Current Board Skills Matrix
3. Board Self and Peer Performance Assessment	1. Contribution and Performance 2. Calibre and Personality 3. Managing Director 4. Senior Independent Director
4. Fit and Proper Assessment	1. Probity 2. Personal Integrity 3. Financial integrity and reputation 4. Time and commitment
5. Directors' Independency Assessment	1. Director's Background 2. Economic relationship 3. Family relationships 4. Tenure 5. Qualitative assessment
6. Board Committees Assessment	1. Composition and governance 2. Meeting administration and conduct 3. Committees' oversight duties and responsibilities  Additional assessment for Board Audit Committee : 1. Group Synergy and Reporting Line 2. Oversight of financial reporting process, including internal controls and audit processes 3. Oversight on the Internal Audit Function 4. Oversight on the External Auditor  Assessment from Board Committees on Head of Support Function

The annual evaluation process in FY2022 confirmed the continued effective operations of the Board and Board Committees. Board is satisfied with the overall performance of individual Directors, effectiveness of the Board and Board Committees and independency of Independent Directors.

The Board agreed that its composition is well structured and represented, with an appropriate mix of skills, expertise and experience, contributing to the overall effectiveness of the decision-making process for the Company and the Group. The compositions of the Board and its Committees deliver an appropriate balance of experience and technical knowledge and it will continue to be monitored.

Some of the key findings as well as recommended areas for improvement arising from the BEE for FY2022 had been tabled to the BNRC for consideration and subsequently highlighted to the Board for notation.

*The BEE framework is available on the Company's website at <https://www.topglove.com/governance-manual/>*

## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

### LOOKING AHEAD

Global market condition is expected to remain challenging in the coming year, we will continue to enhance our business sustainability practices, maintain robust governance framework and embrace ethical corporate culture in sustaining our growth in the face of business uncertainty.

Some of the priorities for FY2023 in addition to its regular activities are as follows :

- 1 Reframing corporate strategies and repositioning the business to help pursue long term and sustainable growth**
- 2 Internalising the ESG principles in the business operations across the Group**
- 3 Maintaining a high performing Board through regular review and improvement on Board practices and processes in meeting ongoing and emerging challenges**
- 4 Strengthening the oversight capabilities in risk, compliance and sustainability of the Board and Management**
- 5 Enhancing the human capital management, being the key driver of organisation's long term value**
- 6 Prioritising innovative and digital transformative actions and ensure approaches and execution impact the success of its transformation journey to drive value of the Group**
- 7 Addressing the changing stakeholders' expectations in navigating ongoing global crisis**

### BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The Board Nomination and Remuneration Committee ("BNRC") of Top Glove is pleased to present the BNRC Report for FY2022.

#### Composition

The BNRC comprises four (4) members as follows, all of whom are Independent Non-Executive Directors :

Members	Date of Appointment as BNRC Member	Tenure on the BNRC as at 31 August 2022
1. Datuk Dr. Norma Mansor (Chairman)	12 May 2017	5 Years 3 Months
2. Sharmila Sekarajasekaran	18 March 2015	7 Years 5 Months
3. Azrina Arshad	1 December 2020	1 Year 8 Months
4. Dr Ngo Get Ping	27 April 2022	4 Months

*Note: Dato' Lim Han Boon had stepped down as a BNRC member upon his retirement from the Board during the Company's 23<sup>rd</sup> AGM held on 6 January 2022. Dato' Lee Kim Meow was appointed as member of BNRC on 3 October 2022.*

#### Meetings and Attendance

In FY2022, the BNRC had met seven (7) times. The Company Secretary was in attendance at every meeting while the Managing Director, Senior Management and other Board members will attend the BNRC meetings upon invitation, as and when required.

The Company Secretary will circulate the minutes of BNRC meeting at the Board Meeting for notation. The BNRC Chair will also brief the Board on the highlights and key issues deliberated during the BNRC meeting.

Please refer to pages 82 to 83 of this Integrated Annual Report for the attendance record of BNRC members.

#### Roles and Responsibilities

BNRC was entrusted by the Board to assist in nomination for the Board and Board Committees as well as assessing their performance and remuneration package.

Key responsibilities of BNRC are as follows :

- Nomination**
  - 1 Review Board and Board Committees' composition and competencies
  - 2 Nominate candidates for Board and Board Committees
  - 3 Assess the performance and effectiveness of the Board, individual Board members and Board Committees
  - 4 Review Board and Senior Management succession plan
  - 5 Oversee Directors' training and development needs and its effectiveness
- Remuneration**
  - 1 Formulate formal and transparent remuneration process for Board and Key Senior Management
  - 2 Periodic review on Board remuneration framework to ensure that the remuneration structured to link rewards to corporate and individual performance

The TOR of the BNRC is available for reference on the Company's website at <https://www.topglove.com/governance-manual/>

## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

### Key Areas of Focus during FY2022 :

<b>Board and Board Committees' Composition and Succession Planning</b>	<ol style="list-style-type: none"> <li>1. Reviewed the size and composition of the Board and Board Committees.</li> <li>2. Reviewed the selection criteria for the potential Board candidates.</li> <li>3. Reviewed the succession plan for the Board, Board Committees, Executive Chairman and Managing Director.</li> <li>4. Conducted the engagement session to assess and review the suitability of the potential Board candidates from various sources.</li> </ol>
<b>Appointment/ Re-Appointment of the Board and Senior Management</b>	<ol style="list-style-type: none"> <li>1. Reviewed the background, skills and experience of potential candidates to be appointed as the Independent Non-Executive Directors of the Company.</li> <li>2. Evaluated the contribution of Directors seeking for re-election and retention and recommend to the Board on their suitability for the Board to table to Shareholders for approval.</li> <li>3. Reviewed the Directors' service tenure.</li> <li>4. Reviewed the suitability of the potential candidates for Senior Management position.</li> <li>5. Reviewed job descriptions of the Country Heads of overseas subsidiaries of the Group.</li> </ol>
<b>Board and Senior Management Remuneration</b>	<ol style="list-style-type: none"> <li>1. Reviewed fees and benefits payable to Directors, benchmarked against industry practices.</li> <li>2. Reviewed remuneration package of Executive Directors, Non-Executive Directors, Key Senior Management and related employees.</li> <li>3. Reviewed the Organisation Chart and conducted gap analysis to identify the development needs of the Senior Management.</li> <li>4. Received the updates on the Employee Share Option Scheme and Employee Share Grant Plan allocations FY2022.</li> </ol>
<b>Framework, Policy &amp; Guidelines</b>	<ol style="list-style-type: none"> <li>1. Reviewed and recommended the amendments made in the manual, policies and terms of reference adopted by the Board to be in line with both the Main Market Listing Requirements as well as the Malaysian Code on Corporate Governance.</li> <li>2. Reviewed and recommended further amendments made in Independent Director Tenure Policy to limit the INEDs' tenure to nine (9) years without further extension and to vacate the Board seat, in line with the Step Up practice of the Malaysian Code on Corporate Governance.</li> </ol>
<b>Board Effectiveness Evaluation</b>	<ol style="list-style-type: none"> <li>1. Reviewed the questionnaires for the Board Effectiveness Evaluation ("BEE").</li> <li>2. Reviewed outcome of the annual Board and Board Committees' performance assessments, independency of INEDs, contribution and performance of each individual director.</li> <li>3. Reviewed the results of the BEE exercise for FY2022 and recommended the proposed actionable improvement plan to the Board.</li> <li>4. Received updates for the actionable improvement plan for BEE FY2021.</li> <li>5. Reviewed Board skills matrix and level of competency to meet the current and future needs of the organisation.</li> <li>6. Reviewed the training needs of the Directors.</li> </ol>
<b>Governance</b>	<ol style="list-style-type: none"> <li>1. Reviewed and recommended the relevant amendments made in the Board Policies &amp; Procedures, Group Human Resources Policies and Procedures and Terms of Reference of the Board Committees adopted by the Board to comply with the prevailing rules and regulations.</li> <li>2. Recommended the Directors Fit and Proper Policy to ensure a formal, rigorous and transparent process for the appointment and re-election of Directors and Senior Management.</li> <li>3. Reviewed Balanced Scorecard for Executive Chairman and Managing Director.</li> <li>4. Reviewed outcome of annual Employee's Engagement and Job Satisfaction Survey.</li> <li>5. Reviewed the proposal to address the regrettable loss on employee's turnover.</li> <li>6. Reviewed the Group's organisation chart.</li> </ol>

### Looking Ahead

Some of the priorities for FY2023 in addition to its regular activities are as follows :

- Continue to reveal gaps in Board composition and the solutions to fill the gaps**
- Continue to develop appropriate training solutions for Directors to ensure they have the competencies to carry out their duties**
- Formulate talent pool of Directors by building a database of potential candidates collated from various independent sources**
- Review the compensation package of Directors and Senior Management aligned with prevalent market practices to ensure that it remains competitive to attract and retain talents**
- Remain focused on succession planning of the Directors and Key Senior Management**
- Monitor the follow up actions subsequent to the BEE findings**

### BNRC Effectiveness Review and Performance

During the year under review, the Board assessed the performance of the BNRC through the annual Board Effectiveness Evaluation. The Board is satisfied that the BNRC has effectively discharged its functions, duties and responsibilities in accordance with the TOR of the BNRC.

### BOARD SUSTAINABILITY COMMITTEE REPORT

The Board Sustainability Committee ("BSC") of Top Glove is pleased to present the BSC Report for FY2022.

The Board recognised the importance of adopting a sound and sustainable business model which incorporate environmental, social and governance ("ESG") criteria. The BSC has been formed since March 2019 to advice and assist the Board in integrating long term and strategic approach into day-to-day business decisions and to steer ESG strategy and initiatives into a competitive advantage for the business to generate long term value for our stakeholders. The Board is committed to addresses the United Nations Sustainable Development Goals (UN SDGs) through aligning the implementation of ESG strategies and initiatives with these global goals.

Sustainability is a shared value throughout the Group and encompasses how Top Glove manage its businesses and manufacturing operations, now and in the future, including the pursuit of ensuring employees' workplace health and safety, respecting human rights, a commitment to the community and social responsibility, minimising the Company's impact on the environment and complying with the highest standards of corporate governance guided by the Group's corporate values R.I.V.E.R. (Respect, Integrity, Value, Empowerment and Relationship).

### Composition

The governance of sustainability is integrated in our corporate governance structures throughout the Group, from Board-level committees to Management-level group functions and business units. In supporting the BSC, the Sustainability Steering Group and the Social Sustainability Committee have the strategic and operational responsibility to assess and manage sustainability issues.

The BSC comprises five (5) members as follows, all of whom are Independent Non-Executive Directors :

Members	Date of Appointment as BSC Member	Tenure on the BSC as at 31 August 2022
1. Sharmila Sekarajasekaran (Chairman)	22 March 2019	3 Years 5 Months
2. Azrina Arshad	22 March 2019	3 Years 5 Months
3. Martin Giles Manen	25 January 2022	7 Months
4. Lester Garson Huang	27 April 2022	4 Months
5. Lo Kai Yiu, Anthony	27 April 2022	4 Months

*Note: Puan Sri Tong Siew Bee had stepped down as a BSC member upon her retirement from the Board during the Company's 23<sup>rd</sup> AGM held on 6 January 2022. Datuk Noripah Kamso had stepped down as BSC member effective 27 April 2022 subsequent to the Board Committee composition restructuring exercise. Mr Lester Garson Huang had stepped down as a BSC member upon his resignation from the Board on 13 September 2022. On 3 October 2022, Mr Lo Kai Yiu, Anthony had also stepped down from the BSC subsequent to his resignation from the Board.*

### Meetings and Attendance

In FY2022, the BSC had met six (6) times. The Company Secretary was in attendance at every meeting while the Managing Director, Senior Management, Head of Sustainability Department and other Board members will attend the BSC meetings upon invitation, as and when required.

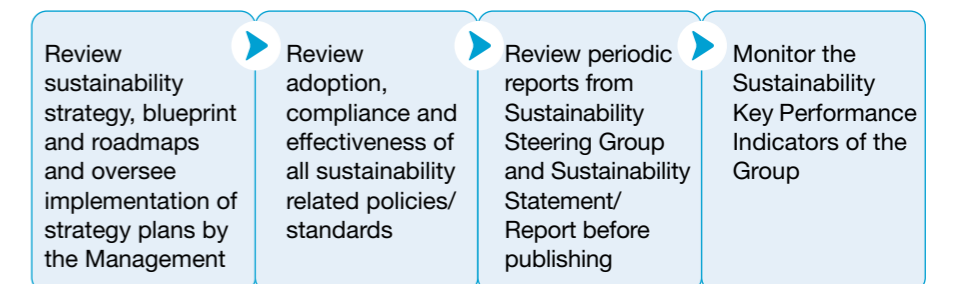
The Company Secretary will circulate the minutes of BSC meeting at the Board Meeting for notation. The BSC Chair will also brief the Board on the highlights and key issues deliberated during the BSC meeting.

Please refer to pages 82 to 83 of this Integrated Annual Report for the attendance record of BSC members.

### Roles and Responsibilities

BSC acts as an advocate of sustainability within the Company in driving the Group's sustainability strategy and initiatives and overseeing the implementation of the Sustainability Charter adopted by the Board, guided by the TOR of BSC.

Key responsibilities of BSC are as follows :



The Sustainability Charter and TOR of the BSC is available for reference on the Company's website at <https://www.topglove.com/governance-manual/>



## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

### Key Areas of Focus during FY2022 :

<b>Framework, Policy &amp; Guidelines</b>	<ol style="list-style-type: none"> <li>1. Rolled out Sustainability Policy.</li> <li>2. Reviewed Sustainability Department's key deliverables.</li> <li>3. Reviewed Business and Human Rights Framework ("BHR") and Board's role in BHR.</li> <li>4. Reviewed and deliberated on Bursa Malaysia Sustainability Disclosure Review 2021.</li> <li>5. Reviewed the adoption of Task Force on Climate-Related Financial Disclosure Framework.</li> </ol>
<b>Sustainability Plan</b>	<ol style="list-style-type: none"> <li>1. Reviewed and deliberated on the Group's sustainability initiatives which include Environmental, Social and Governance ("ESG") indices rating updates.</li> <li>2. Reviewed and deliberated the Group's sustainability blueprint and ESG targets.</li> <li>3. Reviewed and deliberated the United Nations Guiding Principles on Business and Human Rights compliance pathway.</li> <li>4. Reviewed the potential partnership arrangement with UNESCO in ICT4D survey.</li> <li>5. Reviewed labour practices and social compliance.</li> </ol>
<b>Sustainability Governance</b>	<ol style="list-style-type: none"> <li>1. Reviewed ESG Targets from FY2022 to FY2025.</li> <li>2. Reviewed materiality assessment for sustainability matrix.</li> <li>3. Reviewed the Sustainability Statement/Report for inclusion in the Integrated Annual Report.</li> <li>4. Reviewed the job scopes from various agencies on net zero goal setting.</li> <li>5. Assessed the KPIs linked to ESG metrics.</li> <li>6. Appointment of Chief Sustainability Officer of the Company.</li> <li>7. Reviewed ESG Reporting Guide under Hong Kong listing rules.</li> <li>8. Reviewed ESG gap analysis between the Company's sustainability practices and international ESG best practices with the aim to improve the Company's ESG ranking.</li> <li>9. Reviewed the industrial rating of the Group's sustainability performance and discussed the areas for improvement.</li> <li>10. Deliberated on the ESG campaign to educate and raise awareness amongst the stakeholders.</li> <li>11. Reviewed collaboration opportunity with third party in enhancing the Group's sustainability practices.</li> </ol>

Some of the priorities for FY2023 in addition to its regular activities are as follows :

- 1**  
Prioritisation in identified material matters
- 2**  
Monitor ESG progress and strategies
- 3**  
Monitor ESG compliance in line with global best practices
- 4**  
Proactive stakeholders' engagement on continuous basis to effectively manage material sustainability matters
- 5**  
Enhance sustainability awareness to cover wider value chain
- 6**  
Ongoing enhancement of sustainability reporting and to get third party verification/ audit on ESG disclosure
- 7**  
Ongoing improvement in sustainability rating and ranking

### BSC Effectiveness Review and Performance

During the year under review, the Board assessed the performance of the BSC through the annual Board Effectiveness Evaluation. The Board is satisfied that the BSC has effectively discharged its functions, duties and responsibilities in accordance with the TOR of the BSC.

### Looking Ahead

BSC will continue its role in supporting the Board and overseeing the processes, standards and strategies from its development, implementation, measures and the reporting of the Group's ESG performance. In addition, BSC will strengthen its role and place a stronger emphasis on overseeing the impact of the Group's long-term strategy on emerging sustainability issues. This will ultimately support the Group's objective to operate sustainably for current and future generations.

### INDEPENDENT DIRECTOR COMMITTEE REPORT

The Independent Director Committee ("IDC") of Top Glove is pleased to present the IDC Report for FY2022.

IDC was established to provide an avenue for all Independent Directors to have a session amongst themselves to deliberate matters in relation to the Company's business strategy and operations without the presence of Executive Directors with the objective to enhance shareholders' value by providing independent view and recommendation to the Board and Management.

### Composition

The IDC members comprises all nine (9) Independent Directors of the Company as follows, led by the Senior Independent Non-Executive Director :

Members	Meeting attendance
1. Sharmila Sekarajasekaran (Chairperson)	2/2 (100%)
2. Datuk Noripah Kamsu	2/2 (100%)
3. Datuk Dr. Norma Mansor	2/2 (100%)
4. Azrina Arshad	2/2 (100%)
5. Martin Giles Manen	1/1 (100%)
6. Lester Garson Huang	1/1 (100%)
7. Lo Kai Yiu, Anthony	1/1 (100%)
8. Dato' Kong Sooi Lin	1/1 (100%)
9. Dr Ngo Get Ping	1/1 (100%)

*Note : Dato' Lim Han Boon had stepped down as an IDC member upon his retirement from the Board during the Company's 23<sup>rd</sup> AGM held on 6 January 2022. On 18 February 2022, both Tan Sri Rainer Althoff and Mr Andy Lim had also stepped down from the IDC subsequent to their retirement and resignation from the Board. Mr Lester Garson Huang had stepped down as an IDC member upon his resignation from the Board on 13 September 2022. On 3 October 2022, Mr Lo Kai Yiu, Anthony had also stepped down as an IDC member subsequent to his resignation from the Board.*

### Meetings and Attendance

In FY2022, the IDC met two (2) times without the presence of the Executive Directors and/or the Management except when Executive Directors and/or the Management's presence is required to respond to questions from the IDC. The Company Secretary was in attendance at every IDC meeting.

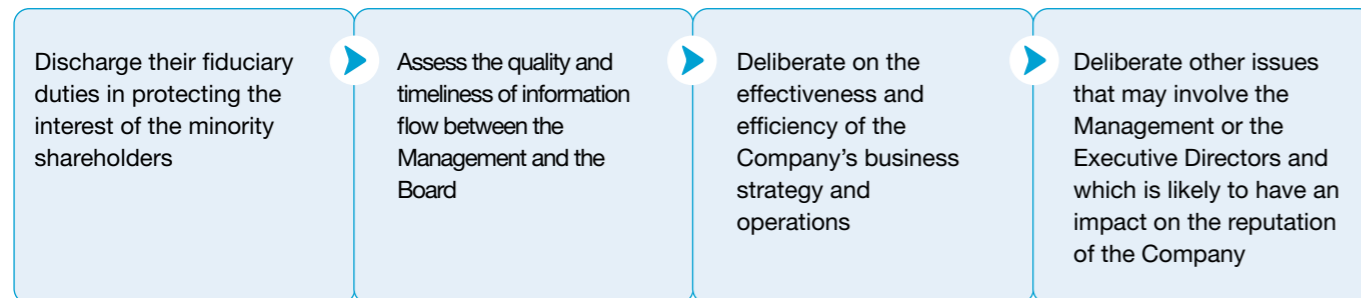
**Total hours for IDC meeting FY2022 :**  
**4 hours**



## Corporate Governance Overview Statement

### Roles and Responsibilities

Key responsibilities of IDC are as follows :



### Key Areas of Focus during FY2022 :

The IDC had met twice with/without the presence of the Executive Directors and/or the Management during FY2022. Concerns raised at the IDC meeting and recommendations of the IDC were put forth to the Board for deliberation and endorsement.

In FY2022, the IDC met two (2) times to deliberate among others, the following matters :

- |  |   |
|--|---|
| 1 Sustainability strategic intents statement               | 6 Current business challenges   |
| 2 Conflict of interest policy                              | 7 Proposed listing in the Hong Kong Stock Exchange                            |
| 3 Company's data management                                | 8 Succession planning for Board and Key Management Personnel                  |
| 4 Outcome of BEE FY2022 and proposed areas for improvement | 9 Establishment of Project Management Office as better communication platform |
| 5 Managing Director and C-Suites Executives Appointment    |   |

As part of Directors' fiduciary duty during this challenging period, the IDC has committed their time to meet regularly to provide guidance and recommendation to the Management on certain material issues which within their expertise to overcome whatsoever challenges encountered. The IDC had also participated in various engagement sessions such as townhall with the workers from the factories.

## Corporate Governance Overview Statement

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee ("BAC") of Top Glove is pleased to present the BAC Report for FY2022.

#### Composition

The BAC comprises three (3) members as follows, all of whom are Independent Non-Executive Directors, which is in line with the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and the Malaysian Code on Corporate Governance :

Members	Date of Appointment as BAC Member	Tenure on the BAC as at 31 August 2022
1. Martin Giles Manen (Chairman)	25 January 2022	7 Months
2. Datuk Noripah Kamsu	18 March 2015	7 Years 5 Months
3. Sharmila Sekarajasekaran	15 October 2015	6 Years 10 Months

*Note : Dato' Lim Han Boon had stepped down as a BAC Chairman upon his retirement from the Board during the Company's 23<sup>rd</sup> AGM held on 6 January 2022. Azrina Arshad had stepped down as BAC member effective 25 January 2022 subsequent to the Board Committee composition restructuring exercise.*

#### Meetings and Attendance

In FY2022, the BAC had met ten (10) times, two (2) of which were meetings with the External Auditors, and one (1) of which was a meeting with the Head of Internal Audit, without the presence of the Executive Directors and Management.

The Company Secretary was in attendance at every meeting while the Managing Director, Head of Internal Audit, Senior Management, External Auditors and other Board members will attend the BAC meetings upon invitation, as and when required. During FY2022, the BAC had constantly engaged with the External Auditors and the Head of Internal Audit to keep abreast with the key audit issues and audit concerns affecting the Company.

The Company Secretary will circulate the minutes of BAC meeting at the Board Meeting for notation. The BAC Chair will also brief the Board on the highlights and key issues deliberated during the BAC meeting.

Please refer to pages 82 to 83 of this Integrated Annual Report for the attendance record of BAC members.

#### Roles and Responsibilities

BAC had been entrusted by the Board to execute its governance and oversight responsibilities in ensuring transparent financial reporting within the Group, guided by the TOR of the BAC. BAC is assisted by an in-house Internal Audit Department in the effective discharge of their responsibilities in establishing cost-effective controls, adhering to the Internal Audit Charter adopted by the BAC.

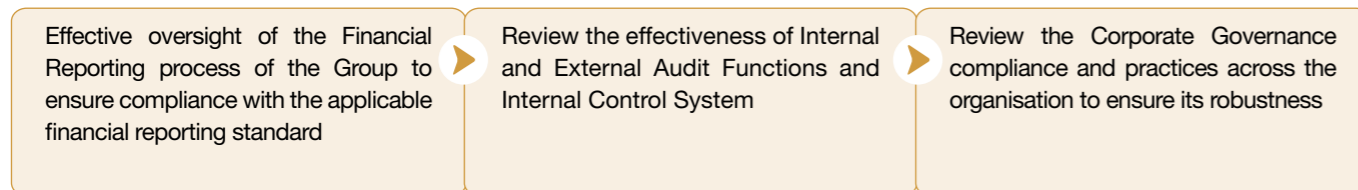
BAC deliberates the Summary of Internal Audit Reports and the External Auditors' Reports relating to financial, operational, compliance, information technology controls, governance, risk management and control matters every quarter during BAC meeting. The findings and status of preventive and corrective actions for issues discussed are updated to the BAC to ensure that the appropriate actions are taken and being monitored.

The system of internal controls therefore provides only reasonable, not absolute, assurance against material misstatement or loss. The system of internal controls does, however, provide reasonable assurance that potential issues can be identified promptly and appropriate remedial action taken.

The Board has not identified, nor been advised of, any failures or weaknesses which it has determined to be significant. Therefore, a confirmation of necessary actions has not been considered appropriate.

## Corporate Governance Overview Statement

Key responsibilities of BAC are as follows:



The TOR of the BAC and Internal Audit Charter are available for reference on the Company's website at <https://www.topglove.com/governance-manual/>

### Key Areas of Focus during FY2022 :

<b>Financial Reporting</b>	<ol style="list-style-type: none"> <li>1. Reviewed all the four (4) Quarter's Financial Statements and the annual Audited Financial Statements of the Company and recommended the Financial Statements for the Board's approval. Discussions focused particularly on any changes in the accounting policies and its implementation; significant and unusual events arising from the audit; the going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management.</li> <li>2. Reported its findings on the financial and Management's performance and other material matters to the Board.</li> <li>3. Deliberated the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/regulatory disclosure requirements.</li> </ol>
<b>Internal Audit</b>	<ol style="list-style-type: none"> <li>1. Reviewed the Internal Audit Plan proposed by the Head of Internal Audit to ensure the adequacy of the scope, and that it has the necessary authority to carry out its works.</li> <li>2. Reviewed salient audit issues together with recommendations from the Internal Audit. BAC considered the highlighted issues, taking into account Management's responses, upon which approved the internal auditors' proposal for rectification and implementation of the agreed remedial actions for improvement.</li> <li>3. Reviewed the adequacy and competency of the Internal Audit resources required to carry out Internal Audit engagement works.</li> <li>4. Undertook the performance assessment of the Internal Audit Function, reviewed the effectiveness of its audit processes and assessed the performance of the overall Internal Audit Department ("IAD").</li> <li>5. Held separate meeting with the Head of Internal Audit to discuss the results of the assessment and other areas of concern, without the presence of the Executive Directors and Management.</li> </ol>
<b>External Audit</b>	<ol style="list-style-type: none"> <li>1. Discussed with the External Auditors, before the audit commences, the audit plan, nature and scope of the audit, emphasised areas of audit and ensured coordination where more than one (1) audit firms are involved as well as the External Auditors' evaluation of the system of internal controls and audit reports.</li> <li>2. Discussed and deliberated the External Auditors' reports and recommendations regarding opportunities for improvement of the significant risk areas, internal controls and financial matters areas based on observations made in the course of interim and final audits.</li> <li>3. Held two (2) private meetings with the External Auditors without the presence of the Executive Directors and Management to discuss the areas of audit concern.</li> <li>4. Discussed the results of the annual assessment on the suitability and the independence of the External Auditors pursuant to the Company's External Auditors' Assessment Policy.</li> <li>5. Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board.</li> <li>6. Reviewed and approved the provision of non-audit services rendered by the External Auditors.</li> </ol>
<b>Governance</b>	<ol style="list-style-type: none"> <li>1. Reviewed the related party transactions ("RPTs") presented by the Management, to ensure that these RPTs are undertaken in the Company's best interest and not detriment to the minority shareholders interest and are done under fair and reasonable grounds and normal commercial terms.</li> <li>2. Reviewed and adopted the Shareholders Communication Policy and Procedure.</li> <li>3. Reviewed the Whistleblowing and Anti-Corruption Policies and Procedures and incidents/cases of the Group.</li> <li>4. Reviewed the External Auditors Assessment Policy.</li> <li>5. Reviewed the Integrated Annual Report, covering the Value Creation Report, BAC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement, followed by recommendation for the Board's approval.</li> <li>6. Reviewed the Group's cash flow budget, Business Units Performance and capital expenditures.</li> <li>7. Verified and ensure the allocation of Employees Share Option Scheme ("ESOS") and Employees Share Grant Plan ("ESGP") complied with the criteria as stipulated in the By-Laws of ESOS and ESGP of the Company respectively.</li> <li>8. Reviewed and deliberated the corporate governance compliance of the Company and areas for improvement.</li> <li>9. Reviewed Social Audit Compliance of the Group and the implementation of mitigation plans.</li> <li>10. Reviewed the guidelines on Conduct of Directors of Listed Corporations and its Subsidiaries issued by Securities Commission Malaysia and its implication to the Group.</li> <li>11. Reviewed the updated Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia and the gap analysis.</li> <li>12. Reviewed the Tax Corporate Governance Framework initiative launched by Inland Revenue Board Malaysia.</li> </ol>

## Corporate Governance Overview Statement

### Professional Development programmes

During FY2022, all the BAC members have attended various seminars, professional development programmes and conferences. The list of programmes attended is disclosed in the Corporate Governance Report on pages 15 to 18 which is available for reference on the Company's website at <https://www.topglove.com/governance-manual/>

### Internal Audit Function

The Internal Audit Department ("IAD") comprises eleven (11) members, led by Mr Lim Lung Fui @ Jack, a member of the Malaysian Institute of Accountants who has over twenty (20) years of experience in operational and financial audit. IAD reports directly to the BAC and is guided by its Internal Audit Charter and Terms of Reference.

The principal objective of the IAD is to undertake regular review of the systems of controls, procedures and operations to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. The function of the IAD is to provide the BAC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies, plans and procedures and the regulatory requirements of the relevant authorities. The BAC reviews and approves the Internal Audit plan of the Group submitted by the Head of Internal Audit.

During FY2022, the areas audited included audits of the various departments covering factories and subsidiaries within the Group. Summary of Internal Audit reports were issued to the BAC quarterly and tabled in the BAC meetings. The reports were also issued to the respective operations management, incorporating audit recommendations and Management's responses with regards to any audit findings on the weaknesses in the systems and controls of the operations after completion of audit. The IAD conducts follow-up audits to ensure the agreed audit recommendations were implemented appropriately.

All members of the IAD continue to develop their competencies by attending training programmes conducted by professional certification bodies or in-house, sharing of knowledge via transfer of learning (TOL) to keep abreast with the latest development in the profession, relevant industry and regulations to effectively perform their roles. Each IAD member is required to achieve at least 45 training hours during FY2022.

The total cost incurred for the in-house Internal Audit function for FY2022 was RM1,018,593 (FY2021: RM1,823,469).

### Looking Ahead

BAC will continue its role in supporting the Board in its governance and oversight responsibilities in ensuring the effectiveness of the Group's financial reporting, Internal and External Audit Functions.

Some of the priorities for FY2023 in addition to its regular activities are as follows :

1. Monitor related party transactions to ensure its full compliance with the relevant rules and regulations
2. Monitor the corporate governance compliance and practices to align with MCCG 2021 and policies and procedures adopted by the Board
3. Review adequacy and competencies of audit resources coupled with deploying technology in audit process in ensuring effectiveness of Internal Audit function
4. Review initiatives by the Group's IT department on cybersecurity and IT systems to strengthen control process
5. Monitor the compliance of Section 17A of Malaysian Anti-Corruption Commission Amendment Act 2018 and Adequate Procedures implementation
6. Address short term and long term liquidity and funding risks

### BAC Effectiveness Review and Performance

During the year under review, the Board assessed the performance of the BAC through the annual Board Effectiveness Evaluation. The Board is satisfied that the BAC has effectively discharge its functions, duties and responsibilities in accordance with the TOR of the BAC.

The BAC assessed the Committee as a whole as well as the Head of Internal Audit. The BNRC will then review the evaluation results. The BAC also evaluated the effectiveness of the Internal Audit function and the External Auditors' performance and their independence which will then be recommended to the Board. Based on the assessment, the Board is satisfied with the overall performance of the Internal Audit function and the External Auditors' performance and their independence.

## Corporate Governance Overview Statement

### BOARD RISK AND INVESTMENT COMMITTEE REPORT

The Board Risk and Investment Committee (“BRIC”) of Top Glove is pleased to present the BRIC Report for FY2022.

With the evolving global economy and rapid changing business environment, the Board took cognizance of the importance in anticipating, adapting and evolving for business sustainability, particularly in risk management. The Board delegates the risk oversight responsibility to the BRIC and through the BRIC, the Board monitors and regularly review the effectiveness of the Group’s risk management and internal control systems, including controls related to financials and investments, operational, reputational, cyber security, sustainability and regulatory compliance from strategic perspective.

#### Composition

The BRIC comprises three (3) members as follows, all of whom are Independent Non-Executive Directors, which met the best practices under the Malaysian Code on Corporate Governance (“MCCG”) :

Members	Date of Appointment as BRIC Member	Tenure on the BRIC as at 31 August 2022
1. Datuk Noripah Kamso (Chairman)	8 January 2019	3 Years 7 Months
2. Datuk Dr. Norma Mansor	12 May 2017	5 Years 3 Months
3. Martin Giles Manen	25 January 2022	7 Months

*Note : Dato’ Lim Han Boon had stepped down as a BRIC member upon his retirement from the Board during the Company’s 23<sup>rd</sup> AGM held on 6 January 2022. On 18 February 2022, Tan Sri Rainer Althoff had also stepped down from the BRIC subsequent to his early retirement from the Board. Dato’ Lee Kim Meow was appointed as member of BRIC on 20 September 2022.*

#### Meetings and Attendance

In FY2022, the BRIC had met seven (7) times. The Company Secretary was in attendance at every meeting while the Executive Director, Managing Director, Head of Internal Audit, Head of Risk Management, Senior Management and other Board members will attend the BRIC meetings upon invitation, as and when required.

The Company Secretary will circulate the minutes of BRIC meeting at the Board Meeting for notation. The BRIC Chair will also brief the Board on the highlights and key issues deliberated during the BRIC meeting.

Please refer to pages 82 to 83 of this Integrated Annual Report for the attendance record of BRIC members.

#### Roles and Responsibilities

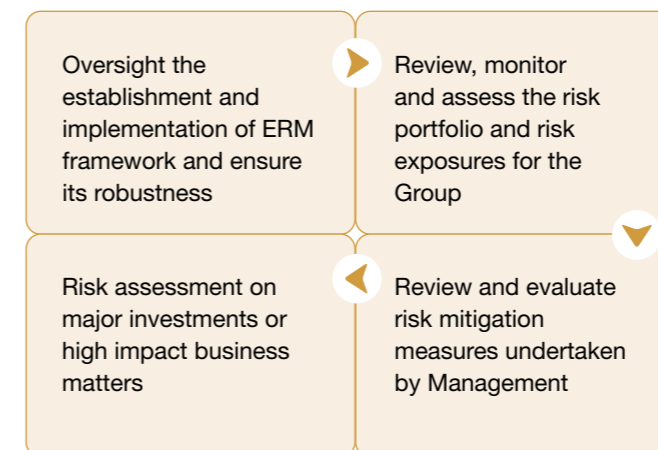
The Risk Management Department develops the Group’s Enterprise Risk Management (“ERM”) Framework for all business processes which will be reviewed by the BRIC and approved by the Board. The ERM Framework ensures that a structured risk management process which incorporates key process relating to the identification, assessment, mitigation, monitoring and reporting of the Group’s risks and controls is adopted across the Group.

BRIC is assisted by an in-house Risk Management Department and Risk Management Committee to effectively discharge its responsibilities in assessing risks, recommending measures to mitigate those identified risks and ensuring effective control and governance process are in place.

The Risk Management Department presents the Global Risk Management Updates and Report to BRIC for an overview of the Group’s significant risks and action plans to mitigate the risks at BRIC meeting held quarterly. The BRIC provides its views which are then communicated to the respective business risk owners across the Group’s operating entities. The significant risks, proceedings, findings and recommendations are then escalated to the Board for its attention upon deliberation by BRIC.

## Corporate Governance Overview Statement

Key responsibilities of BRIC are as follows :



The TOR of the BRIC is available for reference on the Company’s website at <https://www.topglove.com/governance-manual/>

#### Key Areas of Focus during FY2022 :

<b>Framework, Policy &amp; Guidelines</b>	<ol style="list-style-type: none"> <li>1. Revisited the ERM Framework and BRIC Terms of Reference to strengthen ERM processes.</li> <li>2. Reviewed the Business Continuity Management policy and framework to further enhance the Group’s resilience and governance level.</li> <li>3. Reviewed the Charter of Risk Management department.</li> <li>4. Reviewed the Global Regulatory Risk framework.</li> <li>5. Reviewed the Group Compliance Framework to elevate the Group’s compliance culture.</li> <li>6. Reviewed the Roadmap on Data Management and Knowledge Management System.</li> <li>7. Review the Corporate Health Policy.</li> </ol>
<b>Risk Monitoring</b>	<ol style="list-style-type: none"> <li>1. Ongoing Global Risk Management updates and report.</li> <li>2. Ongoing Compliance updates and report.</li> <li>3. Assessed the adequacy of Business Continuity Management.</li> <li>4. Assessed the Bow Tie Methodology for Business and Human Rights risk.</li> <li>5. Assessed the workshop on regulatory of different countries jurisdiction.</li> <li>6. Assessed emerging risk and mitigation plans for ESG risk and reputational risk.</li> <li>7. Assessed risks associated with the Group’s overseas operations.</li> </ol>
<b>Appraise New Business Ventures &amp; Corporate Proposal</b>	<ol style="list-style-type: none"> <li>1. Risk assessment of new business ventures and major projects undertaken.</li> <li>2. Risk assessment on Proposed dual primary listing in the Stock Exchange of Hong Kong Limited.</li> </ol>

#### Looking Ahead

BRIC will continue its supporting role to the Board in its risk oversight responsibilities to ensure the robustness of the ERM framework.

Some of the priorities for FY2023 in addition to its regular activities are as follows :

1. To conduct systematic periodic review of the risk mapping of potential issues
2. To review the risk management embedded into the daily decision making process across all business operations units
3. To link risk management to performance and reward through Key Performance Indicators setting to reflect stronger compliance accountability for all staff
4. To instil risk awareness across the Group through education programmes such as technical risk assessment workshops to enhance the skills and capabilities of the BRIC members
5. To continue reviewing the Risk Management Blueprint
6. To conduct review to further strengthen the Business Continuity Plan

#### BRIC Effectiveness Review and Performance

During the year under review, the Board assessed the performance of the BRIC through the annual Board Effectiveness Evaluation. The Board is satisfied that the BRIC has effectively discharged their functions, duties and responsibilities in accordance with the TOR of the BRIC.

## Corporate Governance Overview Statement

## Corporate Governance Overview Statement

### PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Group believes that stakeholder engagement is crucial and that effective communication and proactive engagement with stakeholders is important in establishing a mutual understanding of both the objectives of the Group and stakeholders. We understand the value of long-term thinking and believe that effective stakeholder engagement is critical to fostering mutually beneficial relationships and securing our long-term success.

While the majority of engagement with stakeholders is undertaken by our experienced and dedicated Management teams, the Board is kept continually apprised of stakeholder matters. The Directors are also ready whenever required to engage directly with stakeholders, as demonstrated by the Directors' participation in employee forums. The Board receives regular updates from the Executive Directors and Senior Management on insights and feedback from stakeholders which allows the Directors to understand and consider the perspectives of key stakeholders in decision making. It also allows the Board to oversee and monitor effectively the work being done within the stakeholder environment and provides opportunity for the Directors to appraise and challenge, where appropriate, the work being done by Management and any associated decisions. The Board is cognizant of the fact that the relevance of each stakeholder group may change depending on the matters being considered and it therefore seeks to understand the needs and priorities of the relevant stakeholders during the decision making process.

Being mindful of the interests of our stakeholders is embedded in Top Glove's DNA and is inherent in the Group's decision making processes. Therefore, while decisions are frequently made at an operational level, the Directors are confident that due consideration and regard is always given to how the decisions may impact its stakeholders and to the consequences of such decisions in the long term.

#### HAVING REGULAR AND TRANSPARENT COMMUNICATION WITH STAKEHOLDERS

The Board is fully committed in maintaining a high standard in the dissemination of relevant and material information on the development of the Group to the stakeholders.

The Company has always been providing as much information on a voluntary basis in addition to complying with Bursa Securities Main LR through media releases. The Board is mindful of the legal and regulations governing the release of material and sensitive information so as not to mislead shareholders. Therefore, information that is price-sensitive or any undisclosed material information about the Group is not disclosed to any party until it is ready for simultaneous distribution.

In addition to the existing Corporate Disclosure Policy, the Board has adopted the Shareholders Communication Policy and Procedure to ensure that communications to the public regarding the Group are timely, factual, accurate and complete. The said Policies outline the central principles and practices in communicating with the investors, shareholders, medias and regulators.

*The Corporate Disclosure Policy and Shareholders Communication Policy and Procedure are accessible through the Company's website : <https://www.topglove.com/governance-manual/>*

The Company has been using the following formal channels to communicate with shareholders and stakeholders :

1. **Integrated Annual Report :**  
<https://www.topglove.com/annual-report/>
2. **Website :**  
<https://www.topglove.com>
3. **Corporate Announcement :**  
<https://www.topglove.com/investor-relations-event>
4. **General Meeting :**  
<https://www.topglove.com/investor-relations-event>
5. **Newsroom and Press Release :**  
<https://www.topglove.com/newsroom>
6. **Investor Relations :**  
<https://www.topglove.com/ir-overview-en>

*The details of how the Company has been engaging with its stakeholders can be found on pages 80 to 83 of the Corporate Governance Report 2022, which is available on our website at <https://www.topglove.com/governance-manual/>*

#### Financial Calendar

Release Date of Financial Results and Holding Date of Analyst Briefings:

10 December 2021	9 March 2022	9 June 2022	20 September 2022	11 November 2022 : AGM Notice date
Unaudited consolidated results for the first quarter ended 30 November 2021	Unaudited consolidated results for the second quarter and half year ended 28 February 2022	Unaudited consolidated results for the third quarter ended 31 May 2022	Unaudited consolidated results for the fourth quarter and financial year ended 31 August 2022	Issuance of Integrated Annual Report 2022

*Note: All the Quarterly Results Briefing FY2022 were held virtually on the same date as the financial result release date.*

#### Dividend Calendar

Dividend of 1.2 sen per share	<b>Entitlement date :</b> 27 December 2021	<b>Payment date :</b> 10 January 2022
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#### IR Contact and Feedback

Investor queries and feedback pertaining to financial performance or developments may be directed to the head of Investor Relations team :

**Name :** Mr Lim Cheong Guan  
(Managing Director)  
**Tel :** +603-3362 3098  
**Fax :** +603-3362 3860  
**Email :** [invest@topglove.com.my](mailto:invest@topglove.com.my)



#### Corporate Matters

Corporate Announcement and General Meetings related queries and feedback may be referred to the head of Corporate Services department :

**Name :** Ms Kassy Lim Keat See  
(Company Secretary)  
**Tel :** +603-3362 3098  
**Fax :** +603-3362 3860  
**Email :** [topglovecosec@topglove.com.my](mailto:topglovecosec@topglove.com.my)



#### Media Enquiries

Media related enquiries and feedback may be referred to the head of Corporate Communications department :

**Name :** Ms Michelle Voon Wei-Ann  
**Tel :** +603-3362 3098  
**Fax :** +603-3362 3860  
**Email :** [media@topglove.com.my](mailto:media@topglove.com.my)

#### Other Compliance Information :

##### 1. Utilisation of Proceeds

There were no funds raised by the Company through any corporate proposal during FY2022.

##### 2. Audit & Non-Audit Fees

Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2022 to Ernst & Young PLT and its affiliates are as follows :

Type of Fees	Top Glove (RM)	Top Glove Group (RM)
a) Audit fees <ul style="list-style-type: none"> <li>• Messrs. Ernst &amp; Young PLT, Malaysia</li> </ul>	88,000	811,477
b) Non-Audit fees <ul style="list-style-type: none"> <li>• Messrs. Ernst &amp; Young PLT, Malaysia</li> <li>• Member firm of Ernst &amp; Young Global Limited</li> </ul>	499,300 172,202	559,300 172,202
<b>Total :</b>	<b>759,502</b>	<b>1,542,979</b>

*Note:*

\* The significant portion of the Non-Audit fees was pursuant to the appointment of Messrs. Ernst & Young PLT as the reporting accountants to report on the financial information of Top Glove Group in connection with the Company's proposed listing on the Main Board of the Stock Exchange of Hong Kong Limited.

## Corporate Governance Overview Statement

### 3. Recurrent Related Party Transactions

During FY2022, there were no recurrent related party transactions of a revenue or trading nature involving the Directors and/or substantial shareholders of the Company.

### 4. Material Contracts

During FY2022, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, Chief Executive and/or major shareholders.

### 5. Material Contracts Relating to Loans

During FY2022, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving the interests of Directors, Chief Executive and/or major shareholders.

### 6. Insider Trading

During FY2022, there was no insider trading reported.

### 7. Employees Share Option Scheme (“ESOS”)

The details of the ESOS for FY2022 are as follows :

Total number of ESOS options granted	99,445,500
Percentage of ESOS option granted to the Directors and Senior Management	11.89% of the total ESOS option granted.
Total number of ESOS options exercised	241,200
Total ESOS options outstanding as at 31 August 2022	177,273,700

Other than the above, there were no issuance of convertible securities during FY2022. The number of ESOS option granted and exercised by the Directors as well as their ESOS options outstanding are disclosed on page 114 of this Integrated Annual Report.

The details of the issued and paid-up share capital of the Company as at 31 August 2022 are as follows :

	No. of Shares	RM
As at 1 September 2021	8,206,864,034	1,841,653,566.23
Ordinary shares issued pursuant to the ESOS	241,200	497,876.00
ESOS Compensation reserve	-	39,283.00
ESOS Cost	-	(1,560.00)
<b>As at 31 August 2022</b>	<b>8,207,105,234</b>	<b>1,842,189,165.23</b>

### 8. Employees Share Grant Plan (“ESGP”)

The Company had established the ESGP of up to ten per centum (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Executive Directors of the Company and its subsidiaries for a duration of ten (10) years from 12 January 2016 to 11 January 2026.

The details of the ESGP for FY2022 are as follows :

Total number of shares awarded under ESGP	149,500
Percentage of shares awarded to Directors under ESGP	87.02%
Percentage of shares awarded to the Directors and Senior Management under ESGP	87.02% of the total shares awarded.

## Statement On Risk Management And Internal Control

The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers. This Statement outlines the nature and scope of the enterprise risk management and internal control systems within the Group during the year under review.

### BOARD RESPONSIBILITY

The Board is committed to establishing and maintaining a sound, effective and efficient system of enterprise risk management and internal control to safeguard shareholders’ investment and the Group’s asset.

The enterprise risk management and internal control system are designed to identify and manage the Group’s risks in order to achieve the Group’s business objectives. The Board is aware that the enterprise risk management and internal control system can only provide reasonable and not absolute assurance against the risk of material loss or occurrences of unforeseeable circumstances.

### RISK MANAGEMENT GOVERNANCE

The Board regards risk management as an integral part of all business operations. Hence, the Board assumes the responsibility of managing major risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance.

To fulfil its oversight responsibility, the Board, through delegation to the Board Risk and Investment Committee (“BRIC”), reviews the adequacy and integrity of the Group’s enterprise risk management system which includes the key processes of risk identification, assessment, mitigation, monitoring and reporting. Furthermore, BRIC is also assigned with the oversight role to review key risks, funding options and costs, and investment returns associated with proposed major investments which are subject to the Board’s approval prior to the submission of such proposal to the Board.

The BRIC members consist of the following Independent Non-Executive Directors :

1. Datuk Noripah Kamsu (Chairman)
2. Datuk Dr. Norma Mansor
3. Martin Giles Manen (Appointed on 25 January 2022)
4. Tan Sri Rainer Althoff (Cessation of Services on 18 February 2022)
5. Dato’ Lim Han Boon (Cessation of Services on 6 January 2022)

Note : Dato’ Lee Kim Meow was appointed as BRIC member on 20 September 2022.

In addition, a Risk Management Committee (“RMC”) was formed in May 2013 to facilitate the risk management initiative at the Management level. RMC is chaired by a Managing Director and comprises heads of business units or support functions, who are risk owners themselves, as members. RMC serves as the driving force behind the day-to-day risk management activities. Its main functions encompass provision of regular feedback on status of risk factors to facilitate informed management decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, as well as identification of new and emerging risk factors.

The establishment of RMC acts as an accountable point of contact for an enterprise risk at the senior leadership level, who coordinates efforts to identify, mitigate and manage the risk with the person in charge who owns whole or part of the risk to ensure effective full coverage of risk assessment of all business units locally and globally.

### ENTERPRISE RISK MANAGEMENT SYSTEM

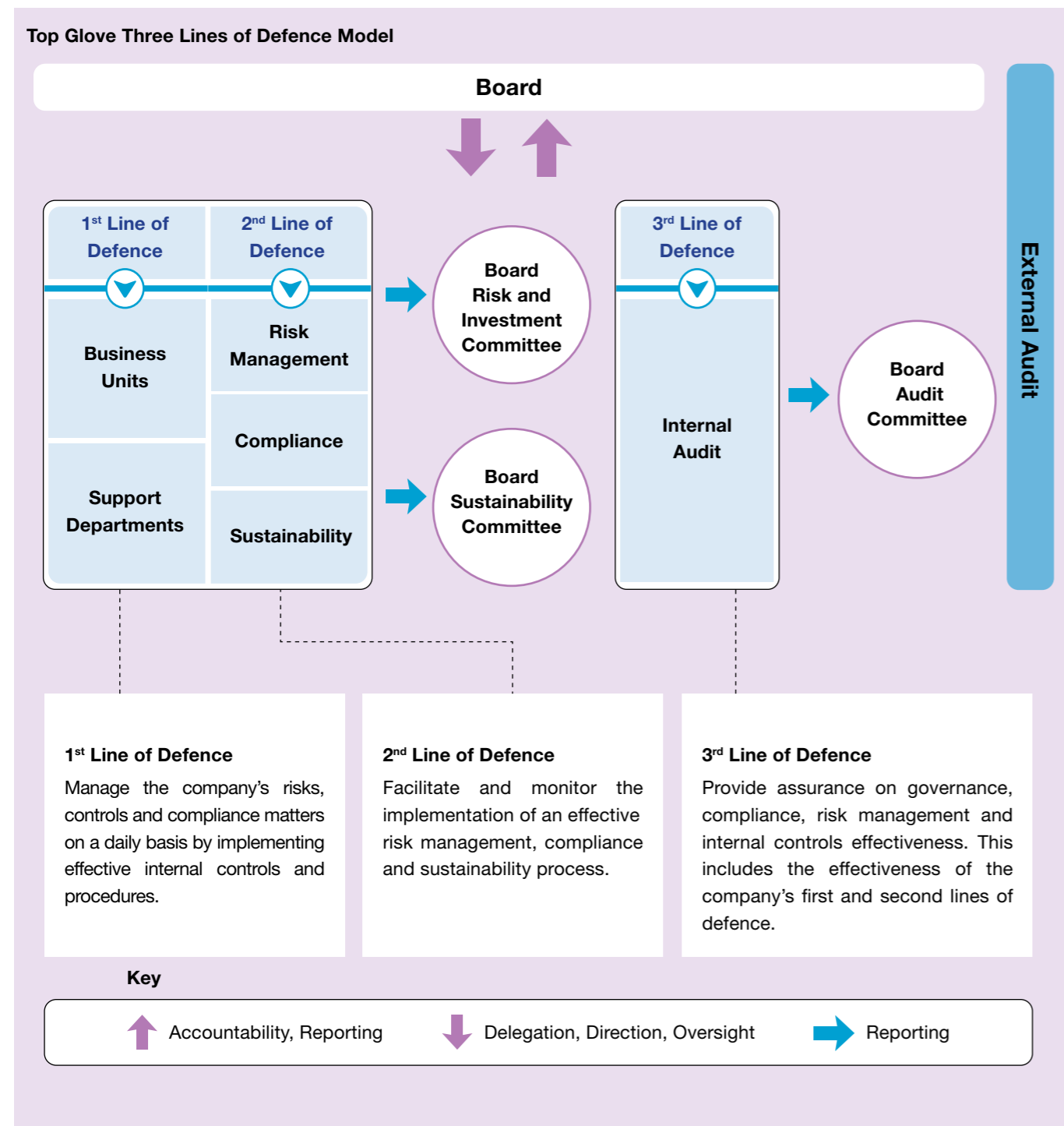
The Group’s Enterprise Risk Management Framework is set up in accordance with ISO 31000:2018 Risk Management Guideline where risks arising from the business and manufacturing operations are continuously identified. These identified risks are incorporated into the risk register and are assessed to determine if the risk rating is Extreme, High, Medium or Low. The risk rating process is guided by a matrix of possibility of occurrence and the associated impacts, of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risks will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance level.

Updates on the progress and adequacy of the mitigation measures are assessed and reported on a quarterly basis. In addition, any identified emerging critical risk factors will be incorporated into the risk register and managed in accordance to the Group’s enterprise risk management methodology. Outcome of the RMC meetings will subsequently be escalated to the BRIC for further deliberation.

## Statement On Risk Management And Internal Control

The BRIC will subsequently report the major risks to the Board of Directors to ensure that the risk exposures are acceptable and appropriate level of risk mitigation are being implemented. This approach creates a robust enterprise risk management system that is self-sustaining and will continue to evolve in response to changing business environment.

In order to provide a robust structure around risk management and internal controls within the Group, Three Lines of Defence model is adopted by the Group to ensure clear functional responsibilities and accountabilities for the management of risk, compliance and internal control. This is reflected in the Three Lines of Defence model which were adopted by the Group as depicted below :



## Statement On Risk Management And Internal Control

### INTERNAL CONTROL GOVERNANCE

The Management team, led by Executive Chairman, Managing Director and Executive Directors, comprises experienced personnel who are subject matter experts in their own specialized fields. The Management team are held accountable for the conduct and performance within their assigned business units and support functions. Internal control principles are strongly advocated and embedded into the various day-to-day operational policies and procedures of the business units and support functions concerned. These assigned business units and support functions will conduct its management meetings at regular interval to monitor its performance, action plan progress and gather further feedback for improvement purposes.

To fulfil its oversight responsibility, the Board Audit Committee ("BAC") is committed to review the adequacy and effectiveness of the Group's internal control system. In this respect, the Group's Internal Audit Department ("IAD") has been set up in financial year ended 31 August 2003 to undertake the obligation of providing control assurance services to the Group.

The External Auditor provides further assurance to the BAC in the form of annual statutory audit of the financial statements. Areas of concern identified during the course of external audit examination will be brought to the attention of the BAC through management letters and discussion at the BAC Meeting.

### INTERNAL AUDIT FUNCTION

The Group has in place an in-house IAD which provides to the Board, through the BAC, independent assessment and assurance on the adequacy and effectiveness of the Group's system of internal controls.

The work scope of IAD encompasses the examination and evaluation of the adequacy, existence and effectiveness of the system of internal control, risk management and corporate governance of the group, which includes, inter alia, the following :

**1**  
Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information

**2**  
Evaluating the system established to ensure compliance with policies, plans, procedures, laws, and regulations which could have significant impact on operations

**3**  
Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets

**4**  
Assessing the economy and efficiency with which resources are employed

**5**  
Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned

**6**  
Reporting significant issues related to the business and operational processes for controlling the activities of the Group together with recommendations for improvements by issuing periodic audit reports summarizing results of audit activities and follow-up reports on a timely basis to BAC and management

**7**  
Assisting in the investigation of significant suspected fraudulent activities and notify the BAC and top Management of the results

The audit reports are presented and tabled at quarterly BAC meetings to preserve its independence and objectivity. Significant internal audit findings and status update on outstanding management action plan will be brought to the attention of BAC. If deemed necessary, management representative will be required to attend BAC meeting to provide explanation and propose an action plan on the unresolved issues.



## Statement On Risk Management And Internal Control

### REVIEW OF EFFECTIVENESS

The Board is dedicated to operating a sound system of risk management and internal controls, and recognizes that the system must continuously evolve to support the progressive business growth of the Group.

The process for identifying, evaluating and managing risks as outlined in this Statement has been in place for the year under review and up to the date of approval of this statement. During the financial year ended 31 August 2022, IAD advised controls to mitigate relevant operation risks, assisted to automate certain processes previously covered manually and collaborated with the other lines of defence to improve governance across the Group. Progressively, a number of cost-effective ways to reinforce internal control gaps, cost management and SAP system controls had been proposed by IAD and implemented by Management. There has been no material adverse impact to the financial performance of the Group as a result of the internal control gaps detected.

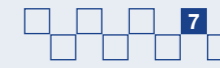
The Board, with the assurance received from the Managing Director and its Executive Director, concludes that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects.

This Statement does not include the state of internal control in associate companies, which has not been dealt with as part of the Group and is made in accordance with a resolution of the Board of Directors dated 26 October 2022.

### REVIEW OF THE STATEMENTS BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Integrated Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Integrated Annual Report of the Group for the FY2022, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in the Integrated Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.



## Financial Statements

### OUR PERFORMANCE

109	Directors' Responsibility Statement
110	Directors' Report
118	Statement by Directors
118	Statutory Declaration
119	Independent Auditors' Report
124	Statements of Profit or Loss
125	Statements of Comprehensive Income
126	Statements of Financial Position
129	Statements of Changes in Equity
132	Statements of Cash Flows
136	Notes to the Financial Statements

### OTHER INFORMATION

227	List of Properties
244	Analysis of Shareholdings
247	Notice of the 24 <sup>th</sup> AGM
254	Administrative Details for the 24 <sup>th</sup> AGM
259	Proxy Form
261	Independent External Assurance Statement
264	GRI Content Index
270	SASB Content Index
271	Corporate Song

## Directors' Responsibility Statement

For the Audited Financial Statements

The Directors are required by the Companies Act 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.