



于2019年8月2日举办的顶级手套第四届高层管理领导峰会, 主题为‘通过创新、数字化及人性化塑造未来’

## 诸位权益持有人,

### 2019财务年: 于充满挑战的环境中创下历史新高马币48亿的营业额

对顶级手套而言, 2019财务年是充满挑战的一年, 集团持续取得成长并达到高达马币48亿历史新高的营业额。此外, 集团的销售量强劲增长, 主要来自丁腈手套市场可观的盈利赚益。

此现象并非能简单应对, 此领域不仅须要面对天然乳胶价格的飙升, 也需应对天然乳胶及丁腈手套市场愈发激烈的竞争。一般上平均销售价格会因为应对成本的提升而调整, 然而激烈的竞争使得集团无法将额外成本转嫁至客户, 因此需承担部分成本费用。此外, 集团亦必须应对于2019年1月1日起生效的最低薪金制及天然气和电费的调涨。

于艰难的环境下, 集团的业绩印证了我们持续的质量和效率提升措施的有效性, 以及营销策略的一致性。



2019 华人农历新年庆典

我们2019财务年的业绩不仅限于财务表现。今年, 顶级手套稳步扩展其业务, 即通过先进的生产线, 翻新现有工厂及新建数间工厂, 包括一间位于越南的工厂。我们卓越的业绩及良好的公司治理也通过获颁多个奖项及被列入多个著名指数当中获得认可。

我们认为员工是推动业务发展方面的关键, 因而把2019年列为人性化管理、人才招聘及人才发展的一年。集团一直以来都注重员工福利, 并对此重要的领域流程不断做出改善。集团深知, 身为国际化企业及市场领导者, 外界对于集团的期望较高。为此, 我们将继续致力于确保集团在衡量永续发展方面, 不仅遵守当地劳工法律, 且达至国际标准, 以符合环境、社会和治理(ESG)因素。作为补充, 集团于每两年举办一届的顶级手套高层管理领导峰会的主题为‘通过创新、数码化及人性化塑造未来’。这些因素一直是集团所着重的领域, 集团雄心勃勃追求业务扩展计划, 放眼于2040年前列入财富世界500强。



顶级手套员工于2019年第28届周年晚宴上获颁长期服务奖

## 管理层讨论与分析

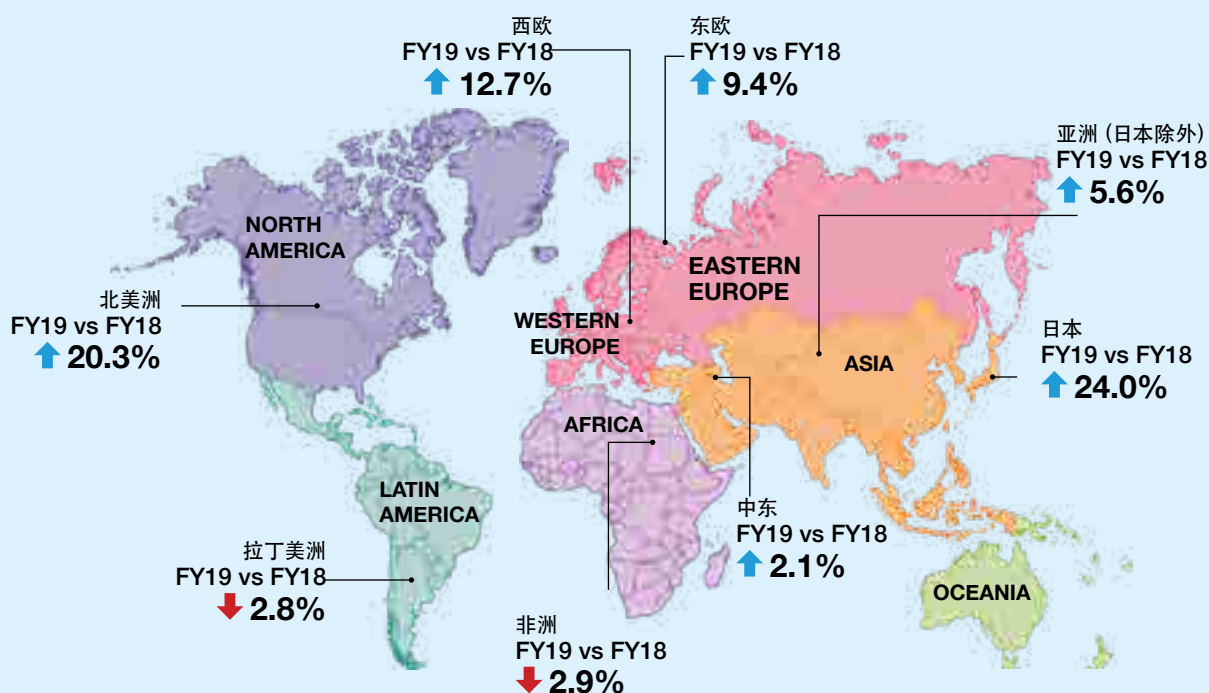
顶级手套2019财务年营业额创下新高, 相比去年增长了13.7%至马币48亿。同时, 集团销售量也处于上升趋势, 相比2018财务年提升10.2%。

销售量强劲的增长, 主要来自丁腈手套市场以可观的盈利赚益增长了30%的销售量。其他因素包括营销措施有所改善及在过去2年丁腈产量亦增加了54%, 并计划进一步扩大其产品线。此外, 强劲销售量亦归功于增长46%的手术手套市场, 这主要是来自稳利集团的贡献。

需求量的增长主要来自于发达国家, 顶级手套在这些国家的丁腈手套市场成功获得了市场份额。这主要是在美国和日本, 其销售量分别上涨了20.3%和24%。在日本等国家, 其使用量由医疗领域转移至餐饮等行业, 因此手套需求量本身亦有所提升。此外, 即将投产的丁腈产能够以更有效的成本生产更多的手套, 为销售量的增长做足准备。

我们2019财务年的销售量(数量)增长根据地区分类如下:

## 销售量(数量)增长根据地区分类



顶级手套优越的表现也归功于新建技术先进及更高自动化程度的丁腈手套工厂, 从而提升了产品质量及提高效率水平。

新兴市场的需求量增长持续呈上升趋势, 但与表现最强劲的2018财务年相比则有所下滑。尽管趋势不固定性的一致, 但随着这些区域的手套使用量增加, 手套需求量增长有望反弹。此现象亦凸显了维持乳胶及丁腈手套平衡的产品组合的重要性, 促使顶级手套得以在新兴及发达市场中取得增长, 从而巩固其全球领导地位。

与去年相比, 2019财务年净利润下滑15.2%至马币3亿6750万。此下滑因乳胶价格处于上涨趋势、天然乳胶手套的竞争环境以及PVC手套市场的亏损, 因而无法超越业绩异常优越的2018财务年业绩。

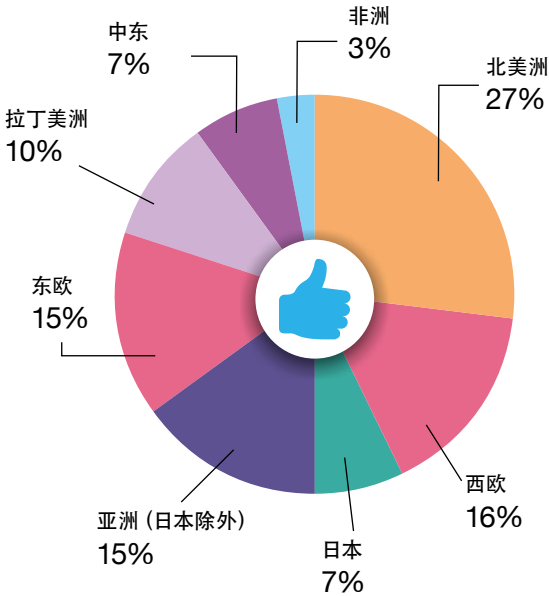
虽然乳胶的平均价格从2018财务年的每公斤马币4.51下跌8.6%至2019财务年的每公斤马币4.12, 其价格于此财务年的数月内成倍上涨, 于2019年4月9日达到巅峰至每公斤马币5.11。尽管平均售价已被提高, 但由于成本传递机制的时间滞后, 集团的盈利仍然受到影响。

天然乳胶手套市场激烈的竞争也导致增长缓慢, 使成本无法完全被转嫁至客户。然而, 集团深知, 竞争乃业务内部的一部分, 并会持续专注于加强集团的内部因素, 以便有足够的力量克服种种挑战。同时, 中国供过于求的现象导致PVC手套市场亏损及利息费用上涨, 造成2019财务年盈利下滑。此外, 与2018财务年相比, 顶级手套2019财务年表现稍微缓和, 因集团于2018财务年创下有史以来强劲的业绩。

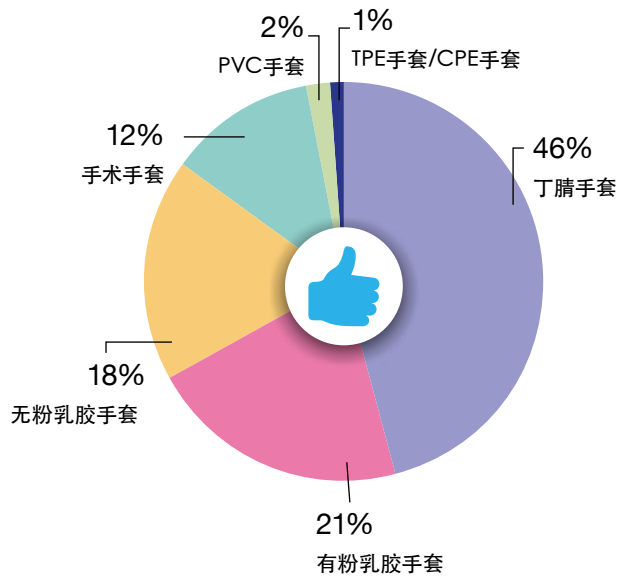
然而, 通过税收优惠, 集团得以享有较低的法定税率, 其中仍有马币4亿170万的余额可用于抵消将来的应税收入。

2019财务年, 根据地理分布的销售量(数量)分类如下:

**2019财务年销售量(数量)根据地理分布**

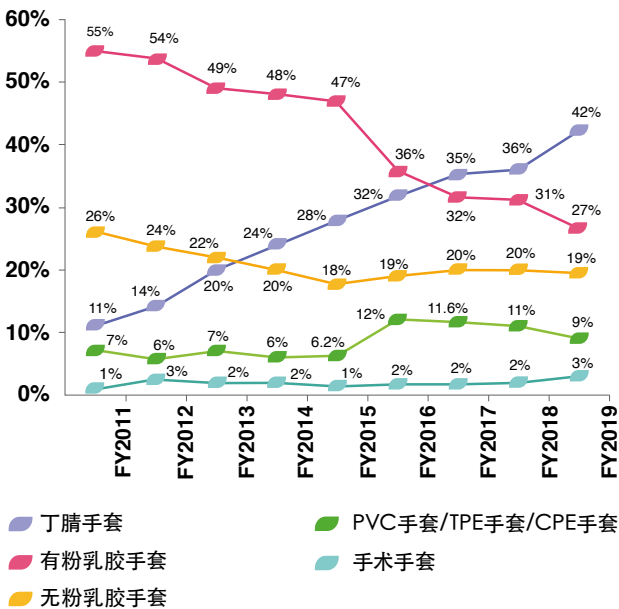


**b) 2019财务年, 产品组合营业额**



2019财务年, 我们的产品组合销售量(数量)及营业额如下:

**a) 产品组合销售量(数量)由2011财务年至2019财务年**



稳利业务正处于转型阶段当中。我们不断实施提升其运营水平的举措, 以提高生产效率。为此, 集团进行了大规模的生产线改造、优化流程以及对工厂员工进行深入培训。有了这些举措, 我们乐观的认为稳利将能够在适当的时刻为集团做出积极贡献。集团亦非常高兴地宣布, 截至2019年8月31日, 集团无需做出因收购稳利而产生的临时商誉的减值损失。

展望未来, 我们对顶级手套及手套领域的前景保持乐观。手套营业额及销售维持稳定增长, 由此可见, 手套需求量依然强劲。此外, 乳胶价格呈下滑趋势, 目前价格为每公斤马币4.34 (截至2019年11月1日), 并预计2020财务年首季度将会更低。凭着集团持续对质量、自动化及流程的改进措施, 我们有信心将在未来的财务年取得更好的成绩。



丹斯里林伟才博士与拿督李金谋颁发2018/2019最佳工厂奖于Mr. Ravi (左五) 及何金南 (右五) 带领的第14厂。最佳工厂奖亚军由陈进忠 (右二) 带领的第30厂获得, 与刘新强 (右四) 及李伟铭 (右一) 合影; 而最佳进步工厂奖由张天文 (左三) 带领的第18G厂获得, 与黄忠万 (左一) 及林猷杰 (左二) 合影。

# 顶级手套2019年度报告: 致权益持有人的信函

LETTER TO STAKEHOLDERS : MANDARIN VERSION (继续)

## 集团发展

### 集团

在强劲市场基本因素的推动下, 全球手套需求量持续增长。因此, 集团将不断地扩展其营运, 并确保集团有能力应对此强劲的需求, 即每年10%增长的需求量。

集团有机扩张计划概述如下:

工厂	投入运作于 (历季度)	国家	手套类别	生产线数量	年产量 (只)
<b>目前:</b> 33间手套工厂			所有	682条	640亿
<b>扩展中: 手套</b>					
F7A翻新	2019年末季度	泰国	乳胶	4条	8亿
F32新厂次阶段	2019年末季度	马来西亚	丁腈 & 乳胶	12条	12亿
2019年末新产量				16条	20亿
F2B 翻新	2020年首季度	马来西亚	丁腈	4条	8亿
F5A 新厂	2020年首季度	马来西亚	丁腈	20条	20亿
F40新厂首阶段	2020年次季度	马来西亚	丁腈	22条	22亿
F41新厂首阶段	2020年次季度	越南	PVC	40条	40亿
F40新厂次阶段	2020年第三季度	马来西亚	丁腈	16条	16亿
F8A新厂首阶段	2020年末季度	泰国	丁腈	28条	28亿
F42新厂首阶段	2020年末季度	马来西亚	丁腈	48条	48亿
2020年末新产量				178条	182亿
总新增生产线及年产量				194条	202亿
截至2020年12月的总数: 38间手套工厂				876条	842亿

为了履行对股东的承诺, 董事会建议于2019年12月23日派发每股4仙的终期股息。全年总派息为7.5仙, 而派息率为53%。

为了确保员工抱有正确的价值观, 集团引入全新的企业价值观: **尊重Respect**、**诚信Integrity**、**价值Value**、**赋权Empowerment**及**关系Relationship**, 简称RIVER, 这将对员工于追求远大商业发展议程中有所帮助, 同时亦灌输有利于成长的健康及包容性的文化。

### 荣誉与奖项

集团持续其强劲的表现及高水准的公司治理, 使集团在近期内被列入回教教义指数 (于2019年6月24日生效), 同时保持其富时大马隆综合指数成员的地位。近期, 集团亦被列入深受认可的道琼斯永续发展新兴市场指数 (DJSI), 于DJSI (全球) 44家医疗保健企业中排列第15位。顶级手套亦于此财务年获得了多个著名的奖项。



Great Glove (泰国) 有限公司2019泼水节

## 2019财务年荣誉与奖项



**2018 MSWG – 东盟公司治理奖项**  
企业卓越奖项 (医疗保健)  
MSWG主办  
(荣获于2019年7月31日)



**2019 CSR 马来西亚奖项**  
2019 CSR 马来西亚年度公司  
(奖项: 手套制造业)  
CSR马来西亚主办  
(荣获于2019年7月11日)



**2018 The Edge Billion Ringgit Club**  
3年来最高股本汇报率、3年来最高  
利润增长率、3年来最高股东汇报率  
(医疗保健领域)  
The Edge 主办  
(荣获于2018年12月11日)



**2018 第二届东盟公司治理奖项**  
(奖项: 首50家东盟上市公司)  
MSWG主办  
(荣获于2018年11月21日)



**2018 东盟商业奖**  
优先综合领域 (以橡胶为基础)  
获奖者  
东盟商业顾问委员会主办  
(荣获于2018年11月12日)



**2018马来西亚100名顶尖毕业生雇主**  
制造业 – 化学与重工业获奖者  
GTI Media主办  
(荣获于2018年11月8日)



2019年6月员工生日庆典

顶级手套集团执行主席亦荣获了两项杰出的荣誉: 即2019年首100名最具影响力青年企业家**终身成就奖**, 及马来西亚福建社团联合会颁发的**金砖奖**, 分别由我国首相及最高元首颁发此荣耀。丹斯里林伟才博士亦是首位**马来西亚国际大学学院 (IFM) 荣誉院士**的企业家, 此荣誉乃该学院颁发的最高荣誉, 自1973年成立以来, 该学院共颁发了8项此荣誉奖学金。同时, 顶级手套执行董事林将源亦于2019 Malaysian Investor Relations Association (MIRA) 奖项中, 获颁**投资者关系 (高市值企业) 的最佳首席财务总监**, 象征着顶级手套迈入高市值企业领域。

### 一个好的企业

在顶级手套, 我们坚信永续发展与业务息息相关, 并持续在公司议程中占居高位。

为了彰显集团的承诺, 我们成立了一个由5位独立董事及1位非独立董事组成的永续发展委员会, 负责推动工作以使集团得以在这日益重要的领域中取得正面的进展。

我们不断对于永续发展付出努力, 特别是创造一个安全及健康的工作环境, 甚至超越当地劳动法律的需求。其中包括于2019年1月实施的零招聘费政策, 以确保员工不被征收招聘费及不受债务的约束。此外, 集团亦于2019年5月推出零工伤和安全健康应急准备项目, 宗旨在于通过实施安全工作制度来提高工作场所的职业安全。集团对员工主要的承诺包括了禁止强迫性劳力、严格遵守每周1天休息日及最低薪金制。集团员工亦已全权保管其护照。

此外, 集团亦推出旗舰绿色产品, *Biogreen™ 可生物降解无粉丁腈手套*, 相比于传统的丁腈检验手套, 此手套的生物降解速度已被证实至少快10倍。

顶级手套是富时4Good指数的成员之一, 该指数由几家大马上市公司组成, 以应对环境、社会和治理 (ESG) 方面的实践, 并且在近期被列入道琼斯永续发展的新兴市场指数中。

集团持续致力于经济、环境、社会和治理领域中传达正面的影响, 每个领域都有可能改善我们多个权益持有人的生活。欲知更多集团如何从中取得良好表现, 请参考于第49页至第79页的永续发展声明。

### 研发与技术的进步

研发一直是顶级手套的基石, 投资于此领域是业务中最为重要的。顶级手套迄今已建立了4所研发中心, 由来自各个专业领域约454名的研究人员 (截至2019财务年) 组成, 共同推动顶级手套的创新及突破, 从中体现集团研发的重要性。

第一所研发中心自2013年成立以来, 集团的研发已取得了跨越性的发展, 尤其于以下领域:

#### a) 产品创新

集团研发措施持续专注于产品创新, 将创意和概念融入并转变为商业化产品, 以满足客户不断改变及严苛的要求。由于永续发展考量占据了一席之地, 集团亦着手于开发环保手套, 其中第一项就是集团于2019年6月推出的旗舰绿色产品, *Biogreen™ 可生物降解丁腈手套*。此外, 集团亦通过更专业及更具成本效益的手术手套以不断提升我们的产品组合, 同时也多样化其非手套产品, 如: 止血带 (加压绷带)。

为了确保集团新开发的产品符合严格的国际标准法规, 顶级手套所有工厂都受ISO9001认证, 并符合GMP需求。

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## b) 流程 / 材料创新

与此同时, 顶级手套着手于流程创新, 以应对科技的迅速发展、行业标准的不断发展及原材料价格的浮动。为此, 集团已建立了**3间化学工厂**以进行材料创新, 并已经开发了50种用于提升制造成本效率及管制产品质量一致的化学品。此举使集团得以减少外部化学品的采购, 进而节省了每年马币1500万的开支。此外, 集团还建立了**1间内部化学分化厂**, 以便更完善地管制由原材料至成品的制造过程, 不仅使集团能够在短时间内修改手套配方, 同时还提高手套质量, 及缩短手套产品的交付周期。

集团工程师及研究人员对于工业4.0自动化、数字化及电脑化的创新理念, 亦为集团带来了突破性的发明。这包括: 线上监控设备, 配备视觉摄像头和感应器, 沿着生产线运行以防止线路故障, 并针对根源进行分析。

随着集团进入研发的下一阶段, 我们仍然关注于制造过程对环境带来的影响。因此, 集团推出了零废弃物概念, 此概念通过指导资源分配来创新废物管理过程, 以避免、保存、回收及再利用废物于其他用途。

## c) 专利 & 知识产权

于2019财务年, 集团成功在本地及国际提交了145项专利及专利申请, 以加强新产品的营销策略及保护集团的知识产权。其中的52%用于新产品方面的开发, 而其余48%用于新流程改进。

## d) 合作关系

顶级手套与大学、供应商和第三方研究机构建立了研发合作伙伴的关系, 以提升集团为手套制造领域开发可行性商业产品及优化流程的能力。于2019年2月, 集团还推出了顶级手套产业合作补助金 (TGICG), 宗旨在于加强与大学在研究方面的合作。

展望未来, 研发团队将持续积极地寻求新的突破, 为了提高产品可靠性和盈利能力。

## 步步高升: 财富世界500强目标

随着集团做足准备将业务提升至更高一层楼, 及于2040年前进一步实现财富世界500强之梦, 集团将致力专注所设定的目标。

集团目前已占据了全球26%的市场份额, 通过利用发达市场和新兴市场尚未开发的机会, 我们短期内的目标是将市场份额提升至30%。为了确保集团有足够的能满足迅速增长的全球手套需求量, 我们将维持每年增建1至2间新工厂, 以及寻找更多协同并购的机会, 并于企业战略办公室职权范围内成立一个专门的团队。集团也正寻求扩大产品范围的机会, 以涉足更专业的手套及非手套产品, 如: 止血带 (压缩绷带)、导管和其他医疗设备。

本着集团以**高效低成本生产高质量手套的商业方针**, 我们将持续通过工业4.0对研发、自动化及数字化方面进行投资, 以提升集团于制造流程及运营的效率。此外, 集团新建的制造设施将利用先进的技术, 同时将对现有工厂进行升级以优化其生产。

荣获GTI Media颁发的《马来西亚100名顶尖毕业生雇主》奖, 顶级手套依然是18,000名员工的首选雇主。的确, 员工是顶级手套持续取得优良表现的主要因素。于此方面, 我们将继续投资于人才库, 确保我们的员工有足够的能力与公司并肩作战, 并对集团的增长计划做出贡献。集团将不断招聘高素质人才, 并着重于聘请应届毕业生, 以确保人才团队持续增长。

顶级手套处于竞争激烈的行业当中, 能够取得如此的成功无疑是集团值得骄傲的事。然而, 我们谨记, 在这个瞬息万变的世界中, 我们需要不断突破极限、突破界限及让自己突破舒适范围。集团保证, 步入新的2020财务年时, 顶级手套将会实践诺言, 为我们未来更美好的里程碑感到雀跃, 进而迈向集团雄心勃勃的2040年财富世界500强目标。这一路上挑战重重亦是理所当然之事。然而, 对于经营了接近3个世纪的企业而言, 此景不足为奇。我们坚信只要大家保持健壮及健康, 顶级手套将有能力应对及克服此些挑战。这就是集团坚定不移地注重“5好” (良好的清洁、良好的饮食、良好的工作、良好的运动和良好的睡眠) 及商业道德 (诚实、正直和透明化) 的原因; 它们不仅是集团的基础, 更是我们竞争的优势及未来成功的关键。

## 感言

在2019财务年中, 我们取得了许多值得自豪的成就。然而, 作为一家拥有远大增长目标的成长中和充满活力的企业, 仍有许多需要完成的目标。

为此, 我们非常感谢一直以来与我们坚定不移一起前进的管理层及员工, 无时无刻向大家展示团队合作能实现目标的力量。衷心感谢您们无私的奉献, 没有这些奉献的精神将无法取得今天亮眼的成绩, 更无需梦想明天更大的成就。得此机会带领这样一个优胜的团队是件非常值得奖励的事。

我们希望借此机会向我们尊贵的股东、客户、供应商及商业伙伴表示最深切的谢意, 感谢您们对本集团一路以来坚定的支持和持续的信心。无需担忧, 您们的信任将得到确认, 并将不断地激发我们迈向更高一层楼。

我们亦衷心感谢董事们明智的建议和支持。没有他们将行业推向更高成就的见识和经验, 我们将无法取得今天的成就。我们也希望借此机会向丹斯里拿督Seri Utama Arshad bin Ayub表示感谢, 他在服务18年后于今年初退休。随着集团女性董事会的占据率接近50%, 借此欢迎我们最新的独立非执行董事Puan Azrina Arshad的加入, 这将丰富我们的董事会组成和集体经验。

2019财务年乃丰收的一年, 许多里程碑得以达成。然而, 集团坚信顶级手套美好的未来即将来临, 随着我们不断挑战并改善自我, 我们有信心继续为顶级手套取得实至名归的业绩。

谢谢。

丹斯里林伟才博士  
执行主席  
顶级手套集团  
2019年11月1日

拿督李金谋  
董事经理  
顶级手套集团  
2019年11月1日



## SUSTAINABILITY



At Top Glove, we believe that sustainability cannot be separated from our business. Accordingly, sustainable practices take centrestage on our corporate agenda and we continue to look for ways to deepen our commitment in this very important area.



## Dear Fellow Stakeholders,

At Top Glove, we are committed to ensuring the sustainable growth of our business, while creating positive long term impacts for all our stakeholders, and conserving the environment as well as scarce resources. We recognise the urgency for businesses to take action today to address issues such as climate change and are excited to drive the shift towards a more sustainable future.

To this end, regular and effective stakeholder engagement as well as materiality, risks and opportunities analysis enables us to shape our sustainability strategies and implementation plans. In this Sustainability Statement, we are pleased to share the highlights of how we have progressed thus far and our focus going forward.

On behalf of the Board & Management of Top Glove, we wish to thank our many stakeholders who have been guiding, supporting and inspiring us throughout our sustainability journey.

**SHARMILA SEKARAJASEKARAN**  
Chairman  
Board Sustainability Committee  
Top Glove Corporation Bhd

## REPORT OVERVIEW

This Sustainability Statement, captures the strategies, initiatives, performance, highlights and achievements in relation to the Group's sustainability journey in FY2019, including policies, practices and procedures developed.

In this Statement, we share about our:

1. Stakeholder engagement
2. Sustainability governance
3. Materiality analysis
4. Risks and opportunities identification in our 4 sustainability pillars:
  - Economic
  - Environmental
  - Social
  - Governance

Our improvements include:

1. Disclosure of stakeholder engagement
2. Aligning our initiatives with the UN Sustainability Development Goals (UN SDGs)
3. Inclusion of Thailand and China operations data as part of our geographical reporting coverage
4. Adopting international reporting guidelines as reference

### Scope of Report

Reporting period:  
1st September 2018 to 31st August 2019  
Reporting cycle: annually

Geographical reporting coverage: From financial year FY2019 onwards, Group-level disclosure will be adopted and our reporting coverage will be expanded from Malaysia, where Top Glove is headquartered, to include our operations in Thailand and China, unless stated otherwise.

### Guidelines & Reference

Principal Guidelines:  
Bursa Malaysia's Sustainability Framework

Supplementary References:

1. Global Reporting Initiatives (GRI) Standards (please refer to page 255 for GRI Content Index)
2. United Nations Sustainable Development Goals (UN SDGs)
3. FTSE4Good Bursa Malaysia Index
4. Dow Jones Sustainability Index (DJSI)

### Feedback

We welcome enquiries, suggestions or feedback on our sustainability report or performance. Please write to our Board Sustainability Committee Chairman at [sustainability@topglove.com.my](mailto:sustainability@topglove.com.my)



# SUSTAINABILITY STATEMENT

(CONT'D)

## SUSTAINABILITY AT TOP GLOVE

FY2019 was a landmark year in the Group's sustainability journey, which saw our sustainability efforts crystallised, with the establishment of the following:

- A sustainability governance structure, consisting of the Sustainability Board Committee (board level)
- Sustainability Steering Group and Social Sustainability Committee (functional level)
- The Group's sustainability framework, articulating our mission, vision, approaches and key focus areas
- A corporate sustainability video as a communication tool with our stakeholders on our sustainability performance and focus.

Towards more effective implementation of our sustainability initiatives, we manage our sustainability risks and opportunities through the following strategies:

1. Regular engagement with our internal and external stakeholders for a deeper understanding of their expectations and to garner feedback on potential risks and opportunities.
2. Frequent meetings with management teams across the business to discuss sustainability risks and opportunities
3. All key sustainability-related risks & opportunities are part of our Enterprise Risk Management system and assessed on a regular basis.
4. A sustainability governance to monitor and response to potential risks and opportunities

### Sustainability Governance Structure

The Board of Directors has the overall responsibility for sustainability at Top Glove. In March 2019, the Group established the Board Sustainability Committee, which now consists of 5 independent directors and 1 non-independent director. The Board Sustainability Committee meets quarterly and assists the Board of Directors in overseeing and monitoring the Group's sustainability performance.

The Board Sustainability Committee is supported by the Sustainability Steering Group (SSG), which is tasked with implementing sustainability initiatives in the Group's policies, management and operations. Formed in August 2019, the SSG consists of 15 cross-functional departments and is helmed by the Group's Executive Director. Meanwhile, the Social Sustainability Committee (SSC) is a sub-committee focusing on enhancing management of the Social pillar, specifically, labour practices.

### Sustainability Governance Structure:



### Sustainability Framework



#### SUSTAINABILITY VISION:

To be a responsible global citizen and leader in enhancing value and improving the quality of life via sustainability initiatives.



#### SUSTAINABILITY MISSION:

To create long term value for our stakeholders and the environment by integrating sustainability considerations throughout our business operations and social practices.

## CORE FOCUS AREAS



#### ECONOMIC

Deliver sustainable economic performance and generate attractive returns on investment for our shareholders.



#### ENVIRONMENTAL

Be environmentally sensitive and strive to combat climate change as well as minimise carbon footprint.



#### SOCIAL

Create long term positive impact to both employees and the community through effective engagements.



#### GOVERNANCE

Deliver the highest standards of corporate governance and transparency

## ALIGNING OUR INITIATIVES WITH UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS (UN SDGs)



Though our steadfast sustainability efforts, we have identified 14 UN SDGs where we add value and create positive impact as a business through our initiatives and day-to-day operations.

 <ol style="list-style-type: none"> <li>1. Comprehensive employee wellness programme</li> <li>2. 5 “Wells” Culture</li> <li>3. Full time nutritionists team</li> <li>4. Only vegetarian meals served at all corporate events</li> <li>5. Zero Harm Programme</li> <li>6. Various occupational safety related training &amp; talks</li> <li>7. ISO 18788:2015 certified security services for employees’ safety</li> </ol>	 <ol style="list-style-type: none"> <li>1. Cultivate diversity and inclusion in the workforce</li> <li>2. 55% of leadership positions held by females (FY2019)</li> <li>3. 42% of directors are female (FY2019)</li> </ol>
 <ol style="list-style-type: none"> <li>1. Scholarships for students</li> <li>2. Donations to schools</li> <li>3. Reward staff’s children for achievements in national examinations</li> </ol>	 <ol style="list-style-type: none"> <li>1. Flood Mitigation Project</li> <li>2. Road Resurfacing Project</li> <li>3. Local employment through the creation of job opportunities</li> </ol>
 <ol style="list-style-type: none"> <li>1. Equal remuneration for male and female employees</li> </ol>	 <ol style="list-style-type: none"> <li>1. Our latex concentrate factory in Thailand is Forest Stewardship Council (FSC) certified</li> <li>2. Launched Biogreen Biodegradable nitrile gloves</li> </ol>
 <ol style="list-style-type: none"> <li>1. Rain water harvesting</li> <li>2. Water recycling</li> <li>3. Reverse Osmosis Water Treatment Plant (ROTP)</li> </ol>	 <ol style="list-style-type: none"> <li>1. Climate risk is incorporated into our risk framework</li> <li>2. Conference calls to reduce the need to commute</li> <li>3. Efficient inter-factory transportation as factories are located within 500m of each other</li> <li>4. Resources (water, electricity, gas), CO2 emission measurement</li> <li>5. Top Glove’s headquarters is a Grade A and Green Building Index (GBI) certified Gold office building</li> </ol>
 <ol style="list-style-type: none"> <li>1. Solar power as renewable energy at Top Glove headquarters and new factory</li> <li>2. 6 factories are powered by biomass</li> </ol>	 <ol style="list-style-type: none"> <li>1. Our latex concentrate factory in Thailand is Forest Stewardship Council (FSC) certified</li> <li>2. We developed the Biogreen biodegradable nitrile gloves</li> </ol>
 <ol style="list-style-type: none"> <li>1. Equal work opportunities</li> <li>2. No child labour and forced labour</li> <li>3. Respect for labour rights</li> <li>4. Diverse &amp; inclusive workplace with zero tolerance for discrimination</li> </ol>	 <ol style="list-style-type: none"> <li>1. First private company in Malaysia being certified with ISO 37001:2016 Anti-Bribery Management System (ABMS)</li> </ol>
 <ol style="list-style-type: none"> <li>1. Increase resource-use efficiency through automation and technology</li> </ol>	 <ol style="list-style-type: none"> <li>1. Collaborate with various NGOs / organisations / government authorities on social engagement programmes</li> </ol>

## Materiality Review

The Group engaged key internal stakeholders to conduct a materiality analysis in FY2017 with an independent consultancy to identify material issues for the business in terms of the Economic, Environmental and Social pillars of sustainability.

In order to better reflect the Group's key sustainability risks and opportunities and effectively address the issues, we undertook a 2<sup>nd</sup> materiality review in June 2019 to assess issues of relevance and identify emerging trends

Materiality review methodology:

### 1. Review of material issues from internal & external sources

- In order to identify material issues' relevance to the Group's current operation and industry trends, we accessed to internal and external sources to review our materiality issues.
  - Internal sources: internal departmental data
  - External sources: ongoing stakeholder engagement (especially customers and investors), MSCI Global Index, DJSI, media reporting & industry news

### 2. Analysis and discussion

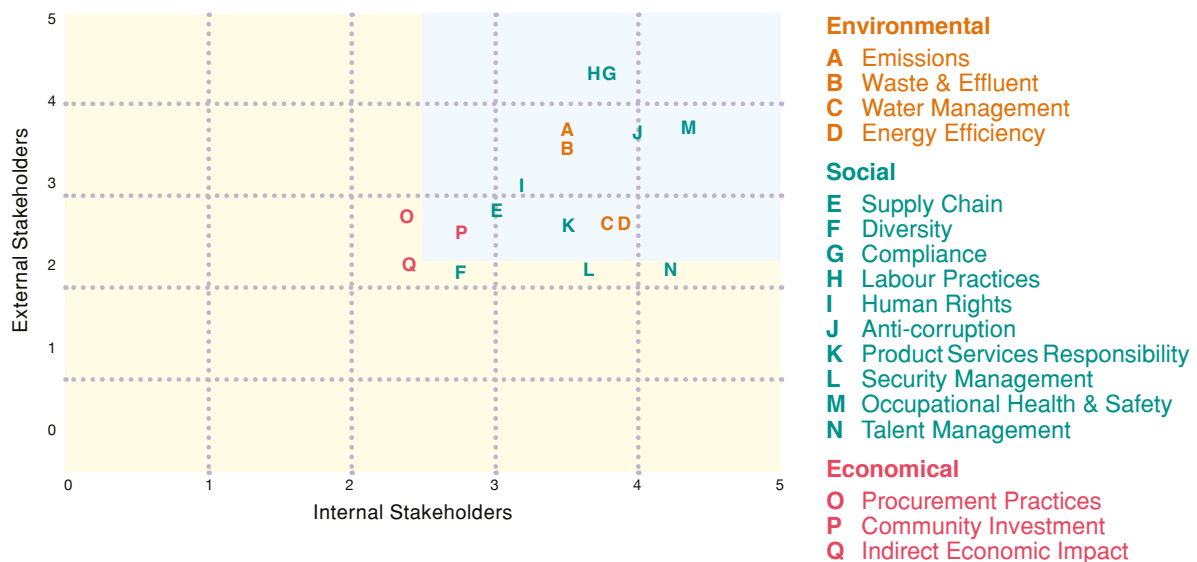
- Discussion was conducted with key management to review and identify current stakeholders' concerns with the highest relevance to the business.

### 3. Validation

- The outcome of the materiality review was proposed to the Board Sustainability Committee for validation and approval.
- The results of the review will be further discussed under the Materiality Analysis

Top Glove's Materiality Matrix:

**Materiality Matrix for Top Glove**



## Materiality Analysis

Through the materiality review, labour practices emerged as key material issue with impacts on the Group's business. Hence, the level of materiality for labour practices' was increased to be on par with that of Compliance.

The shift in prioritisation of labour practices was warranted as it has come to be an area of concern for our stakeholders, especially our customers and investors. More details on our labour practices will be disclosed under the EMPLOYEES section in this report. These materiality findings have been integrated into our business strategies, with our 12 key material issues as follows:

No.	Key material issues	Definition	Risks associated	Page reference
1.	Labour practices	Fair labour practices in accordance to the local labour standards set out by the government of employees in regards to the terms & conditions of employment.	Low employee morale and engagement	66
2.	Compliance	Adherence to our activities relevant laws and guidelines	Higher costs for conducting business as a result of growing number of statutory and regulatory requirements to comply with	59,66 & 77
3.	Occupational health & safety	Control of hazards arising in or from the workplace which could impair the health and well-being of workers	Injuries or fatalities resulting from non-compliance of policies and procedures which may lead to legal disputes	75
4.	Anti-corruption	Ensure no abuse of entrusted power for private gain	Financial loss, damage of company reputation and loss of stakeholder confidence	77
5.	Emissions	Ensure no discharge of greenhouse gas (GHG) and environmentally hazardous substances into the atmosphere	Higher costs for conducting business as a result of stringent regulatory requirements	64
6.	Waste & effluent	To responsibly dispose of the following: Waste: hazardous waste which is governed by local environmental regulations and non-hazardous waste as general waste Effluent: any liquid that is disposed as waste or wastewater	Higher costs for conducting business as a result of tightening standards on proper waste and effluent discharge	63
7.	Human rights	Definition listed under the United Nations Universal Declaration on Human Rights, as stated under the Respect to Human Rights Section in this report	Damage on Company reputation of violation of human rights	66
8.	Supply chain	Relates to significant and potential social impacts on society in the supply chain	Interruption to product supply due to supply chain issues	56
9.	Energy efficiency	Consumption of electricity and energy generated from renewable sources	Interruption to production and/or higher costs of production as a result of disruption in energy supply, which results in increasing cost of alternative energy supply	61
10.	Water management	Consumption and efficiency of water usage	Temporary disruptions in operations as a result of insufficient water supply	62

# SUSTAINABILITY STATEMENT

(CONT'D)

No.	Key material issues	Definition	Risks associated	Page reference
11.	Product services responsibility	Impact of products and services on the wellbeing of society, including privacy, health & safety	High costs of legal fees, fines and settlements as a result of failing to meet requisite standards from customers	56
12.	Community investment	Voluntary contributions made to enhance socio-economic benefits and create positive social impact	Loss of clients and business opportunities as a result of damage to reputation	76

## Stakeholder Engagement

Effective stakeholder engagement provides core inputs for identifying our key focus areas. We frequently engage with various internal and external stakeholders via different approaches to understand their needs and for maximal value creation.

Stakeholder group	Engagement approach	Frequency of engagement	Value created	Page reference
Employees	<ul style="list-style-type: none"> <li>Weekly birthday lunches/ townhalls</li> <li>Employee satisfaction survey</li> <li>Appraisal review</li> <li>Trainings</li> <li>Recreational activities</li> <li>Newsletter</li> <li>Fire drills and safety trainings</li> </ul>	<ul style="list-style-type: none"> <li>Weekly</li> <li>Annually</li> <li>Half yearly</li> <li>As needed</li> <li>Monthly</li> <li>Quarterly</li> <li>Half yearly</li> </ul>	<ul style="list-style-type: none"> <li>Updates on company status and policies conveyed to employees</li> <li>Build strong employee relationships</li> <li>Identify social and internal challenges as well as employee concerns</li> <li>Encourage good performance and positive contributions</li> <li>Advocate a healthy lifestyle amongst employees</li> <li>Safety awareness and education</li> </ul>	65
Customers	<ul style="list-style-type: none"> <li>1-on-1 meetings</li> <li>Business trips</li> <li>Audits</li> <li>Tradeshows</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Annually</li> <li>As needed</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Updates on new company products</li> <li>Building strong customer relationships</li> <li>Cross selling products</li> </ul>	57
Investors/ shareholders	<ul style="list-style-type: none"> <li>1-on-1 meetings</li> <li>Analysts briefings</li> <li>Annual General meeting</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Updates on company policies and financial performance</li> </ul>	58
Suppliers	<ul style="list-style-type: none"> <li>Audits and site visits</li> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Building strong supplier relationships</li> <li>Ensuring good quality products, services and management systems</li> </ul>	57

Stakeholder group	Engagement approach	Frequency of engagement	Value created	Page reference
Government/regulators	<ul style="list-style-type: none"> <li>Formal meetings</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Understanding government regulations and policies</li> <li>Application for certifications and compliance</li> </ul>	77
Local community	<ul style="list-style-type: none"> <li>Formal meetings</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Understanding stakeholder expectations and CSR programme impact</li> </ul>	76
NGOs	<ul style="list-style-type: none"> <li>Formal/casual meetings</li> <li>Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Understanding social and economic challenges</li> <li>Partnering for CSR campaigns</li> </ul>	76
Media	<ul style="list-style-type: none"> <li>Media and analyst briefings</li> <li>Interviews</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Building strong public relations and positive corporate branding</li> </ul>	58
Industry associations	<ul style="list-style-type: none"> <li>Management/ Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>Bi-monthly</li> </ul>	<ul style="list-style-type: none"> <li>Discuss and identify solutions for social and economic issues or industry impacts</li> </ul>	58

## Accolades, Recognitions & Certification

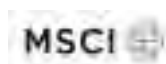
We are honoured to be conferred notable awards, certifications and recognitions both at the industry and international level. These accolades motivate us to set our bar higher to perform better in our sustainability practices. The following are the sustainability-related recognitions we received in FY2019:



Inclusion in the Dow Jones Sustainability Index (DJSI) Emerging Markets in Sept 2019



CSR Malaysia Awards 2019  
 • CSR Malaysia Company of the Year – Manufacturing



Inclusion in the MSCI Global Standard Index



Forest Stewardship Council (FSC) Chain of Custody certification for our latex concentrate Factory 16L in Thailand



MSWG – Asean Corporate Governance Award 2019



National Cooperative Education Awards 2019 (Thailand)



Inclusion in the FTSE4Good Bursa Malaysia Index

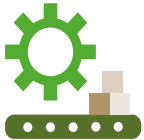
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## ECONOMIC

Our approach:

We are committed to growing our business through strategic planning and management and continuing to deliver a strong economic performance.



**RM54 million**  
INVESTMENT IN R&D ANNUALLY



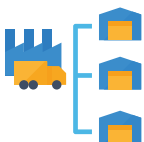
**4** R&D CENTRES



**LAUNCHED BIOGREEN™  
BIODEGRADABLE  
NITRILE GLOVES**



**COLLABORATIONS  
WITH TOP RANKING  
UNIVERSITIES** via Top Glove  
Industrial Collaboration Grant  
(TGICG) 2019



**73%** of our suppliers are  
local suppliers



**1<sup>ST</sup>** Malaysian rubber glove  
manufacturer to introduce a  
dedicated customer portal: TG  
Customer Connect

## AUTOMATION & DIGITALISATION

We believe the adoption of automation and digitalisation throughout our operations will better position us to deliver cost effective and top quality products.

By implementing new technologies and machines such as Artificial Intelligence (AI) Vision Cameras for online detection and removal of defective gloves, advanced auto packing machines and smart warehouses with automated guided vehicles (AGVs), we are able to achieve manpower saving as well as improve product quality control. Meanwhile, increasing digitalisation throughout our day-to-day administration and business transactions also enable us to increase productivity and efficiency, as well as reduce paper consumption in our offices.

## INNOVATION THROUGH R&D

With our mission of ensuring safe human protection globally, we set a high bar for our product quality as we understand that the safety and health of the end users of our products depends on our product quality. Accordingly, we continuously improve our product quality through R&D.

Top Glove's involvement in R&D has intensified rapidly. Top Glove established its first R&D Centre in 2013 and within a matter of years, built another 3 R&D Centres, engaging a total of 454 researchers as at FY2019. Our R&D headquarters alone has 228 researchers, of which 19 staffs are with PhD holders, 42 with Masters and 136 with Bachelor Degree qualifications. Annually, we invest RM 54 million in R&D to deliver the best quality products in step with market trends and customers needs.

Throughout the year, our initiatives remained well-aligned with one of the tenets in our Quality Policy: "Continuous improvement and innovation are our duties". More information on our R&D initiatives is available on our Letter to Stakeholders and Management Discussion & Analysis.

## SUSTAINABLE SUPPLY CHAIN

Top Glove continuously and actively engages with our upstream and downstream stakeholders (suppliers and customers) to ensure our businesses policies are properly implemented. We conduct stringent supplier evaluations and audits throughout the due diligence and audit process, and ensure we work with customers who uphold the same ESG principles with us.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Stringent Supplier Audits & Due Diligence Criteria

The Group's Procurement mission is to source and procure the right quality materials and services to deliver a sustainable competitive business.

Every new and existing supplier who has a business relationship with Top Glove is required to comply with our business rules and to ensure our sourcing process is done sustainably. Through the Top Glove Quality Supplier Management System (QSMS), we conduct Supplier Quality Audits on new and existing suppliers, the scope of which includes areas such as social compliance, management system, security and business ethics. To ensure our suppliers are committed to our business policies, we request that they sign the Top Glove Business Partners' Code of Conduct which requires that they conduct business in an environmentally and socially ethical manner.

Both self-audits and site audits are conducted, for which there was a total of 205 in FY2019.

Total no. of supplier audits:

Description	FY2017	FY2018	FY2019
<b>Total no. of supplier audits</b>	157	152	205

## Supplier Visits

Our purchasing team also carries out suppliers visits averagely twice per year, with a focus on strategic and raw material suppliers, the majority of whom are based in Malaysia, Thailand, Korea, Japan and Europe.

## Providing Better Customer Experience

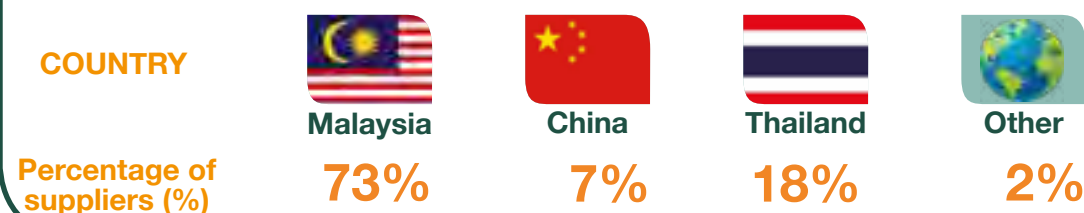
Customers are key stakeholders who we engage with most frequently, aside from our employees. Engaging with customers through different channels and approaches enables us to identify our strengths and opportunities, which enables us to bridge the gap between our products and customers' expectation.

- TG Customer Connect**  
 An industry first, this digital cloud-based B2B self-service channel digitally transforms our sales and marketing capability. This platform allows us to stay connected 24/7 as it is accessible worldwide and works on any device regardless of location and time zone.
- Fair Marketing Practices**  
 We strictly abide by the legal regulations on fair competition and do not support any anti-competitive, anti-trust and monopolistic practices. Fair marketing practices is vital to build trust and loyalty among our customers.
- Respect for Customers' Privacy**  
 We respect customers' privacy and are committed to conduct our business in compliance with data protection laws, The Personal Data Protection Act (PDPA). Every employee is trained on how to manage customer data and protect its confidentiality. For FY2019, there were no complaints with regard to breaches of customer privacy and losses of customer data.
- Customer Satisfaction Survey**  
 In FY2019, we conducted customer satisfaction surveys on a half-yearly basis to understand the areas in which we can improve. We solicited rating and feedback for areas which customers were most concerned with: price competitiveness, product quality, delivery and services / responsiveness, shipping documentation management, payment management, corporate website and new product development.

### Local suppliers

All suppliers whether locally-based or in other countries have an equal opportunity to forge a business relationship with us, as long as they share our values and deliver good products and services. 94% of our suppliers are local suppliers.

Percentage of suppliers based on geographical location:





## CONTRIBUTIONS TO THE INDUSTRY

We are active members of industry associations, which enables us to contribute, support, stimulate development and keep abreast of the latest industry updates as well as foster strong relationships with our peers. Our involvement in the key industry associations is as below:

1. Malaysian Rubber Glove Manufacturers Association (MARGMA)
  - Dato' Lee Kim Meow: Trustee of MARGMA Foundation
  - Mr. Aaron Lam Yat Hing: Internal auditor
  - Mr. Ng Wee Chong: Committee Member
2. Malaysian Rubber Products Manufacturers' Association (MRPMA)
  - Mr. Ng Wee Chong: Committee Member
3. Malaysian Rubber Export Promotion Council (MREPC)
  - Dato' Lee Kim Meow: Board member
4. Federation of Malaysian Manufacturers (FMM)
  - Tan Sri Dr. Lim Wee Chai: Immediate Past President of FMM Council
5. Asian Rubber Glove Manufacturers Association (ARGMA)
  - Dato' Lee Kim Meow: Chairman

We are also part of the following industry associations:

- The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)
- Association of Malaysian Medical Industries (AMMI)
- Federation of Public Listed Companies
- Malaysian Institute of Corporate Governance
- Minority Shareholder Watch Group
- Malaysian Investor Relations Association
- Business Ethics Institute of Malaysia
- Business Integrity Alliance

## ENGAGEMENT WITH MEDIA & INVESTORS

We meet with analysts, media & fund managers on frequent basis to keep them updated on Top Glove's financial and operation performance.

## ENVIRONMENTAL



Our approach:

The Environmental pillar is a core focus area within our sustainability framework. We are cognisant that our business operations will create environmental impacts and are committed to mitigate these impacts and keep them to a minimum.



**OUR FIRST GREEN PRODUCT: BIOGREEN BIODEGRADABLE NITRILE GLOVES**



**GREEN ENERGY: SOLAR POWER SYSTEM, HQ IS A GRADE A GBI CERTIFIED OFFICE BUILDING**



**WATER MANAGEMENT PLAN: REVERSE OSMOSIS TREATMENT PLANT (ROTP) TO TREAT WASTEWATER DISCHARGE FOR REUSE PURPOSE**



**COMPLIANCE TO THE ISO 14001: 2015**



**FLOOD MITIGATION PROJECT**



**Raw material: RUBBER WASTE RECYCLING**

## ADDRESSING CLIMATE CHANGE

In line with SDG 13: Climate Change, we are committed to combat the climate change threat and minimise our carbon footprint throughout our operations. We recognise that climate change will have inevitable impacts on investment returns and this year, have adopted the climate-related reporting framework Task Force on Climate-related Financial Disclosure (TCFD) recommendations as our reference in our climate data disclosure. While we have done significant work in areas such as metrics and targets disclosure, we are aware that our disclosures can be strengthened by fully adopting the recommendations and providing more in-depth reporting especially on strategy and risk management.

The following initiatives based on the TCFD Recommendations will be disclosed in this section:

1. Governance
2. Strategy
3. Risk management
4. Metrics & targets

### 1. GOVERNANCE

The Board of Directors provides oversight of the Group's sustainability strategy and initiatives, including climate change issues. With the support of the Board Sustainability Committee, the Committee Chairman oversees the Group's environmental activities and climate change issues and reports to the Board of Directors accordingly. The Board of Directors is updated on the Group's sustainability performance at least once a year and approves the Sustainability Statement which include disclosures on the Group's environmental and climate change performance.

Climate and environmental management and execution fall under the Sustainability Steering Group, which the Engineering Department and IETS Department are closely involved in.

The Group's environmental compliance is guided by the Environmental Policy and Environmental Management System (EMS). In FY2019, there was no non-compliance with environmental laws and regulations recorded.

- i. Environmental Policy  
In order to ensure our employees are well-aware and adhere to the Environmental Policy, we conduct frequent environmental awareness programmes for all employees and translate the Policy in different languages such as Nepalese, Bengali and Vietnamese for our foreign workers.

- ii. Environmental Management System (EMS)  
At Top Glove, we apply the EMS (ISO 14001:2015) framework in all factories to ensure a standardized and systematic workflow throughout all areas of our operations. As at FY2019, three of our manufacturing plants (Factory 12 in Klang, Factory 5 and 23 in Ipoh) were ISO 14001:2015 certified with another 5 factories (Factory 38 in Kulim, Factory 3, 10, 11 and 13 in Klang) targeted to be certified in 2020.

Our environmental performance and efficiency is continuously evaluated and improved through the EMS, which enables us to maintain our standards and update/ upgrade our factories based on ISO requirements. Other standard operating procedures throughout our manufacturing sites are assessed through monthly spot checks, internal and external monitoring, and annual internal audit programs conducted in preparation for official certification/ surveillance audits by external parties, such as SIRIM.

### 2. STRATEGY

In FY2019, the Sustainability Steering Group reviewed, discussed and identified the key climate change impact scenarios and updated the Board Sustainability Committee accordingly. The biggest risk identified was in relation to serious flood and water scarcity. In the short term, floods affect our operations as they impact rubber yield, which in turn impacts raw material supply, as well as logistics. Meanwhile, water scarcity leads to operation disruption as water is one of the essential resources used during the glove production process.

The Group experienced a serious flood in Thailand in the year 2010, which affected 25% to 50% of our rubber supply. Other than this, the wintering season between February to April also impacts rubber yield.

The rising of sea levels poses a chronic risk for us as it will impact our production. With these possible risks, we foresee negative financial impacts attributed to an increase in raw material (natural rubber) cost due to yield, increase in capital cost due to facilities damage arising from the flood and increase in operating costs due to water scarcity. Key environmental initiatives to minimise carbon footprint throughout our operation and reduce the impact raised from climate risks are as follows:

# SUSTAINABILITY STATEMENT

(CONT'D)

No.	Environmental area	Mitigation action
1	Water efficiency	<ul style="list-style-type: none"> <li>Construction of a Reverse Osmosis Treatment Plant (ROTP) to treat wastewater discharge from surrounding factories to produce clean water for reuse in production*</li> <li>On-site wastewater recycling facilities at each factory*</li> </ul> <p>* please refer to page 62, under the section "Water" for detailed information</p>
2	Raw material	<ul style="list-style-type: none"> <li>Zero Waste Concept*</li> <li>Rubber Waste Recycling*</li> <li>Food grade coating varnish for gloves' inner boxes' coating</li> </ul> <p>* please refer to page 64, under the section "Raw Materials" for detailed information</p>
3	Green energy/ green building	<ul style="list-style-type: none"> <li>Top Glove's headquarters is a Grade A and Green Building Index (GBI) certified Gold office building, with green facilities such as solar panel and rainwater harvesting system</li> <li>Investment in solar power system</li> </ul>
4	Product innovation	<ul style="list-style-type: none"> <li>Putting greater emphasis on a product's carbon footprint through innovation such as the development of Biogreen™ Biodegradable nitrile gloves, which are able to biodegrade 10 times faster than conventional nitrile gloves</li> </ul>
5	Floods	<ul style="list-style-type: none"> <li>Road resurfacing and drainage system improvement initiatives within the vicinity of our Klang factories through our Flood Mitigation Project</li> </ul>
6	F&B	<ul style="list-style-type: none"> <li>Vegetarian meals are served at all corporate events, as vegetarian meals leaves a lower carbon footprint</li> </ul>
7	Plastic consumption	<ul style="list-style-type: none"> <li>Employees now bring along their own water bottles and lunch boxes for internal meetings and events. Bottled water is no longer served at Top Glove and guests will be served water using glassware.</li> <li>The café at our HQ has joined us in our plastic-free initiative by not providing plastic straws and cutlery.</li> <li>We remove disposable individual plastic packaging for our dental kits which we provide to all employees, guests and visitors.</li> </ul>
8	Paper consumption	<ul style="list-style-type: none"> <li>Electronic versions of meeting and presentation materials are now adopted. Most of the internal processes now have been migrated onto an online portal.</li> </ul>
9	Awareness education	<ul style="list-style-type: none"> <li>We are collaborating with various environmental NGOs to raise environmental awareness among employees by giving environmental-topic talks.</li> </ul>
10	Collaboration with external parties	<ul style="list-style-type: none"> <li>We collaborated with Mr. D.I.Y. and WWF for a 9-month campaign where Top Glove will donate RM0.42 to WWF for environmental conservation for every box of Biogreen™ Biodegradable nitrile gloves sold at Mr. D.I.Y.</li> </ul>

# SUSTAINABILITY STATEMENT

(CONT'D)

## 3. RISK MANAGEMENT

Climate risks do not feature as a top category risk for Top Glove. Nevertheless, the climate-related risk is covered under our Risk Management Framework's Business Risk and Sustainability Risk.

Subsequent to the review and discussion conducted by the Sustainability Steering Group (SSG), the Risk Management Department, who is also committee member of the SSG will be proposing a new section to incorporate climate risk into our Risk Management Framework in November 2019.

## 4. METRICS & TARGETS

In this Statement, we disclose our environmental data for the past 3 financial years. We set FY2019 as our base year as this is the first year we include Group level data. Nevertheless, we have also provided Group level data for FY2017 and FY2018 for comparison & tracking.

### Electricity

*Target: to reduce electricity consumption intensity by 14% (kWh/1000pcs) by FY2024 (base year: FY2019)*

Electricity Consumption Intensity per carton (kWh/1000pcs):

	FY2017	FY2018	FY2019
<b>Examination Glove Factories</b>	6.71	6.85	6.88
<b>Surgical Glove Factories</b>	5.54	11.69	20.38
<b>All Glove Factories</b>	<b>6.47</b>	<b>6.73</b>	<b>7.15</b>

Progress VS FY2018: increased 6.2% in terms of intensity

Electricity Consumption (kWh):

	FY2017	FY2018	FY2019
<b>All Glove Factories</b>	248,626,368	332,170,929	381,972,387

Factors:

1. Aspion's surgical glove factories which have an intrinsically higher intensity of electricity consumption compared to other glove factories
2. Expansion in new glove manufacturing facilities with more automation and higher compressed air consumption in order to lower down the number of labours.
3. For new factories, it is the practice to start operations gradually on a line-by-line basis. However, the electricity consumption still runs on a 100% load to ensure better energy efficiency compared to when running lower than its intended capacity.

We have invested RM3.5 million in a solar powered system to generate electricity using solar energy. The solar power system is able to save 1.4 million kWh of electricity per year, and this is equivalent to 949 tonnes of CO2 equivalent reduction from Scope 2 emission of power plant.

### Gas

*Target: to reduce gas consumption intensity by 21% (MMBTU/1000pcs) by FY2024 (base year: FY2019)*

Natural Gas Consumption Intensity per carton (MMBTU/1000pcs):

	FY2017	FY2018	FY2019
<b>Examination Glove Factories</b>	0.343	0.310	0.302
<b>Surgical Glove Factories</b>	0.544	0.548	0.681
<b>All Glove Factories</b>	<b>0.352</b>	<b>0.321</b>	<b>0.319</b>

Progress VS FY2018: decreased 2.5% in terms of intensity

Absolute Natural Gas Consumption (MMBTU)

	FY2017	FY2018	FY2019
<b>All Glove Factories</b>	9,667,380	11,120,386	12,669,638

# SUSTAINABILITY STATEMENT

(CONT'D)

## Factors:

Continuous efforts in improving our manufacturing processes such as curing processes, heating element and drying efficiency, heat recovery, heat loss reduction, and heating optimisation.

## Water

*Target: to reduce water consumption intensity by 12% (m3/1000pcs) by FY2024 (base year: FY2019)*

### Water Consumption Intensity per carton (m3/1000pcs):

	FY2017	FY2018	FY2019
Examination Glove Factories	0.340	0.352	0.337
Surgical Glove Factories	0.543	0.666	0.926
All Glove Factories	0.317	0.333	0.338

Progress VS FY2018: increased 1.5% in terms of intensity

## Factors:

Inclusion of Aspion's surgical glove factories which intrinsically has higher intensity in water consumption compared to other glove types.

However, we are able to reduce the intensity of water consumption at examination glove factories by 4.2% compared to FY2018. The reliance on municipal water consumption is also expected to further reduce as we improve our water recycling, water harvesting, consumption optimisation and increase water supply from our in-house reverse osmosis water treatment plant (ROTP).

### Water Management Plan: Reverse Osmosis Water Treatment Plant (ROTP):

Water is an important resource in our manufacturing processes. Our operations are affected both by insufficient water supply from the municipal, as well as flood issues in Meru, Klang, where our main operations are located at.

To mitigate such water risks, we have invested RM 20 million in constructing a Reverse Osmosis Water Treatment Plant (ROTP). The ROTP treats wastewater discharged from the surrounding factories and channels the treated water back to the factories for use in non-potable areas in the glove manufacturing process such as chemical preparation and tanks cleaning. Besides reducing our reliance on municipal water supply sources, the ROTP has also helped to alleviate flood issues in Meru area.

Phase 1 of ROTP has commenced operation since March 2018 and the facilities are able to treat and produce 135m3/h to 150 m3/h of clean water to be supplied to four of our factories (Factory 3, Factory 4, Factory 14 and Factory 32) for their daily operations. Phase 2 of ROTP is in progress and it is targeted to be completed in March 2020, with maximal capacity

### 3-year headquarter water consumption data for corporate headquarter:

Financial Year	FY2017 (m3)	FY2018 (m3)	FY2019 (m3)
Total water consumption	35,024	37,389	38,929
Grand total of users	1,374	1,279	1,345
Water consumption intensity (per occupant)	25.49	29.23	28.94

## Water Recycling:

To improve our water consumption efficiency and in line with our water saving practices, every factory is equipped with on-site wastewater recycling facilities where we treat, recycle and reuse the water in our factories for housekeeping and toilet flushing.

### 3-year water recycled and reused data:

Financial Year	FY2017 (m3)	FY2018 (m3)	FY2019 (m3)
Total water recycled and reused	6,288	6,956	8,523

# SUSTAINABILITY STATEMENT

(CONT'D)

## Water Sources:

Source	FY2017	FY2018	FY2019
<b>Municipal water</b>	9,515,296	12,042,759	13,203,653
<b>Pond and underground water</b>	2,606,081	3,787,095	4,109,136
<b>ROTP water</b>	N/A	510,735	633,047
<b>Rainwater</b>	N/A	109,824	204,610
<b>Recycled water</b>	6,288	6,956	8,523
<b>Total</b>	12,127,665	16,457,369	18,158,969

## 3-year water discharge data per carton:

Financial Year	FY2017 (m3)	FY2018 (m3)	FY2019 (m3)
<b>Total water discharged</b>	18,960	27,384	30,744
<b>Total no. of factories</b>	19 Factories	25 Factories	26 factories
<b>Output (ctn)</b>	30,684,498	38,920,059	44,462,956
<b>Total water discharge (m3)</b>	18,960	27,384	30,744
<b>Discharge intensity (m3/ctn)</b>	0.0006179	0.0007036	0.0006915

## Effluent & Scheduled waste

*Target: to reduce generation of scheduled waste by 5% by 2029 (base year: FY2019)*

We comply with the Malaysian Department of Environment's (DOE) effluent management requirements to maintain our effluent quality at Standard B. In FY2019, we achieved 99% compliance in terms of effluent discharges amongst all factories. No legal cases involving non-compliance of the discharge throughout the financial year were recorded.

Our approaches in managing effluent & scheduled waste include:

1. Training to ensure personnel are competent to handle the treatment system and scheduled waste
2. Quality control through implementation of automation and digitalisation where an online monitoring system enables us to keep track of effluent discharge parameters. Effluent discharges are monitored and assessed daily in dedicated on-site laboratories before being released.
3. On-site wastewater treatment plant at each factory to treat the wastewater generated. Treated water will be discharged once it complies with DOE standards, and solid wastes generated will be sent to a DOE certified scheduled waste collector for further treatment or turned into useful products. As an added assurance, water quality analysis will be conducted twice monthly by an accredited third-party laboratory.

## Scheduled Waste Management

We have in place Standard Operating Procedures (SOPs) to ensure the best possible measures are taken throughout all our facilities to reduce any adverse environmental impacts arising from the discharge of wastes.

Scheduled wastes will be sent to DOE licensed hazardous waste recycling facility. Regular compliance and evaluation audits are also conducted to ensure the integrity of these licensed facilities. No scheduled waste is imported or exported.

### 3-year scheduled waste data:

	FY2017 Weight (tonnes)	FY2018 Weight (tonnes)	FY2019 Weight (tonnes)
<b>Scheduled waste data</b>	3,301.78	5,362.78	6,401.86

The increasing trend in the generation of scheduled wastes is connected to the increase in Top Glove's factory operations. In FY2019, we have calculated data based on 26 factories compared to 24 in FY2018. Some factories from this list also produce other scheduled waste aside from rubber sludge / lump such as spent media and oil, which contributed to the slight increase in FY2019.

## Raw Material

It is our commitment to prudently consume raw material in order to avoid wastage, reduce the risk of material obsolescence and achieve cost efficiency. Latex is our main raw material, which is also a natural resource we are committed to conserve. Over the years, we have successfully reduced our glove weight, with the lightest glove weight achieved to date being 2.2g.

### 3-year raw material consumption data (kg/carton):

	FY2017	FY2018	FY2019
<b>Latex</b>	6.46	6.21	6.18
<b>Nitrile</b>	8.66	8.13	7.38

## Rubber Waste Recycling in FY2020

In the pipeline is a project to convert torn nitrile gloves into other rubber products such as shoe soles, rubber insulation mats, and floor tiles. The reclaimed rubber plant is targeted to be completed in 2020.

## Packaging

It has been our on-going practice in the packaging process that all inner boxes' coating is 100% eco-friendly with food grade coating varnish, which is approved by the Food & Drugs Association of US. In addition, 95% of our packaging material is made from recycled material.

## Emissions

*Target: to reduce GHG emission intensity by 23% (tonne CO2-eq/1000pcs) by FY2024 (base year: FY 2019)*

Progress VS FY2018: decreased 9.78% in terms of intensity

### Factors:

1. The improvement can be observed in our reduced intensity in natural gas consumption as well as reduction of biomass and coal combustion. To continue to reduce the intensity of GHG emissions, we continue to focus on energy efficiency and conversion efforts for natural gas consumption to reduce the direct (Scope 1) CO2 emissions and indirect (Scope 2) CO2 emissions through the reduction of electricity, as well as convert coal and biomass combustion facilities to cleaner and higher efficiency natural gas facilities.
2. Natural gas and electricity consumption intensity reduction are also rolled out to more factories in tandem with ongoing research on new ways to reduce GHG emissions.

### 3-years CO2 emission data:

		CO2-equivalent Emission (metric ton)		
		FY2017	FY2018	FY2019
Scope 1	Natural Gas	572,212	658,216	749,934
	Biomass	523,856	768,068	623,465
	Coal	61,934	56,791	34,853
	Total	1,158,002	1,483,075	1,408,253
Scope 2	Electricity	172,547	230,527	265,089
Scope 3	Flight	80	156	253
Total		1,330,628	1,713,758	1,673,595
Intensity (MT/1000pcs)		0.0346	0.0347	0.0313
Variance (over year)		N/A	0.29%	-9.78%

## SOCIAL



Our approach:

Employees are the backbone of our business and a key factor in our success. We are committed to fostering a respectful, diverse and inclusive company which employees are able to grow together with and are proud to work for.

Employees are protected under the national labour laws and regulations, which we are fully in compliance with. Alongside this, we have also implemented intensive programmes on talent management, training and development, as well as safety and health to ensure employee total well-being is taken care of.

### EMPLOYEES



Implemented **ZERO RECRUITMENT FEE POLICY**



**WORKERS HEALTH PROTECTION PROGRAMME (WHPP)**



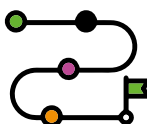
Launched the **ZERO HARM AND SAFETY HEALTH EMERGENCY PREPAREDNESS PROGRAM** where factories will have a designated well-equipped First Aid Corner



Our ancillary **POLICE TEAM (POLIS BANTUAN)** was certified **ISO 18788:2015 (SECURITY OPERATION)**



**STAFF HEALTH MANAGEMENT PROGRAMME (SHMP)**



**5-YEAR DIVERSITY & INCLUSION ROADMAP** to further enhance our diversity & inclusion practices



## RESPECT FOR HUMAN RIGHTS

We recognise the inherent dignity of our employees and support the Universal Declaration of Human Rights by the United Nations. This is defined as/ to include:

- The right to not to be discriminated against
- Not be enslaved
- To be treated with dignity
- To rest and leisure, including reasonable working hours and periodic holidays with pay; and
- To freedom of opinion and expression

We are committed to adhering to the amfori BSCI Code of Conduct, a set of international labour practices and principles which mandates the following:

1. The rights to Freedom of Association & rights to collective bargaining
2. Fair remuneration
3. Occupational health and safety
4. Special protection for young workers
5. No bonded labour or forced labour
6. Ethical business behavior
7. No discrimination
8. Decent working hours
9. No child labour
10. No precarious employment
11. Protection of environment

### Continuous Improvement on Our Labour Practices

In December 2018, an article published in The Guardian alleged that Top Glove’s foreign workers were working under conditions where there was forced labour, forced overtime, debt bondage and passport confiscation.

As the report was highly inaccurate and not reflective of the actual situation , we took immediate action to clarify on the allegations made. We also engaged with our customers, investors, media and any interested parties to proactively communicate with them on our ethical labour practices. During FY2019, we attended to more than 100 social audits and have extended our fullest cooperation to ensure they receive accurate information and a true understanding of our labour practices. The allegations raised are addressed as below:

No.	Issues	Top Glove’s position
1.	Forced labour & forced overtime (OT)	<p>While our workers have clocked voluntary overtime (OT) over the number of hours allowed by the local Labour law, we would like to highlight that there was no element of forced labour involved. All OT was undertaken purely on a voluntary basis as the workers were keen to earn additional income, the main purpose of them leaving their country to work in Malaysia. Nevertheless, we took immediate action to rectify this in December 2018 to ensure workers strictly did not perform OT in excess of the number of hours allowed by local Labour Law.</p> <p>In addition, we also have the following initiatives in place to address the worker shortage issues:</p> <ol style="list-style-type: none"> <li>1. Recruitment of more workers to address the shortage</li> <li>2. Reshuffling of manpower allocation in line with production requirements</li> <li>3. Provide multi-tasking training to address contingencies such as machinery breakdown</li> <li>4. Implementation of automation in factories to reduce dependency on workers</li> </ol>

The amfori Code of Conduct is translated into different native languages for the reference for our workers.

During the period under review, we also participated in the amfori BSCI Producer Workshops as well as Suppliers Capacity Building Training organised with Walmart and the International Organization for Migration (IOM).

### Grievance Mechanism

A robust grievance mechanism is in place for our employees to channel their concerns in relation to employment conditions, job responsibilities, co-worker issues, promotion opportunities and other matters related to their work environment. Our grievance channels include email, WhatsApp, Human Resources personnel, Worker Representatives, Grievance Forms and Grievance Boxes which are placed inside the factory and hostel compound. In addition, we have monthly welfare meeting with worker representatives to discuss complaints raised by workers. A yearly grievance mechanism satisfaction survey was also conducted and we are pleased to note that for FY 2019, we achieved 90% satisfaction from the survey, a 5% increase compared with the preceding year.

No.	Issues	Top Glove's position
2.	Passport confiscation	We have revised the Foreign Workers' Passport Safekeeping Policy and workers now have full custody of their passports. As an added initiative, lockers are made available at both hostel and office, should workers wish to use them for keeping their passports. In the event the Company requires the workers' passports for purposes of permit or passport renewal or in the event of emergencies, the workers' permission will be sought. The Policy also includes awareness training for workers on how to keep their passports safely to avoid theft or misplacement.
3.	Recruitment fees	We do not allow recruitment agents to collect recruitment fees directly from the workers. Top Glove took the initiative to implement the Zero Recruitment Fee Policy in January 2019, under which all recruitment fees and costs associated with accommodation, medical check-ups and travelling are borne by Top Glove and not diverted to our newly recruited workers. We conduct job interviews at the workers' home country and organise pre-departure orientations to ensure they are not charged any fees by the recruitment agents. In addition, Top Glove records statements from workers during pre-departure from their home country and upon arrival in Malaysia, to ascertain that no fees have been collected from them by the recruitment agents.  In the event a worker is charged by the agent separately, we will reimburse the worker accordingly based on payment slips.
4.	Restricted freedom of movement	We do not restrict workers' movements during working or non-working hours. All our employees have freedom of movement.
5.	Poor accommodation / working environment	We are committed to ensure our workers are in a safe and healthy environment, both at the workplace and their hostels. Our hostels are well-maintained and equipped with facilities for the workers' convenience. For instance, we have an Automatic Teller Machine, barber services, laundry services, money changer and mini market at one of our hostels.

In addition, we established a Social Sustainability Committee (SSC) to focus on workplace sustainability, especially in the area of labour practices. The SSC is also the sub-committee of the Sustainability Steering Group which comes under the Group's sustainability governance framework.

The HR Compliance Team also conducts monthly inspections and yearly audits on every factory.

### ***Due Diligence on Recruitment Agents***

Guided by the Recruitment Agent Evaluation & Selection Process stated in our Recruitment System policy, we conduct due diligence to ensure we only work with licensed recruitment agents who comply with laws and ethical recruitment practices.

All recruitment agencies we engage with are also required to sign a declaration indicating their strict adherence to ethical recruitment practices and we continue to monitor them closely.

Moving forward, all our current and prospective recruitment agencies are to obtain a certification with International Recruitment Integrity System (IRIS), under the preview of International Office for Migration (IOM), United Nations to ensure we appoint only ethical recruitment agents.

### ***Equal Opportunities & Fair Treatment***

As a fast-growing Company, we understand that every employee has to be treated equally at the workplace to ensure the sustainability of our business. At Top Glove, we adopt a robust performance assessment system based on meritocracy, which ensures every individual has an equal opportunity from the recruitment process, roles and responsibilities, assignments right up to rewards.

## DIVERSITY & INCLUSION

With our headquarters located in Malaysia, a multi-racial country, we are privileged to draw on the inherent strengths of a diverse workforce. In line with our strong stand on diversity and inclusion, we have zero tolerance for discrimination whether based on gender, ethnicity, nationality, cultural background, marital status, disabilities, political inclination, union membership, religion, sexual orientation or age. In FY 2019, there were no cases of workplace bullying or discrimination being reported.

In FY2020, we will be focusing more on Diversity & Inclusion for which our initiatives will include setting diversity and inclusion as part of the hiring criteria. We will be identifying the critical departments / factories that need improvement, and ensuring the hiring processes takes into consideration gender diversity and other inclusion aspects (e.g. hiring of persons with disabilities).

In FY2019, we also developed a 5-year Diversity & Inclusion Roadmap which consists of 3 phases: Foundation Building, Infrastructure and Culture Establishment, and Sustaining the Organizational Success. Scopes under the roadmap include a comprehensive Preliminary Assessment, establishment of diversity council and policy, awareness programs, women leadership programs, physical disability renovation and flexitime.

### Differing Abilities

We support and respect the needs of people with differing abilities. As at FY2019, we had hired 10 employees with disabilities.

	FY2017	FY2018	FY2019
<b>Number of staff with disabilities</b>	6	4	10

### Gender Diversity

At Top Glove, we support a gender balanced workforce. Female employees are well represented across all levels of the Group and receive equal treatment and opportunities. In FY 2019, female employees accounted for 25% of our total global workforce, a 1% increase compared with the preceding year. For the period in review, 55% of our female employees held leadership positions (manager and above) in the Group. Regardless of category of job designation or job grade, we have an equitable remuneration ratio based on work performance without gender bias. Our

gender-balanced workforce is not only reflected in our employees but also in our Board composition. 5 out of 12 or 42% of our Board of Directors comprises female directors. Our Board is also ethnically diverse, underscoring our commitment to embracing diversity and inclusion at the highest levels of leadership.

No.	Group	Category	FY2017	FY2018	FY2019
1.	By gender	Female	3,459	4,160	4,386
		Male	7,735	13,066	13,153
2.	Leadership position (managers & above) held	Female	186	240	282
		Male	159	207	230

# SUSTAINABILITY STATEMENT

(CONT'D)

Employee Demographic Data:

No.	Group	Category	FY2017	FY2018	FY2019
1.	<b>Total no. of employees</b>		11,194	17,226	17,539
2.	<b>Country</b>	Malaysia	2,162	3,600	4,380
		Thailand	787	924	953
		China	340	351	256
		Vietnam	313	165	95
		Myanmar	398	445	472
		Indonesia	222	139	542
		Nepal	4,866	5,968	4,779
		Bangladesh	1,656	5,095	5,677
		Others	450	539	385
3.	<b>By employment type</b>	Permanent	2,728	4,879	5,588
		Contract	8,466	12,347	11,951
		Interns	512	548	1029
4.	<b>By category</b>	Lower management	8,634	13,813	13,340
		Junior management	991	1,289	1,497
		Middle management	1,224	1,671	2,190
		Upper management	299	398	453
		Senior management	36	47	53
		Executive management	10	8	6
5.	<b>By age group</b>	Below 30	7,294	10,410	10,523
		30 - 50	3,688	6,399	6,665
		Above 50	212	417	351
6.	<b>Workplace discrimination/ bullying/ harassment</b>	No. of incidents of workplace discrimination/ bullying/ harassment and action taken	0	0	0

No.	Group	Category	FY2017	FY2018	FY2019
7.	By region (based in Malaysia)	Local	2,153	3,592	4,378
		Non-local	7,234	11,575	12,472
8.	By ethnicity (Malaysia only)	Malay	1,158	N/A	2,741
		Chinese	645	N/A	958
		Indian	335	N/A	619
		Others	7,249	N/A	56
9.	Employee satisfaction	Survey results with Above Average Satisfaction	47.67%	58.79%	51.77%

## TALENT ATTRACTION & RETENTION

We believe good talents will add great value to the Company. The Company adopts a multi-pronged approach to attract and retain committed, innovative and creative talents which include participation in Career Fairs, competitive salary packages and career advancement opportunities.

In our drive to become a Fortune Global 500 Company, we engage young talents to spark fresh ideas and build our internal capabilities in order to stay competitive. Today, we have a robust young talent pool, which accounts for 60% of our total workforce.

Group	Category	FY2017	FY2018	FY2019
By age group	Below 30	7,294	10,410	10,523
	30 - 50	3,688	6,399	6,665
	Above 50	212	417	351

Top Glove has been actively recruiting technical and vocational education and training (TVET) talents over the past 2 years in the areas of mechanical and electrical engineering, production and digitalisation and automation. This year alone, we have recruited 118 young TVET talents who have contributed positively to our organisation, filling the gap for skilled talents, while our company's conducive environment for learning has provided the learning opportunities these talents are hungry for.

In July 2019, Top Glove also collaborated with the Ministry of Education and industry partners to recruit TVET students. We hope to recruit at least 1,000 TVET talents next year to be placed in our Malaysian factories who will be instrumental in advancing our expansion plans.

### New Recruitment

Remarks	FY2017	FY2018	FY2019
Total employees of new hires	1,226	5,342	4,570
<b>By age group</b>			
Below 30	74%	77%	78%
30 - 50	22%	22%	21%
Above 50	4%	1%	1%

# SUSTAINABILITY STATEMENT

(CONT'D)

By Gender			
Female	53%	16%	33%
Male	47%	84%	67%
By region (based on Malaysia)			
Local	76%	23%	44%
Non-local	24%	77%	56%

## Turnover rate

Remarks	FY2017	FY2018	FY2019
<b>Turnover rate</b>	12.30%	17.73%	16.30%
<b>Manufacturing Industry Average</b> <i>(As the Group's FY ended in Aug, we use the industry's latest calendar year turnover rate as guideline)</i>	26.04% (year 2016)	17.76% (year 2017)	16.68% (year 2018)
By age group			
Below 30	76.45%	79.71%	74.51%
30 – 50	22.10%	17.42%	20.78%
Above 50	1.45%	2.86%	4.71%
By region (based on Malaysia)			
Local	93.12%	97.14%	86.53%
Non-local	6.88%	2.86%	13.47%

## Succession Planning

Succession planning is an essential part of doing business, no matter how certain the future appears. Top Glove believes in the importance of grooming our employees into our future leaders, in line with which we launched a Succession Planning Training Program in FY2019. The aim of this program was to coach our next generation of leaders to become inspirational leaders. A total of 112 successors have since been nominated, ranging from Middle to Senior Management. At the moment, we have a healthy Succession Bench Strength of 2.52:1, meaning we have 2 Successors for every 1 Mission Critical or Key Position.

## TRAINING & DEVELOPMENT

It is vital to grow the Group and at the same time upgrade our employees in terms of interpersonal and technical skills, so that our workforce is able to maintain its standing within our highly-competitive industry.

In line with our corporate culture: “must know, must do, must teach”, we empower and invest in equipping our workforce with technical and self-development skills and knowledge, and encourage knowledge sharing among colleagues. The Learning & Development team under the Human Resources Department is responsible for the company's training programmes. Besides in-person training, which focuses on technical knowledge, supplementary knowledge, self-development, safety and health, we also provide video-based learning for more flexibility.

## Continuous Learning for Improvement

Underscoring the importance of continuous learning within the organisation, we increased the targeted learning hours per employee from an average of 36 hours in FY 2018 to 40 hours in FY 2019. As at FY2019, we achieved an average of 48.9 learning hours per employee, through the following:

- a) **Learning Management System (LMS)**  
The LMS is an online platform which enables employees, including outstation and overseas employees, to access all training modules online, anytime and anywhere.
- b) **Power Up! Leadership Training Series**  
In FY2019, we empowered our leaders with our first ever leadership training series in collaboration with leadership development organisations. Through this highly effective programs, which garnered an 88% participation rate, a total of 92 senior leaders were equipped with essential leadership skills.

**Training data in FY2019:**

Scope	Data (Staff)	Data (Workers)
Total training investment (MYR)	1,420,369	19,586
Categories of training		
Technical/ functional	694	523
Soft skill	150	73
<b>Training hours by Category</b>	<b>Total training hours</b>	<b>Total training hours</b>
Lower management	nil	379,270.20
Junior management	49,221.30	nil
Middle management	114,343.50	nil
Upper management	28,641.35	nil
Senior management	3,932.15	nil
Executive management	234	nil
<b>Total training hours (Grand Total)</b>	<b>196,372.30</b>	<b>379,270.20</b>
Average training hours per employee	46.76	27.52
Average days per training per employee	5.90	3.44
Average training hours per female staff	85.33	51.97
Average training hours per male staff	102.75	55.55
Effectiveness of training (percentage of training has met its objectives)	100%	100%

# SUSTAINABILITY STATEMENT

(CONT'D)

In FY2020, we will be implementing the following as part of our talent development roadmap:

- A structured development program for people managers of all levels.
- Job rotation to create greater exposure and a knowledgeable workforce.
- An assessment framework for employees' promotions to ensure a pool of competent leadership.
- Increase of staff training hours from 40 hours to 45 hours.

## Performance Review

Our open and trusting working environment allows employees to conduct discussion or raise workplace-related concerns with co-workers, superiors, management freely. Each employee undergoes a half-yearly job performance review and yearly appraisal with his superior to identify strengths, potential opportunities and areas for improvement. With the introduction of the 360° review in FY2019, employees are also reviewed by peers and subordinates, in addition to their superior. 100% of our staff from lower management to executive management have been formally appraised in the financial year in review.

## Parental leave (maternity leave & paternity leave):

Scope	Gender	FY2019 (number)
Total no. of employees that were entitled to parental leave	Female	4,386
	Male	2,739
Total no. of employees that took parental leave	Female	110
	Male	69
Total no. of employees that returned to work in the reporting period after parental leave ended	Female	110
	Male	69

## Ensuring Our Employees Are Healthy

In line with our HR Department's mission to "Ensure people in the organisation are performing now and prepared to perform in the future", the Corporate Health team's key priority is employee wellness.

## TAKING CARE OF EMPLOYEE WELL-BEING

A foremost business priority for the Group is employee welfare, safety and health at workplace. At Top Glove, besides providing a conducive working environment, we go over and above the safety and health requirements set by local laws, to ensure our employees are healthy, both physically and mentally so they are able to continue to contribute positively.

### Employee Welfare for Working Parents

Aside from creating a safe and healthy working environment for all employees, we also offer family-friendly benefits to support our employees who are working parents. These include maternity and paternity leave, reserved parking for expectant mothers and a nursing room for breastfeeding employees.

In FY2019, we continue to actively inculcate of health awareness, as well as the introduction of more targeted initiatives to cater to our employee's wellness needs. The highlights of our healthcare initiatives, aligned with UN SDG 3, are set forth below:

No.	Healthcare initiatives	Details
1.	5 Wells (Clean Well, Eat Well, Work Well, Exercise Well, sleep Well)	The practice of the 5 Wells has been instilled among all employees in the Company.
2.	No-smoking	Smoking is not allowed during working hours and at factory premises. This is also due to safety considerations especially at the factory area



No.	Healthcare initiatives	Details
3.	BMI monitoring	We monitor our employees' BMI quarterly and provide nutritionist consultation if their BMI is beyond or below the standard measurement
4.	Vegetarian meals	In March 2019, we started serving vegetarian meals only at all corporate events to promote a healthier diet.
5.	Gymnasium facilities & sports subsidy	All employees are given complimentary membership at our company gymnasium. Employees are also entitled to subsidies for participation in sports.
6.	Dedicated healthcare personnel	<p>We have a 24-hour clinic and ambulatory centre Top Glove Global Doctor (TGGD) Medical &amp; Dental Clinic, located at our HQ in Setia Alam, whose medical personnel not only serve our employees but also the community nearby.</p> <p>In addition, Top Glove also has a dedicated Corporate Health team, which consists of 7 nutritionists, 1 naturopathy consultant, 1 food science officer and 1 nurse to take care of the health and well-being of our 18,000 of employees</p>
7.	Health talks	We conduct monthly health talks on a comprehensive range of topics for staff including outstation staff, who participate via video conferencing.
8.	Health workshops	We organise health workshops which deliver wellness knowledge through interactive activities and practical application. Workshops conducted in FY2019 included: Stop Gout Attack, Nutrition Labelling, Digestive Health
9.	BookDoc Active health mobile application	Top Glove signed up with BookDoc Activ, a mobile application programme which incentivises its users to increase their daily step count through activities such as the Half Day Step Up Challenge and 3 month Walk Fit Challenge
10.	Staff Health Management Programme (SHMP)	In collaboration with TGGD, Top Glove provides a 100% subsidised SHMP on a yearly basis, which includes complimentary blood test, dental checking and scaling and 3 free medical consultations, thereby enabling them to address any health issues in a timely manner.
11.	Workers Health Protection Programme (WHPP)	The WHPP is fully subsidised by Top Glove and entitles workers to a free blood screening, basic vision and hearing assessment every alternate year.

# SUSTAINABILITY STATEMENT

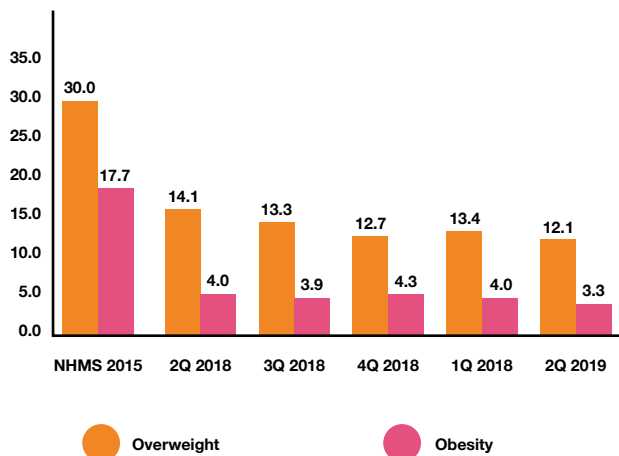
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## Impacting Employee Health Positively

1. Downtrend in the number of employees within the overweight and obese category.

Arising from our health-centric culture, Top Glove is proud to say that our employees are healthier overall. Our latest wellness health score as at June 2019 (2Q2019) showed that the number of overweight and obese employees is significantly lower compared to the national average as recorded in the National Health and Morbidity Survey (NHMS) 2015.

### 1 Year Trend of Staff's BMI for Top Glove Group from 2Q 2018 to 2Q 2019



\*The FY2019 data presented includes newly acquired factories (F34PM, F36, F37, F38) from 2Q'2018 onwards, accounting for a higher score compared with FY2018.

2. Man Day Lost rate maintained

The average for Malaysia factories staff man-day lost per month in FY2019 reduced slightly from 0.78 to 0.69. More focus and efforts will be put in at newly acquired factories (F34PM, F36, F37, F38) to bring up their employee wellness levels.

## SAFETY & SECURITY

Guided by the Top Glove Safety & Health Policy, we are committed to ensure the business operation process does not expose our employees to harm. At Top Glove, the Safety Department oversees every factory which has its own safety officers, who report to the Head of Factories. Currently, we have 28 teams of Safety & Health team who are responsible for managing the Group's workplace safety issues.



**0% FATALITY CASE OVER THE PAST 3 YEARS**

## Zero Harm Programme

Top Glove introduced the Zero Harm and Safety Health Emergency Preparedness Program in May 2019, an additional initiative over and above complying with safety and health requirements set out by the Department of Health and Safety (DOSH) With the assistance of TGGD, 20 factories have implemented the culture (with a designated first aid corner equipped with cardiac emergency, immobilization, stabilizer and mobiliser equipment), with all Top Glove factories targeted to be part of the full Zero Harm Program by 2020.

Nevertheless, all factories have a trained First Responder and Safety Officer who will work in tandem with a 24 hour emergency response team from TGGD under the SHEP Program. An ambulance located at TGGD, a 10-minute drive to Top Glove's Klang factories is also on standby to respond to any emergency.

The Zero Harm Culture is based on three simple principles:

1. A firm belief that zero incidents are achievable
2. There is never a reason to compromise on health and safety
3. We take care of each other

These efforts are sustainable by transforming the way management and employees think and act with respect to health and safety, with the very firm conviction that a zero-incident workplace is achievable.

## Safety Training

Frequent internal and external safety trainings are provided to ensure our employees' skills and knowledge is up-to-date and applicable in the event of a safety emergency. 100% of the Safety Committee undergoes frequent safety training. Besides this, employees who are not part of the Safety Committee are also strongly encouraged to attend safety-related trainings to instill awareness of the importance of workplace safety.

## Security

Top Glove is the only Malaysian private company to have its own ancillary police (polis bantuan) who patrol at our HQ, factories and hostels areas in Klang, Malaysia on a 24-hour basis to keep our employees and premises safe.



**INCIDENT RATE IN FY2019: 3.12 CASES/1000 EMPLOYEES, SLIGHTLY REDUCED COMPARED WITH 3.82 IN FY2018**

As at August 2019, we have a pool of 68 ancillary police. On 9 August 2019, Top Glove was awarded the ISO 18788:2015 (Security Operation Management System) certification in recognition of the effectiveness of our security operations.

## COMMUNITY

Our approach:

As a caring and contributing corporate citizen, we firmly believe that it is our responsibility to create positive, meaningful and far-reaching impact on the living standards and well-being of our community.

At Top Glove, community sustainability is championed through four key focus areas: education, healthcare, environment and charitable assistance. Our community engagement is carried out through Top Glove Foundation and in collaboration with other organisations who share the same desire to uplift the community's living standards.



**81** SCHOLARSHIPS  
OFFERED IN FY2019



**INVESTMENT OF**  
**RM 120,000**  
ANNUALLY TO PERFORM REPAIR  
AND MAINTENANCE WORKS FOR  
ROADS AND DRAINAGE IN KLANG  
AREA



**435** VOLUNTEER HOURS  
RECORDED

## COMMUNITY RIGHTS

We respect community rights and recognise that our business activities have the potential to impact the community in which we operate. We respect their rights to raise concerns to which end a whistle-blowing policy is in place.

## COMMUNITY DEVELOPMENT & INVESTMENT

Throughout the years, we have actively engaged with our community towards improving their living standards. Our key community investment initiatives in various focus areas are as follows:

## Facilities Improvement through Flood Mitigation & Roads Resurfacing Project

Our operations are mainly located in Klang, Malaysia where both water shortage and floods occur with great frequency. To mitigate their impact, various initiatives have been implemented to cope with these climate-related issues, which include performing repair and maintenance works for roads and drainage within the vicinity of our factories, for which we have been investing a total of RM120,000 annually since 2009.

## Top Glove Foundation

Top Glove Foundation (TGF), which was officially launched in June 2009 with the objective of providing funds for the purpose of charity, education and activities related to environment and community, is governed by a board of 6 trustees.

As at FY2019, TGF has contributed a total of RM 29.6 million in support of various causes. In the same year, it also clocked 435 employee volunteer hours for engagement programmes. Additionally, in line with the UN SDG 4: Quality Education, TGF funds needy students' tertiary education through scholarships of which a total of 81 have been offered to pursue education locally and abroad, as at FY2019.

## Internship opportunities

Top Glove provides a platform for students to perform their internship to enable them to enhance their skills and gain exposure to the corporate world. Our commitment of providing internship opportunities has gained recognition in Thailand, where our Thailand-based Factory 7 was recognised at the National Cooperative Education Awards 2019 for providing an efficient, supportive and informative platform for university students to perform their internship programme.

We also identify quality interns and retain them as full-time staff upon completion of their internship. In FY2019, we provided 1,029 internship placements for various tertiary institutions.

## Forging Collaborations with Other Organisations

Top Glove works with various organisations to create impactful social value to the community. We collaborated with municipal authority MPP Zon 21 and Majlis Bandaraya Setia Alam (MBSA) for a 6-months Setia Alam Cleanliness Campaign. In addition, we donated CPE gloves in support of educating restaurant owners and food operators on safe food handling.

We also work with Tzu Chi on various campaign such as TG Bamboo Bank Charity Campaign.

## GOVERNANCE



Our approach:

Upholding the highest standards of corporate governance throughout our business is the cornerstone of our corporate strategy. We are committed to gaining business on merit, capability and fairness. We also uphold the UN Global Compact (UNGC) Ten Principles which focus on Human Rights, Labour, Environment & Anti-corruption.



**CORRUPTION-FREE PLEDGE IS MADE BY ALL EMPLOYEES**



**LETTER OF ENFORCEMENT OF CORPORATE CULTURE AND BUSINESS ETHICS ON THE ISSUE OF BRIBERY AND CORRUPTION (LECCBC) FOR CUSTOMERS**



**SOLE PRIVATE SECTOR REPRESENTATIVE TO RECEIVE THE NATIONAL ANTI-CORRUPTION PLAN (NACP)**



**INTRODUCTION OF NEW CORPORATE VALUES R.I.V.E.R (RESPECT, INTEGRITY, VALUES, EMPOWERMENT AND RELATIONSHIP)**



**LAUNCHING OF ONLINE GIFT DECLARATION SYSTEM: TG GIFT**

### WHISTLEBLOWING POLICY

The Top Glove Whistleblowing Policy provides established channels through which our stakeholders may report or disclose genuine concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements on the part of the company, of which they have become aware. It also provides protection for the party making the report. In FY2019, there were no issues raised through the whistleblowing platform.

The Group's corporate governance practice covers anti-corruption and bribery, ethics and conduct as well as risk management.

### ANTI-CORRUPTION & BRIBERY

Our commitment towards integrity and transparency goes beyond laws and regulations. We strive to be the driver of positive change. Our Factory 9 in Meru, Klang was the first manufacturing facility in Malaysia to be certified the ISO 37001: 2006 Anti-Bribery Management System (ABMS). The System is being implemented throughout the Group's business operations.

We have zero tolerance for any form of corruption or bribery, whether in terms of direct or indirect benefits in terms of money, inappropriate gifts, invitations or other unfair advantages intended to achieve favouring or to manipulate.

Anti-corruption is overseen by the Group's Managing Director, who is also the head of the Top Glove Prevention and Anti-Corruption Committee (TGPAC). In the event of any suspected corruption or bribery activity, TGPAC will conduct an investigation, take action and report to the Board accordingly. In FY2019, we identified and investigated 9 cases of employees involved in cheating, dishonesty and bribery activities. Knowing that the Company has zero tolerance on any dishonest misconduct, the employees left the Company through voluntary resignation. The Group is pleased to report that no fines in relation to corruption were received in FY2019. We also did not make any political contributions in FY2019.

The Group's commitment on anti-corruption and bribery is widely and frequently communicated to employees. An anti-corruption notice is displayed prominently at the entrance of all our business premises. All employees are reminded to be honest and transparent through our Business Ethics Claps which is performed before the start of every meeting and also wear an anti-corruption badge during working hours.

Top Glove's zero tolerance for corruption is articulated in our Code of Conduct, Anti-Corruption Policy, Gift Policy and other governing documents which are applicable across all business units, including our suppliers and customers.

### Top Glove's Gift Policy

We refrain from accepting personal gifts or any forms of inducements from suppliers or third parties as consideration for granting them contracts. As a responsible and conscientious company, we hold the view that every contract should be awarded based on the merits of the case. Similarly, we do not give gifts or any forms of inducement to gain an unfair advantage with customers.

Strengthening our stand, since January 2019, we have enforced an improved version of our Gift Policy whereby we raise awareness through training sessions as well as posters and buntings throughout our premises, including Thailand and Vietnam factories. We also launched an online system called "TG Gift" on the 6th May 2019 to enable employees to declare gifts, hospitality and entertainment given or received online.

### Corruption-Free Pledge (Ikrar Bebas Rasuah, IBR)

The Corruption-Free Pledge (better known as IBR) is an initiative introduced by the Malaysian Anti-Corruption Commission (MACC) where an oath is voluntarily taken by an organisation's leadership and members in their individual capacity, which holds each of them accountable to carry out their duties without engaging in any corruption or misconduct throughout their tenure.

The IBR is part of an initiative to prepare our employees for the enforcement of the Corporate Liability Act by the Malaysian Anti-Corruption Commission (MACC) as to create awareness of their responsibility towards their superiors and subordinates in the context of togetherness in preventing corruption.

Our IBR Journey:

Date	
July 2018	Top Glove's Executive Chairman, Tan Sri Dr. Lim Wee Chai took the IBR together with Federation of Malaysian Manufacturers (FMM) members
September 2018	Top Glove's Managing Director led managerial level employees to perform IBR witnessed by MACC officers
January 2019	The IBR is taken by all employees

### Sole Private Sector Representative to Received National Anti-Corruption Plan (NACP)

As a recognition of our robust anti-corruption & bribery practices, Top Glove was selected as the sole private sector representative to receive the National Anti-Corruption Plan (NACP: 2019 to 2023) from the Prime Minister, Tun Dr. Mahathir Mohamad.

Further demonstrating our commitment to advancing the government's vision towards a corruption-free nation, we also initiated the Top Glove Anti-Corruption Plan, which is a 3-phase execution plan of 30 industry-relevant and applicable initiatives adapted from the 115 initiatives of the NACP.

### Extending Our Anti-Corruption Commitment to Intermediaries

It has been our practice to require all suppliers and other business partners who have financial dealings with Top Glove to sign the Letter of Enforcement of Corporate Culture (LECC) on a 6-monthly basis to affirm their adherence to our policy and practice of non-corruption.

In April 2019, we expanded this requirement to all our customers, where customers are required to acknowledge the Letter Enforcement of Corporate Culture and Business Ethics on The Issue of Bribery and Corruption (LECCBC) with a view to reminding both staff and customer to stay away from corruption.

## Procurement Practices to Lower Corruption Risks

Our Procurement Department has undertaken a few initiatives to lower the rate of corruption through the following:

1. Conducting due diligence on all new suppliers, for which anti-corruption and bribery practices is part of the pre-qualification self-assessment criteria
2. Requiring completion of the LECC by new suppliers upon registering and also subsequent acknowledgements twice yearly
3. Gift declaration (if purchaser is in receipt of any) in compliance with Top Glove's No Gift Policy
4. Distribution of Anti-corruption badges to suppliers once a year as a reminder of Top Glove's Business Ethics: Honesty, Integrity and Transparency
5. Implementing a Supplier Survey that enables suppliers to rate Top Glove's anti-corruption initiatives and purchasers' professionalism
6. Suppliers are invited to participate in Top Glove's anti-corruption-related events
7. Anti-corruption briefings to suppliers during our intermediary engagement event: SAP Ariba Summit

## ETHICS & CONDUCT

The Board of Directors and every employee at Top Glove adheres to the highest standards of ethics in our business practices. All employees start every work day and every meeting with the Business Ethics Clap, to remind ourselves of the importance of conducting business ethically, without which impactful risks or losses to the company may occur.

In August 2019, the Group also launched its brand new corporate values R.I.V.E.R (Respect, Integrity, Value, Empowerment and Relationship) to reflect on the importance of these values as we work towards our ultimate goal of becoming a Fortune Global 500 Company by 2040.

- Respect : We earn respect by treating others with respect
- Integrity : We do the right thing every time
- Value : We add value every day
- Empowerment : We entrust our people with responsibility
- Relationship : We foster collaboration for mutual good

Besides, the Board of Directors and employees are guided by the Director's Code of Conduct and Employees' Code of Conduct on the do's and don'ts for Top Glovers. Upon joining Top Glove, employees will be briefed on the Code of Conduct through the Top Glove Welcome Aboard Programme (TG WAP).

## RISK MANAGEMENT

At Top Glove, the Board is responsible and accountable for maintaining the risk management process to safeguard shareholders' investments and the Group's assets. The Board has delegated primary responsibility for the oversight of risks to the Board Risk Management Committee ("BRMC").

The BRMC, chaired by an independent non-executive director, meets on a quarter basis to discuss existing and potential key risk areas faced by the Group, review its adequacy and effectiveness, and reports them to the Board.

Top Glove's risk management framework and process is consistent with the ISO 31000, where we identify, evaluate, report and monitor material business risks to ensure these risks are properly managed, thereby ensuring the achievement of the Group's strategic objectives.

Our detailed risk management practice is outlined in the Statement on Risk Management and Internal Control section in this Annual Report.

## UNDERTAKING A BROADER SUSTAINABILITY COMMITMENT

We continue to be committed to embracing sustainability in our day-to-day business and deepening our efforts in the ESG space. We look forward to creating more meaningful and positive value as well as impacts for our stakeholders by leveraging on our strong legacy and capabilities.

# FINANCIAL CALENDAR

FOR FINANCIAL YEAR ENDING 31 AUGUST 2020

**2019**

## 13 NOVEMBER

Notice Date and Issuance of Annual Report 2019

## DECEMBER

(3<sup>RD</sup> WEEK)

Unaudited consolidated results  
for the 1<sup>st</sup> quarter ending 30 November 2019

**1<sup>ST</sup>  
QUARTER  
FY2020**

## 23 DECEMBER

Payment date of Final Dividend (4 sen)  
Entitlement Date: 10 December 2019

**FINAL  
DIVIDEND**

**2020**

## 8 JANUARY

21<sup>st</sup> Annual General Meeting  
Time : 10:30 a.m.  
Venue : Top Glove Tower

**AGM**

## MARCH

(3<sup>RD</sup> WEEK)

Unaudited consolidated results  
for the 2<sup>nd</sup> quarter ending 29 February 2020

**2<sup>ND</sup>  
QUARTER  
FY2020**

## JUNE

(3<sup>RD</sup> WEEK)

Unaudited consolidated results  
for the 3<sup>rd</sup> quarter ending 31 May 2020

**3<sup>RD</sup>  
QUARTER  
FY2020**

## SEPTEMBER

(5<sup>TH</sup> WEEK)

Unaudited consolidated results  
for the 4<sup>th</sup> quarter and financial year ending 31 August 2020

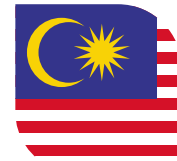
**4<sup>TH</sup>  
QUARTER  
FY2020**

# TOP GLOVE CORPORATE SONG



**English**

All over the world, We are known,  
For our superior quality gloves,  
Through the years we have grown,  
We have shown,  
Our gloves stand out superior in the world,  
Top Glove is the best, Better than the rest,  
Quality, Reliability and Consistency,  
Remain our policy,  
At Top Glove's Group of Companies.



**Bahasa Malaysia**

Dari mulanya, hingga terkini,  
Nama Top Glove diberi,  
Pengeluar sarung tangan yang berkualiti,  
Yakinlah hasil pengeluaran kami,  
Yang bermutu dan berkualiti tinggi,  
Sentiasa menuju kejayaan,  
Untuk mencapai keunggulan.



**Mandarin**

顶级的名誉 闻名世界  
品质优良的顶级手套  
历经多年的努力与成长  
我们成功站在世界的顶端  
顶级的手套 我们的骄傲  
品质好 可信赖及依靠  
是我们一直维护的宗旨  
在顶级手套公司集团  
语述：顶级手套  
继续创新与迈进是我们的义务



**Thai**

ทั่วโลกนั้นยอมรับ ว่าเรานั้นคือ  
ผู้นำดวงมือที่พร้อมและคุณภาพดี  
เราสรรสร้างสรรค,เราเติบโต เรามั่นคง  
เพื่อก้าวไปสู่สากล ด้วยมือเรา  
ทอปโกลฟดีกว่าใคร เราทำงานด้วยใจ  
คุณภาพดี และบริการที่ดี  
เพื่อความไว้วางใจ เรายินดีรับใช้,  
ทอปโกลฟนั้นใจ คุณภาพต้องที่นี่

