

LETTER TO STAKEHOLDERS AND MANAGEMENT DISCUSSION & ANALYSIS

CREATING VALUE, SHARING SUCCESS IN A LANDMARK YEAR

GOOD HEALTH AND GOOD DAY FELLOW STAKEHOLDERS.

In a year like no other, we have been reminded that health is the one wealth that truly matters. As the pandemic raged on, Top Glove intensified efforts to produce more quality gloves to meet the urgent need for Personal Protective Equipment (PPE), as healthcare personnel bravely took up their positions on the frontlines of the global war against COVID.

Amidst the global crisis, we also contended with challenges of our own. These included the imposition of a halt on glove exports from our Malaysian operations to the U.S. by the U.S. Customs and Border Protection (CBP), while our people were also affected by the virus; events from which we learnt many valuable lessons as we worked to successfully resolve them.

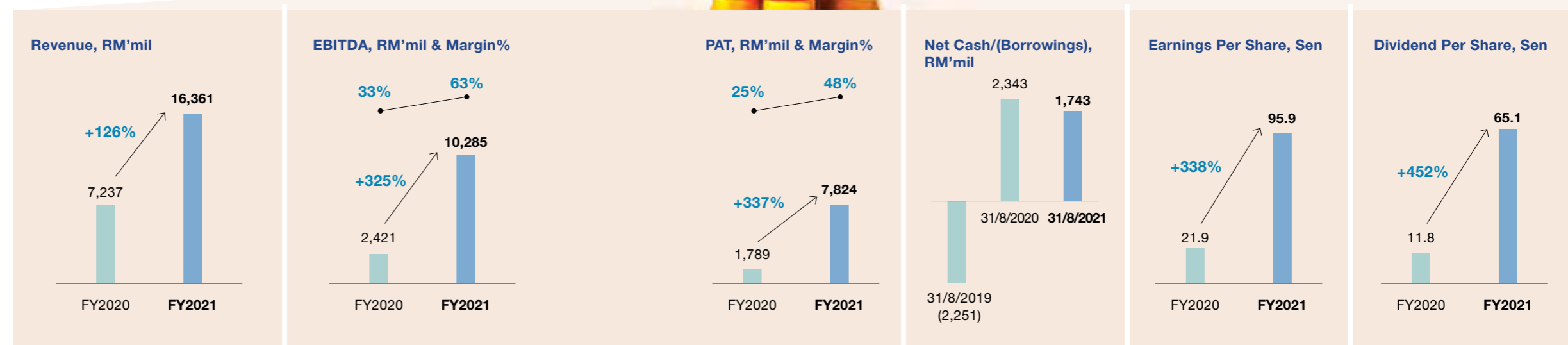
In all this, delivering both long term value and growth for our multiple stakeholders, while protecting lives remained our priority and driving ambition in FY2021, as Top Glove overcame the obstacles to mark another milestone year and our 30th anniversary.



Management Discussion and Analysis

For financial year 2021 (FY2021), Top Glove's Sales Revenue amounted to RM16.36 billion, soaring 126% from FY2020. Profit After Tax (PAT) also grew to RM7.82 billion, a 337% jump compared with the previous financial year. Meanwhile, the Group's net cash position as at 31 August 2021 stood at a healthy RM1.74 billion. The Group's FY2021 performance is summarised in the following charts.

PERFORMANCE MILESTONES FOR FINANCIAL YEAR 2021



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Unsurpassed value creation & sharing our successes with stakeholders in FY2021

- ▶ **9,720 jobs** created
- ▶ All-time high Sales Revenue of **RM16.36 billion** ↑ **126%** from FY2020
- ▶ Exceptional Net Profit of **RM7.82 billion** ↑ **337%** from FY2020
- ▶ Unprecedented total dividend payout of **RM5.21 billion** ↑ **452%** from FY2020
- ▶ **RM2.2 billion** in income tax towards nation building and economic growth
- ▶ **RM220 million** to construct employee accommodation
- ▶ **RM191 million** donated for community pandemic relief
- ▶ **RM44 million** invested in ESG related initiatives

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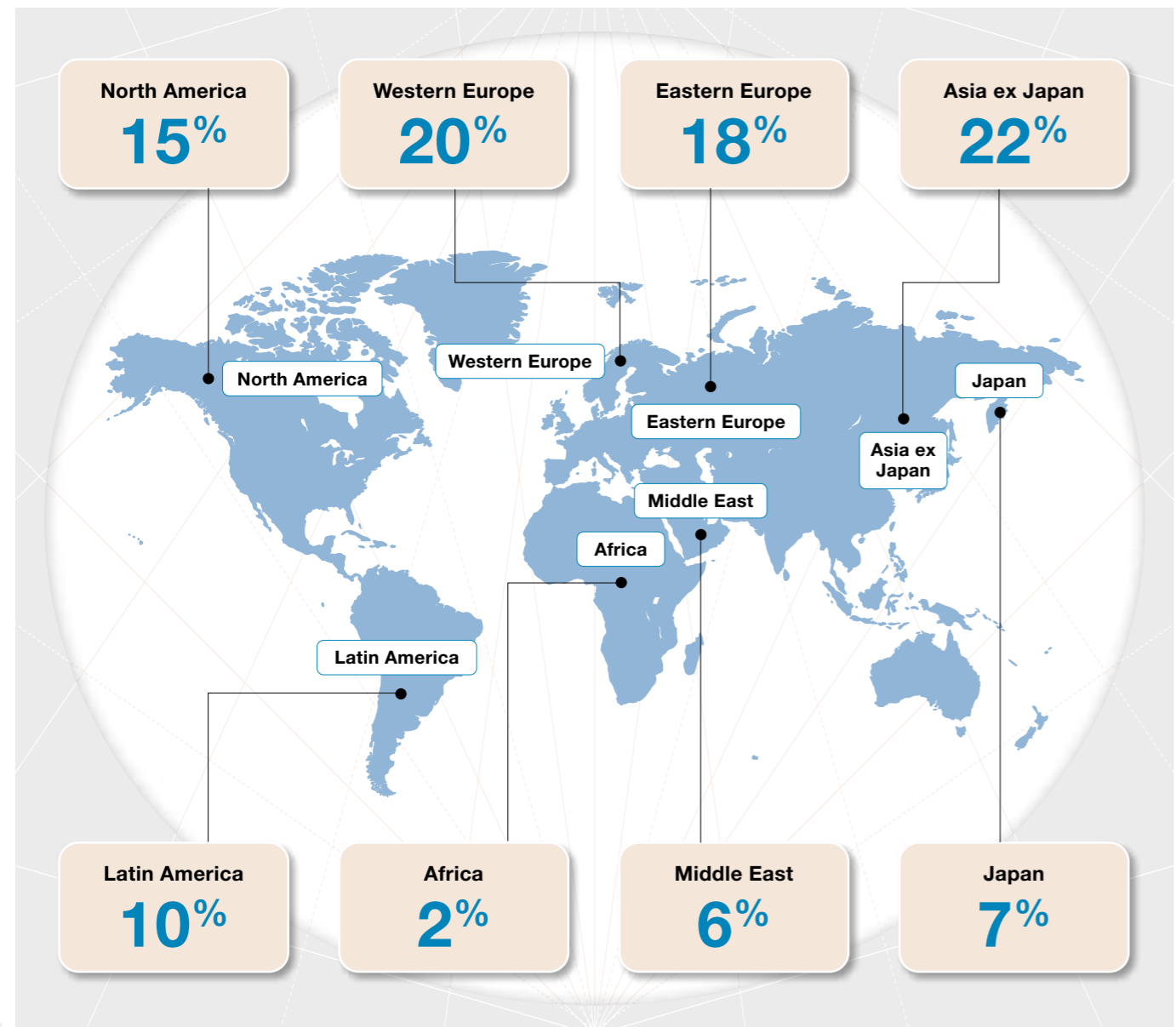
The Group's commendable yearly financial performance was attributed to robust glove demand coupled with strong average selling prices (ASPs) which rose some 138% in line with market pricing trends, driven by the ongoing pandemic.

Sales Volume remained consistent against FY2020, on the back of intermittent disruptions in glove production arising from an Enhanced Movement Control Order (EMCO) on our hostels in November 2020; COVID cases in some factories; a state wide EMCO in Selangor in July 2021 during which the glove industry was not allowed to operate for 10 days; as well as Movement Control Order (MCO) related lockdowns throughout the financial year during which affected facilities had to operate at reduced capacity. The reduced output also adversely impacted utilisation, driving costs upward.

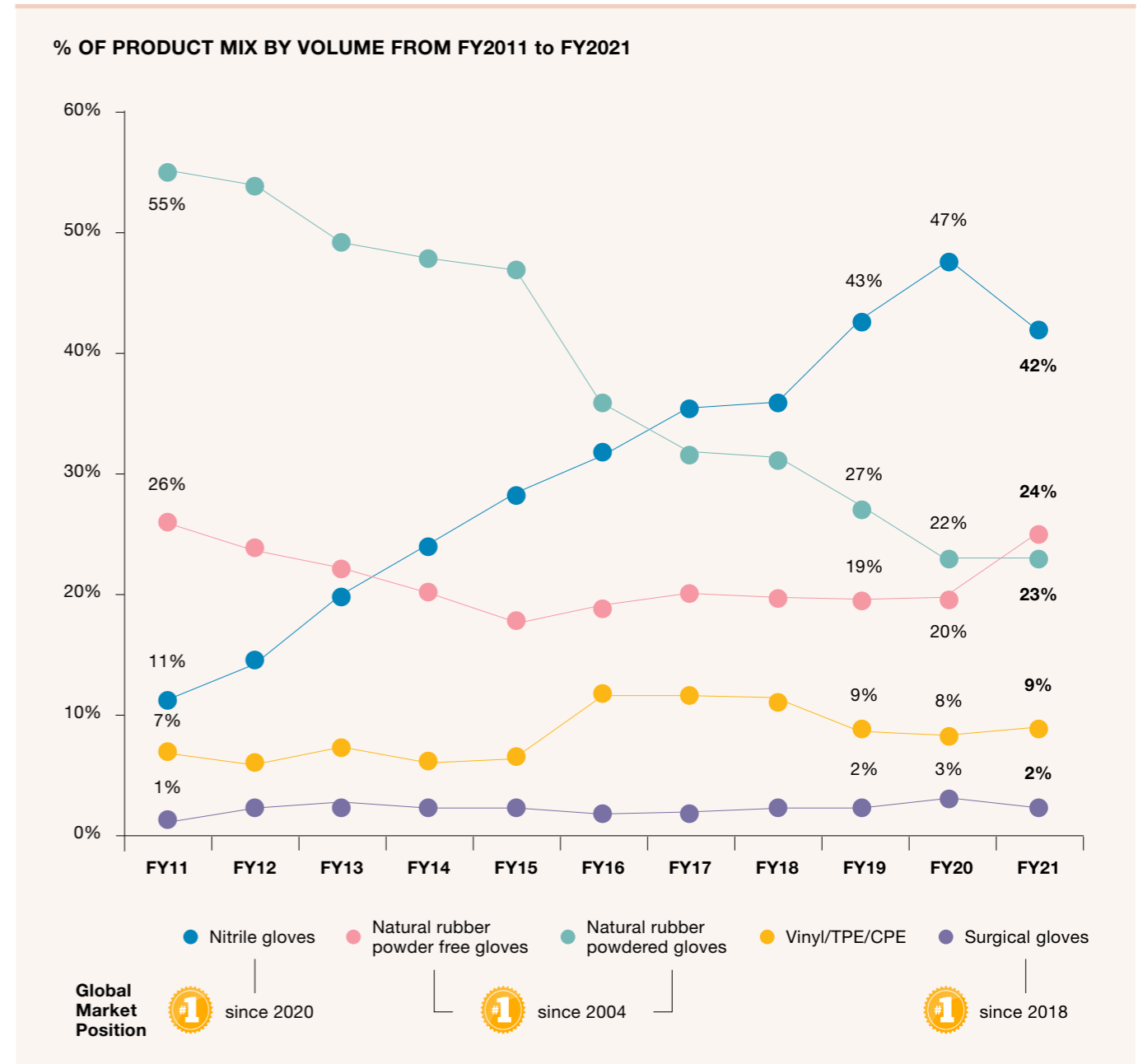
In addition, we experienced a temporary stoppage of sales from our Malaysian operations to the U.S. from April 2021 to August 2021, following the imposition of a Finding by the U.S. CBP, which has since been lifted effective 10 September 2021.

Meanwhile, raw material prices increased in 1HFY2021 following supply shortages due to increased demand from the glove industry. Our larger profit base in FY2021 also resulted in the application of a higher effective tax rate.

FY2021 SALES VOLUME (QUANTITY) COMPARISON BY REGION



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Over the course of FY2021, we noted a gradual shift in demand from nitrile gloves to natural rubber gloves, following the rise in COVID cases in emerging markets where natural rubber gloves are preferred, owing to slower vaccine rollout in these countries.

Nonetheless, our comprehensive product mix coupled with the ability to switch strategically from the production of nitrile gloves to natural rubber gloves, rendered us well positioned to accommodate shifts in preference and cater to the needs of different markets, thereby mitigating business risk.

Having successfully turned Aspion's operations around, we continued to reap the fruits of our acquisition, as the additional capacity enabled us to meet the urgent glove demand and contributed positively to the bottom line.

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Beyond Financials: In Pursuit of a Sustainable Future



▲ Top Glove's Fully Virtual 22nd Annual General Meeting held on 6 January 2021

Equally as important as the financial results delivered is how they have been achieved. As an industry leader, we are wholly committed to fulfilling our responsibility as a global corporate citizen and continue to step up our efforts across the Environmental, Social and Governance (ESG) pillars of sustainability, mindful that we can and should always strive to do better.

Towards a deeper integration of ESG into the business and marking the start of greater efforts to come, we declared FY2021 as The Year of ESG for Top Glove, which has seen the establishing of ambitious mid term targets to be attained by FY2025. Concurrently, the Group is exploring science based target setting with an external consultant, towards crystallising a net zero carbon emissions roadmap.

As the employer of choice to a workforce of 22,000, we are committed to be the best company that we can become, for our people. This includes having in place a Zero Cost Recruitment Policy, comfortable accommodation and grievance channels for our foreign workers, as well as robust health, safety and security initiatives. In January 2021, our operations were also verified by an independent third party international U.K. consultant as being free of all 11 International Labour Organization (ILO) systemic forced labour indicators.

Read more about the Group's efforts and commitment to charting a sustainable growth strategy during Top Glove's Year of ESG and beyond, on page 88.

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Corporate Developments

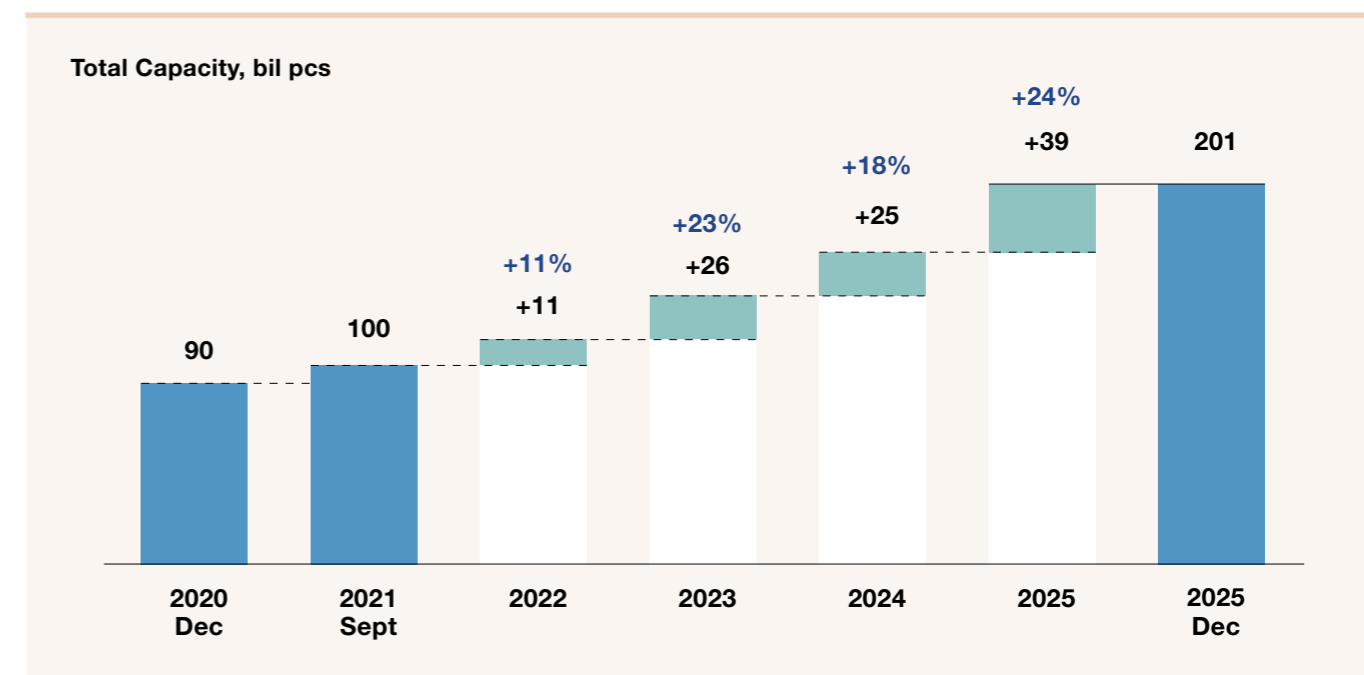
Top Glove powered through an intensely challenging environment, staying on course to execute and deliver on its growth agenda.

Continuous Capacity Expansion In Line with Global Demand

Doing our part to ensure uninterrupted glove supply during a crucial time, the Group continued to embark on steady capacity expansion in FY2021. While glove demand started to normalise towards the latter part of the financial year following rapid vaccine rollout on a global scale, growth is still expected to stabilise at elevated levels after the pandemic recedes, compared with a pre pandemic growth of 10% per annum.

Accordingly, investment plans are underway for future growth. Top Glove will continue to embark on organic capacity expansion, adjusting where necessary in alignment with the global glove demand and supply situation, constructing new and technologically advanced factories featuring more automation and computerisation, while upgrading existing facilities as well. By 31 December 2025, Top Glove is projected to have a total of 59 factories comprising 46 glove factories and 13 other factories, 1,486 glove production lines and a glove production capacity of 201 billion gloves per annum.

The Group's organic expansion plans for 2021 to 2025 are detailed below:



Meanwhile, the Group committed to invest RM600 million for the establishment of an NBR (nitrile butadiene rubber) Latex Processing Plant in Banting, Selangor to better ensure a consistent supply and quality of NBR latex, and to mitigate the impact of price fluctuations. The construction of the plant will be carried out in 4 phases, with Phase 1 expected to commence operations by 3QCY2022 with a capacity of 50,000 tonnes and completion by 4QCY2024 with a total capacity of 200,000 tonnes.

In progress is also a Gamma Sterilisation Plant in Klang, Selangor, aimed at reducing concentration risk and expediting the sterilisation process of surgical gloves, towards shortening the time to market. Phase 1 of the plant is targeted to be operational by 1QCY2022 while the final Phase 3 is targeted for completion by 3QCY2023. The facility which has an estimated CAPEX of RM65 million will be able to provide sterilisation for 1 billion pieces of surgical gloves per annum.

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Future Proofing Our Business Through R&D and Advanced Technology

R&D and technology continue to be key drivers of improvement and innovation at Top Glove and we will continue to build our capabilities in these crucial areas.

As at 1st November 2021, our R&D Division had a total staff strength of 1,375 researchers, deployed across our R&D Centres as well as factory departments. The total intellectual pool of researchers within the Group comprises 39 PhD holders, 137 Master's Degree holders, 1,158 Bachelor's Degree holders and 41 with other qualifications, enabling us to carry out multidisciplinary researches for the future sustainability of the business.

At present, Top Glove has established 10 R&D Centres, 7 based in Malaysia, 2 in Thailand and 1 in China, each specialising in a different area of research, enabling the Group to adapt to rapidly shifting trends in the global market. Further to that, 2 more R&D Centres are in the pipeline, 1 of which will be solely focusing on IR 4.0 and manufacturing, equipped with the latest technology and automation.

Over the years, our strong focus on R&D has resulted in advancements and breakthroughs which have seen the establishing of advanced production lines, Robotic Glove Handling systems and Integrated Operations Management systems, AI vision cameras and robotic arms, which will enable us to remain competitive in the long run.

The comprehensive range of home, personal and oral care products which includes hand sanitisers, anti bacterial handwash, dishwashing liquid and floor cleaning detergents produced by Top Glove Healthcare Centre (TGHC), emerged as important products during the pandemic, complementing our core glove business. TGHC, which was established by the R&D team, is an ISO certified company certified with ISO 9001:2015 (QMS) and ISO 22716:2007 (cGMP) and is approved by the National Pharmaceutical Regulatory Agency (NPRA). All TGHC products are formulated with a priority on natural ingredients, minimal chemical content and are cruelty free.

From a technological perspective, our factories continue to advance towards higher mechanisation. Building upon our automated recipe preparation, line control systems and AI visual inspection systems, we continue to work towards realising our vision of "contactless" intelligent production

and packing systems. With our facilities powered by sophisticated, state of the art packing machines and autonomous vehicles, our operators also enjoy healthier work environments while ensuring our customers receive consistently high quality gloves made under optimally hygienic conditions.

We are also investing in Manufacturing Operations Management Systems to tie together every stage of our operations: planning, production, inspections, inventories, and logistics, eventually achieving full integration with our ERP systems. Culminating in a "Supply Chain Control Tower", this enterprise wide integration will give our teams greater insight into our processes powered by AI systems to identify and overcome production bottlenecks.

All these and more will be incorporated into not just our existing plants, but will also be natively embedded into our new Top Glove Innovation Campus (TGIC) as our state of the art hub for manufacturing and R&D. Featuring best in class glove manufacturing technologies, TGIC will be our next great milestone in glove manufacturing, in demonstration of our commitment towards continuous improvement and the delivery of consistently high quality gloves at efficient low cost. Phase 1 of TGIC is expected to commence operations by 3QCY2022, while completion is targeted by 2QCY2025 with a capacity of 20 billion gloves per annum.

In tandem, Top Glove is committed to keeping our impact on the environment low, and putting in place systems to govern and maintain the harmony between our operations and the environment. Towards keeping our operations sustainable, we have an array of projects underway for monitoring and managing energy, gas, and water resources, as well as ongoing investments into solar, advanced Industrial Effluent Treatment System (IETS), and material recycling processes.

We also continue to expand our cloud manufacturing infrastructure and building up our "Grand Data Terminal" by utilising technologies of IIoT, WIFI6 and Edge computing to connect thousands of data points to the network. Harnessing our analysts and digital talents, we channel all this data into dashboards and analytical reports that present an augmented view of our factories in near real time. And as a bonus, by digitalising these reports, we cut down on our paper usage as well, in line with our direction of going paperless.

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Record High Dividends in an Exceptionally Good Year

In keeping with our firm commitment to reward and share our success with our approximately 136,000 loyal shareholders, we declared a total annual dividend amounting to an unprecedented 65.1 sen per share or RM5.21 billion, which represents a 452% increase from the full year dividend for FY2020 of 11.8 sen per share. We are also pleased to have instituted quarterly dividend payments for FY2021.



Participants strike a pose at Top Glove's Annual Leadership Summit 2021, which was themed "ESG: Change Today for a Sustainable Tomorrow"



Our COVID Response: Putting Health & Safety First

Even as we intensified glove production, we were cognisant of the need to ensure we did so safely, with a sharpened focus on the well being of our employees and the communities we serve. To this end, COVID preventive measures were in place since the onset of the pandemic, and continued to be adapted and enhanced in step with the rapidly evolving situation. These included strict enforcement of COVID standard operating procedures (SOPs), as well as social distancing in our factories and employee accommodation, while regular spot checks were also carried out to ensure continued compliance with Malaysian Government regulations to the highest standards. Training was also rolled out towards creating awareness and reinforcing the need to adhere to preventive measures and SOPs.

Following a temporary stoppage at our factories in Meru from 17 November 2020 to 14 December 2020, the affected facilities underwent a rigorous sanitisation process and reopened with reinforced health and safety measures.

Top Glove on 19 July 2021, commenced its participation in Program Imunisasi Industri COVID Kerjasama Awam Swasta (PIKAS), a partnership between the public and private sector aimed at accelerating the immunisation of its employees. To date, 99% of employees in Malaysia have been fully vaccinated while 98.8% Groupwide have received both doses.

As a preventive measure in addition to adhering to SOPs, the Company has invested approximately RM7 million to date in COVID testing for its employees.

Towards reducing unnecessary commuting and exposure, the Company provides subsidised healthy vegetarian meals, which are delivered daily to employees' factories/offices, for which we have invested RM7.2 million in FY2021. Under this scheme, workers need only pay RM1 for a healthy vegetarian meal. Meanwhile, cashless payment at our canteens as well as for catering has been implemented. Embracing the new normal, Top Glove implemented a Work From Home (WFH) Policy during the pandemic, leveraging technology to swiftly activate online meetings, training and virtual inspections as needed, enabling business to operate as usual in an unusual environment. The majority of meetings and trainings continue to be conducted virtually even as the workforce returns to the office.

The TG Workers' Learning App (TGWLA) was also developed in house, allowing our workers to perform mobile based learning. In addition, facial recognition in place of finger scanning for access to our premises has been rolled out to minimise physical contact for high touch surfaces.

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Awards and Accolades

Top Glove is also honoured to have garnered several awards at the prestigious **The Edge Singapore Billion Dollar Club 2021 (BDC)**. Under the Healthcare Services & Pharmaceutical sector, it won 3 awards namely Best Performing Stock, Fastest Growing Company and Best in Sector and to top it all, was also named Overall Winner for 2021 amongst 90 other companies in the BDC this year.

Further solidifying its position as an employer of choice, the company was recognised at the **HR Asia Awards Best Companies to Work for in Asia**, for the 5th consecutive year in March 2021. In June 2021, Top Glove also garnered multiple wins at the **Human Resources Excellence Awards 2020**, in the areas of HR Excellence in Leadership Development (Gold), HR Excellence in Talent Management (Silver), Most People Focused CEO (Silver) and HR Excellence in Corporate Wellness (Bronze). In addition, Top Glove was named Winner at the **Best Employer Brand Graduates' Choice Awards 2021** in the Manufacturing category and won a Bronze at the **Employee Experience Awards 2021 (Malaysia)** for Best Employer Branding.

Modification of the Finding by the U.S. CBP

Following the Modification of the Finding by the U.S. CBP, Top Glove's Malaysian operations have been allowed to resume exporting and selling gloves to U.S. effective 10 September 2021, indicating the Group has addressed all indicators of forced labour identified at its Malaysian facilities. This positive development is expected to boost sales from Top Glove's Malaysia operations to U.S., which accounts for 15% of the Group's FY2021 total sales.

Our journey to modification has been deeply meaningful and humbling, and one from which we have emerged a better, stronger Top Glove today. We are particularly pleased at having completed remediation payments of over RM150 million to over 13,000 eligible migrant workers who had paid recruitment fees and related costs to recruitment agents, made substantial improvements to employee accommodation and implemented an independently managed worker helpline amongst other initiatives. This is just the beginning for us and we are inspired to continue to be the best company we can be, as we ensure the health, safety and wellbeing of our people is always taken care of.



To view the statement issued by the U.S. CBP on this matter, kindly scan the QR code or visit this link: <https://public-inspection.federalregister.gov/2021-19535.pdf>



▲ Top Glove Foundation donated personal protective equipment comprising gloves, face masks and hand sanitisers produced by Top Glove to Sungai Buloh Hospital on 14 June 2021, as part of a collaborative effort with the MRCA Council Members

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Outlook & Prospects

Looking ahead, we are confident that demand for gloves will continue on its steady uptrend, increasing between 10% to 15% per annum, driven by elevated levels of awareness and hygiene standards both in the medical and non medical sector. Demand growth will also be supported by the emergence of new virus strains, even as the pandemic transitions to an endemic and the world starts to "live with COVID". Moreover, with the resumption of sales to the U.S. which is a key market for Top Glove, we are optimistic of an improvement in Sales Volume over the quarters ahead.

This is not to say there will not be challenges. Headwinds are expected in the form of easing ASPs on an industry wide basis, while customers adopt a wait and see approach in anticipation of normalising ASPs and defer restocking activity. Competition from manufacturers, particularly those from out of the country, is also increasingly rife.

While the business environment is expected to be difficult, we are well prepared. The strong cash flow reserves which we have built over the course of FY2021 will enable us to fund continuous expansion and also seize opportunities for accretive M&As when they arise. In tandem, we will also continue to invest in R&D and leverage advanced technology to reengineer our processes towards a greater degree of product quality, efficiency and innovation.

Our strong FY2021 performance in the face of a tough operating environment has also given us good reason to be optimistic about the future; not least because we have seen the resilience of our people, which has powered our ability to adapt and thrive in the most trying circumstances.

This is why we still dare to dream. Our ambitious plans for the future remain intact and include becoming both a Forbes and Fortune Global 500 company by the year 2030. We will also continue to pursue a dual primary listing on the Hong Kong Stock Exchange (HKEX) for which we resubmitted our A1 application on 28 October 2021.

Our 30th anniversary may have coincided with our most challenging year yet, but we move forward resolutely into the days ahead, with the fullest confidence that the unwavering support of our Top Glovers will ensure the

company remains fit and well positioned to celebrate many more anniversaries to come.

Heartfelt Appreciation

Tough times lay bare what individuals and businesses are made of. In the most trying of times, we learnt with the greatest pride the full measure of our resilience as a company to rise up in the face of adversity and forge ahead strongly.

On this note, we wish to express our heartfelt thanks to the Board for their wise counsel and hands on involvement, which have been particularly valuable in navigating the rough waters and helping steer the company safely to shore.

To our employees, our Top Glovers, you have met the challenges of these unprecedented times with unparalleled commitment. Our deepest gratitude for bringing a *can do* attitude to your hard work and dedication, that has enabled our company to weather another challenging year and emerge stronger. We were even more heartened to witness your selflessness, as you came out in droves during the pandemic, to deliver food and necessities on a daily basis to our colleagues affected by the EMCO. Bravo, you have truly done us proud.

To our customers, suppliers, shareholders and other stakeholders; thank you for your support, feedback and constructive critique, which both inspires and compels us to do more and do better, bringing out the best in us.

We also take this opportunity to acknowledge and salute our frontliners and medical practitioners who continue to carry out their jobs with bravery and at great sacrifice. You are our nation's heroes and it is a distinct honour to glove you and your fellow frontliners all over the world.

TAN SRI DR LIM WEE CHAI

Executive Chairman
Top Glove Corporation Bhd
2 November 2021

DATO' LEE KIM MEOW

Managing Director
Top Glove Corporation Bhd
2 November 2021

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

MENCIPTA NILAI, MENKONGSI KEJAYAAN DALAM TAHUN LUAR BIASA

SALAM SIHAT DAN SEJAHTERA PARA PIHAK BERKEPENTINGAN.

Dalam tahun yang tidak seperti tahun yang lain, kami telah diingati bahawa kesihatan adalah nilai yang sangat penting. Ketika pandemik melanda, Top Glove berusaha untuk meningkatkan jumlah sarung tangan yang berkualiti untuk memenuhi keperluan alat pelindung diri (Personal Protective Equipment atau PPE) yang terdesak, bagi petugas kesihatan yang berada di barisan hadapan untuk menentang COVID, dengan keberanian.

Semasa krisis global, kami juga menghadapi cabaran. Ini termasuk pengenaan menghentikan eksport sarung tangan daripada operasi Malaysia ke Amerika Syarikat oleh U.S. Customs and Border Protection (CBP), manakala kakitangan kami juga terjejas oleh virus; peristiwa yang kami menghadapi telah memberi banyak pelajaran yang berharga ketika kami berusaha untuk menyelesaikannya dengan kejayaan.

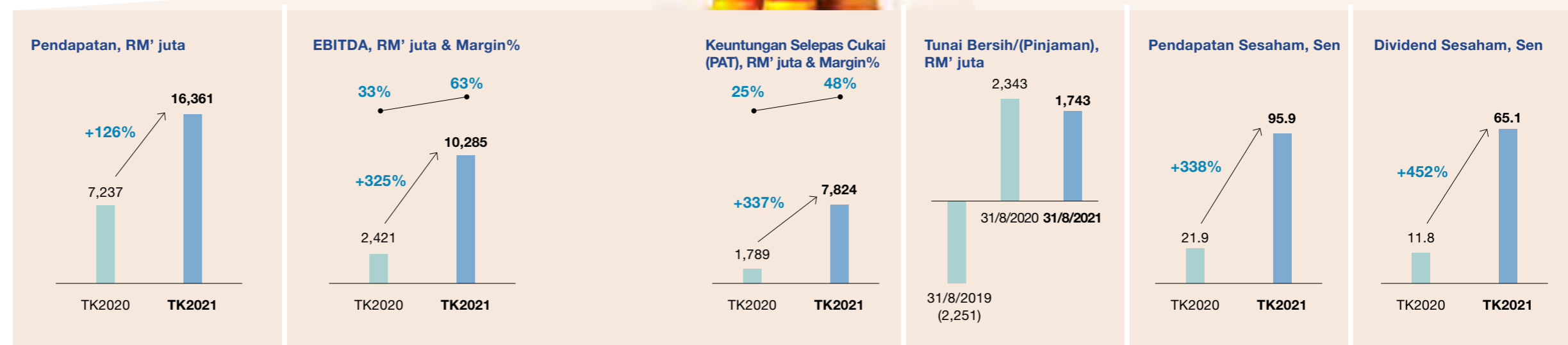
Dalam semua ini, menyampaikan nilai dan pertumbuhan jangka panjang untuk pelbagai pihak berkepentingan kami, sambil melindungi nyawa tetap menjadi keutamaan dan cita-cita kami pada TK2021, sementara Top Glove mengatasi halangan bagi menandakan satu lagi tahun kejayaan dan ulang tahun ke-30 kami.



Perbincangan & Analisis Pihak Pengurusan

Bagi tahun kewangan 2021 (TK2021), Pendapatan Jualan Top Glove berjumlah RM16.36 bilion, melonjak 126% daripada TK2020. Keuntungan Selepas Cukai (PAT) juga meningkat kepada RM7.82 bilion, peningkatan 337% berbanding dengan tahun kewangan sebelumnya. Sementara itu, kedudukan tunai bersih Kumpulan pada 31 Ogos 2021 berjumlah RM1.74 bilion. Prestasi TK2021 Kumpulan diringkaskan dalam carta berikut.

PERINGKAT PRESTASI UNTUK TAHUN KEWANGAN 2021



PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

Penciptaan nilai yang tiada tandingan & perkongsian kejayaan dengan pihak berkepentingan pada TK2021

- ▶ **9,720** pekerjaan dicipta
- ▶ **Pendapatan Jualan** berjumlah **RM16.36 bilion** **↑126%** dari TK2020
- ▶ **Keuntungan Bersih** luar biasa berjumlah **RM7.82 bilion** **↑337%** dari TK2020
- ▶ Jumlah pembayaran **dividen** luar biasa berjumlah **RM5.21 bilion** **↑452%** dari TK2020
- ▶ **RM2.2 bilion** cukai pendapatan untuk pembangunan negara dan pertumbuhan ekonomi
- ▶ **RM220 juta** untuk membina **penginapan pekerja**
- ▶ **RM191 juta** disumbangkan bagi bantuan pandemik untuk komuniti
- ▶ **RM44 juta** dilaburkan dalam inisiatif berkaitan **ESG**

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

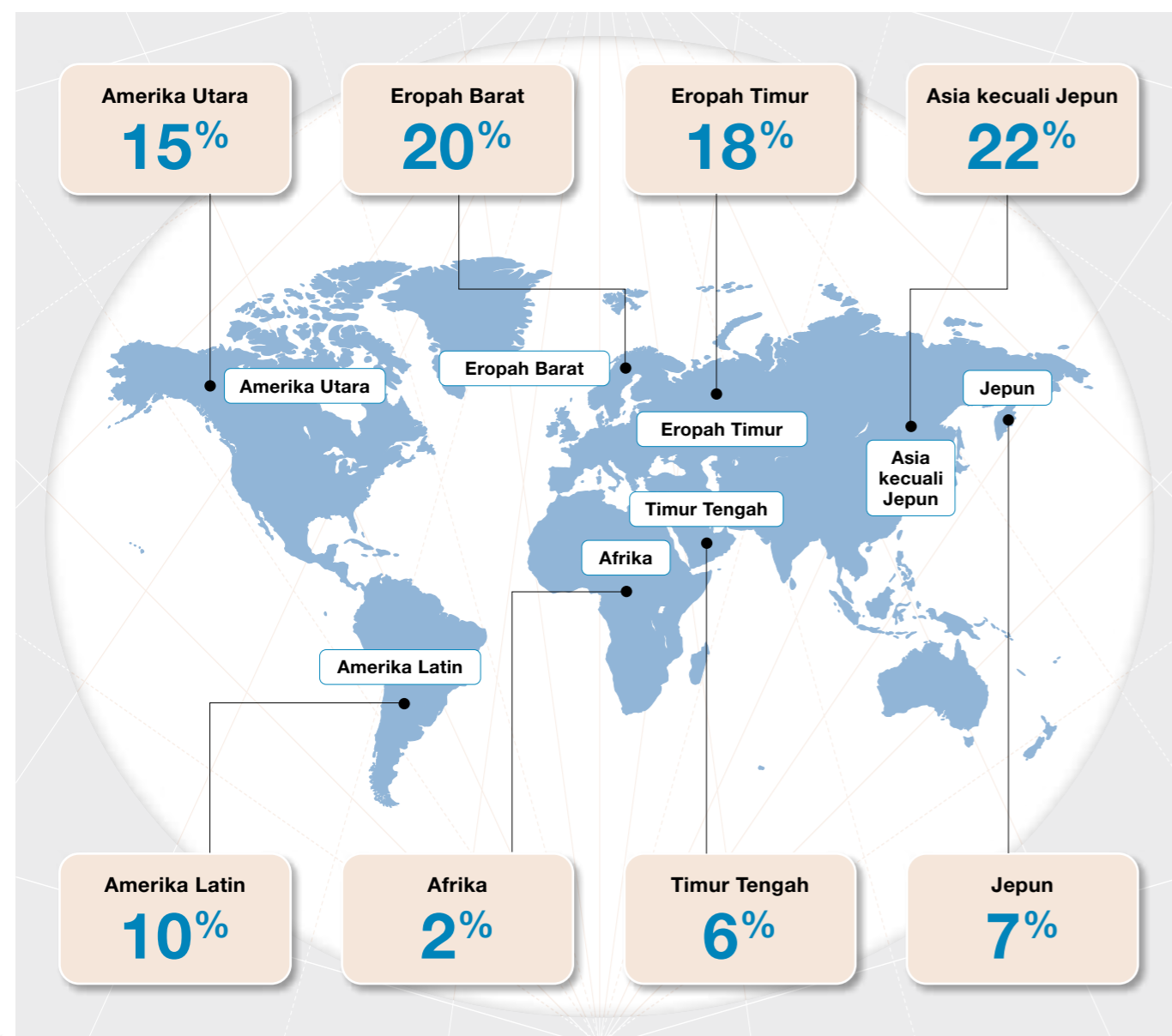
Prestasi kewangan tahunan Kumpulan yang terpuji disebabkan oleh permintaan sarung tangan yang kukuh ditambah dengan harga jualan purata (ASP) kuat yang meningkat kira-kira 138% sejajar dengan trend harga pasaran, didorong oleh pandemik yang berterusan.

Volum Jualan kekal konsisten berbanding TK2020, berikutan gangguan berselang dalam pengeluaran sarung tangan berikutan Perintah Kawalan Pergerakan Diperketatkan (PKPD) di asrama kami pada November 2020; Kes COVID di beberapa kilang; PKPD di seluruh negeri Selangor pada Julai 2021 di mana industri sarung tangan tidak dibenarkan beroperasi selama 10 hari; serta *lockdown* berkaitan Perintah Kawalan Pergerakan (PKP) sepanjang tahun kewangan di mana kemudahan yang terjejas terpaksa beroperasi pada kapasiti yang lebih rendah. Pengeluaran yang berkurang juga memberi kesan buruk kepada penggunaan, mendorong kenaikan kos.

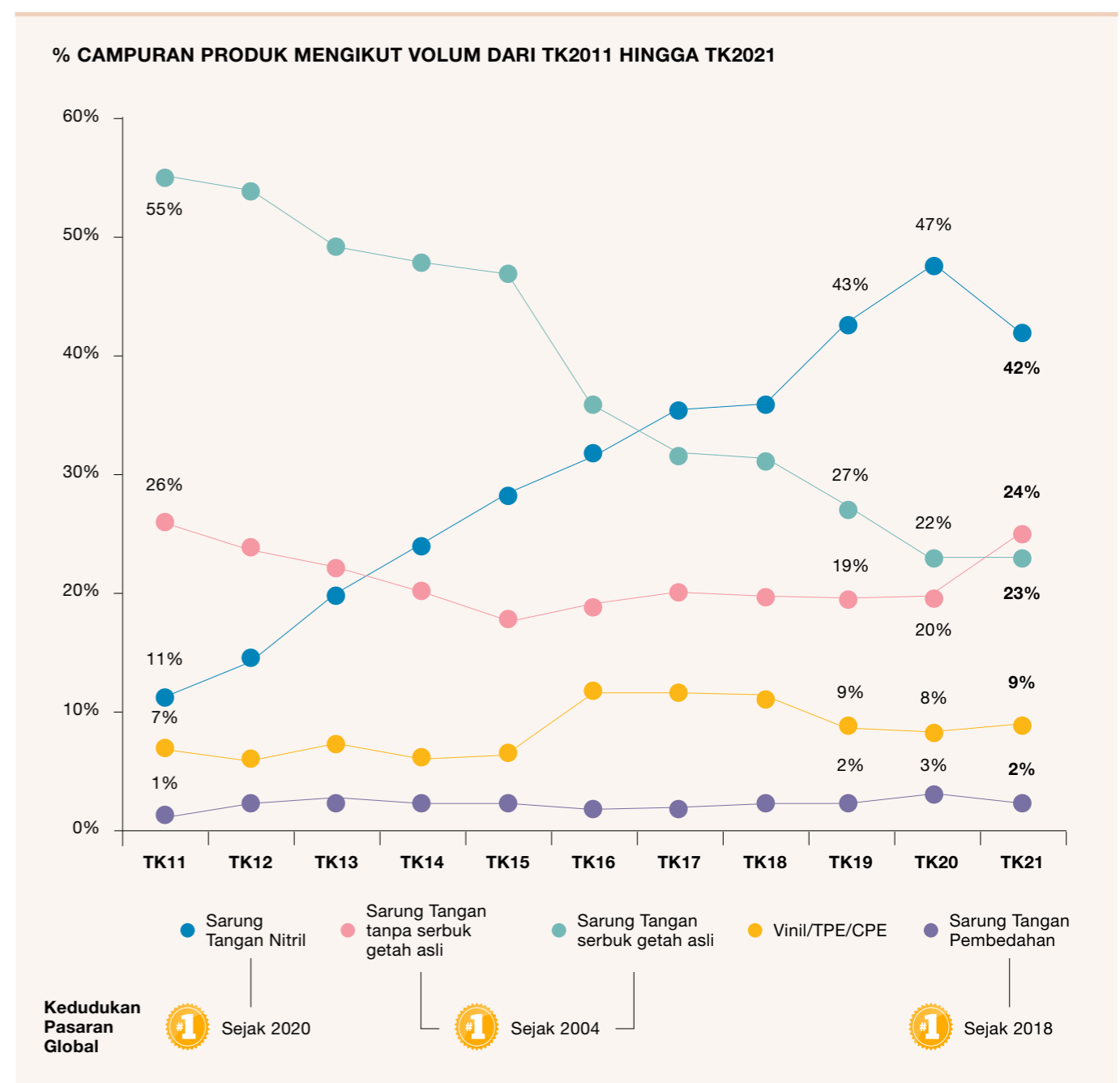
Di samping itu, kami mengalami penghentian sementara penjualan dari operasi Malaysia kami ke Amerika Syarikat dari April 2021 hingga Ogos 2021, berikutan penguasaan *Finding* oleh U.S. CBP, yang telah diubahsuai pada 10 September 2021.

Sementara itu, harga bahan mentah meningkat pada separuh masa pertama TK2021 berikutan kekurangan bekalan disebabkan peningkatan permintaan daripada industri sarung tangan. Asas keuntungan kami yang lebih besar pada TK2021 juga menghasilkan penggunaan kadar cukai efektif yang lebih tinggi.

PERBANDINGAN VOLUM JUALAN (KUANTITI) TK2021 MENGIKUT RANTAU



PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN



Sepanjang TK2021, kami mencatat peralihan permintaan secara bertahap daripada sarung tangan nitril kepada sarung tangan getah asli, berikutan peningkatan kes COVID di pasaran baru muncul di mana sarung tangan getah asli diutamakan, disebabkan oleh pelaksanaan vaksin yang lebih perlahan di negara-negara ini.

Walaupun demikian, campuran produk komprehensif kami ditambah dengan keupayaan untuk beralih secara strategik dari pengeluaran sarung tangan nitril kepada sarung tangan getah asli, menjadikan kami berada dalam kedudukan yang baik untuk menampung peralihan dalam keutamaan dan memenuhi keperluan pasaran yang berlainan, dengan itu mengurangkan risiko perniagaan.

Setelah berjaya mengubah operasi Aspion, kami terus menuai hasil pemerolehan kami, kerana kapasiti tambahan membolehkan kami memenuhi permintaan sarung tangan segera dan menyumbang secara positif kepada keuntungan bersih.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

Lebih Dari Kewangan: Mengejar Masa Depan Yang Lestari



▲ Lawatan kunjungan hormat ke Top Glove oleh Kementerian Kesihatan pada 8 Januari 2021
(Kelima dari kiri ke kanan) Dato' Dr. Chong Chee Kheong, Timbalan Ketua Pengarah Kesihatan (Kesihatan Awam), Dr. B. Venugopalan, Timbalan Pengarah Negeri Selangor, Dr. Arinah Wan Deh Sze, Pakar Kesihatan Awam and Dr. Mas Norehan, Pegawai Khas

Sama pentingnya dengan keputusan kewangan yang disampaikan adalah bagaimana ia telah dicapai. Sebagai peneraju industri, kami komited sepenuhnya untuk melaksanakan tanggungjawab kami sebagai warga korporat global dan terus meningkatkan usaha kami merentasi tonggak Kelestarian Alam Sekitar, Sosial dan Tadbir Urus (ESG), dengan penuh perhatian bahawa kami boleh dan harus sentiasa berusaha untuk melakukan yang lebih baik.

Ke arah integrasi ESG yang lebih mendalam ke dalam perniagaan dan menandakan permulaan usaha yang lebih besar yang akan datang, kami mengisytiharkan TK2021 sebagai Tahun ESG untuk Top Glove, yang telah menyaksikan penentuan sasaran jangka pertengahan yang bercita-cita tinggi untuk dicapai pada TK2025. Pada masa yang sama, Kumpulan sedang meneroka penetapan sasaran berasaskan sains dengan perunding luar, ke arah mewujudkan pelan hala tuju pelepasan karbon sifar bersih.

Sebagai majikan pilihan kepada tenaga kerja seramai 22,000 orang, kami komited untuk menjadi syarikat terbaik, untuk kakitangan kami. Ini termasuk mengadakan Polisi Pengambilan Kos Sifar, penginapan yang selesa dan saluran pengaduan untuk pekerja asing kami, serta inisiatif kesihatan dan keselamatan yang kuat. Pada Januari 2021, operasi kami juga disahkan oleh perunding antarabangsa U.K. pihak ketiga bahawa Top Glove bebas daripada semua 11 petunjuk buruh paksa sistematik Pertubuhan Buruh Antarabangsa (ILO).

Baca lebih lanjut mengenai usaha dan komitmen Kumpulan untuk merangkakan strategi pertumbuhan yang mampan semasa Tahun ESG Top Glove dan seterusnya, pada halaman 88.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

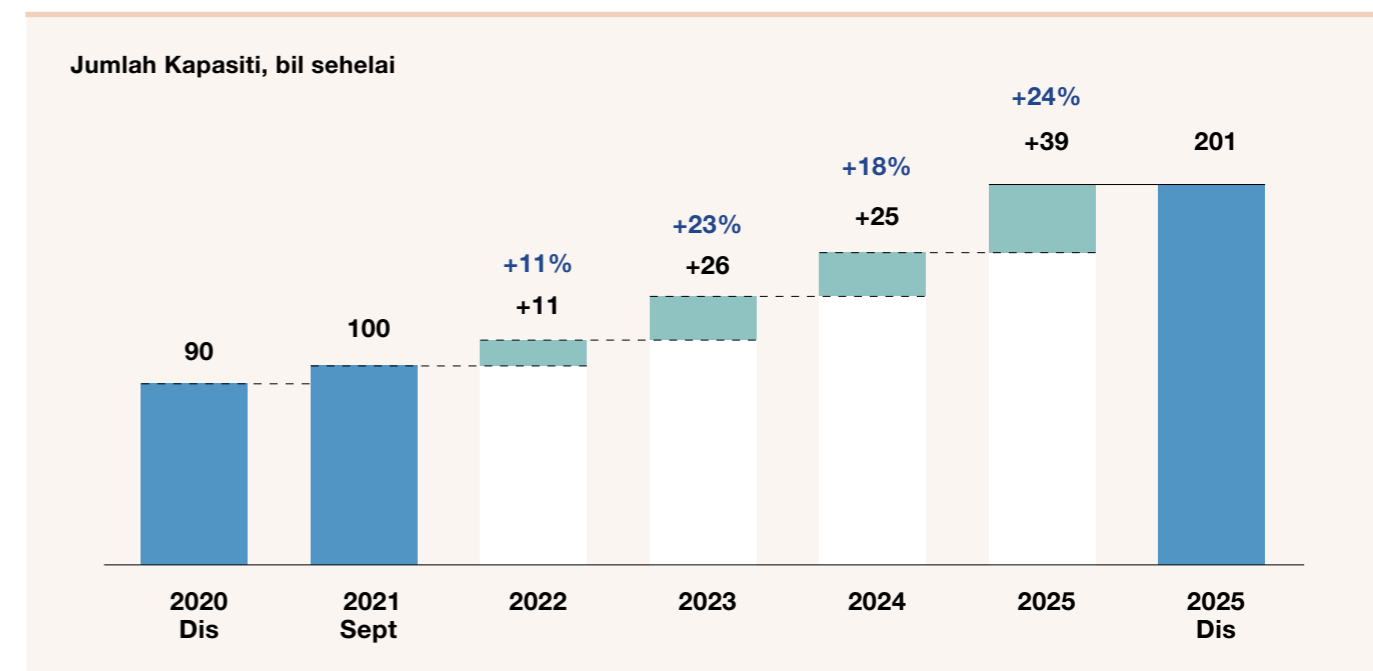
Pembangunan Korporat

Top Glove telah melalui persekitaran yang sangat mencabar untuk melaksanakan dan menyampaikan agenda pertumbuhannya.

Pengembangan Kapasiti Berterusan Sejalan Dengan Permintaan Global

Dalam melaksanakan peranan kami untuk memastikan bekalan sarung tangan yang tidak terganggu pada masa yang penting, Kumpulan terus memulakan pengembangan kapasiti yang stabil pada TK2021. Walaupun permintaan sarung tangan mula normal pada akhir tahun kewangan berikutan pelaksanaan vaksin yang pesat pada skala global, pertumbuhan masih dijangka stabil pada paras yang tinggi selepas pandemik surut, berbanding dengan pertumbuhan sebelum pandemik sebanyak 10% setahun.

Oleh itu, rancangan pelaburan sedang dijalankan untuk pertumbuhan masa depan. Top Glove akan terus memulakan pengembangan kapasiti organik yang akan diselaraskan agar sejalan dengan permintaan sarung tangan global dan situasi bekalan, membina kilang-kilang baharu dan berteknologi maju yang menampilkan lebih banyak automasi dan pengkomputeran, sambil meningkatkan taraf kemudahan sedia ada juga. Menjelang 31 Disember 2025, Top Glove dijangka mempunyai sejumlah 59 kilang yang terdiri daripada 46 kilang sarung tangan dan 13 kilang lain-lain, 1,486 barisan pengeluaran sarung tangan dan kapasiti pengeluaran sarung tangan sebanyak 201 bilion sarung tangan setahun. Pelan pengembangan organik Kumpulan bagi tahun 2021 hingga 2025 diperincikan di bawah:



Sementara itu, Kumpulan berkomit untuk melaburkan sebanyak RM600 juta bagi penubuhan Loji Pemprosesan Lateks NBR (getah *nitrile butadiene*) di Banting, Selangor untuk memastikan bekalan dan kualiti lateks NBR yang konsisten, dan mengurangkan kesan turun naik harga. Pembinaan loji ini akan dijalankan dalam 4 fasa, dengan Fasa 1 dijangka akan memulakan operasi menjelang Suku Pertama Tahun Kalendar 2022 dengan kapasiti 50,000 tan dan siap menjelang Suku Keempat Tahun Kalendar 2024 dengan jumlah kapasiti sebanyak 200,000 tan.

Sedang berlansung juga ialah Loji Sterilisasi Gamma di Klang, Selangor, yang bertujuan untuk mengurangkan risiko kepekatan dan mempercepatkan proses pensterilan sarung tangan pembedahan, ke arah memendekkan waktu untuk dipasarkan. Fasa 1 loji ini dijangka akan beroperasi pada tahun Suku Pertama Tahun Kalendar 2022 manakala Fasa 3 dijangka siap menjelang Suku Ketiga Tahun Kalendar 2023. Kemudahan ini yang mempunyai anggaran CAPEX sebanyak RM65 juta, akan dapat menyediakan pensterilan untuk 1 bilion keping sarung tangan pembedahan setahun.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

Membina Perniagaan Yang Kalis Masa Depan Melalui Penyelidikan dan Pembangunan (R&D) dan Teknologi Maju

Penyelidikan dan Pembangunan (R&D) dan teknologi terus mendorong penambahbaikan dan inovasi di Top Glove dan kami akan terus membina keupayaan kami dalam bidang-bidang penting ini.

Pada 1 November 2021, Bahagian Penyelidikan dan Pembangunan (R&D) kami mempunyai 1,375 penyelidik, yang ditempatkan di Pusat R&D dan jabatan kilang. Jumlah kumpulan intelektual penyelidik dalam Kumpulan terdiri daripada 39 pemegang PhD, 137 pemegang Ijazah Sarjana, 1,158 pemegang Ijazah Sarjana Muda dan 41 dengan kelayakan lain, yang membolehkan kami menjalankan penyelidikan multidisiplin untuk kelangsungan perniagaan masa depan.

Pada masa ini, Top Glove telah menubuhkan 10 Pusat R&D, 7 yang berpusat di Malaysia, 2 di Thailand dan 1 di China, masing-masing mengkhusus dalam bidang penyelidikan yang berbeza, membolehkan Kumpulan menyesuaikan diri dengan trend yang cepat berubah dalam pasaran global. Selanjutnya, 2 lagi Pusat R&D sedang dalam perancangan, 1 daripadanya akan memberi tumpuan sepenuhnya kepada IR 4.0 dan pembuatan, dilengkapi dengan teknologi dan automasi terkini.

Selama bertahun-tahun tumpuan kami yang kuat terhadap R&D telah menghasilkan kemajuan dan penemuan yang telah menyaksikan penubuhan barisan pengeluaran canggih, sistem Pengendalian Sarung Tangan Robotik dan sistem Pengurusan Operasi Bersepadu, kamera penglihatan AI dan lengan robotik, yang akan membolehkan kita kekal berdaya saing dalam jangka masa panjang.

Pelbagai produk penjagaan rumah, peribadi dan mulut yang komprehensif termasuk cecair pembasmi kuman, pencuci tangan anti bakteria, cecair pencuci pinggan mangkuk dan pencuci lantai yang dihasilkan oleh Top Glove Healthcare Centre (TGHC), muncul sebagai produk penting semasa pandemik, melengkapkan perniagaan sarung tangan teras kami. TGHC, yang ditubuhkan oleh pasukan R&D, merupakan syarikat yang disahkan ISO 9001:2015 (SPK) dan ISO 22716:2007 (cGMP), TGHC juga telah diluluskan oleh Agensi Regulatori Farmasi Negara (NPRA). Semua produk TGHC diformulasikan dengan keutamaan kepada bahan-bahan semulajadi, kandungan kimia yang minimum dan bebas kekejaman.

Dari perspektif teknologi, kilang kami terus maju ke arah mekanisasi yang lebih tinggi. Berdasarkan persiapan automatik, sistem kawalan talian dan sistem pemeriksaan visual AI, kami terus berusaha ke arah merealisasikan visi kami tentang sistem pengeluaran dan pembungkusan pintu "tanpa sentuhan". Dengan kemudahan kami yang

dikuasakan oleh mesin pembungkusan canggih dan kenderaan autonomi, pengendali kami juga menikmati persekitaran kerja yang lebih sihat sambil memastikan pelanggan kami menerima sarung tangan berkualiti tinggi yang dibuat dalam keadaan kebersihan yang optimum.

Kami juga melabur dalam Sistem Pengurusan Operasi Perkilangan untuk menyatukan setiap peringkat operasi kami: perancangan, pengeluaran, pemeriksaan, inventori, dan logistik, akhirnya mencapai integrasi penuh dengan sistem ERP kami. Memuncak dalam "Supply Chain Control Tower", integrasi di seluruh perusahaan ini akan memberi pasukan kami pemahaman yang lebih mendalam mengenai proses yang dikuasakan oleh sistem AI untuk mengenalpasti dan mengatasi masalah pengeluaran.

Semua ini dan banyak lagi akan dimasukkan ke dalam bukan sahaja kilang kami yang sedia ada, tetapi juga akan dimasukkan ke dalam Kampus Inovasi Top Glove (TGIC) yang baru sebagai hab seni untuk pembuatan dan R&D. Menampilkan yang terbaik dalam teknologi pembuatan sarung tangan, TGIC akan menjadi tonggak utama kami yang seterusnya dalam pembuatan sarung tangan, sebagai tanda komitmen kami ke arah penambahbaikan berterusan dan penghantaran sarung tangan berkualiti tinggi secara konsisten pada kos rendah yang cekap. Fasa 1 TGIC dijangka memulakan operasi menjelang Suku Ketiga Tahun Kalendar 2022, manakala siap disasarkan menjelang Suku Kedua Tahun Kalendar 2025 dengan kapasiti 20 bilion sarung tangan setahun.

Sejajar dengan itu, Top Glove komited untuk memastikan kesan kami terhadap alam sekitar tetap rendah, dan menerapkan sistem untuk mengatur dan mengekalkan keharmonian antara operasi kami dan alam sekitar. Untuk memastikan operasi kami mampan, kami mempunyai pelbagai projek yang sedang dijalankan untuk memantau dan menguruskan sumber tenaga, gas, dan air, serta pelaburan berterusan ke dalam proses solar, *Industrial Effluent Treatment System* (IETS) maju, dan proses bahan kitar semula.

Kami juga terus mengembangkan infrastruktur pembuatan awan kami dan membina "Grand Data Terminal" kami dengan menggunakan teknologi pengkomputeran IIoT, WIFI6 dan Edge untuk menyambungkan ribuan titik data ke rangkaian. Bagi memanfaatkan penganalisis dan bakat digital kami, kami menyalurkan semua data ini ke dalam papan pemuka dan laporan analisis yang menyajikan pandangan tambahan kilang-kilang kami dalam masa terdekat. Dan sebagai bonus, dengan mendigitalkan laporan ini, kami juga mengurangkan penggunaan kertas, sejajar dengan hala tuju kami tidak menggunakan kertas.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

Rekod Dividen Tinggi dalam Tahun yang Luar Biasa

Selaras dengan komitmen teguh kami untuk memberi ganjaran dan berkongsi kejayaan dengan lebih kurang 136,000 pemegang saham setia kami, kami mengisytiharkan jumlah dividen tahunan berjumlah 65.1 sen sesaham atau RM5.21 bilion, yang mewakili peningkatan sebanyak 452% daripada dividen tahun penuh untuk TK2020 sebanyak 11.8 sen sesaham. Kami juga berbesar hati untuk membuat pembayaran dividen suku tahunan bagi TK2021.

PIKAS: Top Glove mengatur program vaksin COVID di bawah Program Imunisasi Industri COVID Kerjasama Awam Swasta (PIKAS) pada 19 Julai 2021 di Meru, Klang, Selangor.



Tindak Balas COVID Kami: Mengutamakan Kesihatan & Keselamatan

Walaupun kami mempertingkatkan usaha pengeluaran sarung tangan, kami menyedari keperluan untuk memastikan kami melakukannya dengan selamat, dengan tumpuan yang tajam terhadap kesejahteraan pekerja dan komuniti yang kami berkhidmat. Untuk tujuan ini, langkah-langkah pencegahan COVID telah dilaksanakan sejak bermulanya pandemik, dan terus disesuaikan dan dipertingkatkan mengikut keadaan yang berkembang pesat. Ini termasuk penguatkuasaan yang ketat terhadap prosedur operasi standard (SOP) COVID, serta penjarakan sosial di kilang dan penginapan pekerja kami, manakala pemeriksaan tempat kerja tetap juga dijalankan untuk memastikan pematuhan berterusan terhadap peraturan Kerajaan Malaysia kepada standard tertinggi. Latihan juga dilancarkan untuk memberi kesedaran dan menekankan keperluan untuk mematuhi langkah pencegahan dan SOP.

Berikutan penghentian sementara kilang kami di Meru dari 17 November 2020 hingga 14 Disember 2020, kemudahan yang terjejas telah menjalani proses sanitasi yang ketat dan dibuka semula dengan langkah-langkah kesihatan dan keselamatan yang diperkukuhkan.

Pada 19 Julai 2021, Top Glove memulakan penyertaannya dalam Program Imunisasi Industri COVID Kerjasama Awam Swasta (PIKAS), perkongsian antara sektor awam dan swasta yang bertujuan untuk mempercepatkan imunisasi pekerjaannya. Sehingga kini, 99% pekerjaannya di Malaysia telah divaksin sepenuhnya manakala bagi Kumpulan, 98.8% telah divaksin sepenuhnya.

Sebagai langkah pencegahan selain daripada mengikut SOP, Syarikat telah melabur kira-kira RM7 juta setakat ini, untuk ujian COVID pekerjaannya.

Untuk mengurangkan perjalanan berulang alik dan pendedahan kepada risiko, Syarikat menyediakan makanan vegetarian yang sihat bersubsidi, yang dihantar setiap hari ke kilang dan pejabat kakitangan, di mana kami telah melabur sebanyak RM7.2 juta pada TK2021. Di bawah skim ini, pekerja hanya perlu membayar RM1 untuk makanan vegetarian yang sihat. Sementara itu, pembayaran tanpa tunai di kantin kami dan juga untuk katering, telah dilaksanakan. Menerapkan normal baharu, Top Glove melaksanakan Polisi Kerja Dari Rumah (WFH) semasa pandemik, memanfaatkan teknologi untuk mengaktifkan mesyuarat dalam talian dengan cepat, latihan dan pemeriksaan secara virtual mengikut keperluan, membolehkan perniagaan beroperasi seperti biasa dalam persekitaran yang luar biasa. Kebanyakan mesyuarat dan latihan terus dijalankan secara virtual walaupun tenaga kerja kembali ke pejabat.

Aplikasi Pembelajaran Pekerja TG (TGWLA) juga diciptakan secara dalaman, membolehkan pekerja kami melakukan pembelajaran berasaskan mudah alih. Tambahan pula, pengecaman wajah bagi menggantikan pengimbasan jari untuk akses ke premis kami telah dilancarkan bagi meminimumkan hubungan fizikal untuk permukaan sentuhan tinggi.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

Anugerah Dan Penghargaan

Top Glove juga berbesar hati kerana telah memperoleh beberapa anugerah di **The Edge Singapore Billion Dollar Club 2021 (BDC)** yang berprestij. Di bawah sektor Perkhidmatan Kesihatan & Farmaseutikal, ia memenangi 3 anugerah iaitu **Best Performing Stock, Fastest Growing Company** dan **Best in Sector** dan yang seterusnya, juga dinobatkan sebagai Pemenang Keseluruhan untuk tahun 2021 di antara 90 syarikat lain di BDC tahun ini.

Lebih mengukuhkan kedudukannya sebagai majikan pilihan, syarikat ini telah diiktiraf di **HR Asia Awards Best Companies to Work for in Asia**, untuk tahun ke-5 berturut-turut pada bulan Mac 2021. Pada bulan Jun 2021, Top Glove juga memperoleh banyak kemenangan di **Human Resources Excellence Awards 2020**, dalam bidang **HR Excellence in Leadership Development (Emas), HR Excellence in Talent Management (Perak), Most People Focused CEO (Perak)** dan **HR Excellence in Corporate Wellness (Gangsa)**. Top Glove juga dinobatkan sebagai Pemenang di **Best Employer Brand Graduates' Choice Awards 2021** dalam kategori Pengeluaran dan juga memenangi **Gangsa di Employee Experience Awards 2021 (Malaysia)** untuk **Best Employer Branding**.

Modification Ke Atas Finding oleh U.S. CBP

Berikutan *Modification* ke atas *Finding* oleh U.S. CBP, operasi Top Glove Malaysia telah dibenarkan untuk mengekspor dan menjual sarung tangan ke Amerika Syarikat efektif pada 10 September 2021, menunjukkan bahawa Kumpulan telah menangani semua petunjuk pekerja paksa yang dikenalpasti di kemudahannya di Malaysia. Perkembangan positif ini diharapkan dapat meningkatkan penjualan dari operasi Top Glove Malaysia ke Amerika Syarikat, yang menyumbang 15% daripada jumlah penjualan TK2021 Kumpulan.

Perjalanan kami ke pengubahsuaian sangat bermakna, di mana kami muncul sebagai Top Glove yang lebih baik dan kuat hari ini. Kami sangat gembira kerana telah menyelesaikan pembayaran pemulihan lebih dari RM150 juta kepada lebih dari 13,000 pekerja migran yang telah membayar yuran pengambilan dan kos yang berkaitan dengan ejen perekrut, membuat penambahbaikan yang besar untuk penginapan pekerja dan melaksanakan talian bantuan pekerja yang diuruskan secara bebas di antara inisiatif lain. Ini hanya permulaan untuk kami dan kami berinspirasi untuk terus menjadi syarikat yang terbaik di mana kami dapat memastikan kesihatan, keselamatan dan kesejahteraan orang kami sentiasa dijaga.



Untuk lihat pernyataan yang dikeluarkan oleh U.S. CBP mengenai perkara ini, sila imbas kod QR atau layari pautan ini; <https://public-inspection.federalregister.gov/2021-19535.pdf>



▲ Yayasan Top Glove menyumbangkan RM100,000 serta peralatan perlindungan diri yang terdiri daripada sarung tangan, pelitup muka dan cecair pembasmi kuman yang dihasilkan oleh Top Glove kepada Ibu Pejabat Polis Daerah Shah Alam pada 15 Jun 2021

(Dari kanan) Cik Ng Mei Fong, Pengurus Kanan Yayasan Top Glove, Dato' Abdul Rahim B. Abdullah, Penasihat Hal Ehwal Kerajaan dan Tuan ACP Baharudin Bin Mat Taib, Ketua Polis Daerah Shah Alam, diiringi bersama pegawai-pegawainya

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN DAN PERBINCANGAN & ANALISIS PIHAK PENGURUSAN

Pandangan & Prospek

Melihat ke hadapan, kami yakin bahawa permintaan terhadap sarung tangan akan terus meningkat, meningkat antara 10% hingga 15% setahun, didorong oleh peningkatan tahap kesedaran dan standard kebersihan yang tinggi dalam sektor perubatan dan bukan perubatan. Pertumbuhan permintaan juga akan disokong oleh kemunculan virus baharu, walaupun ketika pandemik beralih kepada endemik dan dunia mulai "hidup dengan COVID". Selain itu, dengan penjualan semula ke Amerika Syarikat yang merupakan pasaran utama untuk Top Glove, kami optimistik terhadap peningkatan dalam Volum Jualan pada suku-suku akan datang.

Ini tidak bermaksud tidak akan adanya cabaran. Kami menjangka bahawa ASP akan terus menyusut secara industri, manakala pelanggan menggunakan sikap "tunggu dan lihat" dengan jangkaan ASP mencapai tahap normal. Persaingan dari pengeluar, terutama dari luar negara juga semakin rancak.

Walaupun persekitaran perniagaan dijangka sukar, kami bersedia dengan baik. Aliran tunai yang kuat yang telah kami bina sepanjang TK2021 akan membolehkan kami membiayai pengembangan berterusan dan juga merebut peluang untuk penggabungan dan pemerolehan (M&As) apabila timbul. Sejajar dengan itu, kami juga akan terus melabur dalam R&D dan memanfaatkan teknologi canggih untuk menyusun semula proses kami ke arah kualiti produk, kecekapan dan inovasi yang lebih tinggi.

Prestasi TK2021 kami yang kuat dalam menghadapi persekitaran operasi yang sukar juga memberi kami alasan yang baik untuk optimis tentang masa depan; kerana kami telah melihat daya tahan kakitangan kami, yang telah mendorong kemampuan kami untuk menyesuaikan diri dan berkembang maju dalam keadaan yang paling mencabar.

Inilah sebabnya mengapa kami masih berani beroptimis. Rancangan bercita-cita tinggi kami untuk masa depan tetap kukuh termasuk untuk menjadi syarikat *Forbes dan Fortune Global 500*, menjelang tahun 2030. Kami juga akan terus mengejar penyenaaran utama berganda di Bursa Saham Hong Kong (HKEX) dimana kami telah membuat penyerahan semula permohonan A1 pada 28 Oktober 2021.

Ulang tahun ke-30 kami mungkin bertepatan dengan tahun yang paling mencabar, tetapi kami terus maju ke hadapan, dengan keyakinan sepenuhnya daripada sokongan yang berterusan dari Top Glovers kami akan memastikan syarikat kekal cergas dan berada dalam kedudukan yang baik untuk meraikan lebih banyak ulang tahun yang akan datang.

Penghargaan Yang Tulus

Dalam masa yang paling mencabar, kami belajar dengan penuh kebanggaan ukuran penuh ketahanan kami sebagai syarikat untuk bangkit dalam menghadapi kesukaran dan terus maju dengan kuat.

Kami ingin mengucapkan terima kasih yang tulus kepada Lembaga atas nasihat bijak mereka dan penglibatan mereka, yang sangat berharga dalam menavigasi perairan yang kasar dan membantu mengarahkan syarikat dengan selamat ke darat.

Kepada kakitangan kami, Top Glovers kami, anda telah menghadapi cabaran pada masa yang belum pernah terjadi sebelumnya dengan komitmen yang tiada tandingannya. Ucapan terima kasih kami yang mendalam atas sikap rajin dan tekun atas kerja keras dan dedikasi anda, yang telah membolehkan syarikat kami mengharungi tahun yang mencabar dan muncul dengan lebih kuat. Anda telah membuat kami bangga. Kami lebih berbesar hati untuk menyaksikan sikap tidak mementingkan diri sendiri, untuk menghantar makanan dan keperluan setiap hari kepada rakan-rakan kami yang terjejas oleh PKPD. Syabas, anda telah benar-benar membuat kami bangga.

Kepada pelanggan, pembekal, pemegang saham dan pihak berkepentingan kami yang lain; terima kasih atas sokongan, maklum balas dan kritikan, yang memberi inspirasi dan mendorong kami untuk melakukan lebih banyak perkara dan melakukan yang lebih baik, menghasilkan yang terbaik dalam diri kami.

Kami juga mengambil kesempatan ini untuk mengakui dan memberi tabik hormat kepada petugas barisan hadapan dan pengamal perubatan kami yang terus menjalankan tugas mereka dengan penuh keberanian dan pengorbanan yang besar. Anda adalah wira negara kami dan ia adalah satu penghormatan yang berbeza untuk menyarung tangankan anda dan rakan-rakan petugas barisan hadapan anda di seluruh dunia.

TAN SRI DR LIM WEE CHAI
Pengerusi Eksekutif
Top Glove Corporation Bhd
2 November 2021

DATO' LEE KIM MEOW
Pengarah Urusan
Top Glove Corporation Bhd
2 November 2021

致权益持有人的信函及 管理层讨论与分析

致权益持有人的信函及 管理层讨论与分析

的一
年，创
佳

权益持有人，
体安康

在这 无前例的一年里，我们领略到了健康乃真正重要的财富。随着疫情的肆虐，顶级手套加强高品质手套的生产量，以满足医护人员在 frontline 为全球对抗新冠病毒时，对个人防护用品 (PPE) 的迫切需求。

全球 入 机的当 ，集团自身亦面 挑战。其中包括美国 关及边境保护局 (CBP) 暂停我们于马来西亚出口至美国的手套业务，同时集团员工亦受到病毒的影响；我们从解决这些事件中获得了 多的启发。

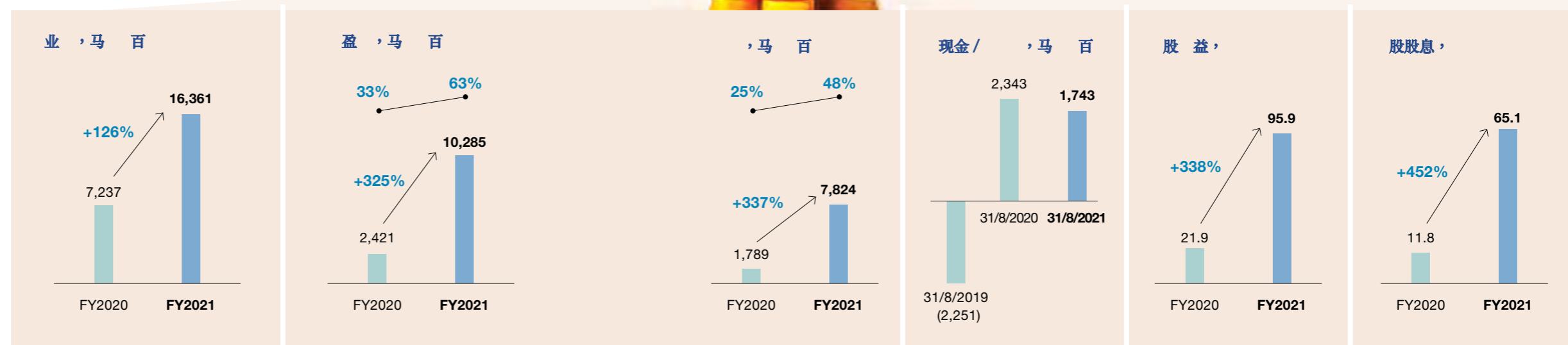
在集团为 位权益持有人提供长期价值及增长的同时，集团致力以保卫生 为2021财务年的首要任务及 壮志。顶级手套必将克服重重 ，并创下另一极具象征性的一年，于集团的30周年 。



管理层讨论与分析

于2021财务年，顶级手套销售 达至马币163.6亿，较2020财务年 升126%。净利润亦增长至马币78.2亿，相比上一财务年 涨337%。与此同时，截至2021年8月31日，集团净现金流处于健康水平，为马币17.4亿。以下图表总结集团2021财务年的业绩表现。

2021财务年业 里



- 集团于2021财务年 无 比的佳
与权益持有人
- 创造了 个
 - 历史新高销售 亿 比 2020 ↑
 - 非 的 亿 比 2020 ↑
 - 无前例的总股息 亿 比 2020 ↑
 - 马 亿的和经 增长 贡献于国家建设
 - 马 亿投入于兴建员
 - 马 亿 于社区疫情
 - 马 投资于ES

致权益持有人的信函及管理层讨论与分析

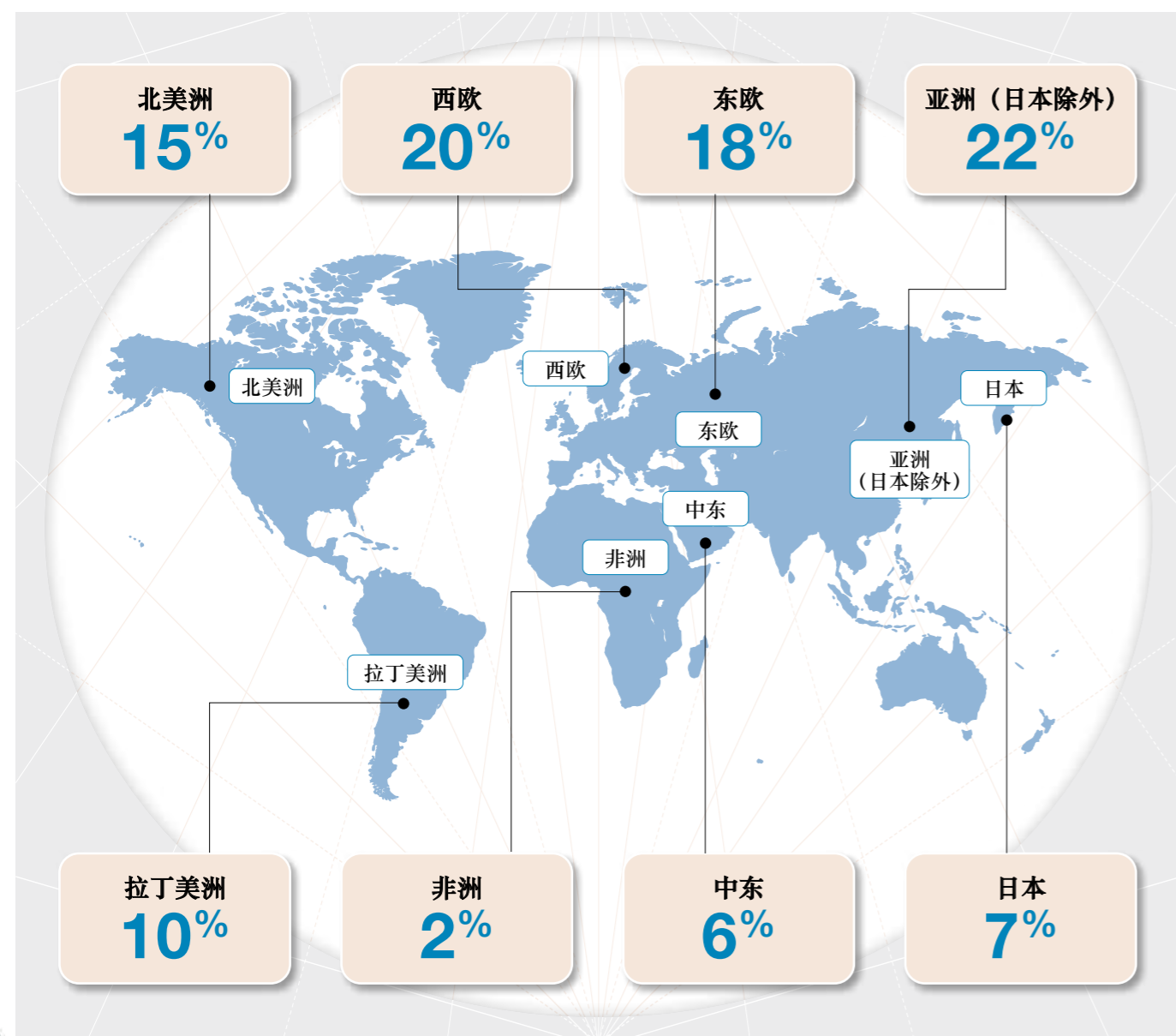
集团优秀的年度财务业绩归功于高涨的手套需求量以及强劲的平均销售价。随着疫情持续的肆虐，配合市场定价趋势，平均销售价上涨了约138%。

相比2020财务年，销售量保持于同样水平，随着以下因素：2020年11月于集团宿舍实施的加强行管令（EMCO）导致手套生产间歇性中断；部分工厂出现的新冠病例；2021年7月于雪州落实的全州EMCO，在此期间手套领域10天不被获准运营；以及整个财务年内与行动管制令（MCO）相关的封锁而导致此期间受影响设施必须降低其运营产能。产量的减少亦对设施使用率带来不利影响，并推高生产成本。

不仅如此，随着美国CBP对顶级手套颁布的调查结果，集团于2021年4月至2021年8月期间被迫暂停由马来西亚销售至美国的手套业务，该禁令已于2021年9月10日解除。

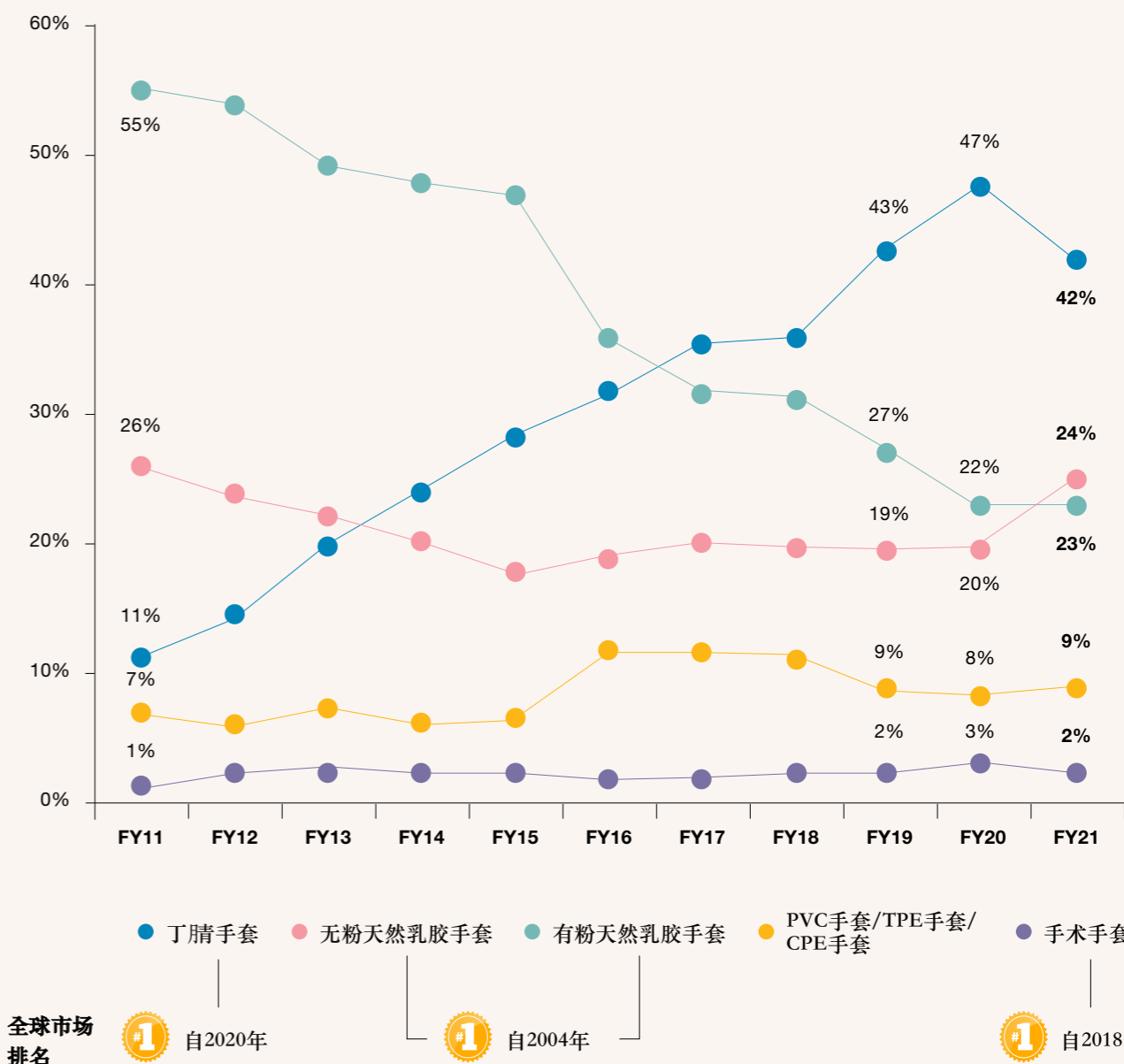
与此同时，基于手套需求量增加所导致的供应短缺，原材料价格于2021财务年首半年上涨。随着2021财务年丰厚的利润，集团因此必须缴付更高的有效税率。

2021财务年各地区销售量（数量）比较



致权益持有人的信函及管理层讨论与分析

2011财务年至2021财务年产品组合销售数量百分比



于2021财务年期间，发展中国家疫苗推出速度缓慢，致使其国家新冠病毒案例的提升。基于天然乳胶手套为他们的首选，集团意识到需求量逐渐从丁腈手套转至天然乳胶手套。

尽管如此，集团全面化的产品组合，加上战略性地转换生产线于丁腈手套及天然乳胶手套之间的能力，促使集团得以更好地满足及迎合各个市场的需求，从而降低其业务风险。

在顶级手套将稳利集团的营运成功扭转后，新增产能使集团得以满足手套紧迫的需求量并提供可观的净利润，让集团持续品尝收购带来的成效。

致权益持有人的信函及管理层的讨论与分析

致权益持有人的信函及管理层的讨论与分析

不局限于财务表现：追求永续未来



▲ 于2021年4月17日，顶级手套与国立台湾大学马来西亚校友会合作意向书的签约仪式

集团财务业绩固然重要，但与其并列重要性乃实践此业绩的过程。作为领域的领军者，我们致力于履行身为全球企业公民的责任，并持续加强集团于永续发展支柱：环境、社会及治理（ESG）方面的努力，时刻谨记我们有能力并有义务献出更佳的表现。

为将ESG元素更深入地融入于业务当中，并象征于此领域未来更大努力的开端，集团宣布2021财务年为顶级手套的ESG之年，并已制定了于2025财务年前，励志达到的中期目标。同时，本集团正着手与外部顾问探讨以科学为基础的目标设定，以便使净零碳排放的路线图更为明确。

作为22,000名员工的首选雇主，我们致力于成为力所能及的最佳企业。这包括为集团外籍劳工制定零成本招聘政策、提供舒适住宿和设立申诉管道、以及完善的健康、安全和安保措施。于2021年1月，集团运营亦获得了独立第三方国际英国顾问的验证，证明集团没有触发国际劳工组织（ILO）11项系统性强迫劳动指标的任何一项。

欲知更多有关顶级手套于ESG之年及未来为永续增长策略所贡献的努力及承诺，请参阅第88页。

企业发展

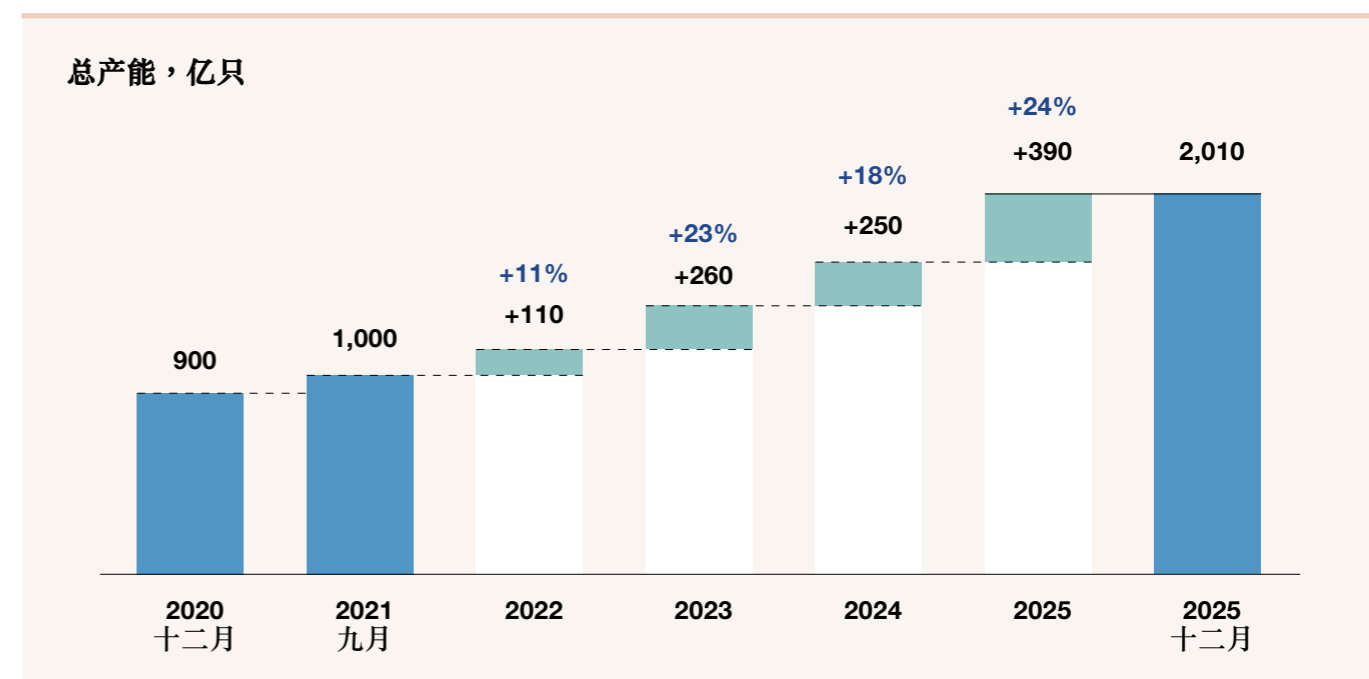
顶级手套于此充满挑战的环境中斗志昂扬，坚持履行及实践其增长议程。

顺应全球手套需求量持续扩展产能

2021财务年，集团为确保关键时期不间断的手套供应，正持续稳步扩大其产能。尽管手套需求量于财务年后期尾随全球疫苗迅速推出后逐渐缓和下来，但预计其增长将于疫情消退后稳定于较高水平，相较疫情爆发前10%的年增长率。

相应地，集团于未来增长议程中，投资计划陆续有来。顶级手套将持续其有机产能的扩展，根据全球手套供需情况进行适当的调整，建立更多具备自动化及电脑化的先进工厂，同时为现有设施提供升级。截至2025年12月31日，顶级手套预计将拥有59间工厂，其中包括46间手套工厂和13间非手套工厂，1,486条手套生产线及2,010亿只手套年产量。

集团2021年至2025年的有机扩展计划详述如下：



于此同时，集团致力于投入马币6亿兴建位于雪州万津的一间丁腈橡胶（NBR）加工厂，以更好地确保丁腈橡胶的稳定供应及质量，并减少因原材料价格波动所带来的影响。该工厂的建立将分成四个阶段进行，第一阶段预计将展开于2022年第三季度，产能为5万吨，而工厂将于2024年末季度竣工，总产能为20万吨。

集团正进行中的扩展亦包括位于雪州巴生的伽马消毒工厂，旨在降低手术手套的集中性风险并加快消毒过程，以便缩短上市的时间。该工厂第一阶段目标于2022年首季度投入运作，而最后的第三阶段预计将于2023年第三季度完成。该设施的资本支出估计为马币6,500万，每年将能提供消毒于10亿只的手术手套。

通过研发及先进科技推动集团业务迈向未来

研发及科技依然是顶级手套改进和创新的关键驱动力，我们将持续在这至关重要的领域提升自身的能力。

截至2021年11月1日，我们的研发部门总共有1,375名研究人员，分布于研发中心内及工厂部门。集团内研究人员的智囊库包括：39名博士学位持有者、137名硕士学位持有者、1,158名学士学位持有者及41名具有其他资格的人员，促使集团得以为未来业务永续发展进行多学科研究。

目前，顶级手套已成立10所研发中心，其中的7所位于马来西亚，2所位于泰国及1所位于中国，每所研发中心分别专注于不同领域的研究，使集团能够适应全球市场迅速变化的趋势。除此之外，另外2所研发中心正在筹备当中，其中1所将配备最新科技及自动化设施，并专注于工业4.0及生产。

多年以来，集团对研发的高度重视取得了进步及突破，其中包括：先进生产线的建设、机器人手套处理系统和综合运营管理系统、人工智能视觉摄像头及机械臂，都将使集团长期保持其竞争能力。

顶级手套医疗保健中心（TGHC）生产一系列综合居家、个人及口腔护理产品，包括：消毒液、抗菌洗手液、洗碗液及地板清洁剂，疫情肆虐期间突显了这些产品的重要性，亦为集团核心手套业务增添补助。TGHC，由研发团队创立，乃一所通过ISO 9001:2015 (QMS) 和 ISO 22716:2007 (cGMP) 认证的ISO合法企业，及获得国家药品管理局（NPRA）的批准。所有 TGHC 产品配方均优先采用天然原料、最少量的化学成分且零伤害。

致权益持有人的信函及管理层讨论与分析

从科技角度来看，集团工厂持续迈向机械化发展。通过自动化配方的筹备、生产线管控系统及人工智能视觉检测系统，集团努力迈向“零接触”的智能生产及包装系统。凭着集团顶尖的设施，最为先进的包装机器和自动驾驶车辆，集团员工亦得以享受更健康的工作环境，同时确保集团客户一贯地获得于最佳卫生条件下生产的高品质手套。

此外，集团亦投入资金于制造运营管理系统，以将每个运营阶段联系在一起，此些阶段乃：计划、生产、检验、库存及物流，目标将与集团ERP系统合成为一。身处“供应链管制塔”的顶峰，此全企业化的结合将使团队更深入地了解由人工智能系统驱动的流程，以识别及克服生产瓶颈。

此些举措将不仅实施于集团现有工厂，亦会被嵌入至新的顶级手套创新园区（TGIC），乃集团目前最为先进的制造及研发中心。凭着顶级手套一流的手套制造科技，TGIC将成为集团于手套制造领域中下一个重要的里程碑，这亦展示我们对持续改进及秉持以高效率低成本提供一贯高品质手套的承诺。TGIC首阶段预计将于2022年第三季度开始运营，竣工日则预计为2025年次季度，并提供200亿只的手套年产量。

同时，顶级手套坚守其承诺于降低集团业务对环境带来的影响，并安装管理系统来维护集团运营与环境之间的和谐。为了确保集团运营的永续性，我们正在进行一系列用于监测和管理能源、天然气及水源的项目，包括持续投资于太阳能、先进工业污水处理系统（IETS）及原料回收过程。

不仅如此，集团也通过工业物联网（IIoT）、WIFI6和Edge计算技术将数千个数据点连接至网络，以继续扩展我们的云端制造设施及构建我们的“大数据终端”。通过与集团分析师及数据人才的合作，我们将此所有数据导入仪表盘及分析报告，以近乎实时的方式呈现出顶级手套工厂增产性的视图。作为间接附属效益，这些报告的数据化亦减少集团的纸张使用量，配合集团无纸化的方针。

在丰盈的一年达至创记录的高股息

配合集团为奖励其大约136,000名大众股东及共享佳绩的承诺，我们宣布年度总股息为空前的每股65.1仙或总值马币52.1亿，相比2020财年每股11.8仙的全年股息增长了452%。我们亦感到高兴得以于2021财年实行季度制的股息支付。



我们的抗疫响应： 健康及安全为首要任务

集团于增强手套生产的同时，我们也意识到确保安全生产的必要性，并提高对集团员工及我们所服务社区福祉的关注。为此，自疫情爆发以来，集团已采取新冠病毒预防措施，并不断根据变化迅速的疫情来进行调整及加强。其中包括：严格执行的新冠病毒标准作业程序，保持社交距离于工厂和员工住宿，同时亦进行定期突击检查于确保以最高标准遵守马来西亚政府制定的条规。此外，为了提升意识并加强遵守预防措施和标准作业程序，集团亦展开了一系列的培训。

于2020年11月17日至2020年12月14日，随着集团暂停位于巴生中路工厂的营运，我们对受影响设施进行严谨的消毒过程，并通过加强健康及安全措施以获准重新开放。

顶级手套于2021年7月19日参与一项公共与私人领域之间合作的疫苗项目：公私合作工业免疫计划（PIKAS），旨在加速员工的疫苗接种。迄今，马来西亚99%的员工已完成双剂疫苗接种，而全集团内完成第二剂疫苗接种的员工达98.8%。

除了遵守标准作业程序，作为该有的预防措施，集团迄今已投入大约马币700万资金为员工进行新冠病毒检测。

为了减少不必要的社区接触及曝光，集团在2021财年投资了马币720万，为员工提供津贴健康素食餐，每天送至员工的工厂/办公室。根据此项计划，劳工只需支付马币1令吉即可享用健康的素食餐。同时，我们的食堂和餐饮已实施无现金支付。为迎接新常态，顶级手套于疫情期间实施了一项居家工作（WFH）政策，利用科技迅速启动线上会议、培训及线上工厂检查，使集团得以在特殊环境中如常运营。即使员工已重返办公室，大部分会议及培训仍以线上方式进行。

顶级手套劳工学习应用程序（TGWLA）由集团内部开发，旨在让我们的劳工得以进行移动式培训。此外，在进出集团处所时，我们已推出面部识别系统来替代现有的手指扫描，以最大限度减少员工与高接触率表面的接触。

奖项和荣誉

顶级手套亦于权威的《The Edge Singapore》2021年十亿新元俱乐部中荣获多个奖项。于医疗保健服务及制药领域，集团获颁最佳表现股票、最快增长企业及该领域中最佳企业3个奖项，其中最为显著的是，集团击败了其余90家企业，被评为2021年的总赢家。

为进一步巩固集团作为首选雇主的地位，顶级手套于2021年3月连续五年蝉联 **HR Asia 亚洲最佳企业雇主**的奖项。于2021年6月，顶级手套于**2020年人力资源卓越大奖**中获颁多项殊荣，其中包括人力资源卓越领导能力发展（金）、人力资源卓越人才管理（银）、以人为本首席执行官（银）及人力资源卓越企业健康（铜）。此外，顶级手套亦获颁**2021年品牌毕业生首选奖项**之制造领域类别的最佳雇主，同时于**2021年雇员体验奖项（马来西亚）**中获得最佳雇主品牌的铜奖。

美国CBP对调查结果的修改

随着美国CBP修改对于顶级手套的调查结果后，即2021年9月10日起，顶级手套于马来西亚的营运已获准恢复向美国出口以及销售手套，这亦象征着集团已成功解决所有于马来西亚设施的强迫劳动指标。此正面发展预计将推动顶级手套于马来西亚分部出口至美国的销售量，其市场平均占据集团2021财年总销售量的15%。

集团对调查结果修改前的经历感到极具意义及谦逊，并令我们从中获益良多，成为了更佳及更强大的顶级手套。集团深感欣慰，针对超过13,000名先前已向招聘代理支付招聘费用及相关费用的外籍劳工，完成了逾马币1.5亿的招聘费补偿金，此外亦投入大量资金于改善员工住宿，及开通一条由独立机构管理的劳工求助热线等措施。这仅象征着集团的一个开端，我们深受启发于持续成为最佳企业，并确保集团时刻专注于维护员工健康、安全及福祉。



欲查看美国CBP针对此事件发布的声明，请扫描此二维码或浏览此链接：<https://public-inspection.federalregister.gov/2021-19535.pdf>

展望与前景

展望未来，我们坚信手套需求量于医疗及非医疗领域健康意识和卫生水平提升的推动下，将不断稳步上升，每年增长10%至15%。即使此大流行病转变为地方疾病及全球开始习惯“与新冠病毒共存”，新病毒株的出现仍然将导致需求量的增长。此外，随着集团恢复将手套由马来西亚出口至美国（顶级手套的主要市场），我们对未来几个季度销售量的改善保持乐观的态度。

集团深知挑战的潜在性。整个领域的平均销售价格预计将处于放缓趋势，而客户亦采取观望的态度，于预期中平均销售价格将会正常化并推迟补货活动。至于来自其他制造商的竞争，尤其于国外的制造商，亦越发激烈。

致权益持有人的信函及管理层讨论与分析

虽然运营环境预计将会非常艰难，但我们已做好充分的准备。集团于2021财年期间建立的强大现金流储备将使我们得以提供资金于持续扩展业务，并在适当的时候抓紧价值并购的良机。与此同时，集团亦将继续投资于研发，并利用先进科技来重新设计我们的生产流程，以迈向提高产品质量、效率及创新。

面对严峻的运营环境，集团于2021财年的卓越表现亦让我们有充分的理由对未来持乐观态度；尤其于此期间我们见证了集团员工的韧性，在集团最艰难的时期得以适应并茁壮成长。

这亦解释为何集团仍勇于追求梦想。我们对未来的雄心壮志始终如一，包括于2030年前跻身福布斯和财富世界500强之排行榜。我们亦将持续进行双边主要上市于香港交易所（HKEX），为此集团已于2021年10月28日重新提交上市申请。

集团成立30周年或恰逢我们迄今最具挑战性的一年，但我们坚定地迈向未来的日子，亦满怀信心凭着顶级手套成员坚定不移的支持，将确保集团永保强健并准备好迎接未来更多的周年纪念日。

衷心感谢

艰难时期终将道破个人及企业的能耐。当集团处于最艰难的时期，我们充分见证了本身作为一家富有韧性的企业，并为此深深感到自豪。这亦使集团能够从逆境中奋起并锐意进取，勇往直前。

在此，我们想对董事会表示衷心的感谢，感恩他们睿智的高见及参与，有助于集团于惊涛骇浪中的安全航行及上岸。

至我们的顶级手套成员们；您们给予无可替代的付出以迎接这期间前所未有的挑战。我们衷心感谢您们抱持“势在必行”的态度并辛勤工作及付出贡献，让集团得以度过这一极具挑战性的一年，并茁壮成长。不仅如此，更让我们深感欣慰的是，集团见证了您们无私奉献的精神，于疫情肆虐期间为受加强行管令影响的同伴们提供食物及必需品。真棒！您们乃集团的骄傲。

致我们的客户、供应商、股东及其他权益持有人；感谢您们的支持、反馈及建设性的批评，它们激励且推动我们做得更多，做得更好，并发挥我们最好的一面。

我们欲借此机会向我们的前线人员及医护人员致敬，他们持续勇敢并不惜付出巨大的牺牲以坚守职责。您们乃国家的英雄，顶级手套为能向世界各地的前线人员提供手套而深感至高的荣誉。

丹斯里林伟才博士
执行主席
顶级手套集团
2021年11月2日

拿督李金谋
董事总经理
顶级手套集团
2021年11月2日

THE MARKET AND TRENDS THAT SHAPE US

As a global player, our performance is affected by the various business dynamics, market sentiments and societal changes. We consistently monitor these changes to mitigate any new and existing risks and capture new opportunities to ensure business continuity.

Outbreak of Pandemics



As an inexpensive protective barrier for people, demand of gloves can be seen during health threats such as SARS, H1N1 and most recently, COVID. The increasing health and safety concerns have led to a surging demand for personal protective equipment

(PPE) including disposable gloves. Besides clinics and hospitals that have implemented heightened precautionary measures, countries have also implemented stricter regulations to control the pandemic and ensure production quality.

These factors have stimulated global glove demand to unprecedented heights. Average selling prices (ASPs) have also seen a significant increase due to constrained supply resulting from increasing order enquiries from governments globally. Glove demand is expected to stabilise post-pandemic although it will not return to pre-pandemic levels due to increased hygiene awareness and the uncertainty of the pandemic. Thus, governments will stock up on PPE in preparation for future waves of COVID and the flu season.

Wider Applications of Gloves Across Industries



With gloves being very versatile in nature, other industries, such as food and beverages, biotechnology etc., have adopted gloves. The emerging 5G technology, AI and IoT, have driven the demand of gloves used in research and development, industry and electronics. Governments globally also have mandated stricter occupational safety regulations, requiring corporations to provide safer work environments for its workers.

To further improve workers' safety, corporations have implemented the ISO45001 occupational health and safety management systems to regulate and improve safety in the work environment. For the food and beverage industry, developed countries have developed guidelines and recommendations for hygiene purposes by wearing gloves to prevent foodborne diseases. Hence, these factors would likely contribute to glove demand in the future.

THE MARKET AND TRENDS THAT SHAPE US

Ageing Population and Higher Life Expectancy



According to the United Nations, 9% of the global population are over the age of 65 with the number expected to increase to 16% by 2050 due to growing population in emerging countries. Life expectancy has also increased overall. The United Nations has observed, between 1990 to 1995 and 2015 to 2020, the global life expectancy at birth has increased 12% and is expected to rise in the next 50 years. As senior population are prone to different diseases and require more medical checkups, the rising number of aged population has pushed the demand for healthcare products and services, resulting in higher glove consumption.

Growing Economy and Hygiene Awareness



In recent years, emerging countries' economies have increased moderately on the back of positive global trade performance. According to the IMF, emerging markets and developing economies have seen an increase of aggregate GDP from USD29.5 trillion in 2015 to USD34.0 trillion in 2020, translating to a CAGR of 2.9% from 2015 to 2020. Driven by the growing economy, governments can devote more resources to the national health budget to improve domestic health systems. The global health expenditure per capita recorded an increase from USD999.0 in 2015 to approximately USD1,105.1 in 2020. Thus, given the current situation of the global economic development, the overall demand and penetration rate of gloves worldwide is expected to rise.

Product Structure Transformation and Technology Upgrading



Natural rubber latex gloves, being more comfortable and higher dexterity than nitrile latex gloves, have been the mainstay for the medical and industrial sectors for some years. However, concerns over latex allergies have motivated glove manufacturers to improve the performance of their nitrile latex gloves and nowadays, nitrile latex gloves are almost as comfortable and permeable as natural rubber latex gloves. In addition, nitrile latex gloves can be sterilised without any effect on its physical characteristics. Thus, with its excellent performance, many industries have opted for nitrile latex gloves.

The ASP of nitrile latex gloves is higher than other major materials which made it difficult to penetrate the market of developing areas. So, to make products more cost-effective, glove manufacturers have invested heavily in automation and digitalisation resulting in higher productivity and lower overheads, improving companies' competitiveness. ASPs of gloves will gradually decrease in the future along with improved production efficiency and utilisation rate.

Source: Frost & Sullivan Report

OUR VALUE CREATION MODEL

OUR VALUE CREATION MODEL

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



OUR CAPITALS AND SIGNIFICANCE

Financial Capital

- Our strong generation ability allows us to effectively implement and execute our strategies for the future.

For more information, please refer to [page 177 to 290](#)

Manufactured Capital

- Our high quality facilities and complex manufacturing expertise across the globe give us a broad revenue base to tap into.

For more information, please refer to [page 12 to 14, page 53](#)

Social and Relationship Capital

- We focus on developing quality relationships with our stakeholders and bolstering our corporate reputation while contributing back to the communities.

For more information, please refer to [page 166 to 169](#)

Intellectual Capital

- Our targeted products portfolio are backed by an empowered innovative mindset and trusted brand value to develop market-leading products.

For more information, please refer to [page 54](#)

Human Capital

- With strong focus on training and development, our highly talented people is the driving force behind our continued success.

For more information, please refer to [page 108 to 133](#)

Natural Capital

- Our commitment towards environmental protection minimises our environmental impact which ensures our compliance to regulations.

For more information, please refer to [page 95 to 107](#)

OUR OUTCOMES FOR FY2021

<p>Displaying Financial Strength and Sharing Wealth</p> <ul style="list-style-type: none"> Net profit of RM7.82 billion Earnings per share of 95.9 sen Total dividend of RM5.21 billion distributed to shareholders 	<p>E</p> <p>SI</p>
<p>Developing Quality Products and Providing Access Worldwide</p> <ul style="list-style-type: none"> Capital expenditure of RM1.36 billion RM3.96 billion worth of property, plant and equipment Exports to 195 countries 27 in-house brands 	<p>C</p> <p>S</p>
<p>Investing in Innovation</p> <ul style="list-style-type: none"> Investment of RM100.73 million into research and development 151 patents applied 15 new products developed 	<p>E</p> <p>C</p> <p>S</p>
<p>Developing, Engaging and Leveraging on Our People</p> <ul style="list-style-type: none"> Average training hours per employee of 63.15 hours Total training expenses of RM1.18 million 	<p>E</p>
<p>Giving Back To The Local Communities and The Nation</p> <ul style="list-style-type: none"> Total volunteering hours of 61,152 hours RM191 million donated to COVID relief efforts since COVID started via Top Glove Foundation Total tax of RM2.2 billion contributed to the government 	<p>E</p> <p>G</p> <p>LC</p> <p>N</p>
<p>Creating A Sustainable Environment for All</p> <ul style="list-style-type: none"> 1.66 GWh generated from solar panels 1.43 million cubic meter of water recycled and reused 	<p>SI</p> <p>G</p> <p>LC</p> <p>N</p>



OUR BUSINESS STRATEGIES

OUR BUSINESS STRATEGIES

To be the world's number one gloves manufacturer, we recognise that sustainable and profitable growth requires solid, responsible and dynamic strategies relevant to the stakeholders. Our focus areas, namely cost efficiency, customer service, technological capabilities and strategic acquisitions, drive our strategic intents which aim to expand and cement our operations, drive business competitiveness through time and create meaningful value for stakeholders. Supported by our underlying Value Creation Model, we have established ourselves as a strong global market player in the glove manufacturing industry.

STRATEGIC INTENTS

Strategic Intent 1 : To be the world's undisputed leading producer of latex gloves		
Affected Capitals:	Progress Made in FY2021	Priorities in FY2022
<ul style="list-style-type: none"> Financial Increased spending on technology upgrades Manufactured System upgrades to production lines Intellectual 1. Improved quality and efficiency in production processes 2. Stronger brand reputation Social & Relationship Stronger customer & stakeholder management 	Group revenue surpassed the RM16 billion mark with total production capacity achieved 100 billion pieces	Outgrow competition in preferred growth market
Strategic Intent 2 : To be the world's leading nitrile glove manufacturer		
Affected Capitals:	Progress Made in FY2021	Priorities in FY2022
<ul style="list-style-type: none"> Financial Increased capital expenditures Manufactured Improved production efficiency Intellectual 1. New developments in R&D 2. Operational excellence in glove segment Human Technology experts positions recruited and retained Social & Relationship Improved shareholders' confidence 	Expanded the nitrile glove capacity with completed new factories and refurbishment of old factories	Achieve nitrile glove operational excellence with consistent quality and efficient cost
Strategic Intent 3 : To be the fastest growing surgical solutions provider		
Affected Capitals:	Progress Made in FY2021	Priorities in FY2022
<ul style="list-style-type: none"> Financial Increased capital spending in expanding production capacity Manufactured Greater production capacity of surgical gloves Intellectual Digitalised systems to enhance productivity Social & Relationship Stronger customer relations 	<ol style="list-style-type: none"> Implemented cloud and dashboard system to monitor manufacturing performance Installed robotic packaging system to reduce reliance on labour 	<ol style="list-style-type: none"> Build in-house sterilisation facilities as a comprehensive solution provider Expand surgical glove capacity
Strategic Intent 4 : To materialise strategic acquisitions that can contribute at least 20% additional revenue		
Affected Capitals:	Progress Made in FY2021	Priorities in FY2022
<ul style="list-style-type: none"> Financial Required capital for M&A and higher salaries for retainment Financial Diversified business risk and generation of new sustainable business revenue Intellectual Greater diversification of product offerings Human M&A talents recruited and retained Social & Relationship Improved confidence and security in stakeholders 	<ol style="list-style-type: none"> Launched household products Expanded into personal care products which include hand sanitiser and antibacterial hand wash 	Business diversification with Environmental, Social and Governance considerations to create long-term value for all of our stakeholders



MEASURES TO ACHIEVE OUR STRATEGIC INTENTS

1. Intensify quality control checks by respective Quality Assurance teams
2. Continue upgrading the quality control digital systems with the latest technology in manufacturing
3. Manage warehouses' inventory levels to ensure optimisation of storage space and prevent any backlog orders to customers

1. Maintain base levels for inventory to meet the delivery and produce more once inventory falls below predetermined standards
2. Consistently engage with customers to understand their needs, market trends and suggestions
3. Develop a feedback system for customers to identify and overcome products' and services' shortcomings
4. Move towards digitalisation to minimise workload and human error in operational management

1. Engage a reputable recruiting agency to facilitate the search for Industry 4.0 experts
2. Hiring managers to attend Industry 4.0 training workshops
3. Closely monitor the budget allocated for investment in Industry 4.0 initiatives to prevent overspending
4. Monitor manufacturing performance as KPI to ensure investment efficiency
5. Invest in cybersecurity training for IT employees
6. Continuous education on IT security for all employees

1. Recruit suitable and quality M&A talents
2. Retain and continue to train the right talent
3. Closely monitor M&A processes and integration post-acquisition to ensure synergies are achieved
4. Introduce long-term incentive plans with achievable goals to motivate the acquisitions team to actively seek opportunities and achieve synergies while ensuring alignment of long-term objectives between employees and stakeholders to prevent short-termism

MANAGING OUR RISKS AND OPPORTUNITIES

Our business is diverse and operating in a complex global network has its own risks on the Group's business. Effectively managing these risks is crucial to creating sustainable value and maintaining competitiveness. Thus, identifying, prioritising and mitigating the risks effectively are central to the Group's business operations and decision-making processes.

For financial year ended 31 August 2021, the following are significant risks to the Group:

BUSINESS RISK		
<p>RISK CONTEXT</p> <p>Top Glove continues to pursue vertical and horizontal expansion by building more gloves factories as well as venturing into non-glove sectors such as face masks and health care products. By extending businesses' global footprint, it will expose the Group to sovereign risk, compliance risk, political and economic uncertainties such as a change in government, laws, regulations, and fiscal policies of the host countries.</p>		
<p>MITIGATION MEASURES</p> <ol style="list-style-type: none"> 1. Conducted due diligence and detailed analysis on prospect countries or new investment projects before presented to the Executive Committee 2. Assessment and deliberation by the Board Risk Committee of new investment project risks 3. Engagement of experienced and capable external advisors in risk mitigation 	<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Acceleration of the Group's business growth from expansion of the Group's domestic and global footprint 2. Diversification of related segments in core glove business to ensure value creation and our competitiveness 	<p>RELATED MATERIAL MATTERS</p> <ol style="list-style-type: none"> 1. Product Quality and Safety 2. Customer Experience 3. Ethics, Integrity and Governance

OPERATION RISK		
<p>RISK CONTEXT</p> <p>The Group's exposure to operation risk arises primarily from the potential equipment breakdown, insufficient raw materials, fire outbreak, electricity interruption, water shortage or gas curtailment which could cause unplanned downtime at the factory production lines.</p>		
<p>MITIGATION MEASURES</p> <ol style="list-style-type: none"> 1. Maintaining sound risk management policies 2. A high standard and cost-efficient preventive maintenance regime 3. Technical and operating efficiency of its assets 	<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Scaling up of the Group's core operations 2. Enhancement of operational capabilities and efficiency provided by a stable and cost-effective platform 	<p>RELATED MATERIAL MATTERS</p> <ol style="list-style-type: none"> 1. Product Quality and Safety 2. Occupational Health and Safety 3. Supply Chain Management

MANAGING OUR RISKS AND OPPORTUNITIES

INFORMATION SYSTEM RISK		
<p>RISK CONTEXT</p> <p>With the Group's initiatives towards automation and digitalisation, it increases the complexity on integrating the production at factories with the information management system. The Group's business may be vulnerable to security breaches to key systems, assets and facilities resulting from cyber-attacks or sabotage. Potential disruptions to operational systems or destruction of facilities from such security breaches can adversely affect the Group's reputation, business and financial results.</p>		
<p>MITIGATION MEASURES</p> <ol style="list-style-type: none"> 1. Vigilance in identification and address of any potential cyber threats 2. Upgrades and enhancements of Group's current security systems 	<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Increase in efficiency from technological use in automating production lines, reducing manual labour and improving product quality 	<p>RELATED MATERIAL MATTERS</p> <ol style="list-style-type: none"> 1. Customer Experience 2. Ethics, Integrity and Governance

INFECTION AND PANDEMIC RISK		
<p>RISK CONTEXT</p> <p>The prolonged COVID exposure especially in Malaysia poses infection risks to the Group's operation and business. The risk of infection of COVID to the Group's employees or contractors disrupt business operations.</p>		
<p>MITIGATION MEASURES</p> <ol style="list-style-type: none"> 1. Strict adherence to COVID Standard Operating Procedures 2. Workplace rotation 3. Implementation of a Work-from-Home schedule for employees 4. Significant improvements in hostel living conditions to minimise risk of COVID infection 	<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Safeguards the continuity of its business operation producing critical examination and surgical gloves that provide critical protection to the healthcare industry globally 	<p>RELATED MATERIAL MATTERS</p> <ol style="list-style-type: none"> 1. Labour Management Relations 2. Infectious Diseases

MANAGING OUR RISKS AND OPPORTUNITIES

REGULATORY AND COMPLIANCE RISK

RISK CONTEXT

The glove manufacturing sector is subjected to rules and regulations by various regulatory bodies. This includes the potential changes of legislation in Malaysia or other countries since the Group's products are exported globally. In addition, the Group also has operational presence in USA, Brazil, Germany, Thailand, China and Vietnam. Any changes in the legislation and regulations in these countries could impact the Group's financial and business prospects.

MITIGATION MEASURES	OPPORTUNITIES	RELATED MATERIAL MATTERS
<ol style="list-style-type: none"> Establishment of a dedicated compliance function to ensure centralised compliance oversight Proactive advice on applicable laws and regulatory obligations given by the Group's in-house Legal Department and Regulatory Affairs Department In-depth regulatory review prior to commitment to any new project 	<ol style="list-style-type: none"> Adherence to local and international laws provides assurance that the Group operates in line with regulatory requirements in all countries Reputation protection from any adverse impact 	<ol style="list-style-type: none"> Ethics, Integrity and Governance Environmental Compliance Labour Management Relations

HUMAN RESOURCES RISK

RISK CONTEXT

Labour and human rights issues highlighted in the media reporting could expose the Group to human resources risk and reputational risk. The Group is committed in the welfare and wellbeing of its workers and is constantly upgrading its labour welfare practices and initiatives.

MITIGATION MEASURES	OPPORTUNITIES	RELATED MATERIAL MATTERS
<ol style="list-style-type: none"> Implemented the Zero Cost Recruitment Policy and due diligence on recruitment agents to ensure no recruitment fees are collected from workers No forced or excessive overtime by workers as per regulatory requirements Purchased and built new hostels with full facilities and amenities to provide decent accommodation and facilities for workers Conducted social compliance audits to ensure labour compliance requirements 	<ol style="list-style-type: none"> Reinforces and reassures commitment to protect human rights and safeguard employees' well-being Continuous adherence to the Human Rights & Ethical Conduct, which stipulates fair and ethical labour practices in accordance to the Business Social Compliance Initiative (BSCI) Code of Conduct which is applicable to the Group's employees and supply chain 	<ol style="list-style-type: none"> Occupational Health and Safety Labour Management Relations Human Rights Ethics, Integrity and Governance

MANAGING OUR RISKS AND OPPORTUNITIES

ENVIRONMENTAL RISK

RISK CONTEXT

There is increasing scrutiny on the Group's environmental risks with regards to climate-related risk, water consumption, energy usage, effluent and emission discharge and other environmental risks.

MITIGATION MEASURES	OPPORTUNITIES	RELATED MATERIAL MATTERS
<ol style="list-style-type: none"> Installation of solar panels to reduce carbon emission intensity Increase of water treatment plants capacity Continuous improvement and upgrading of IETS equipment to ensure effective treatment of effluent Establishment of the Board Sustainability Committee in March 2019 as oversight for the Group's sustainability efforts 	<ol style="list-style-type: none"> Regular monitoring of changes in requirements to ensure adherence provides reasonable assurance that the Group operates in line with environmental requirements in all operating countries 	<ol style="list-style-type: none"> Environmental Compliance Waste and Effluent

FINANCIAL RISK

RISK CONTEXT

As an export-oriented manufacturing entity, the Group's financial performance is exposed to the risks of fluctuation in foreign currency exchange rates and volatility in commodity prices, particularly the main raw materials in glove manufacturing which are natural rubber latex and nitrile latex. Major movements in key foreign currency exchange rates, such as the US Dollar, and the related commodity prices will create a short-term impact on the Group's financial performance due to time lag effect of the cost pass-through mechanism.

MITIGATION MEASURES	OPPORTUNITIES	RELATED MATERIAL MATTERS
<ol style="list-style-type: none"> Constant monitoring of risk factors to achieve an effective and efficient cost pass-through mechanism 	<ol style="list-style-type: none"> Enable the Group to properly manage its funds and maximise its market value while minimising the cost of capital 	<ol style="list-style-type: none"> Product Quality and Safety Supply Chain Management

SUPPLY CHAIN RISK

RISK CONTEXT

The COVID pandemic is a global health threat that exposes the Group to risk of supply chain disruption arising from global shipment congestion and global manufacturing and production crisis. Risk of receiving damaged goods and lack of upstream material heightened due to the Group's dependency on single source supplier and/or on other countries to fulfilling some components of the raw materials which faced shortages from the local suppliers.

MITIGATION MEASURES	OPPORTUNITIES	RELATED MATERIAL MATTERS
<ol style="list-style-type: none"> Active sourcing for alternative materials or suppliers to ensure smooth supply of materials and assembly well ahead of time Pursued potential alternate sources of supply or substitution of materials Ventured into upstream business units such as chemical, formers, latex and packaging to mitigate supply chain disruption 	<ol style="list-style-type: none"> Localisation of supply chains to local and Asia vendors indirectly stimulate domestic and Asia's economic growth 	<ol style="list-style-type: none"> Product Quality and Safety Supply Chain Management



FUTURE OUTLOOK

WE ARE WELL POSITIONED TO CAPITALISE ON THE GROWTH MOMENTUM AND ADAPT TO THE RAPIDLY CHANGING MARKET.



▲ *Advanced Auto Packing System Line*

The strong demand for gloves commenced in early CY2020 largely attributed to the COVID pandemic, which saw both demand and average selling prices (ASPs) for glove products peak in 1st quarter of CY2021. However, following the successful rollout of vaccines in Europe and U.S., demand has started to soften since mid CY2021, with ASPs expected to normalise by mid of CY2022.

FUTURE OUTLOOK

Additional new capacity from established glove manufacturers in Malaysia and other countries, as well as new entrants to the glove industry, which has increased glove supply, has also resulted in pricing pressure. The challenging situation was also exacerbated by the wait and see approach adopted by customers in anticipation of normalising ASPs and a slow decline in raw materials prices, which we will continue to work closely with our suppliers to adjust correspondingly.

Nonetheless, Top Glove remains upbeat about industry prospects. The global demand for gloves is expected to grow at a rate of 10% to 15% per annum post pandemic, compared with 8% to 10% pre pandemic. As gloves are necessities in the healthcare industry, the elevated awareness around personal hygiene and public health arising from the COVID pandemic is expected to contribute to the higher glove demand growth in the medical and non medical sectors. Developing countries also present the greatest potential for growth in the longer term, given the relatively low level of glove usage. With our diverse range of products, we are well positioned to capitalise on the growth momentum and adapt to the rapidly changing market. Moreover, the strong cash flow reserves which we have built will enable us to fund continuous expansion and also seize opportunities for accretive M&As when they arise. We adopt a long term view in our capacity expansion plans, and are committed to the careful and disciplined execution of our growth strategies.

The Group is cognisant that competition is an intrinsic part of business and will continue to focus on product quality, innovation, automation and cost efficiency across all aspects of our operations. Having been in the glove business for 30 years with a proven track record, we are confident of our ability to overcome any challenges. Furthermore, with our

operations in Malaysia resuming sales to the U.S. which is a key market for Top Glove, effective 10 September 2021, we are optimistic of an improvement in sales volume over the quarters ahead.

As a leader in the healthcare product manufacturing industry, we are mindful of our corporate responsibility and remain committed to enhancing our performance in the area of ESG. Accordingly, sustainability has become a key pillars of the Group's business strategy. The Group is working towards medium term sustainability FY2025 targets and exploring science based target setting towards crystallising a net zero carbon emissions roadmap. Deepening our commitment to ESG, 40% of our management incentives are linked to ESG metrics, ensuring management accountability for the achievement of the company's sustainability targets.



▲ *Advanced Auto Stacking and Counting Machine*



▲ *First Stage Auto Packing Machine*

CREATING SUSTAINABLE VALUE

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd



CONTINUING TO DO WELL BY DOING GOOD: OUR MEANINGFUL ESG JOURNEY

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

As an international company which has served the global market for 3 decades, we have always remained cognisant of evolving operational standards and their implications for the sustainability of our business. Accordingly, multiple efforts have been made towards enhancing awareness amongst our people of the need to be proactive in responding promptly in step with these very important changes.



In the last financial year, Top Glove's sustainability journey saw good progress, alongside humbling experiences. While we delivered strong growth following the COVID pandemic, we also noted that stakeholder expectations can change rapidly, drastically and quite suddenly. Today, above and beyond growing financial value, stakeholder concerns abound with regard to ESG priorities which include environmental degradation from high carbon activities as well as social wellbeing of vulnerable groups. In light of this, we have reassessed our risk management and also have in place measures to make our corporate governance more robust particularly in these 2 areas, even as we remain committed to maintaining the highest levels of ethics in terms of our business operations.

Thus, we have deepened the integration of sustainability into every facet of managing our business, towards long term value creation in line with our corporate mission of ensuring safe human protection globally. We have declared 2021 as The Year of ESG (Environmental, Social and Governance) for Top Glove. Led by the company's Sustainability Steering Group, we are working hard to fix existing issues and mitigate potential risks by building organisational capacity and operational controls across all aspects of ESG, which will act as barriers to reoccurrence of undesirable events.

Nonetheless, we are under no illusion. We acknowledge that there is always room for improvement in our practices, particularly in terms of social compliance and have since made great strides to improve our performance in this very crucial area, with the continued well-being of our 22,000 strong workforce foremost on our mind. We are heartened that our concentrated efforts in this area have resulted in us being verified as free of all 11 International Labour Organisation (ILO) indicators of forced labour in April 2021, by an established third party auditor, Impactt Limited UK.

We are also pleased to have enhanced our stakeholder engagement. In early 2021, we conducted a materiality assessment having garnered the feedback of over 3,000 stakeholders whose valued inputs on key areas helped inform the development of the Top Glove Sustainability Strategy, which articulates clear medium term ESG targets for FY2025 and the resources needed to achieve them. Please view Stakeholders Engagement and Materiality Assessment details at page 166 and page 92 respectively.

We continue to strengthen our capacities and build momentum for the future, with a view to resolving issues of concern that may arise from time to time, and improve on what we are doing well.

We will continue to be at the forefront of our firm ESG commitment, through improved and consistent communications with all stakeholders, as we learn from both the best practices as well as the oversights of others. Ultimately, we are focused on growing the company better, not just bigger, as we do our part to make the world a better place.

CREATING SUSTAINABLE VALUE

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SUSTAINABILITY STRATEGY



Top Glove aspires to evolve into a truly sustainable business. We operate in accordance with the 10 principles of the United Nations Global Compact (UNGC) and our material issues are aligned with United Nations Sustainable Development Goals (SDGs). Both our business and the ESG initiatives we pursue are linked directly or indirectly to all 17 goals from which 8 key goals relevant to our value chain and aligned with material issues, have been identified towards which we are able to contribute at scale.

Demonstrating our commitment to create long term positive values for stakeholders and the environment, in which we set medium term targets to be achieved by FY2025 against base year FY2021. These targets are also aligned with our key focus SDGs as well as material issues identified during the materiality assessment conducted in early FY2021.

SDGs are well integrated into our daily business operations based on our business capability and global trends.



Alignment of our initiatives with SDGs:

Click here or scan the QR code to view alignment of our initiatives with SDGs (under SDGs section)

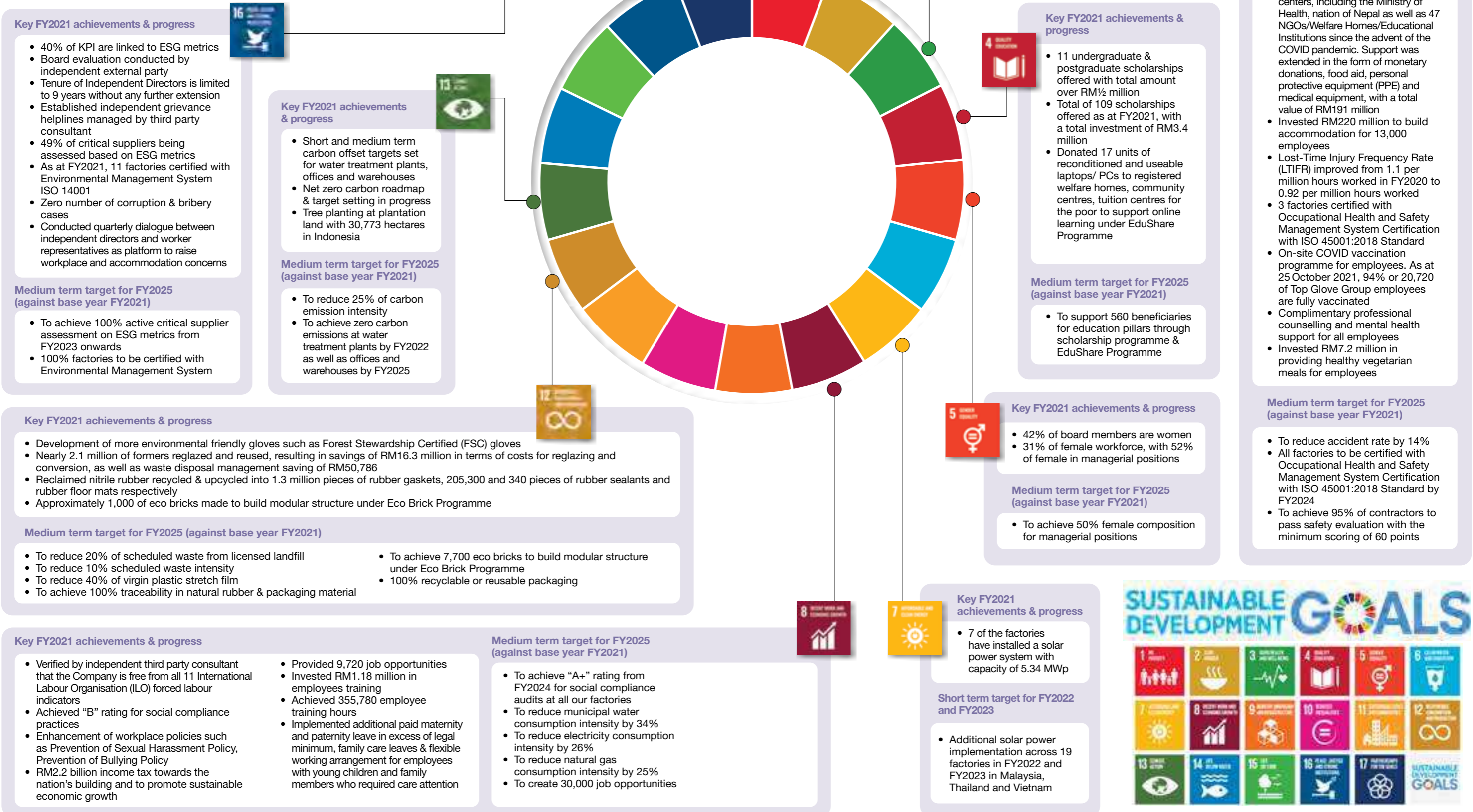
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CONTRIBUTING TO SUSTAINABLE DEVELOPMENT GOALS



CREATING SUSTAINABLE VALUE

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STAKEHOLDER ENGAGEMENT

We value meaningful stakeholder engagement. The outcome of the engagement helps us to identify upcoming market trends, anticipate challenges and align our sustainability strategy and business activities with broader interests of the economy, society and environment.

Through the materiality assessment exercise carried out in March 2021, we identified a total of 8 stakeholder groups and prioritised them based on influence, proximity and urgency. The stakeholder groups are customers, employees, regulators, media, shareholders, suppliers, investors, analysts and bankers as well as non-governmental organisations (NGOs).

In our day to day business, we engage with stakeholders through various platforms, responding to their stakeholders' needs and expectations in order to create a balance between business value and develop relationships of trust. For details of our stakeholder engagement, please refer to page 166.

MATERIALITY ASSESSMENT 2021: A SHARPER FOCUS ON ESG

In March 2021, Top Glove conducted 2nd formal and comprehensive materiality assessment after FY2017 assessment, to identify key ESG issues which drive our long term value creation and have a significant impact on the Company's business performance. The assessment was led by the Sustainability Steering Group and undertaken by an independent third party to ensure objectivity and complete confidentiality.

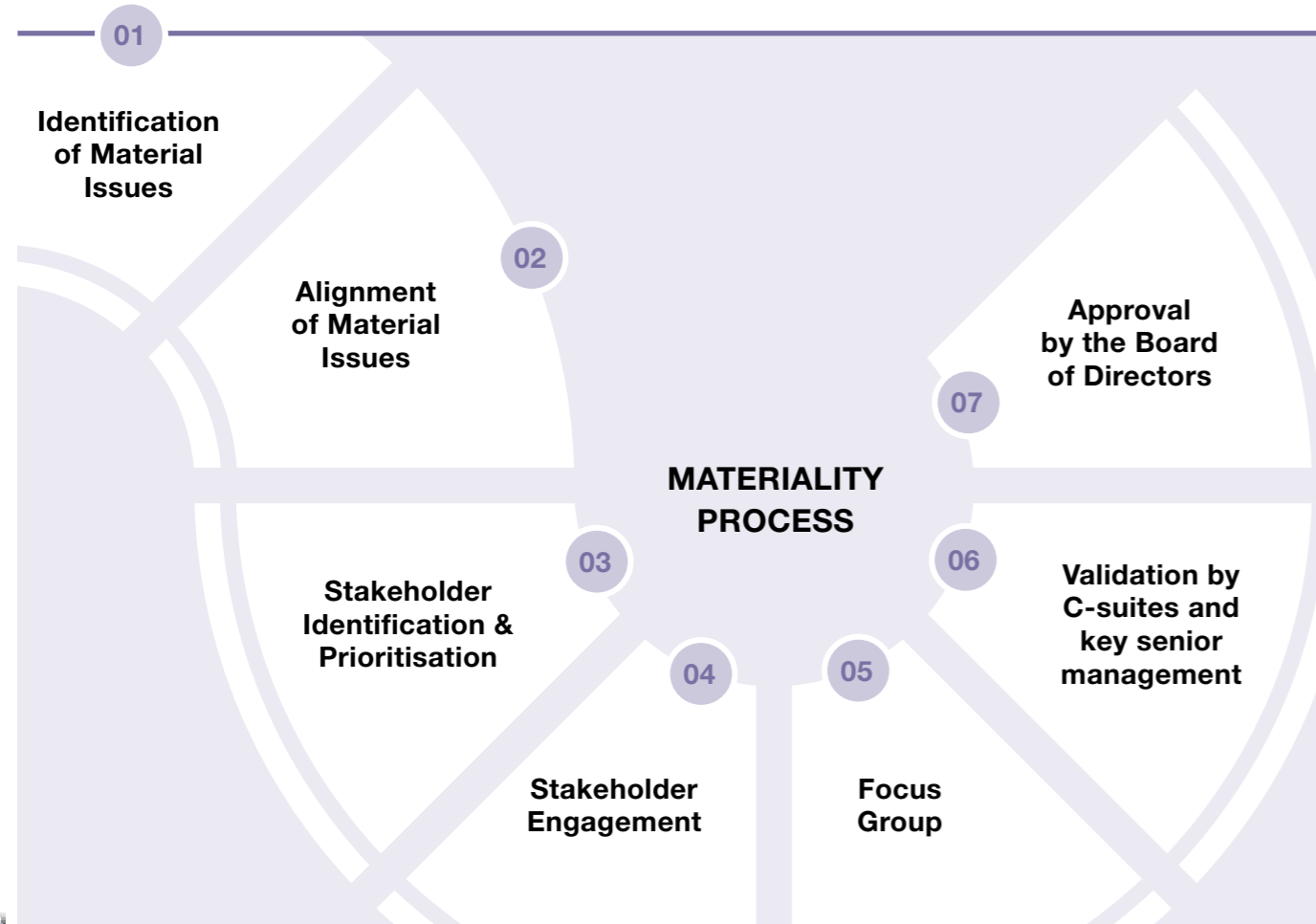
We reviewed industry and global trends as well as business factors that are expected to impact our business. These include mega trends and global risks in the short, medium and long term. For this, we reached out to more than 25,000 internal and external stakeholders with an above average response rate.

A holistic approach was adopted in conducting the assessment, towards ensuring that issues identified were material to the Company's performance, thereby enabling us to effectively prioritise and allocate resources to address the issues.



Detailed materiality process

Click here or scan the QR code to view our detailed materiality process

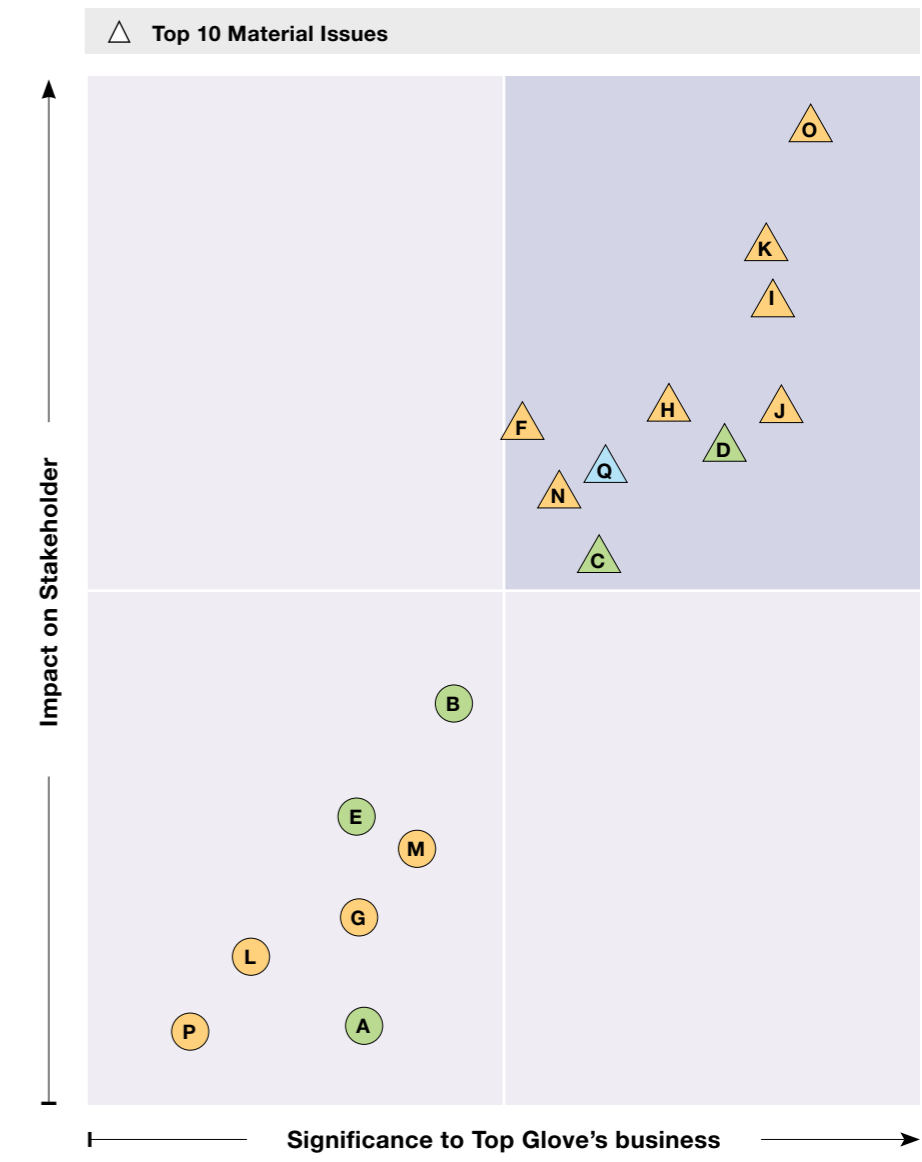


MATERIALITY PROCESS:

- ENVIRONMENTAL**
 - A Energy Consumption
 - B Water Management
 - C Waste And Effluent
 - D Environmental Compliance
 - E Physical Impacts on Climate Change

- SOCIAL**
 - F Supply Chain Management
 - G Local Communities
 - H Customer Experience
 - I Labour Management Relations
 - J Human Rights
 - K Occupational Health & Safety
 - L Diversity & Inclusion
 - M Security Management
 - N Infectious Diseases
 - O Product Quality & Safety
 - P Indirect Economic Impacts

- GOVERNANCE**
 - Q Ethics, Integrity & Governance



ENVIRONMENTAL				
No.	Material issue	Related UN SDGs	Related GRI topic	Page reference
1	Environmental Compliance*	16	307: Environmental compliance	96 to 97
2	Waste and Effluent*	3, 6, 12, 14, 15	306: Waste	98 to 99
4	Water Management	6, 8, 13	303: Water and effluents 2018 306: Waste	100 to 101
3	Energy Consumption	7, 8, 13	302: Energy	102 to 103
5	Physical Impacts on Climate Change	7, 8, 13, 15	305: Emissions	104 to 107



CREATING SUSTAINABLE VALUE

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SOCIAL				
No.	Material issue	Related UN SDGs	Related GRI topic	Page reference
1	Human Rights*		406: Non-discrimination 407: Freedom of association and collective bargaining 408: Child labour 409: Forced or compulsory labour 412: Human rights assessment	109 to 116
2	Labour Management Relations*		402: Labour management relations	Reported as part of Human Rights section (page 116)
3	Occupational Health & Safety*		403: Occupational health & safety	117 to 121
4	Infectious Diseases*		403: Occupational health & safety	121 to 122
5	Diversity & Inclusion		405: Diversity and equal opportunity 406: Non-discrimination	123 to 127
6	Product Quality & Safety*		416: Customer health & safety 2016 417: Marketing & labeling	128
7	Supply Chain Management*		204: Procurement practices 308: Supplier environmental assessment 414: Supplier social assessment	129 to 130
8	Customer Experience*		102: Customer satisfaction	130 to 131
9	Security Management		410: Security practices	131
10	Local Communities		413: Local communities	131 to 133
11	Indirect Economic Impacts		203: Indirect economic impacts	119 & 104 Reported as part of Promoting Wellness (page 119) and Managing Flood Risk (page 104)

GOVERNANCE				
No.	Material issue	Related UN SDGs	Related GRI topic	Page reference
1	Ethics, Integrity & Governance*		205: Anti-corruption	134 to 139

* Top 10 material issues

ENVIRONMENTAL: TRANSITIONING INTO A NET ZERO CARBON BUSINESS

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FY2021 ENVIRONMENTAL HIGHLIGHTS

Carbon Emission Reduction Performance as part of Group KPI

Net zero carbon roadmap & target setting in progress

Solar Power System implementation at 7 factories with capacity of 5.34 MWp

Short and medium term zero carbon targets established

1

To achieve zero carbon emissions at water treatment plants by FY2022

2

To achieve zero carbon emissions at office premises & warehouses by FY2025

3

To reduce 25% of carbon emission intensity by FY2025, against base year FY2021

11 factories are certified with **Environmental Management System ISO 14001** as at FY2021

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

Approximately 1,000 of eco bricks to build modular structures under our Eco Brick Programme towards reducing plastic waste

Nearly **2.1 million** of formers reglazed and reused, results in cost savings of **RM16.3 million** for reglazing and conversion as well as waste disposal management

Savings of **RM50,786** on waste disposal

48,261 trees planted at plantation land in Indonesia to conserve the environment

Reclaimed torn nitrile rubber gloves recycled and upcycled into **1.3 million** pieces of rubber gaskets, **205,300** and **340** pieces of rubber sealants and rubber floor mats

Revenue: **RM130,725**

54.8 m³ in landfill related mitigation

RM96,279 total cost savings

**ENVIRONMENTAL:
ENVIRONMENTAL COMPLIANCE**

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

ENVIRONMENTAL COMPLIANCE



Management approach: Guided by the Company's Environmental Policy and Environmental Management System standard, we manage environmental compliance at Group level through board governance and compliance to best regulatory practices.

The calls for climate action continue to grow louder. At Top Glove, we endeavour to develop and implement sustainable environmental practices to effectively manage climate and environmental risks and leverage climate opportunities.

The Board Sustainability Committee (BSC) Chairman oversees climate and environmental issues and progress, and reports to the Board. Together with the Sustainability Steering Group, BSC board members have engaged with consultants to explore net zero carbon target setting.

In addition, Top Glove's commitment to addressing the climate emergency is amply demonstrated in its membership and participation in the following:

Participation and commitment in climate related initiatives:



A member of the **Climate Governance Malaysia**, the Malaysian chapter of the World Economic Forum (WEF) climate governance initiative, the second country chapter in the world to be launched and the first in Asia.



A member of **The Business Council for Sustainable Development (BCSD) Malaysia**, the local chapter of the World BCSD, which is a CEO-led organisation providing business leadership for sustainable development.



Disclosure of our climate change and water security impacts through **CDP**, a global non-profit that runs the world's leading environmental disclosure platform.



A member of **CEO Action Network (CAN)**, a closed-door peer-to-peer informal network of CEOs of leading Malaysian businesses. CAN focuses on sustainability advocacy, capacity building, action and performance, from the accelerating phenomenon of climate change and the climate emergency, to increasing social injustices and failure of corporate governance.



Committed to fully integrate the **Task Force on Climate-related Financial Disclosure (TCFD)** framework in our risk management, climate and business strategy.



Membership listing

Click here or scan the QR code to view our full membership listing (under membership section)

**ENVIRONMENTAL:
ENVIRONMENTAL COMPLIANCE**

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

Guided by the Environmental Policy and Environmental Management System ISO 14001, environmental best practices are applied in the Group's daily operations to ensure compliance and reduction of adverse environmental impacts.

In FY2021, we have received 2 cases of non-compliance with fines. We have taken immediate action to rectify the non-compliance and settled the penalty.



Environmental Policy

Click here or scan the QR code to view our Environmental Policy

Total of **11 factories** certified with ISO 14001 as at FY2021

To achieve **100% factories** to be certified with ISO 14001 by FY2025



To certify **new factory** with ISO 14001 within **8 to 10 months** from commencement of operation date

* A minimum period of 6 months factory operation is required for certification

Our responsibility for environmental compliance is not only limited to our own operations but also extends to our supply chain. Accordingly, environmental criteria has been a key criteria in supplier audit scope since 2020, which includes Environmental Policy, product sustainability, waste management etc.

Category	Percentage & number of critical suppliers being assessed with environmental criteria
Critical suppliers	41%, 113 suppliers
New critical suppliers	94%, 46 suppliers

Lower percentage of suppliers assessment compared with previous financial year was due to Movement Control Order impacted by COVID.

No supplier was identified to have **significant actual or potential negative environmental impacts** from audit process in the same reporting year.

ENVIRONMENTAL: WASTE & EFFLUENT

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

WASTE & EFFLUENT







Management approach: We do not subscribe to the attitude of 'harm today', 'balm tomorrow'. While managing our waste and effluent in compliance with the regulatory laws and regulations to ensure the discharge or waste does not harm the natural ecosystem, we are also committed to reducing the generation of the waste through operational eco-efficiency.

It is our responsibility to reduce or minimise the generation of waste at source, reuse and recycle waste whenever possible, send waste for reuse and co-processing, render waste innocuous before disposal and only dispose waste at facilities approved by the Department of Environment (DOE).

Scheduled waste generated by Top Glove is handled by a DOE licensed collector to be incinerated, sent to landfills or recycled. We report and disclose our scheduled waste generation on the governmental portal and no waste has either been imported or exported in FY2021. There were also no legal cases involving non-compliance of discharges in the same reporting year.

Our strategies to manage scheduled waste:

1. Site audit on licensed scheduled waste collectors

We conduct an annual audit at the licensed collector's site to ensure waste is handled in accordance with scheduled waste regulations. The latest audit conducted on the largest contractor in terms of disposal volume was carried out in April 2021. However, we were unable to perform audits at other collectors due to travel restrictions arising from the COVID pandemic.

2. Research

We invest in in-house R&D (research & development) to render waste innocuous and other improvement projects.

3. Training & awareness

Employees attended competency training by an environmental institute acknowledged by DOE on proper waste management skills and knowledge. Awareness trainings are conducted by competent person to ensure proper scheduled waste management and prevent the occurrence of pollution.

Data disclosed in this section covers all gloves factories at Group level.

Our targets:

	Short term targets	Medium term targets
Scheduled waste intensity	To reduce scheduled waste intensity by 3% to 0.157 kg/1,000 pcs gloves by FY2022	To reduce 10% scheduled waste intensity to 0.144 kg/1,000 pcs gloves by FY2025
Reduction of scheduled waste from licensed landfill	To divert 5% of scheduled waste from licensed landfills by FY2022	To reduce 20% of scheduled waste from licensed landfills by FY2025

* Targets above are against base year FY2021

ENVIRONMENTAL: WASTE & EFFLUENT

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

Scheduled waste data:

Financial Year	FY2018	FY2019	FY2020	FY2021
Scheduled waste generated (tonnes)	5,362.78	6,401.86	7,786.04	9,756.42
Scheduled waste intensity (kg/1,000 pcs gloves)	N/A*	N/A*	N/A*	0.16
Total waste disposed through incineration (with or without energy), landfilling, other disposal operations (tonnes)	N/A*	N/A*	N/A*	3,252.96
Total scheduled waste reused/ recycled/ other recovery process (tonnes)	N/A*	N/A*	N/A*	6,503.46

* Data tracking commenced in FY2021



FY2021 scheduled waste data by type

[Click here](#) or scan the QR code to view FY2021 scheduled waste data by type (under Waste Management section)

Effluent data:

Financial Year	FY2018	FY2019	FY2020	FY2021
Total Water Discharged (m ³)	7,886,592	15,229,547	9,854,505	10,718,976
Discharge intensity (m ³ /1,000 pcs gloves)	0.202	0.342	0.159	0.176



Progress:

FY2021's effluent discharge intensity increased by 11% from previous year due to higher production line speed.

Before discharging our effluent, we conduct chemical, physical and biological treatment on the discharge, which meet the Environmental Quality (Industrial Effluent) Regulations 2009, Standard B. For our Klang operations, the discharge is discharged to the drain which flows to Pintu Sungai Kapa Kecil.

Solid waste data:




Financial Year	FY2018	FY2019	FY2020	FY2021
Total solid waste generated (tonnes)	17,023	16,719	22,509	26,381
Total solid waste reused/ recycled/ other recovery process (tonnes)	9,092	7,856	13,003	16,265
Total waste disposed through incineration (with or without energy), landfilling, other disposal operations (tonnes)	N/A*	N/A*	N/A*	10,116

* Data tracking commenced in FY2021

**ENVIRONMENTAL:
WATER MANAGEMENT**

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WATER MANAGEMENT

Management approach: Access to fresh water is essential for human life and wellbeing, and is recognised by the United Nations as a human right. We address water scarcity as a global concern and it requires definitive action. We manage our water efficiency and mitigate water risks via several initiatives under the water management plan, on top of data tracking and analysis.

Under our water management plan, we are committed to reduce dependency on municipal water supply, improve our water recycling and reuse system as well as monitor our water consumption, the key initiatives for which are as below. Data disclosed in this section covers all glove factories at Group level.

Water Treatment Plant:



Beneficiary factories increased from **15 factories** to **17 factories**

Resulting in savings of **RM2.8 million**

We treat river water into clean water, thereafter channeling it to factories for reuse in production. This does not only ensure continuous water supply for factories, but also serves as an effective system for flood alleviation.

In FY2021, we have further invested RM13.8 million to improve the treatment capacity. With its maximal capacity of 530 m³/hour of clean water (for phase 2 of both plants), the number of factories benefitted from this has been increased from 15 factories in FY2020 to 17 factories in FY2021.

Rainwater harvesting:



13.6% improvement in efficiency

More than **RM0.5 million** monetary savings

With the improved implementation of rainwater harvesting system in our factories, water sourced from rain water harvesting has increased by 30% from FY2020's 221,366 m³ to FY2021's 287,751 m³. Contribution from FY2021 has resulted saving of RM575,717.


**ENVIRONMENTAL:
WATER MANAGEMENT**

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In-house water recycling facilities:

Treated water from the industrial effluent treatment system is reused for housekeeping purposes.

All the initiatives above have resulted total of 1,427,571 m³ water recycled and reused, equivalent to approximately RM1.8 million savings.

 **Our targets:**

Short term target	To reduce municipal water consumption intensity by 10% to 0.207m ³ /1,000 pcs gloves by FY2022
Medium term target	To reduce municipal water consumption intensity by 34% to 0.151m ³ /1,000 pcs gloves by FY2025

* Targets above are against base year FY2021

Financial Year	FY2018	FY2019	FY2020	FY2021
Water Consumption Intensity (m³/1,000 pcs gloves)	0.333	0.338	0.280	0.290
Water Consumption at Headquarter (m³)	37,389	38,929	35,436	34,913
Grand total of HQ corporate office users (including tenants)	1,279	1,345	1,843	1,125
Water consumption intensity (m ³ /occupant)	29	29	19	31
Total water recycled and reused (m³)	2,514,063	4,851,912	2,431,382	1,427,565
Water Treatment Plants (from 2 Water Treatment Plants)	510,735	1,044,525	1,129,229	891,616
IETS (from Industrial Effluent Treatment System)	2,003,328	3,807,387	1,302,153	535,949
Source of Water Consumption (Total, m³)	18,453,741	22,142,768	18,456,616	18,182,568
Municipal	12,042,759	12,792,175	12,498,389	14,081,233
Pond water	3,787,095	4,294,071	3,305,478	2,386,019
Rainwater	109,824	204,610	221,366	287,751.00
Recycled water	2,514,063	4,851,912	2,431,382	1,427,565



Progress:

- In FY2021, water consumption intensity (m³/1,000 pcs gloves) increased 3.6% compared to FY2020 due to lower production output resulting from temporary stoppage by stages of our manufacturing facilities in Meru, Klang as per authority's because of COVID pandemic.
- Corporate office's water consumption intensity (m³/occupant) increased 63% compared with the previous financial year. It was due to much lower consumption intensity in FY2020 as impacted by COVID which led to working from home/ remote working practices.

ENVIRONMENTAL: ENERGY CONSUMPTION

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ENERGY CONSUMPTION



Management approach: As one of the key resources used in our production, we aim to reduce the consumption of non-renewable energy, replacing it with green/ renewable energy.

Responding to the call for more effective energy management, we launched our Energy Policy and raised the bar for ourselves by requiring ISO 50001:2018 Energy Management System (EnMS) compliance. Our aim is to have 25% of our factories certified with EnMS ISO 50001 by FY2022 and achieve 100% by FY2025.

We have communicated with our suppliers and vendors on our compliance with EnMS ISO 50001 and expect them to uphold our standards by furnishing us with Energy Star electrical appliances. Production equipment/systems, electric motors/pumps, compressors and suppliers related to Significant Energy Utilities (SEU) will be assessed based on their energy consumption. Energy performance (wherever applicable) will be included as an additional criterion for purchased items/vendor selection.

In FY2021, we set medium term targets for FY2025 energy consumption intensity, with annual interim targets.

We continue to manage our energy consumption intensity via our electricity consumption and natural gas consumption, while investing in green energy via solar power implementation.

Data disclosed in this section covers all gloves factories at Group level.

ELECTRICITY

Our targets:

Short term target	To reduce electricity consumption intensity by 11% to 6.178 kWh/1,000 pcs gloves by FY2022
Medium term target	To reduce electricity consumption intensity by 26% to 5.111 kWh/1,000 pcs gloves by FY2025

* Targets above are against base year FY2021

Electricity data:

Financial Year	FY2018	FY2019	FY2020	FY2021
Electricity Consumption Intensity (kWh/1,000 pcs gloves)	6.64	7.09	6.83	6.94
Absolute electricity consumption (kWh)	332,170,929	381,972,387	421,965,246	448,586,057



Progress:

Electricity consumption intensity increased by 1.77% in FY2021 compared with FY2020 due to lower output arising from Movement Control Order due to COVID pandemic, whereby production lines were not fully in operation. (Variance was calculated based on intensity value with 4 decimal points).

Energy efficiency initiatives:

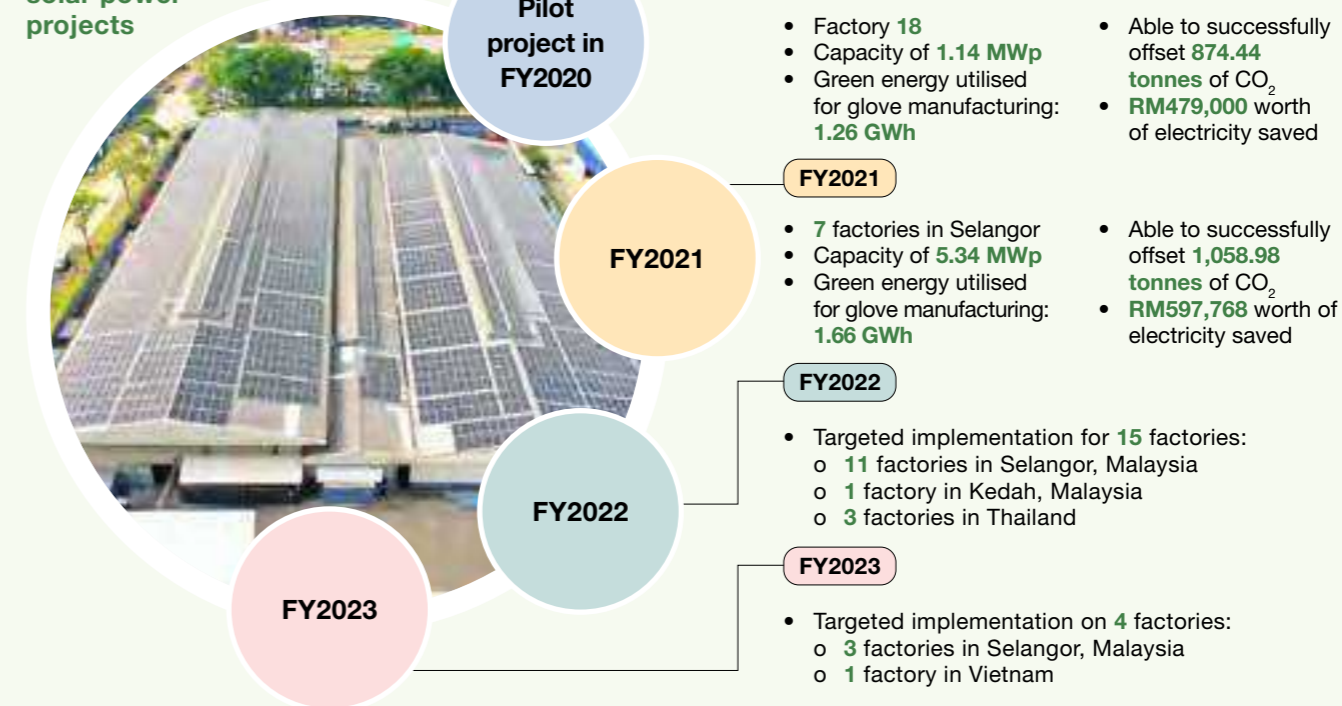
- Smart Energy Monitoring System (SEMS) to monitor energy usage and identify wastage. With the implementation of SEMS at the factories, real time data on energy consumption is monitored closely by engineers. Any abnormality in terms of energy consumption can be identified and rectified in the shortest time. In addition, monthly report generated from SEMS allows the engineers to understand the factories' energy consumption trend, hence enabling to identify wastage in the factories.
- Heat recovery system via combined heat and power plant (CHP) system and 3Rs water system.
- Improvements in equipment efficiency:
 - We are in the process of converting biomass combustion facilities to natural gas, which in turn will generate lower carbon emissions.
 - Replacement of low performance burners with advanced technology equipment.
- Solar power system project.

ENVIRONMENTAL: ENERGY CONSUMPTION

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Solar power system investment:

Our ongoing and completed solar power projects



Solar power systems have also been implemented in our Thailand factories (F16L & F17L). The following initiatives have resulted an estimated 331,749 kWh energy saving and 77,344 kg CO₂e per year.

- Solar LED street lights**
 - Solar powered LED street lights were installed at water ponds, aeration ponds, hostel entrance etc.
- Solar pump**
 - We replaced manual pump at the sediment sump pit with an automatic solar pump and automate control with the float switch. This project can help us reduce in terms of energy and man hour and its relevant cost.
- Solar roof**
 - Installation of solar panels on main office building.
 - Targeted to be completed by 2022 first quarter and second quarter for F16L & F17L respectively.

NATURAL GAS:

Our targets:

Short term target	To reduce natural gas consumption intensity by 13% to 0.2503 MMBTU/1,000 pcs gloves by FY2022
Medium term target	To reduce natural gas consumption intensity by 25% to 0.2157 MMBTU /1,000 pcs gloves by FY2025

* Targets above are against base year FY2021

Natural gas data:

Financial Year	FY2018	FY2019	FY2020	FY2021
Natural Gas Consumption Intensity (MMBTU/1,000 pcs gloves)	0.3129	0.3175	0.2944	0.2897
Absolute natural gas consumption (MMBTU)	11,120,386	12,669,638	14,295,497	14,512,799



Progress:


1.62% reduction in natural gas consumption intensity in FY2021 compared with FY2020. The decrease is due to more ongoing gas saving projects implemented intensively, such as automated former temperature control at the main oven and coagulant oven, as well as conversion of old burners to immersion burners with higher efficiency.

Saving of **RM9.5 million** in FY2021 following the reduction of natural gas consumption intensity

**ENVIRONMENTAL:
PHYSICAL IMPACTS ON CLIMATE CHANGE**

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

PHYSICAL IMPACTS ON CLIMATE CHANGE




Management approach: We are mindful of environmental and social issues that may arise due to physical impacts of climate change. Accordingly, we strictly manage our emissions in operations and are prudent with material consumption.

Top Glove recognises that climate change poses risks across our business and the environment. We have long since been an advocate of environmental stewardship to ensure our business operations and value chain generate minimal negative impacts to the environment while creating new climate opportunities.

To this end, we have identified climate related risks classified by the Task Force for Climate-related Financial Disclosure (TCFD). Climate-related risks, opportunities and impact to the Company's businesses strategy and financial planning are articulated in the Managing Risk and Opportunities section on page 85. We have also disclosed our process in identifying and assessing climate risks as well as how it is integrated into the overall risk management in the Enterprise Risk Management Framework.

Managing flood risk:

Flooding occasionally occurs in Meru, Klang where some of our factories are based, affecting both our business operations and the community. To mitigate its effects, Top Glove has at the outset embarked on several initiatives to improve drainage and water flow system within the vicinity of our Klang factories and the nearby residential areas.



Flood control & water flow initiatives


Click here or scan the QR code to view our flood control & water flow initiatives (under Facilities Investment & Improvement section)

Emissions data:

		CO ₂ -eq emission (metric ton)			
		FY2018	FY2019	FY2020	FY2021
Scope 1	Natural gas	586,669	676,291	758,519	770,049
	Biomass	768,068	623,465	676,790	715,322
	Coal	56,791	34,853	0	20,538
	Total	1,411,528	1,334,610	1,435,309	1,505,909
Scope 2	Electricity	209,413	243,790	269,636	286,646
Scope 1 & 2	Total	1,620,941	1,578,400	1,704,945	1,792,556
Intensity (MT/1,000 pcs gloves)**		0.0328	0.0295	0.0276	0.0278
Variance (over year)		0.19%	(10.04%)	(6.61%)	0.65%
Scope 3	Flight (air business travel)	156	253	175	0.21
	Scheduled Waste*	N/A	N/A	N/A	(2,495)
	Total	156	253	175	(2,495)
Total (Scope 1, 2 & 3)		1,621,097	1,578,653	1,705,120	1,792,556

* Data tracking commenced in FY2021. We plan to include more categories for Scope 3 in our future reporting. Scheduled waste data is tabulated based on landfill, CO₂ avoidance from reuse and recycling by licensed recycling center approved by Department of Environment (DOE) instead of disposal in incineration plant. In Top Glove, most of the scheduled waste are recycled & reused through licensed contractors. In FY2021, through recycling & reusing the scheduled waste, 2,495MT CO₂-eq emissions avoidance was resulted by diverting the scheduled waste from the incineration process. Majority of our scheduled waste comprises of recyclable rubber content, in which it is processed and made into rubber products, such as rubber mat or shoes. Currently, the emission from reuse & recycling process are excluded from the overall emissions reported for Top Glove

** Intensity is calculated based on Scope 1 and Scope 2 emissions
Emissions data disclosed covers all glove factories at Group level
Low Scope 3 emissions from flight was due to travel restrictions impacted by COVID



Progress:
0.65% increase in carbon emission intensity in FY2021 compared with FY2020 due to lower production output resulting from temporary stoppage by stages of our manufacturing facilities in Meru, Klang as per authority's because of COVID pandemic.

**ENVIRONMENTAL:
PHYSICAL IMPACTS ON CLIMATE CHANGE**

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

Over the years, we are committed to reducing carbon emissions in our operations arising from material consumption, daily business activities to waste management. We believe every single effort made contributes to fulfilling our responsibility for a greener earth. Besides operational Scope 1, 2 & 3 management, we have also implemented the following strategies to reduce emissions.

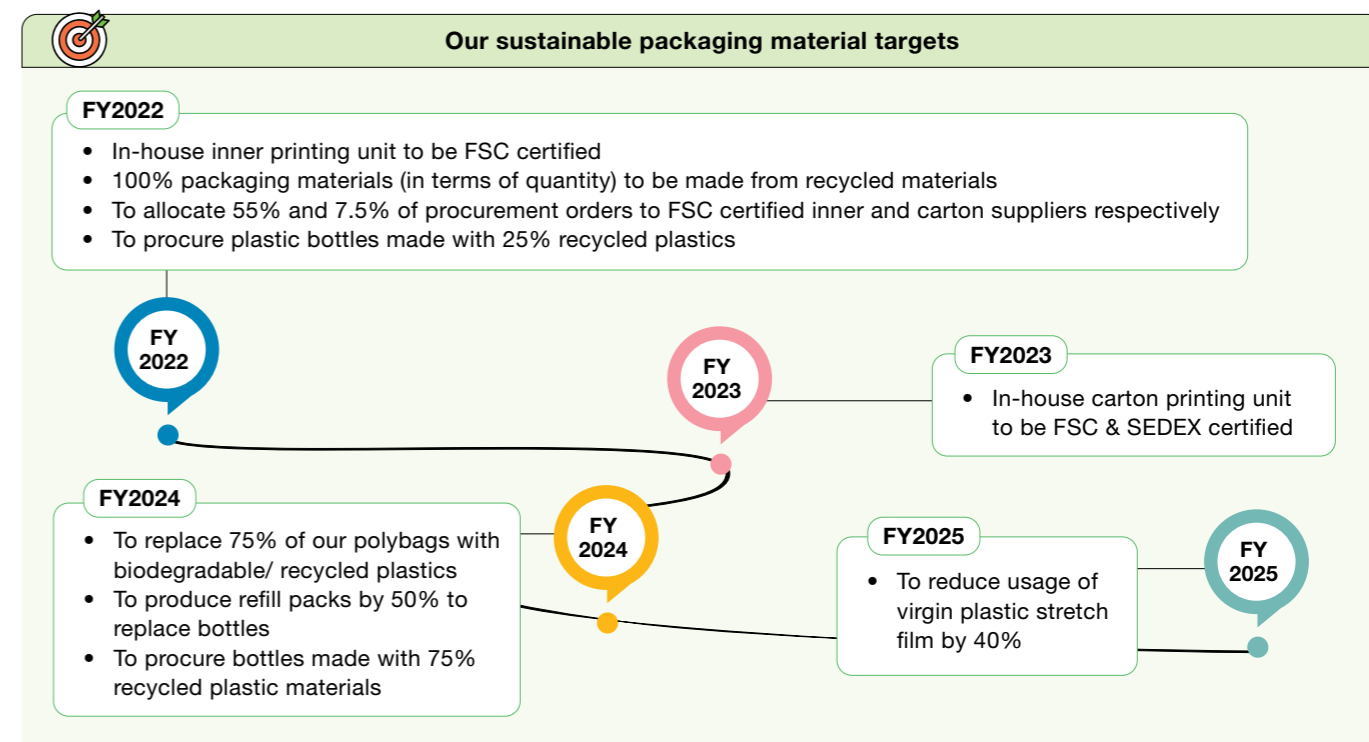
Raw material consumption

Financial Year	FY2018	FY2019	FY2020	FY2021
Latex consumption (kg/1,000 pcs gloves)	6.34	6.53	6.66	6.48
Nitrile consumption (kg/1,000 pcs gloves)	8.20	8.13	7.62	6.65

Packaging materials

Ethical sourcing and responsible consumption is very important to us and we also engage with our supply chain to advocate strongly for this. In demonstration of this, in FY2021, we allocated 45.8% and 6.2% of procurement order to Forest Stewardship Council (FSC) or Supplier Ethical Data Exchange (Sedex) certified inner and carton suppliers respectively.

With approximately 98% of our packaging materials (in terms of quantity) made from recycled or recyclable materials, we are actively exploring alternative packaging material for non-recyclable plastics, as well as producing or procuring refill packs for liquid detergent to reduce plastic consumption. In addition, we are exploring replacing petroleum based-ink for printing with eco-friendly or renewable resource ink such as soy ink.



Product innovation

We continue to invest in research & development (R&D) towards producing more sustainable products. In FY2021, we extended our environmentally friendly product to include the following:

1. BioGreen™ Biodegradable TPE Top Grip Glove (an extension from the existing biodegradable nitrile and CPE gloves, offering our customers a more comprehensive glove range)
2. BioGreen™ biodegradable nitrile gloves in darker colours. (an extension from the existing biodegradable gloves, with darker coloured variants added in line with market demand)
3. Rubber sealants (produced through upcycling of reclaimed nitrile gloves)
4. Insulation mats (produced through upcycling of reclaimed nitrile gloves)
5. Rubber Gasket (produced through upcycling of reclaimed nitrile gloves)

**ENVIRONMENTAL:
PHYSICAL IMPACTS ON CLIMATE CHANGE**

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

Our existing portfolio of environmentally friendly product range, on top of our natural latex glove are:

- | | |
|---|---|
| 1. BioGreen™ Biodegradable Nitrile Powder Free Gloves | 5. FSC™ Certified Latex Chlorinated Powder Free Gloves |
| 2. BioGreen™ Biodegradable CPE Top Grip Gloves | |
| 3. Bioplant CPE Gloves | 6. FSC™ Certified Inner Packaging Material [Available for Latex and Nitrile Gloves] |
| 4. FSC™ Certified Latex Powdered Gloves | |

Further, we have conducted life cycle assessment (LCA) for our BioGreen™ Biodegradable Nitrile glove and partial LCA for Bioplant CPE Glove. Currently, we are looking into the following areas in terms of our glove research:

1. Developing accelerated glove biodegradation which is faster than the current biodegradation rate of BioGreen products
2. Developing low carbon footprint glove products
3. Developing gloves which are able to biodegrade and provide nutrients to fertilise the soil.

Reusing, recycling and upcycling Waste:

In FY2021, nearly 2.1 million formers have been reglazed and reused	Rubber reclaimed project
<ul style="list-style-type: none"> All broken formers were reutilised for earth filling purposes related to Top Glove's construction projects. Thus, broken formers are not disposed in landfills. Savings on waste disposal: RM50,786 in FY2021 Cost savings from former reglazing exercise: RM16.3 million in FY2021 	<ul style="list-style-type: none"> Production of the following from torn nitrile gloves: <ol style="list-style-type: none"> 1,320,564 pcs of rubber gaskets 205,300 pcs of rubber sealants 340 pcs of rubber floor mats Estimated landfill mitigation: 54.8 m³ Revenue: RM130,725 Total cost savings: RM96,279

Other initiatives in reducing emissions

Transportation:

In September 2021, we have purchased 8 units of electric forklifts for centralized warehouse and target to shift the remaining 11 units by July 2022 through proper tuning of engine and usage of certified quality biofuel.

In addition, we are working to shift all registered warehouse lorries at factories to biodiesel, an environmentally friendly resources. This will contribute to lower carbon emissions in our operations.

Tree Planting in Indonesia:

We are committed to conserve the environment through various approaches, and tree planting is one of our initiatives. Top Glove owns a 30,773 hectare piece of land in Bangka Belitung, Indonesia which is currently used to plant Paulownia and Acacia trees for this purpose while also providing job opportunities to local communities.

To facilitate this, started from 2019 to date we have established a tissue culture lab in Bangka to cultivate seedling and distributed to the site for planting. Currently, there are 21,328 Paulownia trees and 26,933 Acacia trees in our plantation land.



▲ Paulownia trees planted in Bangka Belitung, Indonesia



▲ Culture lab to cultivate seedling

**ENVIRONMENTAL:
PHYSICAL IMPACTS ON CLIMATE CHANGE**

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In tandem, we help support the local community by providing job opportunities, employing them to plant and maintain trees within the plantation, details for which are below:

No.	Number of workers	Nationality
1.	10 permanent workers	<ul style="list-style-type: none"> 7 Bangladeshis 3 Indonesians
2.	30 workers (daily employment)	<ul style="list-style-type: none"> 15 Bangladeshis (with 5 female workers) 15 Indonesians

In FY2021, we also supported the local community with an investment of RM18,260 in outreach programmes in Bangka Belitung, with 20% of the investment spent to provide food aid to the local community during the COVID pandemic.



Eat Green: subsidised healthy vegetarian meals:

As the Company is advocating healthy vegetarian diet for a healthier body and planet, complimentary and subsidised meals are provided to employees during Assemblies on Mondays and through the daily Subsidised Vegetarian Meal Programme respectively.

In FY2021, more than **RM7.2 million** was invested in both complimentary and subsidised vegetarian meals.



Eco Brick Programme:

In FY2021, Top Glove Foundation (TGF) launched the Eco Brick Programme to address plastic waste concerns and reduce usage. Under the programme, employees are encouraged to make Eco Bricks, which are a plastic bottles packed tightly with plastic waste. These Eco Bricks will then be used to build modular structures such as outdoor tables and chairs, benches, fencing and can even be used as tiles for walkways.



▲ Employees reduce single plastic waste by turning the plastic into Eco Bricks, which will then be used to build modular structures such as outdoor facilities.



Approximately **1,000** of Eco Bricks were made by employees in FY2021

TGF targets to produce a total of close to **7,700 Eco Bricks** by FY2025, with the aim of building the modular structures for Top Glove and primary schools, as well as for trading in at the local council, the proceeds from which will be donated to environmentalist causes.

SOCIAL: A PEOPLE CENTRIC CORPORATE CITIZEN

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FY2021 SOCIAL HIGHLIGHTS



Verified by **independent third party** consultant that the Company is free of all

11 International Labour Organisation (ILO) forced labour indicators

Investment of **RM220 million** to improve accommodation for **13,000 employees**

Contributed **RM2.2 billion** in income tax towards the nation's building and to promote **sustainable economic growth**

Strong representation of **women** in our workforce: **42%** at board level, **52%** at managerial level

Donated **RM191 million** worth of financial aid, personal protective equipment and medical devices to support communities and front liners during the COVID pandemic, including **12 million pieces of medical gloves**

Provided **9,720 job opportunities** of which **85%** are local

Invested **RM1.18 million** in employee training & achieved a total of **355,780 training hours**

Awarded **11 scholarships** worth a total of over **RM½ million**

94% or **20,720** of our global workforce were **fully vaccinated** against COVID as at 25 October 2021

Helped more than **1,000** needy families, schools and charity organisations

SOCIAL:

HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS



Management approach: As a business with a large global footprint and employees from diverse backgrounds including vulnerable groups such as our foreign workers, we are committed to eradicating forced labour and creating an inclusive and respectful ecosystem, where every employee's fundamental rights are respected, and is treated equally, leaving no one behind.

We have in recent years been faced with allegations with regard to human rights. To address these concerns, we have since actively engaged with the relevant stakeholders, including authorities, experts and the workers to identify the areas for improvement to drive positive change, reaffirming our commitment to upholding human rights.

Our strong commitment to human rights is guided by the following international human rights instruments. We are also aligned with the implementation of UNGC, Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPR) in our compliance with human rights principles. In addition, we assess and address our human rights risks and human rights impact assessment in accordance with ILO (International Labour Organisation), BSCI & SMETA guidelines/ best practices.

Sedex Member Ethical Trade Audit (SMETA)



Top Glove is a member of Sedex, a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.

Amfori Business Social Compliance Initiatives (BSCI) Code of Conducts





As a member of amfori, Top Glove is in compliance with the Code of Conduct of BSCI, an industry-driven movement that aims to monitor and assess workplace standards across the global supply chain.

OUR JOURNEY TO MODIFICATION OF THE WITHHOLD RELEASE ORDER (WRO)/FINDING IMPOSED BY THE U.S. CUSTOMS AND BORDER PROTECTION (CBP)

10 Sept 2021		U.S. CBP modifies Finding on Top Glove
22 Apr 2021		Impactt issues "all Green" report which confirms Top Glove has resolved all 11 ILO indicators
29 Mar 2021		U.S. CBP announced WRO classification to Finding
Jan 2021		Impactt confirms no systemic forced labour at Top Glove. All forced labour indicators resolved
Jul 2020		Top Glove engages Impactt, an independent international ethical trade consultant
15 Jul 2020		U.S. CBP issues Withhold Release Order, WRO to Top Glove

SOCIAL:
HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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2020																																																																									
July	<p>The U.S. Customs and Border Protection (CBP) placed a detention order on disposable gloves manufactured by Top Glove Sdn. Bhd. and TG Medical Sdn. Bhd. on 15 July 2020.</p> <p>We engaged United Kingdom based independent international ethical trade consultant, Impactt Limited (Impactt) to conduct an assessment and verify our labour practices.</p>																																																																								
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SOCIAL:
HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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OUR POLICY ON HUMAN RIGHTS PRACTICES:

Guided by the Group's Human Rights & Ethical Conduct and various international human rights instruments, we embrace the following to ensure the rights of our employees, including migrant workers, are always respected and fulfilled:

- 1 Eliminating any form of child labour, modern slavery, forced labour & bonded labour. We have a strict policy not to recruit employees below 18 years old and a verification mechanism in place to detect underage candidates.
- 2 Zero tolerance on discrimination, physical and sexual violence.
- 3 Prioritise workers' health and safety by providing decent living conditions and a safe workplace.
- 4 Respecting workers' rights in relation to the following:
 - Access to multi and independent-managed grievance and whistleblowing channels
 - Full custody of identity documents
 - Freedom of movement
 - Freedom of association and rights to collective bargaining
 - Fair working hours and rest days, and no excessive overtime
 - Zero debt bondage
 - No withholding of wages



Human Rights & Ethical Conduct
[Click here and scan the QR code to view our Human Rights & Ethical Conduct](#)

UPHOLDING SOCIAL COMPLIANCE BEST PRACTICES:

Top Glove views human rights concerns seriously and has been taking aggressive steps to implement multiple initiatives towards improving social compliance practices according to international best practices.

Our key initiatives in addressing social compliance:

Human rights **risk assessment/ due diligence & audits**

- ▶ Conducted by **independent international ethical trade consultant**

Enhancement of **policies & procedures**

Improvement of **grievance & whistleblowing channels**

Completed **remediation payment** to workers

Improvement in **workers' accommodation**

- ▶ Investment of **RM220 million** to improve accommodation which will benefit **13,000** employees

Engagement with workers through:

- ▶ **Monthly worker representatives and HR Department representatives** meeting
- ▶ **Quarterly worker representatives and Independent Directors** meeting

Communicate with supply chain via town hall sessions

Capacity building and awareness training among our workforce

SOCIAL:
HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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HUMAN RIGHTS RISK ASSESSMENT/ DUE DILIGENCE & AUDITS

- In July 2020, the Group engaged independent international ethical trade consultant, Impactt Limited (Impactt) to conduct the following on a quarterly basis:
 - Assess the presence of forced labour by reference to the ILO's 11 Forced Labour Indicators
 - Propose corrective action plans to improve the Group's labour practices
 - Monitor the Group's implementation of the corrective action plans
- Top Glove has resolved all 11 ILO indicators of forced labour as verified by Impactt
- In addition to Impactt's audit, the HR Department's Social Compliance Team and customers initiate audits based on international BSCI and SMETA standards
- In FY2021, we achieved a "B" rating in social ethical audits conducted by external independent parties. We have set a target to achieve a "B+" rating in FY2022 and ultimately "A+" rating from FY2024

Total number of announced audits	31	Total number of audits initiated and paid by customers	5
Total number of semi-announced audits	1	Total number of audits initiated and paid by Top Glove	27

ENHANCEMENT OF POLICIES & PROCEDURES

- We improve our policies to ensure the welfare and rights of our workers are safeguarded throughout the recruitment process. These improvements include:
 - Recruitment Agreement which is now guided by a robust Job Advertising Policy
 - Inclusion of basic salary information in the "Undertaking of Recruitment Terms", which will be briefed and acknowledged by all candidates prior to interview
 - Increased the lead time for recruitment
 - Revised payment terms to ensure agency has upfront payment for the processing of recruited candidates to protect workers not being asked for any recruitment fee
- We have also improved other relevant policies such as:
 - Social Media Policy
 - Prevention of Sexual Harassment Policy
 - Prevention of Bullying at Workplace Policy
 - Grievance Procedure



List of policies

[Click here or scan the QR code to view our list of policies](#)

WHISTLEBLOWING CHANNEL

- Top Glove has established its Whistleblowing Policy & Procedures (WBPP) to address whistleblowing cases. For these, investigations are conducted by Whistleblowing Committee and all cases investigated are reported to Board of Audit Committee (BAC). The identity of whistleblower is protected by external providers and the Whistleblowing Committee only receives details of the complaint. The outcome of the investigation into the case is communicated via a channel provided by external provider which serves to alert the whistleblower on the results.
- Top Glove's whistleblowing mechanism provides established channels through which our stakeholders may report or disclose genuine concerns about bribery & corruption, fraud, grievances, unethical behaviour, malpractices, illegal acts, policies & procedures malfunction or failure to comply with local & foreign bribery laws on the part of the company, of which they have become aware. All information provided by whistleblower will be taken seriously and treated confidentially in accordance with the law under the Whistleblower Protection Act 2010.
- In the event of a suspected corruption or bribery activity, the Whistleblowing Committee chaired by Whistleblowing Committee Chairman / Managing Director will process the case, conduct investigations, take action and report to the Board accordingly. Whistleblowing cases are investigated by Managing Director, Head of Internal Audit & Chairman Board of Audit Committee as case receivers.

SOCIAL:
HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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- 3 case receivers and 2 case masters are included in the system to uphold business ethics: honesty, integrity and transparency and reduce the conflict of interest when conducting investigation/decision making.
- The case receiver's role is to receive and communicate with whistleblower via external provider while case master to review the case and approve the investigation made by the committee.
- All cases are treated with utmost confidentiality and only cases are investigated not the complainer.
- All whistleblowing cases are reported quarterly at the Board Audit Committee Meeting.
- Total whistleblowing cases received in FY2021: 16 cases

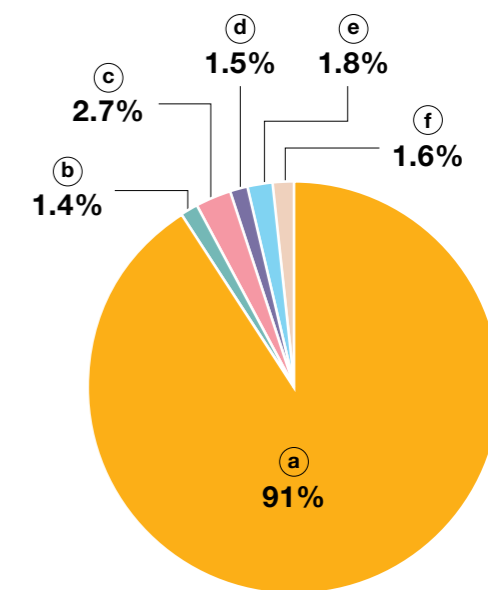
Category	Number of cases
Bribery / Corruption	0
Fraud	1
Grievances	6
Others (on policy & procedures)	9

As at the reporting date, 15 cases have been closed, while investigations for the remaining 1 case are in progress. Of the 15 closed cases, 1 case was an instance of attempted fraud by external party, which Top Glove was alerted of through the whistleblowing channel.

GRIEVANCE MECHANISM

- We provide multiple grievance channels which allow our employees to raise grievance anonymously. Our recent workers survey has reflected that workers are satisfied with the improved grievance mechanism.
- Available grievance channels include:
 - An independent grievance helpline managed by independent third party consultant, Impactt, which is available in multiple workers' native languages.
 - In FY2021, the Impactt Helpline received 1,336 calls in the following areas. As at the reporting date, 92% of the cases have been resolved and closed, with the remaining 8% pending Impactt's verification of action taken by the Company.

- a Remediation payment**
Concluded. We have fully remediated our foreign workers in April 2021.
- b Accommodation**
Concluded. We have improved our accommodation and are in compliance with Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446).
- c Workers wanting to return to their home country**
Ongoing. Due to limitation of flights, we are arranging for workers to return to their home country based on the priority level of workers.
- d Workers stranded in their home country**
We are still waiting for governmental approval to bring workers back from their home country.
- e Medical**
We offered extensive healthcare and medical care benefits to employees. This has been shared to Impactt.
- f Others**
We resolved and updated Impactt on the status of each case. Impactt closed cases after verifying status from workers. Example of cases in this category: facilities at quarantine hotel, etc.



SOCIAL:
HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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- 2. Workers' representatives:
 - o Workers of all factories have the right to elect their representatives for each factory.
 - o Every factory will have workers' representatives from each nationality & gender, including Malaysian.
 - o Workers' representatives attend the following fixed engagement sessions for them to raise workplace and accommodation concerns:
 - a. Monthly meeting with operations team and Safety & Health team from the HR Department.
 - b. Quarterly meeting with Independent Directors. The first quarterly meeting was held on 9 March 2021.



▲ 1st engagement session between Independent Directors and workers' representatives was held on 9 March 2021, during which topics discussed include accommodation, etc.

- 3. TG Care Lines for workers to report harassment and bullying incidents
- 4. Centralised workers' helpline
- 5. Email
- 6. WhatsApp
- 7. Human Resources personnel

COMPLETED REMEDIATION PAYMENT

- Top Glove has fully remediated our workers.
- A total of RM150 million remediation payment has been made.
- On top of the Zero Recruitment Cost Policy, we adopt open tender in selection of recruitment agents and conduct due diligence on our recruitment agents.

SOCIAL:
HUMAN RIGHTS & LABOUR MANAGEMENT RELATIONS

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IMPROVEMENT OF WORKERS' ACCOMMODATION

- We invested RM220 million to improve accommodation for 13,000 employees, which is expected to be ready in stages between end 2021 to end 2023.

Location	Estimated CAPEX, RM' mil	Target Capacity, pax	Target Completion
A. Constructed by Top Glove Banting: Lot 213 and Lot 214			
1) Phase 1, Block 1 & 2	12	1,000	Early 2022
2) Phase 2, Block 3 & 4	12	1,000	End 2023
Aman Perdana, Klang: Lot 6495			
3) Block 1	14	1,300	Mid 2022
4) Block 2	14	1,300	End 2023
Meru, Klang			
5) Lot 5135, Block 1 & 2	27	2,200	Mid 2022
6) Lot 5117, Block 1 & 2	23	1,800	Mid 2022
7) Lot 5116, Block 3 & 4	23	1,800	End 2023
B. Purchased from developer			
8) Kenangan Meru Apartment	95	2,600	Mid 2022
Grand Total	220	13,000	

- Our accommodation is in compliance with the Act 446: Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.
- We have submitted our application for Certification for Accommodation (CFA). Prior to issuance of the CFA, the Department of Labour (DOL) conducted physical inspections and we were found to be in compliance with the requirements of Act 446. As at 29 Oct 2021, 95% of our CFA applications have been approved and the remaining 24 applications are pending issuance by DOL upon conclusion of their inspections. *Note: The issuance of CFAs was affected by Movement Control Order arising from the COVID pandemic.*
- Various amenities such as a laundromat, canteen, mini market and recreational facilities available within the accommodation to cater to our workers' daily needs.



Accommodation improvement plan and progress

Click here or scan the QR code to view our accommodation improvement plan and progress (under Improved Accommodation section)

Our accommodation is in compliance with the Act 446: Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990



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COMMUNICATING WITH SUPPLY CHAIN VIA TOWN HALL SESSIONS

- We are committed to building a sustainable business in our operations together with our business partners.
- Our business partners affirm their commitment towards sound and sustainable business practices by signing Top Glove's Business Partners' Code of Conduct.
- We share our values particularly in the area of labour practices with suppliers via town hall sessions, followed by post-town hall audits to cultivate the human rights awareness & best practices.
- On 30 September 2021, we invited our suppliers to participate in our inaugural *Top Glove Sustainability Webinar: Suppliers & Contractors* with a view to communicating Top Glove's ESG practices and our expectations of our intermediaries.

ENGAGEMENT WITH WORKERS

- Guided by the Group's policy on Human Rights and Ethical Conduct, workers have the right to freedom of association and collective bargaining.
- Our subsidiary, Eastern Press Sdn Bhd is covered by collective bargaining agreements, with the notice period for consultation and negotiation specified in collective agreements.
- In operations where formal unions do not exist, all workers are covered under the Workers Welfare Committee, for which workers in every factory have the right to elect their respective worker representatives for each nationality and gender. Engagement details with worker representatives are articulated under the "Grievance Mechanism" section.

ENHANCE HUMAN RIGHTS TRAINING AND AWARENESS

- Towards making our engagement with workers more effective and instilling human rights awareness among our workforce, our initiatives include:
 - a. Collaborated with International Organization for Migration (IOM) in and March 2021 to conduct a series of workshops to combat forced labour. We trained about 100 targeted participants on International Recruitment Integrity System (IRIS) & Corporate Responsibility in Eliminating Slavery and Trafficking (CREST) topics. The primary purpose of the collaboration is to promote stronger migrant employment and ethical recruitment practices in our operations and supply chain. IRIS helps identify ethical labour recruiters and align their business practices to the IRIS standard, while CREST promotes the awareness of modern slavery and guides companies to eradicate it.
 - b. We had several in-house sessions on Ethical Labour Practices and Understanding the Social Compliance Audit facilitated by our internal experts, which have garnered close to 400 participants including our Head of Departments and Human Resources Business Partners.
 - c. Conducting various town hall style meetings, workshops, and social dialogues sessions for workers.
 - d. Making worker representation more effective and holding regular meetings with the management.
 - e. Organising joint training sessions with workers, supervisors and the management on prevention of workplace bullying policy.
 - f. Educating workers to raise grievances on available grievance channels, especially the independent grievance helpline managed by Impactt.
 - g. In FY2021, a total of 7,095 training hours on human rights policies or procedures concerning aspects of human rights that are relevant to operations were conducted for 215 staff. Number of training hours increased 761% from 824 hours in FY2020.



SOCIAL:
OCCUPATIONAL HEALTH & SAFETY

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OCCUPATIONAL HEALTH & SAFETY



Management approach: Investment in employees' health and safety is the best prevention towards any negative impacts such as risks on health & safety of our employees & low productivity. At Top Glove, we recognise our responsibility in providing a safe and healthy workplace for our employees by enhancing the safety process within our operations, providing necessary technical and educational support in occupational safety and health as well as enhancing our healthcare initiatives.

OCCUPATIONAL SAFETY:

Guided by the Group's Occupational Safety & Health (OSH) Policy, the Safety Department and Committee which consists of 1,099 members from management, staff and worker representatives, leads the safety management initiatives and strategies of the Company.

Workers' participation in the OSH management system is equally important in the Company. At quarterly Safety and Health Committee meetings, which provide a forum for discussion about OSH matters at workplace, there is equal representation from worker representatives who have the right to raise any health and safety related matters for discussion and resolution.

As at September 2021, a total of 3 factories, namely factory F5, F9 and F23, or 6% of total factories were certified with the Occupational Health & Safety Management System ISO 45001:2018. Considering the large number of factories we have, we aim to certify another 10 factories with ISO 45001:2018 in FY2022, which brings the total certified factories percentage to 28%. We target to certify 100% of our factories with ISO 45001:2018 in FY2025.

We have key assessment monitoring systems in place for the following:

- a) Chemical Health Risk Assessment (CHRA)
- b) Noise Risk Assessment (NRA)
- c) Chemical Exposure Monitoring (CEM)
- d) Audiometric, Local Exhaust Ventilation (LEV)
- e) Heat stress
- f) Medical surveillance
- g) Indoor Air Quality
- h) Control of Industrial Major Accident Hazards (CIMAH) Assessment

We conduct workplace safety & health risks assessment through:

- a. Observation, interviews and implementation of Hazard Identification, Risk Assessment and Risk Control (HIRARC), the relevant trainings for which have been provided to employees. Through HIRARC, following feedback from workers, an accident investigation will be conducted with the Safety and Health Committee, process owner with the involvement of related staff and workers. For example, through HIRARC, we identified working at height without proper railing or safety harness as one of the safety hazards and have taken corrective action to install proper railings at the platform.
- b. Implementation of monthly Corrective Action and Preventive Action (CAPA), through Safety and Health Committee meeting with the participation of staff and workers.
- c. Implementation of unsafe condition and unsafe act (UA/UC) monitoring and reporting through TG GOODSAFE online reporting.

Top Glove Good Safe Programme:

In September 2020, we launched Top Glove Good Safe Programme to all Malaysia factories. The Good Safe Programme is an analytic tool to predict focus area in avoiding unwanted incident.

Factory's safety officers to have safety walkabout to identify hazards through unsafe act & unsafe condition (UA & UC) based on BSCI standards, UA & UC to be tracked in the system to ensure action being taken. Every "Good Safe" needs to be prioritized to close it eg. if high severity within 2 hours, or up to 5 days for moderate/low risk cases.

We managed to achieved 90% of closure rate in FY2021, compared with 80% of target set. It is in the pipeline to train non-safety officer committee to conduct the Good Safe walkabout.

SOCIAL:
OCCUPATIONAL HEALTH & SAFETY

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Safety training:

We continuously conduct training to improve and enhance employees' safety awareness to prevent accidents and incidents. Trainings include Work Instruction (WI) covering safety precautions which are provided to workers. Other training scopes include HIRARC, PPE, chemical spillage, machinery handling, Emergency Response Team, working at height, etc.

Safety Committee & Officers attended safety training (%)	Non-Safety Committee & Non-Safety Officers attended safety training (%)
21.3%	78.7%

Safety data:

In FY2021, we regret to report that there were 2 contractor fatality cases, in which the contractors fell from height while carrying out their tasks due to insufficient Method of Statement by the contractors and lack of on-site supervision. We also recorded 2 cases of contractor work-related injuries.

We are determined to continue our mitigation efforts to keep both our employees and contractors safe. We have taken immediate action to install more proper railings at the platforms and have also tightened our permit process for contractors. All contractors without proper safety PPEs will not be allowed entry to Company premises. We also continuously emphasise building organisational capacity and operational controls that will act as a barrier to accidents being escalated to life changing or fatal outcomes.

In the same reporting year, we also regrettably recorded 1 employee workplace fatality, where the victim was electrocuted having come into contact with a broken lamp bulb. To safeguard against future reoccurrence, the following preventive actions have since been implemented:

1. Light bulb relocated to a place with lower foot traffic
2. Changed to a safer type of bulb
3. Carried out periodical inspections on lighting system
4. Installed RCBO (Residual Current Breaker with Over Current)

Financial Year	Employees safety data			
	FY2018	FY2019	FY2020	FY2021
Employee fatalities rate (percentage)	0	0	0	0.01
Number of employee fatality case	0	0	0	1
Percentage of employees covered for LTIFR (%)	100	100	100	100
Lost-Time Injury Frequency Rate (LTIFR) (number/ a million hours worked)	1.0	0.9	1.1	0.92
Number and rate of high consequence work-related injuries (including fatalities)	N/A	N/A	N/A	Number: 71 Rate: 3.24

Progress:

Improvement of LTIFR was due to effective implementation of the TG Good Safe Programme, inspection on hazard spotting monitoring and frequent trainings. This has led to the reduction of cases by category such as sharp object/ edge, chemical and falling.

SOCIAL:
OCCUPATIONAL HEALTH & SAFETY

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- FY2021 accident rate:**
3.24 per 1,000 workers
- Short term target:**
To reduce accident rate by 9.5% to 2.93 per 1,000 workers in FY2023 (against FY2021)
- Medium term target:**
To reduce accident rate by 14% to 2.77 per 1,000 workers in FY2025 (against FY2021)

Our strategies towards achieving these targets include:

1. Promoting the concept of Plan, Do, Check, Act (PDCA) and continuous improvement on safety and health across all levels in the organisation
2. Focusing on engineering control to reduce safety and health risks
3. Strengthening the safety and health training program
4. Enhance Contractor Management System
5. Continuous audits and inspections

PROMOTING WELLNESS:

Towards looking after the mental and physical health of our employees, Top Glove provides comprehensive healthcare facilities and has multiple initiatives in place in the form of holistic wellness programmes. As at 17 September 2021, Top Glove also had a 46 strong team of wellness professionals dedicated for this purpose.

We Provide the Best Healthcare to Our Employees

Top Glove has **46 Wellness Team Members** as at 17 September 2021





32 Medical Professionals	2 Ambulances	11 Wellness Professionals	3 Fitness Professionals
10 Medical Doctors	4 Nurses	7 Nutritionists	1 Fitness Trainer
1 Dentist	5 Clinic Admins	1 Dietitian	2 Fitness Assistants
2 Mental Health Counselors	4 Paramedics	1 Naturopathy Wellness Consultant	
4 Medical Assistants	1 Radiographer	1 Branding Executive	
1 Assistant Pharmacist		1 Health Admin Executive	

The medical team is managed by Top Glove Global Doctors Medical and Dental Clinic (TGGD) in Meru, Klang as our occupational health provider. TGGD attends to our Klang workforces' health and safety needs, and also those of the communities nearby.

SOCIAL:
OCCUPATIONAL HEALTH & SAFETY

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

Our key initiatives in promoting good physical and mental health:

<p>Launching of Zero Harm on Mental Health Programme</p>  <p>Health talks for employees</p>	 <p>Workers Health Protection Programme (WHPP) which is fully subsidised by Top Glove and entitles workers to complimentary blood screening, vision and hearing assessment.</p>
<p>Promoting 5 Healthy Wells:</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid orange; border-radius: 50%; padding: 5px; text-align: center;">Clean Well</div> <div style="border: 1px solid orange; border-radius: 50%; padding: 5px; text-align: center;">Eat Well</div> <div style="border: 1px solid orange; border-radius: 50%; padding: 5px; text-align: center;">Work Well</div> <div style="border: 1px solid orange; border-radius: 50%; padding: 5px; text-align: center;">Exercise Well</div> <div style="border: 1px solid orange; border-radius: 50%; padding: 5px; text-align: center;">Sleep Well</div> </div> <p>Quarterly BMI (Body Mass Index) monitoring</p> <p>Weight Management Programme: “Mission Slim Possible” & “Gain It Right” with nutritionist guidance for ideal weight management.</p>	 <p>Subsidised healthy vegetarian meals delivered to employees’ factories/offices. In FY2021, we invested RM7.2 million in supporting employees with 1.44 million healthy vegetarian meals. This included 22,000 packs of complimentary vegetarian meals for Monday assembly and 1.42 million subsidised meals to reduce the need to commute for food, thus minimise the exposure risks during the pandemic. Under the subsidised vegetarian meal programme, the Company subsidises RM5 for each staff’s meal, while workers need only pay RM1 for each subsidised meal. The Company has a total of 114 vegetarian employees.</p>
 <p>Complimentary access to gymnasium facilities & sports subsidy</p>	<p>Complimentary counselling services</p>

In FY2021, we recorded an average of 2.18 days of sick leave per employee (man days lost 0.7%). Average hospitalisation leave per employee during the same reporting year was recorded at 0.3 days with man days lost of 0.095%. Both sick leave and hospitalisation leave were mainly COVID related, for which employees with symptoms underwent self-quarantine at home or were admitted to hospital.

In an effort to raise mental health awareness in the corporate sector, promote mental wellness and break the stigma about mental health in the workplace, Top Glove launched its inaugural Zero Harm on Mental Health programme on 10 October 2021, in conjunction with World Mental Health Day.

Initiated by the TGGD Mental Health Clinical and Crisis Support Team, this programme, together with the existing Zero Harm and Safety Health Emergency Preparedness Programme introduced in 2019, provides a comprehensive safety and wellness action plan for Top Glove employees.

Key highlights of the Zero Harm on Mental Health programme:

- Educational posters and information cards in seven (7) different languages in factories, offices and hostels on how staff and workers can reach out for help, as well as tips on how they can manage their mental wellbeing. This will also be accessible via the Workers Learning App, which all workers have access to.
- Facilitates the prompt management of crisis and employees’ mental health symptoms through crisis intervention and counselling, as well as psychotherapy.



▲ Top Glove Founder and Executive Chairman Tan Sri Dr Lim Wee Chai (right) receives a green ribbon pin badge from Malaysian Mental Health Association President Professor Dato’ Dr Andrew Mohanraj (left), as a symbol of his support of promoting mental wellness

SOCIAL:
1. OCCUPATIONAL HEALTH & SAFETY
2. INFECTIOUS DISEASES

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To support employees in achieving work life integration for maximal well-being, Top Glove has implemented a series of family friendly policies below in FY2021:

<p>Extended maternity leave up to 67 consecutive days on full pay. This is in excess of the legally required minimum of 60 days.</p>	<p>Working parents with child under the age of 12 and expectant mothers have the option to work from home for an aggregate of 30 days in a year or to change work shift schedule.</p>
<p>Mothers are given an option to have additional 23 consecutive days of work from home after maternity leave, so that they can ease into work while still attending to their newborn.</p>	<p>Fully-paid family care leave to support our employees who care for immediate family members diagnosed with terminal illness, injuries, disabilities or in need of special medical attention.</p>
<p>Paternity leave is not stipulated in Employment Act 1955. However, we have further extended fully-paid paternity leave up to 3 days for all working fathers.</p>	<p>Flexible work arrangement in addition to family care leave. Employees have an option to work from home for an aggregate of 10 days in a year depending on eligibility and specific needs.</p>
<p>After completing the paternity leave, staff have an option to have 14 consecutive days to work from home to facilitate bonding with their newborn.</p>	<p>Upgrading of nursing rooms to support breastfeeding employees.</p>

Parental leave data:

Scope	Gender	FY2021 (number)
Total no. of employees who were entitled to parental leave	Female	4,478
	Male	5,698
Total no. of employees who took parental leave	Female	195
	Male	165
Total no. of employees who returned to work in the reporting period after the end of parental leave	Female	195
	Male	165

INFECTIOUS DISEASES



Management approach: Our response to the COVID pandemic underscores our commitment towards being a people centric corporate citizen while ensuring business sustainability. We prioritise the safety of our employees and stakeholders, whilst continuing to produce high quality medical gloves, adapting to the new norm in global business environment and supporting the community and front liners.

The COVID pandemic has led to the surge of demand of medical gloves globally. During the challenging period, we have worked hard to produce high quality medical gloves to meet the needs of our customers. The 4 key ways in which we have responded to ensure we protect our people, support the community and business partners while ensuring business sustainability are as articulated in the next page:

SOCIAL:
INFECTIOUS DISEASES

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a. Prioritising health and safety of our workforce

- Improvement of workers' accommodation
 - Please refer to "Human Rights" section on page 115 for further details.
- COVID vaccination for employees
 - In support of the Malaysian Government's effort to achieve a higher vaccination rate in Malaysia, Top Glove has commenced its on-site COVID vaccination programme under Program Imunisasi Industri COVID Kerjasama Awam Swasta (PIKAS) on 19 July 2021 in Meru, Klang, Selangor. As at 25 October 2021, 94%, or 20,720 of our global workforce were fully vaccinated.



- COVID helplines to support employees on all COVID related enquiry
- Frequent disinfection
- Provision of essential PPEs including face masks and sanitisers
- Designated isolation hostels for workers in need of quarantine
- Leveraging technology for safe communications
- Risk assessment and tracking
- COVID helpline and careline
- Healthy vegetarian meal subsidy and delivery to reduce the need to commute for food
- For more details of our COVID preventive measures, please visit to:



COVID Preventive Measures

Click here or scan the QR code to view our COVID preventive measures

b. Supporting humanitarian and emergency relief efforts

- Through our charity arm, Top Glove Foundation, we rolled out and supported various community outreach programmes to support the community during this challenging time, such as Lend A Hand (LAH) Project, Blind Masseurs Project, Rise Against Hunger & Yayasan Food Bank Projects. Please refer to pages 131 to 132 in this report for more information.
- Donated RM191 million in financial aid, PPE and medical devices to support communities and front liners during the COVID pandemic, including the donation of 12 million pieces of medical gloves.
- Food aid to local community in Bangka Belitung, Indonesia.

c. Keeping our business partners connected

- We continuously reviewed our operational strategies to support our customers and improve our production efficiency on an ongoing basis, towards maintaining a competitive edge.
- Leveraged Digital Enhancement Project to track and analyse data more effectively.
- We supported our vendors, ensuring their continuous operations and facilitated delivery of goods to Top Glove with issuance of support letters.
- We continuously sourced and onboarded new reputable vendors to sustain our business.
- We worked with a minimum of 3 vendors for each item procured to ensure no shortage of any material.
- We supported our critical customers with sharing of shipment costs when shipment cost surged during the pandemic.
- We increased our communication with our suppliers via online platforms to better coordinate raw material deliveries.

d. Product and customer base diversification

- We diversified our product range and penetrated new markets by venturing into manufacturing non-glove products such as facemasks, hand sanitizers, liquid hand wash, tourniquets and rubber reclaimed rubber products.
- We embarked on e-Commerce platforms such as TGeBuy, Shopee & Lazada to retain and attract customers during the pandemic.
- We invested in enhancing the Customer Portal features, enabling customers to self-serve in terms of retrieving documents, checking order status and accessing other relevant information.
- To ensure uninterrupted supply, we established our in-house supply such as concentrated latex and packaging material.
- With product hygiene as a top priority, we invested in "contactless" automated packing and handling systems to ensure that our gloves transit from the production line into packaging without human intervention, minimising the possibility of contamination. Adoption of automation has resulted in significantly lower costs and has increased manufacturing efficiency. Our productivity surged by 80%, with workers per million pieces of gloves (WPM) dropping from 8.4 WPM to the current 1.8 WPM, reducing our dependency on manual labour. This assists us in overcoming the labour shortage caused by restrictions on recruiting migrant workers as a result of international border closures.

SOCIAL:
DIVERSITY & INCLUSION

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DIVERSITY & INCLUSION



Management approach: At Top Glove, we embrace diversity and inclusivity as we believe a diverse and respectful culture is the key to boosting staff morale, retaining talent and improving productivity. We are committed to providing equal opportunities in recruitment and career growth, and 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.

Our diverse global workforce (in number):

Group	Category	FY2018	FY2019	FY2020	FY2021
Total no. of employees		17,226	17,539	20,835	22,741
Nationality	Malaysia	3,600	4,380	7,590	10,176
	Thailand	924	953	409	1,333
	China	351	256	290	234
	Vietnam	165	95	164	294
	Myanmar	445	472	1,218	827
	Indonesia	139	542	939	834
	Nepal	5,968	4,779	4,555	3,698
	Bangladesh	5,095	5,677	5,447	5,171
	Others	539	385	223	174
By employment type	Permanent	4,879	5,588	19,750	21,532
	Contract	12,347	11,951	333	391
	Interns	548	1,029	752	818
By category	Lower management	13,813	13,340	15,441	15,915
	Junior management	1,289	1,497	2,047	2,617
	Middle management	1,671	2,190	2,775	3,523
	Upper management	398	453	506	603
	Senior management	47	53	52	69
	Executive management	8	6	14	14
By age group	Below 30	10,410	10,523	13,559	14,812
	30 - 50	6,399	6,665	6,888	7,525
	Above 50	417	351	388	404
By ethnicity (Malaysia only)	Malay	N/A	2,741	4,837	6,720
	Chinese	N/A	958	1,569	1,765
	Indian	N/A	619	1,051	1,263
	Others	N/A	56	120	428

Malaysia workforce (in number):

Category	FY2018	FY2019	FY2020	FY2021
Nationality				
Malaysian	3,592	4,378	7,589	10,161
Non-Malaysian	11,575	12,472	11,459	10,183

SOCIAL:
DIVERSITY & INCLUSION

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Gender diversity:

Financial Year	FY2018	FY2019	FY2020	FY2021
Employee breakdown by gender (in numbers)				
Female	4,160	4,386	6,052	7,030
Percentage	24%	25%	29%	31%
Male	13,066	13,153	14,783	15,711
Percentage	76%	75%	71%	69%

Leadership positions (managers & above) held (in numbers)

Female	240	282	306	229
Percentage	54%	55%	53%	52%
Male	207	230	266	212
Percentage	46%	45%	47%	48%

Board of Directors' gender diversity (in numbers)

Female	4	5	5	5
Percentage	33%	42%	42%	42%
Male	8	7	7	7
Percentage	67%	58%	58%	58%

Number of staff with differing abilities recruited: 27 persons	Percentage of female employees in a management position in the Marketing Department: 61%
---	--

Percentage of **female employees in top management** position (Executive management & senior management): **31%**

Basic salary ratio of men to women

- ▶ **Male** employee ratio of entry level wage to minimum wage: **1:1**
- ▶ **Female** employee ratio of entry level wage to minimum wage: **1:1**

Our targets in demonstrating best gender diversity practices:

- ▶ **Short term:**
To achieve **44% female participation** in managerial position in FY2022
- ▶ **Medium term:**
To achieve **50% female participation** in managerial position in FY2025
- ▶ Status as at FY2021:
52% female participation in managerial position

SOCIAL:
DIVERSITY & INCLUSION

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Prevention of Harassment & Bullying:

In FY2021, a total of 34 harassment incidents were reported and resolved. Throughout the investigation process, we ensured that the affected employee's safety was well protected at all times, which included concealing their identity. As a responsible employer, we continue to look for ways to go above and beyond in supporting the wellbeing of our employees. In line with our efforts, we have also proactively engaged with professional counselling service providers to assist our employees during these difficult times. At the same time, stern disciplinary actions including dismissal, will be taken against the perpetrators if proven guilty upon investigation.

The improved grievance mechanism in place has provided our employees a safe platform to raise grievances. Besides our strategies in effectively enhancement of the grievance mechanism, preventing harassment also include:

1. Enhancement of our policies, which include:
 - a. Prevention of Sexual Harassment Policy
 - b. Prevention of Bullying Policy
 - c. Grievance Procedures
2. Periodically reviewing our policies
3. Training and awareness among employees

Recruitment:

Financial Year	FY2018	FY2019	FY2020	FY2021
Total new recruits (number)	5,342	4,570	6,264	9,720
Breakdown by age group (percentage, %)				
Below 30	77	78	87	88
30 to 50	22	21	12	11
Above 50	1	1	1	1

Breakdown by gender (percentage, %)

Female	16	33	40	38
Male	84	67	60	62

Breakdown by nationality (based in Malaysia, percentage, %)

Malaysian	23	44	81	85
Non-Malaysian	77	56	19	15

TVET Recruitment

TVET (Technical and Vocational Education and Training) students recruited	N/A*	N/A*	641	2,962**
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* Data tracking commenced in FY2020

** Increase in TVET intake was due to impact from COVID, which resulted in recruitment of more skilled workforce

SOCIAL:
DIVERSITY & INCLUSION

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Turnover:

Financial Year	Staff Turnover			
	FY2018	FY2019	FY2020	FY2021
Turnover rate	17.73%	16.30%	18.60%	18.50%
Manufacturing industry turnover rate (based on calendar year)	17.76% (year 2017)	16.68% (year 2018)	15.78% (year 2019)	15.5% (year 2020)

Breakdown by age group (percentage, %)

Below 30	79.71%	74.51%	78.80%	80.50%
30 to 50	17.42%	20.78%	17.70%	18.50%
Above 50	2.86%	4.71%	3.40%	0.90%

Breakdown by nationality (based in Malaysia, percentage, %)

Malaysian	97.14%	86.53%	89.78%	90.30%
Non-Malaysian	2.86%	13.47%	10.22%	9.70%

Financial Year	Worker Turnover	
	FY2020	FY2021
Turnover rate	21.37%	26.47%
Manufacturing industry turnover rate (based on calendar year)	20.52% (year 2019)	24.36% (year 2020)

Breakdown by age group (percentage, %)

Below 30	71.65%	77.13%
30 to 50	27.49%	22.30%
Above 50	0.86%	0.57%

Breakdown by nationality (based in Malaysia, percentage, %)

Malaysian	53.54%	70.01%
Non-Malaysian	46.46%	29.99%

* Tracking of workers' turnover rate commenced in FY2020

Talent development:

Upholding the principle of equal treatment and inclusivity, we believe every employee has the right to access to trainings and well-being treatment. We take great pride in the professionalism and talent exhibited by our people who consistently raise our brand name.

We launched the Top Glove Workers' Learning App (TGWLA) for our workers in Malaysia to enable our workers to perform mobile-based learning too. This mobile app caters a wide range of multilingual videos, articles and assessments to enhance and support learning ranging from technical, safety, soft skills and mental health topics. To enlist workers' acceptance, over 100 familiarization sessions were conducted in their native languages spanning about a year.



Click here or scan the QR code to view our talent development initiatives

Total training investment in FY2021: **RM1.18 million**

Total of **355,780** training hours achieved

Categories of training: **70% technical and functional, 30% soft skills**

SOCIAL:
DIVERSITY & INCLUSION

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Employee training hours:

Management category	Training hours	Training Details (per employee)	Training hours
Lower	34.94	Average training hours	63.15 hours
Junior	102,317.18	Average days of training	9.02 days
Middle	209,942.05	Average training hours (Female employee)	71.34 hours
Upper	39,985.35	Average training hours (Male employee)	55.51 hours
Senior	3,114.65		
Executive	389.87		

Effectiveness of training (percentage of training has met its objective): **89.00%**

Total voluntary hours clocked by employees **61,152 hours**

Staff engagement survey:

In FY2021, to further enhance workplace inclusivity and improve internal processes, the Company engaged an independent third party consultant to conduct an anonymous employee engagement survey. Being the first year we worked with an external party for the exercise, we started with a representative sampling size of 4,000 respondents, covering all demographics of employees, across all levels, job grades, years of service, annual performance ratings and the like.

The survey yielded a response rate of 79%. This was slightly lower than those of the previous financial years, as the questions and methodology used differed from those when the survey was done in house, towards garnering more targeted feedback. Employee satisfaction scores (those within the Above Average Satisfaction category) decreased in comparison with preceding years, against the backdrop of the pandemic, during which the company continued operating, having been classified as essential services. This resulted in the need for operations staff to be stationed on-site, rather than work from home, as the Company endeavoured to fulfil the urgent global glove demand.

Based on the survey results which identified room for improvement in work environment, as well as rewards and recognition, strategic intents were developed with a view to strengthening these key areas under the Human Resources pillar. These included streamlining the pipeline for key and mission critical positions, creating impactful leadership programs, revamping the Performance Management System and conducting a Job Analysis/Job Evaluation Exercise to develop a more robust Rewards Framework.

Staff engagement survey results:

Financial Year	FY2018	FY2019	FY2020	FY2021
Percentage of total employees covered	90%	90%	90%	79%
Survey results with Above Average Satisfaction	58.79%	70.83%	75.23%	49%

Worker engagement survey:

We also rolled out worker engagement survey in FY2021, the results of which showed an improvement compared with the previous year. Generally, workers are satisfied with the hostel improvement initiatives and the training sessions provided such as the Company's Grievances Mechanism and Prevention of Sexual Harassment and Bullying. The Company is in progress to conduct a feasibility study on improving recreational facilities and recognition initiatives.

Worker engagement survey results:

Financial Year	FY2020	FY2021
Percentage of total employees covered	70%	85%
Survey results with Above Average Satisfaction	84%	88%

SOCIAL:
PRODUCT QUALITY & SAFETY

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PRODUCT QUALITY & SAFETY



Management approach: We are committed to manufacturing products which meet the highest quality and safety standards. As a global healthcare product manufacturer who has customers in 195 countries, we adhere to a stringent quality assurance process, ensuring we comply with each country's requirements.

To improve our competitive edge, we strive to ensure continuous improvements, but also breakthroughs in processes and technology to achieve quality excellence. Key strategies in improving our product quality & safety include the following:

a. Investing in Research & Development (R&D), digitalisation and automation

- a. Please refer to page 54 in "Letter to Stakeholders and Management Discussion & Analysis" section for details.

b. Implementation of Quality Management System

- a. As at FY2021, 100% of our glove factories are certified with Quality Management System (QMS). We target to certify 100% of our non-glove factories with QMS in FY2022.

c. Enhancing skills and knowledge of employees, for example:

- a. Structured Packing Executive Enrichment & Development (S.P.E.E.D) Programme, a 4-month job specific development training programme for Packing Executives.

d. Suppliers training on product quality

- a. Product quality is a key agenda in our engagement session with suppliers the inaugural *Top Glove Sustainability Webinar: Suppliers & Contractor* for which was held on 30 September 2021.

e. Compliance with product labelling regulations

- a. In FY2021, there were no incidents of non-compliance with regulations concerning product labelling or marketing communications (including advertising and promotions) for our in house brands.
- b. On 6 September 2021, we published the Top Glove Advertising and Product Representation Principles and trained the relevant personnel on the core advertising principles and unacceptable general claims.
- c. 100% of our significant products are covered by and assessed for product labelling compliance. In FY2021, we have zero incidents of non-compliance with regulations concerning:
 - i. Product information and labelling
 - ii. Marketing communications, including advertising, promotions and sponsorship

Financial Year	FY2018	FY2019	FY2020	FY2021
Number of product recalls	0	0	0	0
Number of regulatory agencies inspection	0	0	0	0
Number of Form 483 Observations and FDA Warning Letters received	0	0	0	0

SOCIAL:
SUPPLY CHAIN MANAGEMENT

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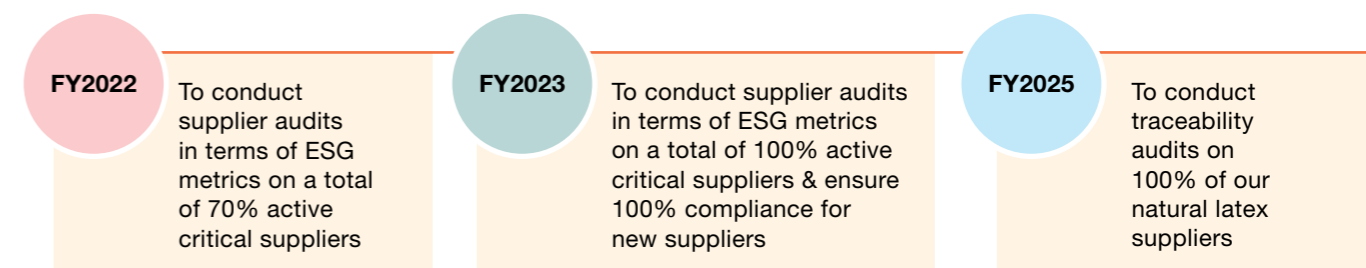
SUPPLY CHAIN MANAGEMENT



Management approach: Implementing good ESG practices at our own operations is not sufficient as the value chain poses significant impact for business sustainability. Guided by the Top Glove Business Partners' Code of Conduct, we share our ESG values with our business partners, to ensure a sustainable business relationship and business operations in all the key important areas, including human rights, environmental compliance and business ethics.

We are committed to ethical sourcing and responsible consumption, ensuring the products manufactured by us are truly sustainable. Our strategy in ensuring sustainable supply chain management includes supplier audit in terms of ESG metrics and traceability, such as Forest Stewardship Council (FSC) certification.

In FY2021, we enhanced our existing supplier audit checklist to address ESG concerns in the supply chain. Our set target in supplier assessment are as below:



Forest Stewardship Council (FSC) certification:

Both our latex concentrate plants (Factory F16L and F17L) in Thailand are Forest Stewardship Council™, FSC certified; Factory 16L (SGSHK-COC-470093) was certified since June 2019 while Factory 17L (CU-COC-874579) was certified in January 2021. Meanwhile, one of our glove factories located in Malaysia, Factory 13, also received its FSC™ certification (CU-COC-877534) in March 2021.

In FY2022, we aim to obtain certification for our packaging material factory, Factory F34PM and one additional glove production factory.

Supply chain data:

Type of supplier	Absolute number of suppliers	Share of total procurement spent (%)
Total tier 1 suppliers	4,005	100%
Critical tier 1 suppliers	327	65%

Percentage of procurement budget spent on local suppliers by country:

Country	Percentage (%)
Malaysia	49
Thailand	30
Vietnam	1
Other	20

Percentage of local suppliers by country:

Country	Percentage (%)
Malaysia	75
Thailand	17
Vietnam	4
Other	4

SOCIAL:
1. SUPPLY CHAIN MANAGEMENT
2. CUSTOMER EXPERIENCE

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Supplier assessment:

No. and percentage of critical suppliers assessed on ESG criteria (based on all critical suppliers)	159 critical suppliers, or 49%
No. of self-audits conducted	122
No. of site audits conducted	37
Percentage of new suppliers screened using environmental criteria	94%
Number of suppliers assessed for environmental & social impacts	159 suppliers

Supplier assessment has been affected by travel restrictions during the Movement Control Orders imposed by the government.

Supplier town hall

In FY2021, we held 4 supplier town halls covering 412 suppliers, focusing on social compliance practices. Suppliers who attended included our packaging material suppliers, manpower agents, chemical suppliers, latex suppliers and canteen operators.

Topics covered in the town hall are:

1. Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446)
2. Top Glove's Business Partner Code of Conduct
3. Occupational safety and health

On 30 September 2021, we invited our suppliers to participate the inaugural *Top Glove Sustainability Webinar: Suppliers & Contractor* to communicate Top Glove's ESG practices and our expectations on our intermediaries.

CUSTOMER EXPERIENCE



Management approach: We frequently engage with our customers to understand their needs, identify our shortfalls and new win win business opportunities. We define good customer satisfaction as not only entailing high quality and efficient low cost products, but also ethical business practices and robust protection of customers' data.

Ethical marketing practices:

Top Glove further solidified our commitment to ethical business practices through the establishment of the Sales & Marketing Code of Conduct, which covers principles of sales, marketing and advertising.



Sales & Marketing Code of Conduct

Click here or scan the QR code to view our Sales & Marketing Code of Conduct

Encompassing the aspects of sales, marketing and promotional activities, ethical customer engagement, safeguarding of information, providing accurate and balanced information about our products and services,

zero tolerance on corruption and bribery, and sustainable business practices, the Sales & Marketing Code of Conduct ensures our employees always exhibit a level of ethical behaviour that exceeds legal requirements.

Towards ensure our personnel deliver exceptional customer service, a variety of E-learning modules, and training programs are conducted continuously to all Sales and Marketing employees to ensure the utmost compliance with the Sales & Marketing Code of Conduct, and to equip them with comprehensive product knowledge, and other soft skills.

In the past 4 financial years, there were no legal actions or fines related to anti-competitive behaviour and violations of anti-trust and monopoly legislation.

SOCIAL:
1. SECURITY MANAGEMENT
2. LOCAL COMMUNITY

All content and data in this page has been verified & assured by external assessor, SIRIM QAS International Sdn Bhd

Customer satisfaction survey:

Our customer satisfaction survey focuses on four key areas for customers: price competitiveness, product quality, delivery and services. From the survey results, we conducted an analysis to identify areas for improvement. In the first half of FY2021, we scored low in terms of price competitiveness and delivery. Due to the COVID pandemic which had resulted in exceptionally high glove demand and long lead time, delivery of glove products had been affected and this has reflected in the customer satisfaction survey results. Concerted efforts were made to address this issue, including organic factory expansion and increasing our capacity to better meet market demand.

Financial Year	FY2018	FY2019	FY2020	FY2021
Customer satisfaction (%)	77	74	72	71
Percentage of total customers responded (%)	12	19	19	14

SECURITY MANAGEMENT



Management approach: The safety of our employees, premises including hostels and assets is very important to the Company. Top Glove is one of few Malaysian companies with its own pool of auxiliary police towards guarding the safety and security of our employees and premises.

In FY2021, we increased our auxiliary police by 83% to 150 auxiliary police to safeguard Top Glove premises including Top Glove Tower (our headquarters), hostels, Klang & Malaysia factories located outside Klang areas.

Leveraging on digitalisation, we improved our security mobile application ResQ which employees may use to report any safety/security incidents, rolling out Version 2.0, which was improved to be more user friendly and efficient. During the same reporting year, we have also expanded the Security Operation Management System ISO 18788 certification scope to cover factories located outside Klang areas.

LOCAL COMMUNITY



Management approach: we are committed to creating positive and long term community impacts for a sustainable future, especially for the generations to come. The Top Glove Foundation (TGF) is the Company's main charity arm for community support and outreach initiatives, which focuses on community development, education support and environmental conservation.

- In FY2021, a total investment of RM702,252 has been made to support various causes initiated by TGF
- As of FY2021, a total of RM30.6 million in various contributions was made by TGF
- Total volunteer hours contributed by employees in FY2021: 61,152 hours. Out of these volunteer hours, 44,851 hours were related to supporting pandemic related initiatives such as glove packing, PIKAS vaccination program and delivery of PPE donations



Community engagement initiatives

Click here or scan the QR code to view more community engagement initiatives

SOCIAL:
LOCAL COMMUNITY

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COMMUNITY DEVELOPMENT:

We support the communities in need through various projects such as philanthropic giving, food aid and internship opportunities. In FY2021, we have reached out and helped more than 1,000 needy families, schools and charity organisations.

BLIND MASSEURS PROJECT



An initiative to support 110 blind masseurs with weekly distribution of food and basic essentials for approximately 100 days at Brickfields

93 employees involved

421 volunteer hours contributed

CSR PROGRAM WITH SHEREEN KHOO

Assisted a senior citizen and a single mother to two sons, both with Autism Spectrum Disorder (ASD) to earn a living by selling handicrafts to Top Glove staff

42 employees involved

160 volunteer hours contributed

LEND A HAND (LAH) PROJECT



Food Bank (groceries and facemasks) to 1,036 families from B20/B40 households in communities surroundings of our factories

208 employees involved

881 volunteer hours contributed

RISE AGAINST HUNGER AND YAYASAN FOOD BANK PROJECTS



Packing of hydrated dry ration to serve communities in need

35 employees involved

225 volunteer hours contributed

EDUCATION SUPPORT:

11 scholarships awarded with total value of more than RM½ million in FY2021

As at FY2021, a total of 109 scholarships were offered, with monetary investment value of RM3.4 million

Total number of internship placements: 2,107

MEDICAL FACE MASK DONATION TO SCHOOLS



Donation of 92,000 pieces of medical face masks, valued at RM27,600 to 78 secondary schools around Malaysia for PINTAR Care Programme 2021

EDUSHARE PROGRAMME



Donated 17 units of reconditioned and usable laptops/PCs to registered Welfare Homes, Community Centres and Tuition centres for the Poor

SUPPORTING FACILITIES UPGRADING FOR SCHOOLS

Contributed close to RM30,000 to the following beneficiary schools:

- Tabung Pendidikan SMJK Tsung Wah to Upgrade School Facilities such as Desks and Chairs, Whiteboards, and Notice Board for School Students
- Persatuan Ibubapa dan Guru SMK Convent Bukit Nanas to purchase study tables
- SJKC Tar Thong Penang for New Building Fund and maintenance fee for Montfort Youth Centre

ENVIRONMENTAL CONSERVATION:

GROW GREEN PROJECT



To build an in-house nursery and ensure every workstation at Top Glove has a potted plant to create greener work environment

70 employees involved

176 volunteer hours contributed

PUBLIC GOTONG ROYONG WITH THE LOCAL COMMUNITIES



Gotong Royong activities carried out by Top Glove staff together with the local communities

156 employees involved

321 volunteer hours contributed

SOCIAL:
LOCAL COMMUNITY

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ECO BRICKS: GIVE THE EARTH A BREAK

To construct plastic bottle packed tightly with used plastic waste to upcycle into modular structures such as tables and chairs to drive awareness in terms of reducing and reusing plastic waste

330 employees involved

1,272 volunteer hours contributed

UDR (UPCYCLING, DOWNCYCLING & RECYCLING) PROJECT

An initiative to manage Upcycling, Downcycling & Recycling (UDR) of factories' scraps and general waste

14 employees involved

28 volunteer hours contributed

SPORTS SUPPORT:

SUPPORTING OUR ATHLETES



Top Glove supports our athletes in golf, badminton and football games

GOVERNANCE: STRENGTHENING GOOD CORPORATE GOVERNANCE AND RESPONSIBLE BUSINESS CULTURE



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FY2021 GOVERNANCE HIGHLIGHTS

Adoption of Independent Directors' Tenure Policy: Limiting the tenure of Independent Directors to 9 years without any further extension	Quarterly engagements between independent directors and worker representatives
Board evaluation conducted by independent external party	Diverse gender and skills across Board of Directors, with 42% of female directors
	40% of KPI linked to ESG metrics

ETHICS, INTEGRITY & GOVERNANCE



Management approach: Top Glove demonstrates the highest standards of corporate governance, a cornerstone of utmost importance in building a foundation of credibility and integrity for our stakeholders. We strive to implement comprehensive risk management, demonstrate good boardroom practices and instil a culture which promotes good ethics and conduct, as well as principles of anti-bribery and anti-corruption.

CORPORATE GOVERNANCE

Top Glove is guided by robust corporate governance practices in all our formal decisions and policy making exercises. A vigorous governance mechanism enable our Board of Directors to perform a pivotal role in sound strategic planning and risk management towards enhancing the sustainability of the Groups' business operations.

The details of our corporate governance practices may be found in the Corporate Governance Overview Statement from pages 140 to 171 in this Integrated Annual Report.

Our management incentives or remuneration pay are linked to ESG metrics, ensuring management accountability for the achievement of the Company's goals. In FY2021, the Group has set 40% of the FY2022 Key Performance Indicators (KPIs) tied to social and environmental pillars, which are aligned with the Company's material ESG matters.

To reflect the Company's commitment in transitioning into a net zero carbon business, the Group introduced carbon emission reduction as new KPI for FY2022.

40% of KPI linked to ESG metrics:

① Product Quality and Safety Customer complaint rate	③ Human Rights and Labour Practices Social ethical audit scoring	⑤ Talent Retention Employee turnover rate
② Occupational Health & Safety Occupational accident rate	④ Reduce Carbon Emission Scope 1 & 2 emissions intensity reduction	

GOVERNANCE: ETHICS, INTEGRITY & GOVERNANCE

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ACTIVE ENGAGEMENT BETWEEN BOARD COMMITTEES AND THE MANAGEMENT

The Board is supported by 5 Board Committees, namely the Board Audit Committee (BAC), Board Risk Committee (BRC), Board Nomination and Remuneration Committee (BNRC), Board Sustainability Committee (BSC) and Independent Directors Committee (IDC). ESG issues are discussed at all these Board Committees, particularly the BSC and BRC.

The Board Committees, including the Independent Directors (IDs) actively engage with the management and employees on all ESG issues. Starting March 2021, IDs have also held quarterly engagements with worker representatives to better understand issues faced and provide support to address these concerns raised which include grievance mechanisms, COVID vaccination, accommodation, awareness of workplace bullying and sexual harassment.

In addition, our IDs' hands on involvement which goes beyond governance requirements includes the following areas:

- ① U.S. CBP related advice and updates
- ② Share Buy Back (SBB) meeting for a more structured SBB scheme
- ③ COVID status and management
- ④ Worker accommodation compliance with Act 446
- ⑤ Visiting hostels and engaging directly with workers on-site
- ⑥ Virtual visit to on-site COVID vaccination programme
- ⑦ Engaging with external bodies to address ESG concerns, such as Human Rights Commission of Malaysia (SUHAKAM) and various climate change subject matter experts to discuss net zero target setting



▲ Top Glove Independent Directors "zoomed in" on 29 July 2021, to Top Glove's on-site vaccination programme, as part of their 3rd Engagement Session with Workers



▲ The Board of Directors and senior management of Top Glove had a dialogue with the Human Rights Commission of Malaysia (SUHAKAM) to discuss how to level up the Company's human rights practices to be on par with international standards

GOVERNANCE:
ETHICS, INTEGRITY & GOVERNANCE

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RISK MANAGEMENT

Top Glove's risk management system is set up in accordance with ISO 31000:2018: Risk Management Guideline. The Top Glove Enterprise Risk Management Framework provides Top Glove with the capability to align risk management with corporate strategies, business directions & sustainability development.

Guided by the Company's Enterprise Risk Management Framework, which is reviewed on frequent basis, we strive to maintain a sustainable balance between our risk appetite and business potential to achieve competitive advantage. Please refer to the Statement of Risk Management & Internal Control from pages 172 to 175 in this Integrated Annual Report for more disclosure on our risk management practices.

Towards effectively providing insights into plans and strategies for sustainable business growth, we have conducted 2 workshops on Scenario Planning for the Board & Management in FY2021. In the workshop, scenarios were developed based on global trends, impacts to business were identified and strategies developed to ensure alignment to impacts and trends.

CYBER SECURITY & DATA PRIVACY

Due to the current trend towards digitalisation, access to network, IT systems and data is important to maintain competitiveness. Lower than agreed upon system performance or service disruptions can result in higher costs and reputational risk for companies.

Information security and cyber security strategy is oversighted by the Board Risk Committee. Our Independent Director, Tan Sri Rainer Althoff, who is also a member of the Board Risk Committee has vast experience in managing Information Technology (IT) projects, mobile internet, factory automation, sustainability and digitalisation.

Identified cyber security issues are assessed based on the methodology provided by the Risk Management team, and escalated for onward action towards solving or improving these issues.

Our progress in cyber security:

Invested **RM1.5 million** in FY2021 to enhance cyber security

100% of our **IT infrastructure** and **information security management system** are certified with Information Security Management System ISO 27001:2013

Testing on at least a yearly basis to ensure **proper incident response procedures** are in place

Over the past 4 financial years, we achieved **zero case** in the following areas:

GOVERNANCE:
ETHICS, INTEGRITY & GOVERNANCE

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CORPORATE INTEGRITY

Central Integrity Function is a group responding to ISO 37001:2016 Anti Bribery Management System (ABMS) requirement which consists of President of Top Glove Prevention and Anti-Corruption Committee (TGPAC) / Managing Director, Harmonized Integrated Management Representative (HIMR), Anti-Bribery Management Representative (ABMR) and Corporate Integrity. The Group which encompass of anti-corruption and anti-bribery practices are oversighted by Top Management and Board Audit Committee.

In FY2020, we extended and expanded the Anti Bribery Management System (ABMS) scope and implementation to all our subsidiaries, following the ABMS ISO 37001:2016 certification at Factory 9 in Meru, the first manufacturing facility in Malaysia to be certified with the ABMS. External and independent audits on the ISO 37001 ethical standards are performed annually to ensure validity and continued compliance.

In FY2021, 100% of Top Glove Corporation Bhd, covering 28 departments located in Malaysia are assessed for risks related to corruption. Risk control, due diligence and anti-bribery & anti-corruption control (ABAC) are carried out on these 28 departments to reduce, mitigate and prevent potential risks.

We require our stakeholders to abide by and affirm their commitment to integrity towards sound and sustainable business practices, in order to demonstrate the highest standards of corporate integrity.

When making charitable donation or sponsorship, we ensure either 1 or more of the documents below are checked to prevent the donation or sponsorship are used as a disguised form of bribery:

1. Registration under Ministry of Women, Family and Community Development (JKM)
2. Inland Revenue Board of Malaysia Section 44(6) Registration
3. Company Registration Form
4. Company Profile
5. Relevant previous supporting records by Top Glove

Our stakeholders are required to fulfil the following commitments. Anti-corruption is one of the audit criteria we cover on supplier assessment.

Stakeholders	Anti-bribery & anti-corruption & ethics commitment
Employees, suppliers & business associates who have financial dealings with Top Glove	<ul style="list-style-type: none"> To sign the Letter of Enforcement of Corporate Culture (LECC) on a half yearly basis
Customers	<ul style="list-style-type: none"> To sign the Letter of Enforcement of Corporate Culture and Business Ethics on The Issue of Bribery and Corruption (LECCBC) To adhere to the Top Glove Customer Code of Conduct
All external parties	<ul style="list-style-type: none"> To sign the Letter of Enforcement of No Gifts Policy
Employees	<ul style="list-style-type: none"> To sign the Employee Code of Conduct
Board of Directors	<ul style="list-style-type: none"> The Board of Directors has adopted the Directors' Code of Conduct & Ethics of which the latest revision of the Conduct was made on 9 June 2021

Number of Malaysia staff who have received anti-corruption training in FY2021 (by job grade):

Management category	Number of staff
Executive	6
Senior	14
Upper	152
Middle	693
Junior	356

GOVERNANCE:
ETHICS, INTEGRITY & GOVERNANCE

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Anti-corruption and anti-bribery data:

Financial Year	FY2018	FY2019	FY2020	FY2021
No. of corruption and bribery cases	0	1	0	0
Political contributions made	0	0	0	0
Facilitation payments made	0	0	0	0
Fines imposed in relation to corruption, bribery & anti-competitive business practices	0	0	0	0

W.H.I.T.E INTEGRITY CULTURE

In FY2021, we continued our efforts to instill the W.H.I.T.E (5 Healthy Wells, Honesty, Integrity, Transparency and Educate) Integrity Culture among our workforce and value chain, as part of our commitment to ensure compliance with the Corporate Liability Provision S17A enforced on 1 June 2020. Our initiatives organised towards this include:

a W.H.I.T.E Integrity Roadshow	f Integrity briefing slide
b W.H.I.T.E Integrity Day	g Training & awareness
c Special training for BOD	h Town hall sessions with external stakeholders to the W.H.I.T.E Integrity Enhancement Program
d Corruption Free Pledge/ Ikrar Bebas Rasuah (IBR)	i Wearing a white shirt on every first Wednesday of the month in support of the W.H.I.T.E Integrity culture
e Integrity survey	



▲ The Board of Directors and top management demonstrate support of the W.H.I.T.E Integrity Culture by wearing white shirt on every first Wednesday of the month

GOVERNANCE:
ETHICS, INTEGRITY & GOVERNANCE

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WHISTLEBLOWING

The Company's whistleblowing procedures and system is overseight by the Board Audit Committee.

Guided by the Top Glove Whistleblowing Policy and Procedure, we have formal anonymous whistleblowing system with legal protection in place, in which our whistleblowing channels are managed by an external service provider who serves as case receiver and available in different platforms (email, online whistleblowing form and mail box). For our whistleblowing data disclosure, please refer to Whistleblowing section in page 112 in this report.



Whistleblowing Policy and Procedure

Click here or scan the QR code to view Top Glove Whistleblowing Policy and Procedure



Top Glove's anti-corruption and anti-bribery commitment

Click here or scan the QR code to view Top Glove's anti-corruption and anti-bribery commitment

ETHICS & CONDUCTS

Upon joining the Company, all employees are required to acknowledge the Employee Code of Conduct and adhere to the do's & don'ts in the Conduct.

10 cases of breaching against Code of Conduct were reported in FY2021. These involved cheating on attendance, overtime claim, alteration of medical certification and abuse of power. These employees were required to explain their actions for the Company's further investigation. Appropriate disciplinary action was taken against the perpetrators if proven guilty.

To further instill the awareness, we have put more focus on training, such as release of 8 Podcasts, multiple times of test on our corporate values, R.I.V.E.R. (Respect, Integrity, Value, Empowerment and Relationship) and held 15 sessions of R.I.V.E.R. trainings.



Respect
We earn respect by treating everyone with respect.



Integrity
We do the right thing every time.



Value
We create and add value every day.



Empowerment
We entrust our people with appropriate responsibility.



Relationship
We foster collaboration for mutual good.



COMMITTED TO ACCELERATING SUSTAINABILITY IN OUR BUSINESS

We are mindful that a sustainable business is a strategic advantage and strive to improve our business activities, influence our value chain and foster relationships as well as collaborations towards creating long term positive impacts to our stakeholders and the environment. By continuing to do well by doing good, we are able to move the needle on shaping a better planet and a more sustainable society.

FEEDBACK

Enquiries, suggestions and feedback on our sustainability report or performance are always welcome at sustainability@topglove.com.my



Top Glove Sustainability Video

Click here or scan the QR code to view Top Glove Sustainability Video

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CREATING VALUE THROUGH SUSTAINABLE GOVERNANCE

The Board plays a vital role in ensuring the stability of the business, particularly during times of uncertainty, by delivering effective leadership which supports the creation and delivery of strong and sustainable financial and operational performance for the Group and long-term value for our stakeholders. However, at Top Glove, we recognise that it is our people who are our greatest asset; they are key to our continued success and to the delivery of our established, consistent, proven and successful strategy. The resilience and commitment of our people and their unwavering dedication to keeping our operations running safely and to providing the highest quality of service to our customers, despite the challenges faced this year are testament to the quality of our People.

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

In the current uncertain economic environment, effective oversight of strategy and risk is particularly important to promote the long-term success of the Group. In performing this role, the Board seeks to be responsive to both the evolving

regulatory environment and changing expectations about the role of business in society. In particular, the Board seeks to ensure that the Group's culture is aligned with its purpose and values and that the Company has the necessary financial and human resources to deliver its strategy successfully. As a Board, we are committed to ensuring that the Company's purpose, values and high standards are set from the level of chairman and all Non-Executive Directors, with the support of the Executive Directors and the executive management team, embedded throughout the Group. We are dedicated to leading by example to demonstrate Top Glove's strong corporate values and culture which promote the long term sustainable success of the Company for the benefit of all of our stakeholders.

This Statement makes reference to the three (3) Broad Principles of the MCGG:

PRINCIPLE A :

Board Leadership and Effectiveness

PRINCIPLE B :

Effective Audit and Risk Management

PRINCIPLE C :

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

» Informs where to find more information online.



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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Significant Governance Achievements of the Company in FY2021:

1 Engaged an independent professional to conduct Board Evaluation	7 Quarterly engagement between Independent Directors and workers' representatives focusing on the welfare and well-being of workers
2 Adoption of Independent Directors' Tenure Policy: Limiting the tenure of Independent Directors to 9 years without any further extension	8 More structured share buy back policy and procedure to govern the Company's share buy back activities
3 Revised Board policies in line with MCGG 2021 best practices	9 Higher dividend distribution in FY2021 : 20% special dividend in addition to its existing dividend policy of a 50% dividend payout ratio, for 2 nd Quarter to 4 th Quarter of FY2021
4 Linking of Executive Compensation to ESG Metrics	10 Resolved all 11 International Labour Organization (ILO) indicators of forced labour
5 Appointment of Compliance Officer to strengthen the Corporate Compliance groupwide	11 Developed Sustainability Roadmap and Strategies Framework
6 Increased frequency of meetings amongst Independent Directors to discuss among others strategic, governance and operational issues and active engagement between Independent Directors and the Management	12 Developed Enterprise Risk Management Framework in accordance with ISO 31000:2018

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

For the financial year ended 31 August 2021 ("FY2021"), Top Glove Corporation Bhd ("Top Glove" or "the Company") has applied all the Practices and adopted all the steps-up encapsulated in the MCGG. We will continue our efforts to further strengthen our governance practices in ensuring its robustness to continuously safeguard the interests of our stakeholders while driving growth.

The details of how the Company has applied, complied with and adopted the MCGG Principles and Practices are outlined in our Corporate Governance Report 2021, which is available on our website at <https://www.topglove.com/governance-manual/>

1 WE ARE GUIDED BY THE FOLLOWING FRAMEWORKS

Malaysian Companies Act 2016 ("CA 2016")	Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities Main LR")	Malaysian Code on Corporate Governance ("MCGG")	Corporate Governance Guide (3 rd Edition) issued by Bursa Malaysia Berhad
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2 OUR GOVERNANCE PRACTICES EXCEED WHAT IS GENERALLY REQUIRED

Malaysia-ASEAN Corporate Governance Report 2020

No. 29

Rank **No. 29** in the list of top 100 companies for Corporate Governance Disclosure 2020

3 WE ARE COMPONENT STOCKS OF

MSCI Global Standard Index	FTSE Bursa Malaysia ("FBM") KLCI Index	FBM Top 100 Index
FBM EMAS Index	FBM EMAS Shariah Index	FBM Hijrah Shariah Index



CORPORATE GOVERNANCE OVERVIEW STATEMENT

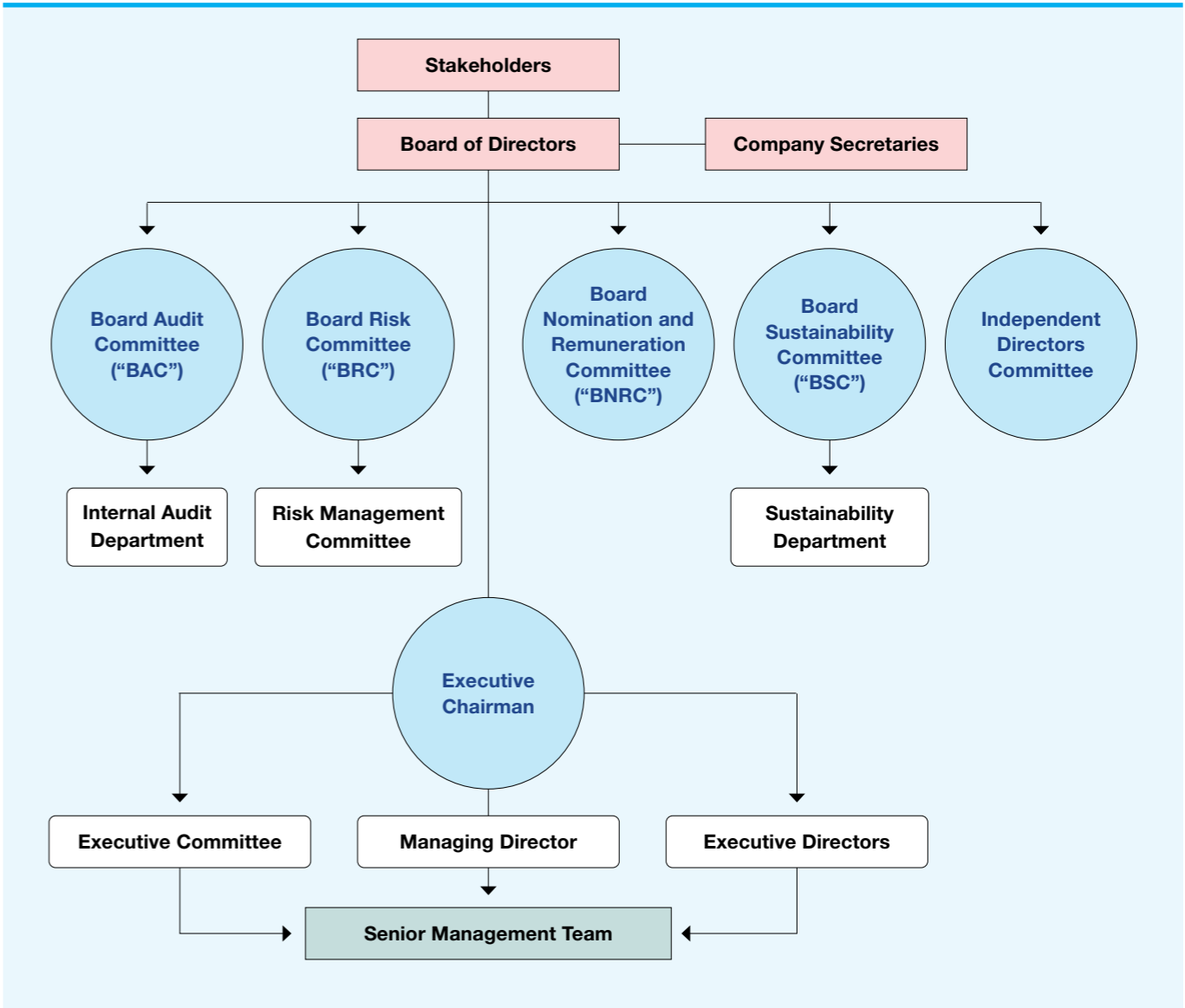
CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

OUR BALANCED AND EXPERIENCED BOARD DELIVERS AND DRIVES OUR STRATEGY

<p>Board of Directors</p> <p>Led by the Chairman, the Board takes primary responsibility in defining the Group’s strategic direction, risk appetite and control environment aiming to promote long term value of the stakeholders.</p> <p>Key responsibilities of the Board are as follows:</p> <ol style="list-style-type: none"> 1. Setting the Vision, Mission and Strategic direction for the Company and monitor delivery of strategy by the Executive Directors 2. Shaping the culture and values of the organisation in ensuring that the Company adheres to high standard of ethics 3. Formalise governance model and ensure appropriate policies and procedures are in place 4. Maintain effective communication with the Stakeholders 5. Deliberated on formal schedule of matters specifically reserved for Board decision <p>The Board Charter duly adopted by the Board clearly established the functions reserved for the Board and those delegated to Management. It is a reference and induction literature in providing the Board members and Management insight into the functions of the Board.</p> <p><small>The Board Charter is accessible through the Company’s website: https://www.topglove.com/governance-manual/</small></p>	<p>Board Committees</p> <p>Presently, the Board is supported by four (4) Board Committees with delegated responsibilities to oversee the Group’s affairs and authorise to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”).</p> <p>Each Board Committee will review, report and make recommendations to the Board during the Board meeting on matters relevant to their roles and responsibilities. The Chairman of the respective Board Committee will provide highlights to the Board and the minutes of the respective Board Committees meeting will also be tabled at the quarterly Board meetings so as to keep the Board abreast of the decision and deliberation made by each Board Committee.</p> <p>Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice as required for the performance of its duties.</p>
<p>EXCO</p> <p>Executive Committee (“EXCO”) assists the Board Chairman in ensuring that the Board’s decision, strategies set, business plans, budgets, policies, procedures, daily business and operational issues approved by the Board are implemented and/or monitored efficiently and effectively by the Group’s Management.</p> <p>The EXCO will review and consider the transactions or activities put forth by the Management, and approve them within its delegated authority or recommend them to the appropriate Board Committee and/or the Board.</p>	<p>Company Secretaries</p> <p>Company Secretaries play an advisory role to the Board and support the Board in ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.</p> <p>The Board is regularly updated by the Company Secretaries on changes in the relevant statutory and regulatory requirements, particularly in areas relating to the duties and responsibilities and disclosure requirements of the Directors.</p> <p>The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and the Group’s Management.</p>

CORPORATE GOVERNANCE FRAMEWORK



ROLES

<p>Executive Chairman (“EC”)</p> <p>The EC leads the Board and manage the interface between the Board and Management. Responsible for the orderly conduct and effective function of the Board.</p>	<p>Managing Director (“MD”)</p> <p>The MD spearheads the business and day-to-day management of the Group in accordance with the strategic plans and within the budgets approved by the Board.</p>	<p>Executive Directors (“ED”)</p> <p>The EDs are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.</p>	<p>Senior Independent Non-Executive Director (“SINED”)</p> <p>The SINED serves as a designated contact between Non-Executive Directors and EC as well as shareholders.</p>	<p>Independent Non-Executive Directors (“INED”)</p> <p>The INEDs are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of long-term interests of all stakeholders. The INEDS provide independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process to safeguard the long-term interests of all stakeholders and the community.</p>	<p>Non-Independent Non-Executive Director (“NINED”)</p> <p>The NINED functions to provide in-depth knowledge and insight from the Group’s perspective.</p> <p>The NINED is to ensure that the knowledge and insight contributed will lead to a comprehensive, balanced and unbiased decision-making process that serves in the best interests of the Group.</p>
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD MEETINGS

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

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

In FY2021, the Board met ten (10) times. The Company Secretary is in attendance in every meeting while the Senior Management, Internal and External Auditors and the Corporate

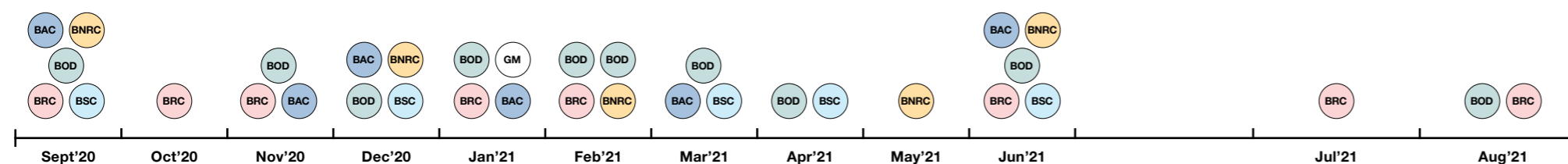
Advisors will attend the Board meetings upon invitation, as and when necessary.

The Board has adopted a 75% Board Meeting Attendance requirement, in line with good governance practices, having viewed that technology has made it more convenient for meeting participation. In FY2021, all the Directors complied with the 75% Board meeting attendance requirement.

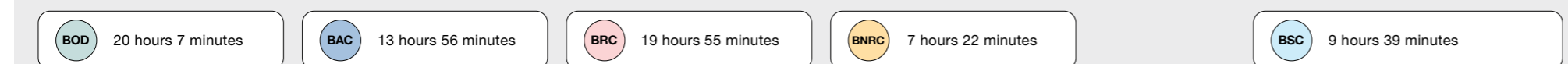
DIRECTORS' ATTENDANCE AT BOARD, BOARD COMMITTEES AND GENERAL MEETINGS HELD DURING FY2021

	Name of Directors	Designation	Board Meeting ("BOD")	General Meeting ("GM")	Board Committees			
					BAC	BRC	BNRC	BSC
1.	Tan Sri Dr Lim Wee Chai	EC	10/10	1/1	-	-	-	-
2.	Dato' Lee Kim Meow	MD	10/10	1/1	-	2/3	-	-
3.	Dato' Lim Han Boon	SINED	10/10	1/1	9/9	8/8	5/5	1/1
4.	Tan Sri Rainer Althoff	INED	10/10	1/1	-	8/8	-	-
5.	Lim Hooi Sin	ED	10/10	1/1	-	-	-	-
6.	Lim Cheong Guan	ED	10/10	1/1	-	3/3	-	-
7.	Puan Sri Tong Siew Bee	NINED	10/10	1/1	-	-	-	4/5
8.	Datuk Noripah Kamso	INED	10/10	1/1	7/9	8/8	1/1	5/5
9.	Sharmila Sekarajasekaran	INED	10/10	1/1	9/9	-	5/5	5/5
10.	Datuk Dr. Norma Mansor	INED	10/10	1/1	-	8/8	5/5	-
11.	Azrina Arshad	INED	10/10	1/1	9/9	-	4/4	5/5
12.	Lim Andy	INED	10/10	1/1	-	-	-	-
Total no. of Meetings:			10	1	9	8	5	5

FY2021 Board and Board Committees' Meeting Calendar



Total hours for Board and Board Committees' Meetings FY2021



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board's Key Areas of Focus during FY2021:

Strategy	1. Strategy brainstorming 2. Strategic plans progress updates 3. Annual budget setting and review 4. Business expansion plans and developments 5. Business units strategic plan and projects progress updates 6. Revisit the Group's Vision, Mission and Values 7. SWOT analysis
Financial Performance	8. Quarterly, half-yearly and yearly financial performance reports 9. Share performances on Bursa Securities and Singapore Exchange 10. Capital structure review and balance sheet management 11. Dividend policy and proposal 12. Share Buy Back strategy
Risk and Internal Controls	13. Audit Findings 14. Enterprise Risk Management Framework and report 15. Material risks and mitigation plans 16. Business Continuity Management Policy and Framework 17. Jurisdictional Regulatory Framework
Corporate Governance and Compliance	18. Board and Board Committees size and composition 19. Board appointment, renewal and re-election 20. Board remuneration package 21. Board and Board Committees performance assessment 22. Corporate Governance review and updates 23. Reappointment of Auditors 24. Board Policies adoption and revision 25. Board and Senior Management Team succession planning 26. Group Organisation Chart 27. Approval of Integrated Annual Report and Circular 28. Transfer pricing policy and procedure 29. Global regulatory compliance 30. Employees satisfaction survey 31. Independent Director Tenure Policy 32. Alignment of roles between INEDs and EDs
Sustainability	33. Sustainability Initiatives progress update 34. Labour practices and social compliance 35. Materiality Assessment for Sustainability 36. Sustainability Roadmap and Strategies Framework 37. Integration of Sustainability into Business Strategy 38. Remuneration payment linked to ESG metrics
Corporate Proposals	39. Proposed dual primary listing in the Stock Exchange of Hong Kong Limited 40. Proposed new business ventures
Others	41. Withhold Release Order imposed by the U.S. Customs and Border Protection 42. Talent Recruitment 43. Group's compliance with COVID Movement Control/Restriction Order.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD STRATEGY AWAY DAY

The Board sets aside time each year outside the annual Board calendar to hold a Strategy Day giving the Directors the opportunity, together with the senior management to focus solely on strategic matters. On April 2021, the Board held a session to set and monitor progress against the Group's strategy and to discuss the strategic challenges and opportunities the Group faces in the future, in view of progressing on its journey towards becoming a sustainable Fortune Global 500 Company by 2030. Action plans resulting from the Strategy Day are implemented and reviewed by the EXCO every two months and presented to the Board on a quarterly basis.

INDEPENDENCE

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

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

During FY2021, the Board was satisfied that none of the INEDs had any relationship that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

During the year under review, the Board has updated the Independent Director Tenure Policy to limit the tenure of its independent directors to nine (9) years without further extension. In view thereof, our SINED, Dato' Lim Han Boon, who has served on the Board for more than nine (9) years and obtained shareholders' approval to be retained as an INED of the Company until the conclusion of the coming Twenty Third Annual General Meeting ("23rd AGM") to be held in January 2022 had decided to retire during the 23rd AGM.

On the other hand, Tan Sri Rainer Althoff's nine (9) years tenure with the Company will expire on 14 March 2022. For good governance practice, Tan Sri Rainer has expressed his intention to retire during the 23rd AGM despite him not yet serve the Board for full nine (9) years term.

To further strengthen the Board's independence, Puan Sri Tong Siew Bee, the NINED of the Company who has served on the Board for more than 21 years and who retires by

rotation in accordance with Article 94 of the Company's Constitution, has notified the Board that she does not wish to seek for re-election as Director and shall retire as Director at the conclusion of the 23rd AGM.

SUPPLY AND ACCESS TO INFORMATION

The Board and Board Committees receive pertinent information from the Management on a timely basis to fulfil their roles. Further, all the Board Committees and Executive Committee meeting minutes were tabled in Board meetings for notations.

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD GOVERNANCE: EMBEDDING SUSTAINABILITY INTO OUR DNA

In recent years we have seen an increased focus from stakeholders and regulators on ESG and sustainability matters. At Top Glove, sustainability is an important part of our culture and the way we do business. Our sustainability strategy is aligned to the Company's strategic framework and is fully supported by the Board and the Group as a whole. Through our sustainability strategy, we aim to deliver long term sustainability for our stakeholders, while impacting positively on society and protecting the environment. The Board believes that a socially and environmentally sustainable and responsible business and an inclusive and collaborative culture are critical to creating value and to making the Group more commercially successful in the long term, for the benefit of all our stakeholders. Top Glove's reputation for high standards of responsible and sustainable business conduct is something that we are extremely proud of and we will continue to pursue our sustainability ambitions to ensure that this reputation is upheld. Further information about the Company's approach to sustainability can be found on pages 88 to 139 and 154 to 155.

COVID Crisis

As news of the Company's workers having tested positive for COVID emerged in November 2020, the Board requested for an emergency meeting to provide strategic direction and guidance on managing the health and welfare of our migrant workers. The Board supported the conduct and progress of the Company's on site vaccination programme, under Program Imunisasi Industri COVID Kerjasama Awam-Swata (PIKAS) that commenced on 19 July 2021 for its Meru Klang factories.

Engagement with the Work Force

We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. At Top Glove, we understand that the employee voice can increase collective learning and that, when employees feel safe to voice concerns and contribute honestly to decision making processes, the natural diversity within the Group can be better leveraged, which optimises decision making.

Throughout the year, we continued to invest time and resources in communicating with our people and ensuring that the employee voice is heard by the Board. During the year, members of the Board visited the male and female hostels in Meru, Klang and Banting as well as the new Westlite-PKNS hostel in Petaling Jaya to personally assess their living conditions. In doing so, we are able to hear their views and gain valuable insights into the matters affecting our people the most.

Top Glove is a global business with operations in multiple locations and our employees fulfil a broad range of roles with many different perspectives. It is therefore essential that our engagement methods suit the nature of our business and our workforce. We strongly believe that this holistic approach to engagement is the most effective method and allows the Board to understand, monitor and assess the culture of the business and its alignment with the Company's purpose, values and strategy. Further information concerning how the Board monitors culture can be found in this report and details of the actions taken in respect of workforce engagement can be found on pages 134 and 135.

BOARD APPOINTMENT AND SUCCESSION PLANNING

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process, through the BNRC. The BNRC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skill sets, expertise and experience. Apart from its own networks in sourcing suitable candidates for the Board, the Board also takes into consideration the potential candidates from other independent sources. The Board had during its meeting held in September 2021 resolved not to consider any active politician to be on the Board.

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

- 1** Age, gender, ethnicity, required mix of skills and experience, knowledge, expertise, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- 2** Expected time commitments if the candidate has multiple board representations;
- 3** Composition requirements for the Board and Board Committees; and
- 4** Independence, for the appointment of an INED.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Top Glove's Boardroom appointment process is as follows:


- 1 **BNRC conducts annual assessment, reviews and identifies gaps/ vacancy**
- 2 **BNRC develops profile and competency and searches for candidates**
- 3 **BNRC identifies and shortlists the "Potential Candidates"**
- 4 **BNRC conducts due diligence on the "Potential Candidates"**
- 5 **BNRC interviews the shortlisted candidates**
- 6 **BNRC nominates and makes recommendation to the Board**
- 7 **Board approves the appointment of Director**

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

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

DIRECTORS' RE-ELECTION

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

 *The details of the Directors standing for re-election and the justification can be found on page 314 of the Notice of AGM.*

DIRECTORS' PROFESSIONAL DEVELOPMENT

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


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

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

Ongoing training in both business-related and regulatory matters is provided to the Board during the year. This helps to ensure that the Board keeps up to date with evolving regulatory and legal matters. From time to time, meetings with specialists in the business are arranged for Directors who may wish to gain a deeper insight into a particular topic.

Summary of Training attended by all Board members in FY2021

Training Categories	Number of Trainings Attended
Corporate Governance	8
Financial and Capital Market	10
Human Resource	3
IT	13
Leadership & Business Management	22
Legal	2
Risk Management	6
Sustainability	16
Total	80

 *During FY2021, all the Board members attended various training programmes; the list of training attended by each Director can be found on page 13 to 17 of the Corporate Governance Report.*

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AND SENIOR MANAGEMENT REMUNERATION

The Remuneration Policy and Procedures for Directors and Senior Management ("the Remuneration Policy") was updated by the Board on September 2021 to reflect the current component of the remuneration packages and current structure of the Board and Senior Management. During a Board meeting held in June 2021, the Board had deliberated on the Group's remuneration pay link to Environmental, Social and Governance metrics. The Board decided that the performance evaluations of the Board and Senior Management include a review of their performance in addressing the company's material sustainability risks and opportunities.

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

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


The Company rewards its employees and the Executive Directors with options under the Employees' Share Option Scheme ("ESOS") and shares under the Employees' Share Grant Plan ("ESGP"). The Executive Directors are not entitled to receive meeting allowances for the Board and Board Committees meetings they have attended. The details of the vesting of options under the ESOS and awards of shares under the ESGP are set out on page 181 of this Integrated Annual Report under the Directors' Report of the Audited Financial Statements for FY2021.

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

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

During FY2021, the ESOS and ESGP Committees had considered and approved the ESOS and ESGP allocation factors to the eligible employees of the Group.

Whereas, the Non-Executive Directors are entitled to receive meeting allowances for the Board and Board Committees meetings they have attended but are not entitled to participate in the ESOS and ESGP save for the NINED.

 *The details of the Directors' remuneration comprising remuneration received/ receivable from the Company and subsidiaries respectively in FY2021 can be found in our CG Report which can be accessed via <https://www.topglove.com/governance-manual/>*

ETHICS AND INTEGRITY

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

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

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

BOARD EFFECTIVENESS EVALUATION

The Board recognised that a structured and regular evaluation of Board is an important pillar of good corporate governance. The evaluation of the Board members and the Board Committees are conducted on an annual basis. KPMG Management & Risk Consulting Sdn Bhd ("KPMG") has been appointed by the Company to facilitate the Board Effectiveness Evaluation ("BEE") for FY2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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BEE PROCESS

The BEE for FY2021 was conducted through the deployment of KPMG Digital BEE tool and interview sessions to review the effectiveness of the Board as a whole, the contribution of each individual Director and peers, independence of the INEDs and Board Committees' performance.

The BEE methodology conducted by KPMG in FY2021 are as follows:

Design

1. Understanding Top Glove and review relevant documents and governing policies
2. Design customised questionnaires and interview questions

Assess

1. Circulate questionnaires for Board, Board Committees and Individual Directors' assessment
2. Conduct one-to-one interviews with all Board members and Key Senior Management
3. Consolidate and assess the responses from questionnaires and insights gleaned from the interview sessions

Recommend

1. Prepare final BEE report detailing qualitative and quantitative analyses of assessment and improvement considerations
2. Prepare individual Directors' reports outlining the strength and improvement considerations
3. Conduct a separate briefing session with the Board Chairman and BNRC Chairman to deep dive into the findings and identified action plans
4. Present findings and recommendation to the BNRC and the Board

ASSESSMENT CRITERIA

The BEE assessment criteria covered the following key areas:

Scope of Assessment	Assessment Criteria		
Questionnaire assessment			
1. Board Performance Assessment	1. Board Mix & Composition	2. Quality of Information and Decision-Making	3. Boardroom Activities
2. Board Skills Matrix	1. Envisaged Board Skills Matrix	2. Current Board Skills Matrix	4. Board Chairman's Role
3. Board Self and Peer Performance Assessment	1. Contribution and Performance	2. Calibre and Personality	3. Managing Director
4. Directors' Independency Assessment	1. Director's Background	2. Economic relationship	4. Senior Independent Director
5. Board Committees Assessment	1. Composition and governance	2. Meeting administration and conduct	3. Tenure
			4. Qualitative assessment
	1. Committees' oversight duties and responsibilities		
Additional assessment for Board Audit Committee:			
	1. Group Synergy and Reporting Line	3. Oversight on the Internal Audit Function	
	2. Oversight of financial reporting process, including internal controls and audit processes	4. Oversight on the External Auditor	
One-to-one interviews session			
With Board members	1. Views on Chairman and the Board	2. Strategy and Risk Management and Group Governance	3. Boardroom administration and information flow
With Board Chairman	1. As Chairman of the Board	2. Strategy and Risk Management and Group Governance	3. Boardroom administration and information flow
With Key Senior Management	1. Views on the Board	2. Boardroom administration and information flow	3. General questions, critical issues

STRENGTHS IDENTIFIED AND IMPROVEMENT REQUIRED

Based on the assessment in FY2021, the overall results were generally positive. Board is satisfied with the overall performance of individual Director, effectiveness of the Board and Board Committees and independency of Independent Directors.

The Board agreed that its composition is well structured and represented, with an appropriate mix of skills, expertise and experience, contributing to the overall effectiveness of the decision-making process for the Company and the Group.

Some of the key strengths as well as recommended areas for improvement arising from the BEE for FY2021 are as follows:

Key strengths

Boardroom commitment and proactivity, diversity, financial stewardship as well as efficacy of the BAC were highlighted as areas of strength. The results of the FY2021 BEE indicated that Top Glove's Directors demonstrated an active leadership style and displayed commendable proactivity to learn, teach and share amongst each other. The Executive Chairman is highly regarded for his hands-on approach and being highly invested in the affairs of the Company. This is further buttressed with the strong recognition of diversity at the Board level which has brought about the sharing of varied views, experiences and cognitive variety during boardroom deliberations. In addition, the Board's vigilance over the Company's financial affairs was acclaimed given the strong drive for efficiency and optimisation. The findings of the BEE results also revealed that the BAC was perched as the joint best performing committee and this should be considered against the backdrop that the BAC is reposed with the most wide-ranging responsibilities. It was highlighted that the BAC is able to maintain a hawk-eye watch on its core mandates including exercising oversight on internal controls and upholding the sanctity of the external audit process.

Areas for improvement

Based on the premise of continuous improvement, certain markers for enhancement were noted. To clarify further, the co-creation process in strategy between the Board and EXCO/Senior Management can be reinforced. Communication between the Board and Management can also be made more dynamic in relation to high-impact matters. In addition, the outworking of the BNRC can be further strengthened with regards to organisational development and training needs for Directors. As an added heft, the Board configuration can be buttressed with consideration on skill set such as digital, sustainability and industrial expertise. Boardroom administration and information flow can be fortified through greater involvement of Board members in agenda setting, enhanced coverage on Environmental, Social and Governance and digital matters in Board papers, explicit connectivity between proposals presented in Board papers and strategic plan as well as reinforced evaluation of the Company Secretary by the Board.

The action plans arising from the findings above had been developed and tabled to the BNRC for recommendation and subsequently elevated to the Board for approval. The Company Secretary is accountable for following through on the recommendations.

The BEE Framework had also been revised in FY2021 to reflect the Board's commitment to engage independent experts once every three years to facilitate objective and candid board evaluations.

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

LOOKING AHEAD

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

Some of the priorities for FY2022 in addition to its regular activities are as follows:

1. **Oversee strategy implementation in maximizing long term value**
2. **Continue to structure a high-performing Board by reviewing and improving Board performance as well as strengthening Board practices and processes in meeting ongoing and emerging challenges**
3. **Prioritise in integrating Sustainability in the business operations**
4. **Enhance oversight function on the labour issue and monitor implementation by the Management to be re-included in FTSE4Good Bursa Malaysia (F4GBM) Index**
5. **Accelerating digital transformation in promoting operational resiliency**
6. **Enhance the human capital management, being the key driver of organisation's long term value**
7. **Addressing the changing stakeholders' expectations in navigating ongoing global crisis**



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The Board Nomination and Remuneration Committee (“BNRC”) of Top Glove is pleased to present the BNRC Report for the FY2021.

Composition

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

Members	Date of Appointment as BNRC Member	Tenure on the BNRC as at 31 August 2021
1. Datuk Dr. Norma Mansor (Chairman)	12 May 2017	4 Years 3 Months
2. Dato’ Lim Han Boon	21 February 2011	10 Years 6 Months
3. Sharmila Sekarajasekaran	18 March 2015	6 Years 5 Months
4. Azrina Arshad	1 December 2020	8 Months

Note : Datuk Noripah Kamso had stepped down as BNRC member effective 1 December 2020 subsequent to the Board Committees composition restructuring exercise.

Meetings and Attendance

In FY2021, the BNRC had met five (5) times. The Company Secretary is in attendance in every meeting while the Executive Director, Senior Management and other Board members will attend the BNRC meetings upon invitation, as and when necessary.

 Refer to page 144 and 145 for the attendance record of BNRC members.

Roles and Responsibilities

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

Key responsibilities of BNRC are as follows:

Nomination	Remuneration
<ol style="list-style-type: none"> Review Board and Board Committees’ composition and competencies Nominate candidates for Board and Board Committees Assess the performance and effectiveness of the Board, Individual Board members and Board Committees Review Board and Senior Management Succession Plan Oversee Directors’ training and development needs and its effectiveness 	<ol style="list-style-type: none"> Formulate formal and transparent remuneration process for Board and Key Senior Management Periodic review on Board remuneration framework to ensure that the remuneration structured to link rewards to corporate and individual performance

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

Key Areas of Focus during FY2021:

Board and Board Committees’ composition and Succession Planning	<ol style="list-style-type: none"> Reviewed the size and composition of the Board Reviewed the Board Committees’ composition Reviewed and recommended the merging of Board Investment Committee and Board Risk Committee Reviewed the succession plan for the Board, Board Committee, Managing Director and Senior Independent Non-Executive Director
Board Appointment/ Re-Appointment	<ol style="list-style-type: none"> Reviewed the background, skills and experience of potential candidates to be appointed as the Independent Non-Executive Director of the Company Evaluated the contribution of Directors seeking re-election and recommend to the Board on their suitability Reviewed the Directors’ service tenure Reviewed the appointment of senior management position and recommended the need of having several Senior Management position
Framework, Policy & Guidelines	<ol style="list-style-type: none"> Reviewed and recommended the amendments made in the manual, policies and terms of reference adopted by the Board to be in line with both the Main Market Listing Requirements and Hong Kong listing requirements as well as the MCGG Reviewed and recommended the amendments made in Independent Director Tenure Policy to limit the INEDs’ tenure to nine (9) years, in line with the step up practice of MCGG
Board and Senior Management Remuneration	<ol style="list-style-type: none"> Reviewed fees and benefit payable to Directors, benchmarked with industry practice Reviewed remuneration package of Executive Directors, Non-Executive Directors, Key Senior Management and related employees
Board Effectiveness Evaluation	<ol style="list-style-type: none"> Reviewed the Board Effectiveness Evaluation questionnaires Reviewed outcome of the annual Board’s and Board Committees’ performance assessments, independency of INEDs, contribution and performance of each individual director Reviewed Board skills matrix and level of competency to meet the current and future needs of the organisation
Others	<ol style="list-style-type: none"> Reviewed outcome of annual Employee’s Engagement and Job Satisfaction Survey Reviewed the Group’s organisation chart Deliberated on medical insurance coverage for Directors Reviewed consultant service agreement prior to engagement

Looking Ahead

Some of the priorities for FY2022 in addition to its regular activities are as follows:

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

BNRC Effectiveness Review and Performance

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD SUSTAINABILITY COMMITTEE REPORT

The Board Sustainability Committee (“BSC”) of Top Glove is pleased to present the BSC Report for FY2021.

The Board recognised the importance of adopting a sound business model which incorporating environmental, social and governance (“ESG”) considerations. BSC has been formed since March 2019 to provide advice and assistance to the Board in integrating long term thinking into day-to-day business decisions and to steer ESG strategy into a competitive advantage for the business to create long term values to our stakeholders. The Board is committed to contribute the UN Sustainable Development Goals (UN SDGs) via implementation of ESG strategies and initiatives.

Sustainability encompasses how Top Glove conducts its businesses, now and in the future, including the pursuit of ensuring employees’ workplace health and safety, respecting to human rights, a commitment to the community and social responsibility, minimising the Company’s impact on the environment, complying with highest standards of corporate governance and maintaining Top Glove’s reputation as one of Malaysia’s leading companies.

Composition & Structure

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

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

Members	Date of Appointment as BSC Member	Tenure on the BSC as at 31 August 2021
1. Sharmila Sekarajasekaran (Chairman)	22 March 2019	2 Years 5 Months
2. Puan Sri Tong Siew Bee	22 March 2019	2 Years 5 Months
3. Datuk Noripah Kamso	22 March 2019	2 Years 5 Months
4. Azrina Arshad	22 March 2019	2 Years 5 Months

Note : Dato’ Lim Han Boon had stepped down as BSC member effective 1 December 2020 subsequent to the Board Committees composition restructuring exercise.

Meetings and Attendance

In FY2021, the BSC had met five (5) times. The Company Secretary is in attendance in every meeting while the Executive Director, Senior Management, Manager of Sustainability Department and other Board members will attend the BSC meetings upon invitation, as and when necessary.

The minutes of each BSC meeting was duly noted by the Board via distribution to each Board member and the Chairman of the BSC highlights on key issues discussed during the BSC meeting.

Roles and Responsibilities

BSC play a role as champions of sustainability within the Company in driving the Group’s sustainability strategy and initiatives and overseeing the implementation of the Sustainability Charter adopted by the Board, guided by the TOR of BSC.

Key responsibilities of BSC are as follows:

Review sustainability strategy, blueprint and roadmaps and oversee implementation of strategy plans by the Management	Review adoption, compliance and effectiveness of all sustainability-related policies/ standards	Review periodic reports from Sustainability Steering Group and Sustainability Statement/ Report before publishing	Monitor the Sustainability Key Performance Indicators of the Group
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 The Sustainability Charter and TOR of the BSC is available for reference on the Company’s website at <https://www.topglove.com/governance-manual/>

 Refer to page 144 and 145 for the attendance record of BSC members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Key Areas of Focus during FY2021:

Framework, Policy & Guidelines	<ol style="list-style-type: none"> 1. Reviewed adoption of Sustainability Charter 2. Reviewed and deliberated on Bursa Malaysia Sustainability Disclosure Review 2020
Sustainability Plan	<ol style="list-style-type: none"> 3. Discussed the long term and short term sustainability target and sustainability goals covering ESG pillars 4. Reviewed Sustainability Plan for FY2021 5. Reviewed and developed ESG roadmap and milestones 6. Reviewed the Year of ESG initiatives & progress
Sustainability Oversight	<ol style="list-style-type: none"> 7. Reviewed and deliberated on Materiality Assessment 8. Reviewed report from the Sustainability Steering Committee on the sustainability initiatives undertaken by the Group covering ESG pillars
Annual Reporting	<ol style="list-style-type: none"> 9. Reviewed the Sustainability Statement for inclusion in the Integrated Annual Report 10. Reviewed ESG reporting guide under Hong Kong listing requirement
Others	<ol style="list-style-type: none"> 11. Reviewed collaboration opportunity with third party in enhancing the Group’s sustainability practices 12. Reviewed UN Sustainable Development Goals (UN SDG) mapping with the Company’s sustainability initiatives 13. Reviewed ESG gap analysis between the Company’s sustainability practices and international ESG best practices with the aim to improve the Company’s ESG ranking 14. Reviewed the industrial rating of the Group’s sustainability performance and discussed the areas for improvement 15. Deliberated on the ESG campaign to educate and raise awareness amongst the stakeholders 16. Reviewed the Group’s remuneration pay link to ESG metrics

Looking Ahead

BSC will continue its role in supporting the Board and overseeing the development, implementation, measurement and reporting of the Group’s ESG performance. In addition, BSC will strengthen its role and place a stronger emphasis on overseeing the impact of the Group’s long-term strategy on emerging sustainability issues. This will ultimately support the Group’s objective to operate on a sustainable basis for the benefit of current and future generations.

Some of the priorities for FY2022 in addition to its regular activities are as follows:

1. Prioritisation in identified material matters
2. Monitor ESG progress and strategies
3. Monitor ESG compliance with international best practices
4. Proactive stakeholders engagement on continuous basis to effectively manage material sustainability matters
5. Enhance sustainability awareness to cover wider value chain
6. Ongoing enhancement of sustainability reporting and to get third party verification / audit on ESG disclosure
7. Establish ESG related risk assessment
8. Improvement in sustainability rating and ranking

BSC Effectiveness Review and Performance

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INDEPENDENT DIRECTOR COMMITTEE REPORT

The Independent Director Committee (“IDC”) of Top Glove is pleased to present the IDC Report for FY2021.

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

Composition

The IDC members comprises all the seven (7) Independent Non-Executive Directors of the Company as follows, led by the Senior Independent Non-Executive Director:

Members	Meeting attendance
1. Dato’ Lim Han Boon (Chairman)	5/5 (100%)
2. Tan Sri Rainer Althoff	5/5 (100%)
3. Datuk Noripah Kamsu	5/5 (100%)
4. Datuk Dr. Norma Mansor	5/5 (100%)
5. Sharmila Sekarajasekaran	5/5 (100%)
6. Azrina Arshad	5/5 (100%)
7. Lim Andy	5/5 (100%)

Meetings and Attendance

In FY2021, the IDC met five (5) times without the presence of Executive Directors and/or the Management except that when Executive Directors and/or the Management’s presence is required to response to questions from the IDC. The Company Secretary is in attendance in every IDC meeting.

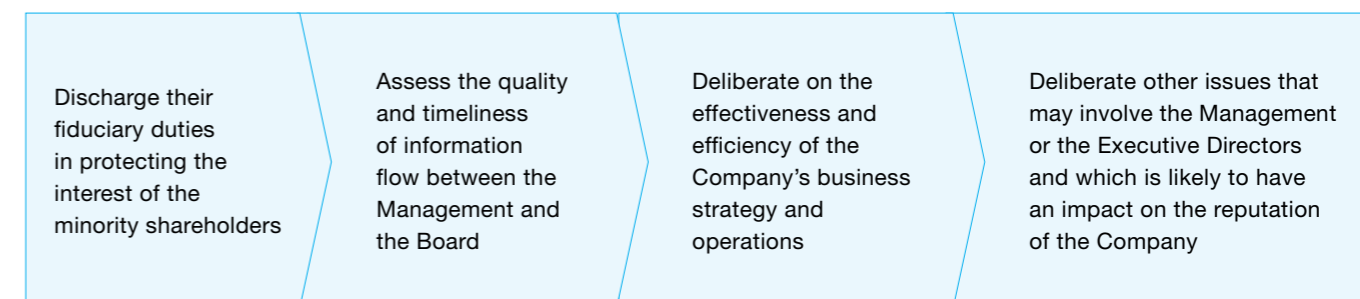
Total hours for IDC meeting FY2021:

11 hours 4 minutes

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Roles and Responsibilities

Key responsibilities of IDC are as follows:



Key Areas of Focus during FY2021:

The IDC had met periodically with/without the presence of Executive Directors and/or the Management during FY2021. Concerns raised at the IDC meeting and recommendations of the IDC were put forth to the Board for deliberation and endorsement.

In FY2021, IDC met five (5) times to deliberate among others, the following matters:

- ① Sustainability roadmap including ESG compliance
- ② Digital transformation roadmap
- ③ Organisation strategic direction, roadmap and blueprint
- ④ Labour issues and social compliance
- ⑤ Whistleblower treatment
- ⑥ Share buy back strategies
- ⑦ Dividend policy
- ⑧ Shareholder activism and Board Governance
- ⑨ Strategic/Crisis communication and management
- ⑩ Proposed listing in the Hong Kong Stock Exchange
- ⑪ Succession planning for Board and Key Management Personnel

In addition, the IDC actively engage with the Management on all sustainability matters, with special focus on social compliance, covering amongst others, employees’ safety, grievance mechanism and compliance with labor/human rights. IDC visited the workers hostels and initiate quarterly engagement sessions with the Company’s migrant workers with the presence of the Management to ensure that proper actions were carried out by the Management to safeguard the wellbeing of the workers particularly in curbing the COVID cases within the organisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee (“BAC”) of Top Glove is pleased to present the BAC Report for FY2021.

Composition & Structure

The BAC comprises four (4) members as follows, all of whom are Independent Non-Executive Directors, which is in line with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and the Malaysian Code on Corporate Governance:

Members	Date of Appointment as BAC Member	Tenure on the BAC as at 31 August 2021
1. Dato’ Lim Han Boon (Chairman)	21 February 2011	10 Years 6 Months
2. Datuk Noripah Kamso	18 March 2015	6 Years 5 Months
3. Sharmila Sekarajasekaran	15 October 2015	5 Years 10 Months
4. Azrina Arshad	8 January 2019	2 Years 7 Months

Meetings and Attendance

In FY2021, the BAC had met nine (9) times, two (2) of which were meetings with the External Auditors, without the Executive Directors’ and Management’s presence and one (1) of which was a meeting with the Head of Internal Audit, without the Executive Directors’ and Management’s presence.

The Company Secretary is in attendance in every meeting while the Executive Director, Head of Internal Audit, Senior Management, External Auditors and other Board members will attend the BAC meetings upon invitation, as and when necessary. During FY2021, the BAC had constantly engaged with the External Auditors and the Head of Internal Audit to keep abreast with the key audit issues and audit concerns affecting the Company.

The minutes of each BAC meeting was duly noted by the Board via distribution to each Board member and the Chairman of the BAC highlights on key issues discussed during the BAC meeting.

 Refer to pages 144 and 145 for the attendance record of BAC members.

Roles and Responsibilities

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

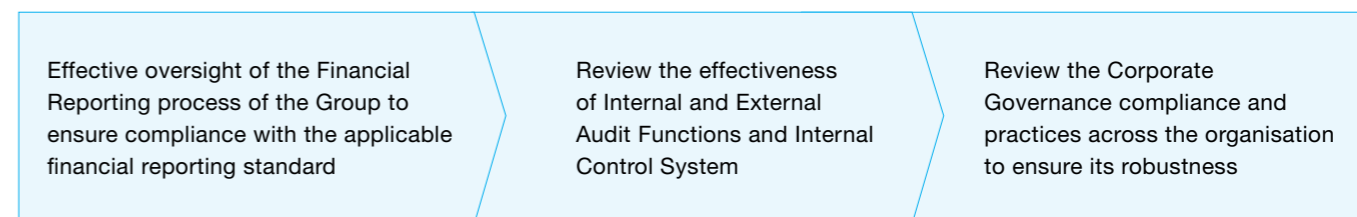
BAC deliberates the Summary of Internal Audit Reports and the external auditors’ reports relating to financial, operational, governance, risk management and control matters every quarter during BAC meeting. The status of preventive and corrective actions for issues discussed are updated to the BAC to ensure that the actions are being monitored.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Key responsibilities of BAC are as follows:



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

Key Areas of Focus during FY2021:

Financial Reporting	<ol style="list-style-type: none"> 1. Reviewed all the four (4) Quarter’s Financial Statements and the annual Audited Financial Statements of the Company and recommended the Financial Statements for the Board’s approval. Discussions focused particularly on any change in the accounting policies and its implementation; significant and unusual events arising from the audit; the going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management. 2. Reported its findings on the financial and Management’s performance and other material matters to the Board. 3. Deliberated the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/regulatory disclosure requirements.
Internal Audit	<ol style="list-style-type: none"> 4. Reviewed the Internal Audit Plan proposed by the Head of Internal Audit to ensure the adequacy of the scope, and that it has the necessary authority to carry out its works. 5. Reviewed salient audit issues together with recommendations from the Internal Audit. BAC considered the highlighted issues, taking into account Management’s responses, upon which approved the internal auditors’ proposal for rectification and implementation of the agreed remedial actions for improvement. 6. Reviewed the adequacy and competency of the Internal Audit resources required to carry out Internal Audit engagement works. 7. Undertook the performance assessment of the Internal Audit Function, reviewed the effectiveness of its audit processes and assessed the performance of the overall Internal Audit Department (“IAD”). 8. Held separate meeting with the Head of Internal Audit to discuss the results of the assessment and other areas of concern, without the presence of the Executive Directors and Management.
External Audit	<ol style="list-style-type: none"> 9. Discussed with the External Auditors, before the audit commences, the audit plan, nature and scope of the audit, emphasised areas of audit and ensured co-ordination where more than one (1) audit firms are involved as well as the External Auditors’ evaluation of the system of internal controls and audit reports. 10. Discussed and deliberated the External Auditors’ reports and recommendations regarding opportunities for improvement of the significant risk areas, internal controls and financial matters areas based on observations made in the course of interim and final audits. 11. Held two (2) private meetings with the External Auditors without the presence of the Executive Directors and Management to discuss the areas of audit concern. 12. Discussed the results of the annual assessment on the suitability and the independence of the External Auditors pursuant to the Company’s External Auditors’ Assessment Policy. 13. Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Related Party Transactions	<p>14. Reviewed and recommended on a quarterly basis, the related party transactions presented by Management to the Board for approval, to ensure that these transactions are undertaken in the Company's best interests and not detrimental to the minority shareholders' interests and are done under fair and reasonable grounds and normal commercial terms.</p> <p>15. Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with Bursa Securities Main LR.</p>
Annual Reporting	<p>16. Reviewed the Integrated Annual Report, covering the Value Creation Report, BAC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement, followed by recommendation for the Board's approval.</p>
Others	<p>17. Reviewed the Group's cash flow budget.</p> <p>18. Reviewed Business Units Performance and capital expenditures.</p> <p>19. Reviewed the Share Buy Back policy and procedures and recommended for Board's adoption.</p> <p>20. Verified the share buy-back activities of the Company.</p> <p>21. Verified and ensure the allocation of Employees' Share Option Scheme ("ESOS") and Employees Share Grant Plan ("ESGP") complied with the criteria as stipulated in the By-Laws of ESOS and ESGP of the Company respectively.</p> <p>22. Verified the share issuance arising from conversion of Convertible Bond.</p> <p>23. Reviewed the Whistleblowing Policy and Procedures and cases of the Group.</p> <p>24. Deliberated on Transfer Pricing policy and procedures.</p> <p>25. Reviewed and deliberated the corporate governance compliance of the Company and areas for improvement.</p> <p>26. Reviewed Social Audit Compliance of the Group and the implementation of mitigation plans.</p> <p>27. Reviewed revision made to the BAC's Terms of Reference, Related Party Transaction Policy, Donation policy and External Auditors Assessment Policy and recommended the revised version for the Board's approval.</p> <p>28. Reviewed Securities Dealing Policy and Policy on Prevention of Insider Dealing and Market Misconduct and recommended for Board's adoption.</p> <p>29. Reviewed Management updates on Withhold Release Order imposed by the U.S. Customs and Border Protection.</p> <p>30. Reviewed proposal on proposed dual primary listing in the Stock Exchange of Hong Kong Limited.</p> <p>31. Reviewed the guidelines on Conduct of Directors of Listed Corporations and its Subsidiaries issued by Securities Commission Malaysia and its implication to the Group.</p> <p>32. Reviewed the updated Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia and the gap analysis.</p> <p>33. Reviewed the Group's compliance with 11 International Labour Organization's Forced Labour Indicators for Direct Operations.</p> <p>34. Reviewed the Group's compliance with ACT 446 of Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Professional Development programmes

During FY2021, all the BAC members have attended various seminars, professional development programmes and conferences. The list of programmes attended is disclosed in the Corporate Governance Report on page 13 to 17 which is available for reference on the Company's website at <https://www.topglove.com/governance-manual/>

Internal Audit Function

The Internal Audit Department ("IAD") comprises ten (10) members, led by Mr. Lim Lung Fui @ Jack, a member of the Malaysian Institute of Accountants who has over twenty (20) years of experience in operational and financial audit. IAD reports directly to the BAC and is guided by its Internal Audit Charter and Terms of Reference.

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

During FY2021, the areas audited included audits of the various departments covering factories and subsidiaries within the Group. Summary of Internal Audit reports were issued to the BAC quarterly and tabled in the BAC meetings. The reports were also issued to the respective operations management, incorporating audit recommendations and Management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations after completion of audit. The IAD conducted a follow-up audit to ensure the agreed audit recommendations were implemented appropriately.

All members of the IAD continues to develop their competencies through attending training programmes conducted by professional certification body or from In house, sharing of knowledge via transfer of learning (TOL) programme to keep abreast with developments in the profession, relevant industry and regulations to effectively perform their roles. Each of IAD members is required to achieve at least 45 training hours during FY2021.

The total cost incurred for the in-house Internal Audit Function for FY2021 was RM1,823,469 (FY2020: RM1,325,794).

Looking Ahead

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

Some of the priorities for FY2022 in addition to its regular activities are as follows:

- 1 Strengthen BAC's skills and knowledge to effectively discharge their responsibility
- 2 Enhance forecasting and disclosure on potential COVID impacts to the organisation
- 3 Monitor the compliance of Section 17A of Malaysian Anti-Corruption Commission Amendment Act 2018 and Adequate Procedures implementation
- 4 Monitor the corporate governance compliance and practices to align with MCGG 2021 and policies and procedures adopted by the Board
- 5 Review adequacy and competencies of audit resources coupled with deploying technology in audit process in ensuring effectiveness of Internal Audit function
- 6 Review initiatives by IT on cybersecurity and IT system to strengthen control process
- 7 Address short term and long term liquidity and funding risk

BAC Effectiveness Review and Performance

The performance and effectiveness of the BAC is assessed annually with the BAC assessing the Committee as a whole. The BNRC will then review the evaluation results. During FY2021, the Board is satisfied that the BAC and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the BAC.

Besides, BAC also evaluated the effectiveness of Internal Audit function and the External Auditors performance and their independence. Based on the assessment, the Board is satisfied with the overall performance of the Internal Audit function and External Auditors and their independence.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD RISK COMMITTEE REPORT

The Board Risk Committee (“BRC”) of Top Glove is pleased to present the BRC Report for the FY2021.

As the global economy continues to change coupled with increasingly uncertain environment, the Board took cognisance that it is important to adapt and evolve faster than ever to stay relevant and successful, particularly in risk management. The Board delegated the risk oversight responsibility to the BRC. The Board through the BRC monitors and regularly reviews the effectiveness of the Group’s risk management and internal control systems, including controls related to the material financial, operational, reputational, cyber security, sustainability and regulatory compliance performance.

Composition & Structure

The BRC comprises four (4) members as follows, all of whom are Independent Non-Executive Directors, which is in line with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and the Malaysian Code on Corporate Governance:

Members	Date of Appointment as BRC Member	Tenure on the BRC as at 31 August 2021
1. Datuk Noripah Kamso (Chairman)	8 January 2019	2 Years 7 Months
2. Dato’ Lim Han Boon	11 May 2013	8 Years 3 Months
3. Tan Sri Rainer Althoff	11 May 2013	8 Years 3 Months
4. Datuk Dr. Norma Mansor	12 May 2017	4 Years 3 Months

Note : Dato’ Lee Kim Meow and Mr Lim Cheong Guan had stepped down as BRC member effective 1 December 2020 subsequent to the Board Committees composition restructuring exercise.

Meetings and Attendance

In FY2021, the BRC had met eight (8) times. The Company Secretary is in attendance in every meeting while the Executive Director, Head of Internal Audit, Head of Risk Management, Senior Management and other Board members will attend the BRC meetings upon invitation, as and when necessary.

The minutes of each BRC meeting was duly noted by the Board via distribution to each Board member and the Chairman of the BRC highlights on key issues discussed during the BRC meeting.

 Refer to page 144 and 145 for the attendance record of BRC members.

Roles and Responsibilities

During the financial year under review, the Board Investment Committee had been dissolved with effect from 1 December 2020 and its function had been incorporated into the BRC. The Terms of Reference of BRC had been amended to reflect the additional function.

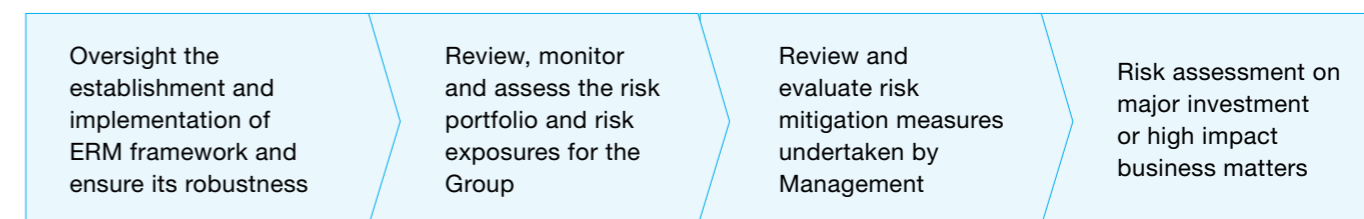
An Enterprise Risk Management (“ERM”) Framework has been developed for all business processes by Risk Management Department and approved by the BRC. The ERM Framework ensures that a structured risk management process is adopted across the Group which incorporates key process relating to the identification,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

BRC is assisted by in-house Risk Management Department and Risk Management Committee in the effective discharge of their responsibilities in assessing risks, recommending measures to mitigate those risks and assuring proper control and governance process.

The Risk Management Department presents the Risk Management Report to the BRC every quarter to provide an overview of the Group’s significant risks and action plans to mitigate the risks. The BRC provides its views which are then communicated to the respective risk owners. The significant risks are then escalated to the Board upon deliberation by BRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Key responsibilities of BRC are as follows:



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

Key Areas of Focus during FY2021:

Framework, Policy & Guidelines	<ol style="list-style-type: none"> 1. Revisited the ERM Framework and BRC’s Terms of Reference to strengthen ERM processes 2. Reviewed adoption of Business Continuity Management policy and framework to elevate the Group’s resilience and governance level 3. Reviewed adoption of Global Regulatory Risk framework 4. Reviewed adoption of Share Buy Back policy and procedures from risk perspective 5. Reviewed Bond Investment guideline
Risk Monitoring	<ol style="list-style-type: none"> 6. Ongoing Risk Matrix and Risk Register review to identify, evaluate, monitor, manage and mitigate major risks 7. Assessed emerging risk and mitigation plans covering among others, the ESG risk and reputational risk 8. Assessed risks associated with the Group’s overseas operations
Appraise New Business Ventures & Corporate Proposal	<ol style="list-style-type: none"> 9. Risk assessment of new business ventures and major projects undertaken 10. Risk assessment on Proposed dual primary listing in the Stock Exchange of Hong Kong Limited
Others	<ol style="list-style-type: none"> 11. Recommended and deliberated on the appointment of Chief Compliance Officer to take charge of global regulatory compliance for the seven jurisdictions where the Group operated to strengthen the Corporate Compliance programme groupwide 12. Recommended the establishment of Blockage Management Taskforce as a long-term solution to prevent and address the systemic risk 13. Reviewed Management’s action plans in the upliftment of Withhold Release Order imposed by US Custom Border and Protection 14. Reviewed Management’s action plans in dealing with activists’ allegations 15. Assessed the social audit compliance initiative undertaken by the Group in safeguard human rights

Looking Ahead

BRC will continue its role in supporting the Board in its risk oversight responsibilities in ensuring the robustness of the ERM framework.

Some of the priorities for FY2022 in addition to its regular activities are as follows:

- 1 To conduct systematic periodic review of the risk mapping of potential issues
- 2 Integrate risk management into the day-to-day decision making process across all business operations and business strategy
- 3 Linked risk management to performance and reward through Key Performance Indicator Index to reflect stronger compliance accountability for all staff
- 4 Instil risk awareness across the Group through more education programmes such as technical risk assessment workshops to enhance the skills and capabilities of the BRC members as well as the compliance talent pools
- 5 Formalise Risk Management Blueprint
- 6 Strengthen Business Continuity Management

BRC Effectiveness Review and Performance

During the year under review, the Board assessed the performance of the BRC through the annual Board Effectiveness Evaluation. During FY2021, the Board is satisfied that the BRC and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the BRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

As a Group, we are more conscious than ever of the importance of stakeholder engagement and believe that effective communication and proactive engagement with stakeholders is paramount in establishing a mutual understanding of both the Group's and stakeholders' objectives. We understand the value of long-term thinking and believe that effective stakeholder engagement is critical to fostering mutually beneficial relationships and securing our long-term success.

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

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

HAVING REGULAR AND TRANSPARENT COMMUNICATION WITH STAKEHOLDERS

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


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

The Board has formalised a Corporate Disclosure Policy to ensure that communications to the public regarding the Group are timely, factual, accurate and complete. The said Policy outlines the central principles and practices in communicating with the investors, shareholders, medias and regulators.

 [The Corporate Disclosure Policy is accessible through the Company's website: https://www.topglove.com/governance-manual/](https://www.topglove.com/governance-manual/)

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

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

 [The details of how the Company has been engaging with its stakeholders can be found on page 57 to 60 of the Corporate Governance Report 2021, which is available on our website at https://www.topglove.com/governance-manual/](https://www.topglove.com/governance-manual/)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Financial Calendar

9 Dec 2020	9 Mar 2021	9 Jun 2021	17 Sep 2021	28 Oct 2021	12 Nov 2021
Unaudited consolidated results for the first quarter ended 30 November 2020	Unaudited consolidated results for the second quarter and half year ended 28 February 2021	Unaudited consolidated results for the third quarter ended 31 May 2021	Unaudited consolidated results for the fourth quarter and financial year ended 31 August 2021	Issuance of Audited Financial Statements for the financial year ended 31 August 2021	Issuance of Integrated Annual Report 2021

Note : All the Quarterly Results Briefing FY2021 were held virtually on the same date as the financial result release date.

Dividend Calendar

1st Interim	2nd Interim	3rd Interim	Final
Single Tier First Interim Dividend of 16.5 sen per share	Total Second Interim Dividend of 25.2 sen per share consists of: (i) Single Tier Second Interim Dividend of 18.0 sen per share; and (ii) Special Dividend of 7.2 sen per share.	Total Third Interim Dividend of 18 sen per share consists of: (i) Single Tier Third Interim Dividend of 12.7 sen per share; and (ii) Special Dividend of 5.3 sen per share.	Total Final Dividend of 5.4 sen per share consists of: (i) Single Tier Final Dividend of 3.8 sen per share; and (ii) Special Dividend of 1.6 sen per share.
Entitlement date : 28 December 2020	Entitlement date : 24 March 2021	Entitlement date : 24 June 2021	Entitlement date : 4 October 2021
Payment date : 11 January 2021	Payment date : 6 April 2021	Payment date : 7 July 2021	Payment date : 15 October 2021

IR Contact and Feedback

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

(N) : Mr. Lim Cheong Guan
(Executive Director)
(T) : +603 3362 3098
(F) : +603 3362 3860
(E) : invest@topglove.com.my

Corporate Matters

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

(N) : Ms. Kassy Lim Keat See
(Company Secretary)
(T) : +603 3362 3098
(F) : +603 3362 3860
(E) : topglovecosec@topglove.com.my

Media Enquiries

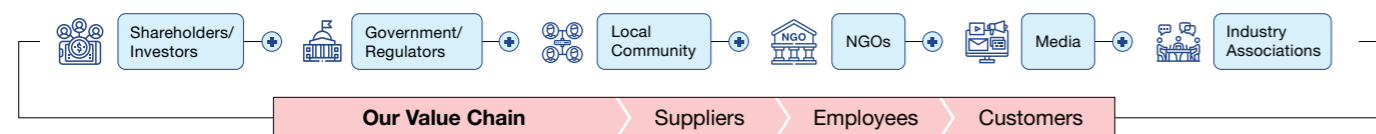
Media related enquiries and feedback may be referred to the head of Corporate Communications department:

(N) : Ms. Michelle Voon Wei-Ann
(T) : +603 3362 3098
(F) : +603 3362 3860
(E) : media@topglove.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT






How Our Key Stakeholders are Connected



Stakeholder Group	Why We Engage?	Top 5 Material Matters Concerned	How We Engage?	Frequency	Our Response To Concerns	Value Created
Employees	Employees are the backbone of the Group's business. Their knowledge and experience contribute to the daily operations and ensure Top Glove is able to achieve the Company's long-term goal.	<ol style="list-style-type: none"> Occupational Health and Safety Customer Experience Infectious Diseases Human Rights Ethics, Integrity and Governance 	<ul style="list-style-type: none"> Staff assembly Employee satisfaction survey Performance appraisal review Recreational activities/empowerment and training opportunities Newsletters Corporate events 	<ul style="list-style-type: none"> Weekly Annually Bi-annually As needed 	<ol style="list-style-type: none"> Subsidised medical check-up, free yearly blood screening and dental check-up for employees Frequent training on safety for factory employees Social aspects training Worker townhalls Safety awareness programmes COVID vaccination for employees Improved workers' accommodation according to regulations Independent audits on labour practices 	<ol style="list-style-type: none"> Strong relationships with employees Stronger motivation to improve productivity Safer work environment leading to lower incident rate
Customers	Our customers in different industries rely on our products to carry out their daily duties. Our market share comprised our customers around the globe.	<ol style="list-style-type: none"> Customer Experience Product Quality and Safety Ethics, Integrity and Governance Occupational Health and Safety Supply Chain Management 	<ul style="list-style-type: none"> Meetings Social compliance audits Customer portal Business trips Tradeshows 	<ul style="list-style-type: none"> As needed Annually 	<ol style="list-style-type: none"> Product inspections prior to delivery to customers Quality testing of random samples from finished products by Quality Assurance team Customer satisfaction survey SMETA and BSCI social audits initiated by customers Suppliers certified with FSC certification 	<ol style="list-style-type: none"> Stronger customer relationships, leading to larger customer base and retention Increased brand relevance globally Renewal of product licenses and business permits Customers' satisfaction guaranteed
Shareholders/ Investors	Shareholders and investors invest in the Group's business and we are obligated to share our financial performance and strategic decisions for future outlook.	<ol style="list-style-type: none"> Customer Experience Product Quality and Safety Ethics, Integrity and Governance Infectious Diseases Labour Management Relations 	<ul style="list-style-type: none"> Analysts' briefings Annual survey form General meetings Analysts/fund managers/investors meetings Roadshows and conferences Social media platform 	<ul style="list-style-type: none"> Quarterly Annually Annually and as needed As needed 	<ol style="list-style-type: none"> Innovation through R&D Investment in automation and digitalisation Updated corporate website Implementation of the Anti-Bribery Management System Adoption of Corporate Disclosure Policy COVID vaccination for employees Customer satisfaction survey 	<ol style="list-style-type: none"> Assured and continuous investors' confidence Transparency in corporate governance reporting and practices Greater product range Consistent product quality and lower production cost
Suppliers	Suppliers provide the necessary raw materials for our production process. To ensure stable raw material, it is essential to maintain good relations with them.	<ol style="list-style-type: none"> Customer Experience Occupational Health and Safety Product Quality and Safety Ethics, Integrity and Governance Infectious Diseases 	<ul style="list-style-type: none"> Audits and site visits Meetings Electronic procurement network 	<ul style="list-style-type: none"> Annually As needed 	<ol style="list-style-type: none"> Regular meetings and interactions on issues encountered Supplier audits after meetings and interactions Quality testing of random samples from finished products by Quality Assurance team Customer satisfaction survey COVID vaccination for employees Updated Business Partners' Code of Conduct 	<ol style="list-style-type: none"> Sustainable supply source process Business reputation and integrity assured Stronger business relationship with suppliers

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Stakeholder Group	Why We Engage?	Top 5 Material Matters Concerned	How We Engage?	Frequency	Our Response To Concerns	Value Created
 Government/Regulators	Governmental bodies introduce laws and policies that could impact our business locally and globally. To maintain the legality of our business, it is essential to comply with their regulations.	<ol style="list-style-type: none"> Occupational Health and Safety Infectious Diseases Product Quality and Safety Waste and Effluent Environmental Compliance 	Formal meetings	As needed	<ol style="list-style-type: none"> Quality testing of random samples from finished products by Quality Assurance team COVID vaccination for employees Frequent training on safety for factory employees Safety awareness programmes Disposal of schedule waste according to Department of Environment's (DOE) standards Factories certification with Environmental Management System ISO14001 	<ol style="list-style-type: none"> Renewal of product licenses and business permits Product quality and employees' safety assured Business reputation and integrity assured Compliance with governmental regulations
 Local Community	We are just a small part of a larger community. Given that there could be adverse impacts, we are obligated to mitigate them as we rely on the community's goodwill to continue our operations.	<ol style="list-style-type: none"> Waste and Effluent Infectious Diseases Environmental Compliance Occupational Health and Safety Human Rights 	Formal meetings Community support programmes	As needed	<ol style="list-style-type: none"> Disposal of schedule waste according to DOE's standards Monitoring of direct and indirect emissions Effluent discharge monitoring COVID vaccination for factory employees Independent audits on labour practices TGGD Clinic open to local community 	<ol style="list-style-type: none"> Stronger relationship with the local community Safer and cleaner living environment for the local community
 Non-Government Organisations (NGOs)	NGOs provide valuable inputs with respect to our social and environmental efforts. They also bridge the distance between other stakeholders.	<ol style="list-style-type: none"> Ethics, Integrity and Governance Infectious Diseases Product Quality and Safety Human Rights Occupational Health and Safety 	Formal/casual meetings Campaigns	As needed	<ol style="list-style-type: none"> Quality testing of random samples from finished products by Quality Assurance team Implementation of the Anti-Bribery Management System Independent audits on labour practices COVID vaccination for employees 	<ol style="list-style-type: none"> Positive relationship with NGOs Improved company's image among the public
 Media	The media has great influence over the public perception of the Group. The Group's reputation partially relies on the positive or negative media reporting that may lead to a reputation boost or damage.	<ol style="list-style-type: none"> Infectious Diseases Product Quality and Safety Environmental Compliance Water Management Human Rights 	Quarterly financial results' briefings Interviews Media inquiries	Quarterly As needed	<ol style="list-style-type: none"> COVID vaccination for employees Quality testing of random samples from finished products by Quality Assurance team Monitoring of direct and indirect emissions Environmental awareness programmes for all employees Implementation of a Solar Power System to reduce emissions Independent audits on labour practices 	<ol style="list-style-type: none"> Increased brand relevance and reputation Transparency in information reporting to all relevant parties
 Industry Associations	Different associations bring different market insights and feedback that could be beneficial to the Group's long-term growth. Effective engagement & collaboration with industry associations could create positive impacts to the environment & stakeholders.	<ol style="list-style-type: none"> Human Rights Product Safety and Quality Ethics, Integrity and Governance Labour Management Relations Environmental Compliance 	Management/Board meetings	As needed	<ol style="list-style-type: none"> Innovation through R&D Investment in automation and digitalisation Implementation of Zero Cost Recruitment Policy Whistleblowing Policy Independent audits on labour practices Factories certification with Environmental Management System ISO14001 	<ol style="list-style-type: none"> Continuous support from industrial peers Informational updates about the industry to keep track Stronger relationships with our peers Industrial peers assured of business integrity and sustainability

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Other Compliance Information:

1. Utilisation of Proceeds

There were no funds raised by the Company through any corporate proposal during FY2021.

2. Audit & Non-Audit Fees

Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2021 to Ernst & Young PLT and its affiliates are as follows:

Type of Fees	Top Glove (RM)	Top Glove Group (RM)
a) Audit fees		
• Messrs. Ernst & Young PLT, Malaysia	80,000	622,000
b) Non-Audit fees *		
• Messrs. Ernst & Young PLT, Malaysia	1,874,000	1,874,000
• Member firm of Ernst & Young Global Limited	611,000	611,000
Total:	2,565,000	3,107,000

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

3. Recurrent Related Party Transactions

During FY2021, there were no recurrent related party transactions of a revenue or trading nature involving the Directors and/or substantial shareholders of the Company.

4. Material Contracts

During FY2021, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, Chief Executive and/or major shareholders.

5. Material Contracts Relating to Loans

During FY2021, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving the interests of Directors, Chief Executive and/or major shareholders.

6. Insider Trading

During FY2021, there was no insider trading reported.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. Employees' Share Option Scheme ("ESOS")

The details of the ESOS for FY2021 are as follows:

Total number of ESOS options granted	83,545,900
Percentage of ESOS option granted to the Directors and senior management	15.42% of the total ESOS option granted
Total number of ESOS options exercised	28,968,800
Total ESOS options outstanding as at 31 August 2021	90,391,300

Other than the above, there were no issuance of convertible securities during FY2021. The number of ESOS option granted and exercised by the Directors as well as their ESOS options outstanding are disclosed on page 181 of this Integrated Annual Report.

The details of the issued and paid-up share capital of the Company as at 31 August 2021 are as follows:

	No. of Shares	RM
As at 1 September 2020	2,708,825,249	1,675,704,221.90
Ordinary shares issued pursuant to the ESOS	28,968,800	58,060,533.00
Ordinary shares issued pursuant to conversion of exchangeable bond	50,351,869	104,386,896.70
Ordinary shares issued pursuant to Bonus Issue	5,418,718,116	-
ESOS Compensation reserve	-	4,002,500.00
ESOS Cost	-	(500,585.37)
As at 31 August 2021	8,206,864,034	1,841,653,566.23

8. Employees Share Grant Plan ("ESGP")

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

The details of the ESGP for FY2021 are as follows:

Total number of shares awarded under ESGP	2,238,700
Percentage of shares awarded to Director under ESGP	0.0002%
Percentage of shares awarded to the Directors and senior management under ESGP	6.62% of the total shares awarded

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT GOVERNANCE

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

To fulfil its oversight responsibility, the Board, through delegation to the Board Risk Committee (“BRC”), reviews the adequacy and integrity of the Group’s enterprise risk management system which includes the key processes of risk identification, assessment, mitigation, monitoring and reporting.

The members of BRC, comprising four Independent Non-Executive Directors are as follows:

1. Datuk Noripah Kamso (Chairman)
2. Tan Sri Rainer Althoff
3. Dato’ Lim Han Boon
4. Datuk Dr. Norma Mansor

In addition, a Risk Management Committee (“RMC”) was formed in May 2013 to facilitate the risk management initiative at the Management level. RMC serves as the driving force behind the day-to-day risk management activities. Its main functions encompass provision of regular feedback on status of risk factors to facilitate informed management

decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, as well as identification of new and emerging risk factors.

RMC is chaired by an Executive Director and comprises heads of business units or support functions, who are risk owners themselves, as members.

Due to the Group’s rapid expansion of its business and manufacturing operations across different regions, a Global Risk Management Structure was established across the regions where the Group operates. The establishment of Risk Working Committees (“RWC”) led by respective Country Head and Joint Manufacturing Council member acts as an accountable point of contact for an enterprise risk at the senior leadership level, who coordinates efforts to mitigate and manage the risk with the person in charge who owns whole or part of the risk to ensure effective full coverage of risk assessment of all business units locally and globally.

ENTERPRISE RISK MANAGEMENT SYSTEM

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

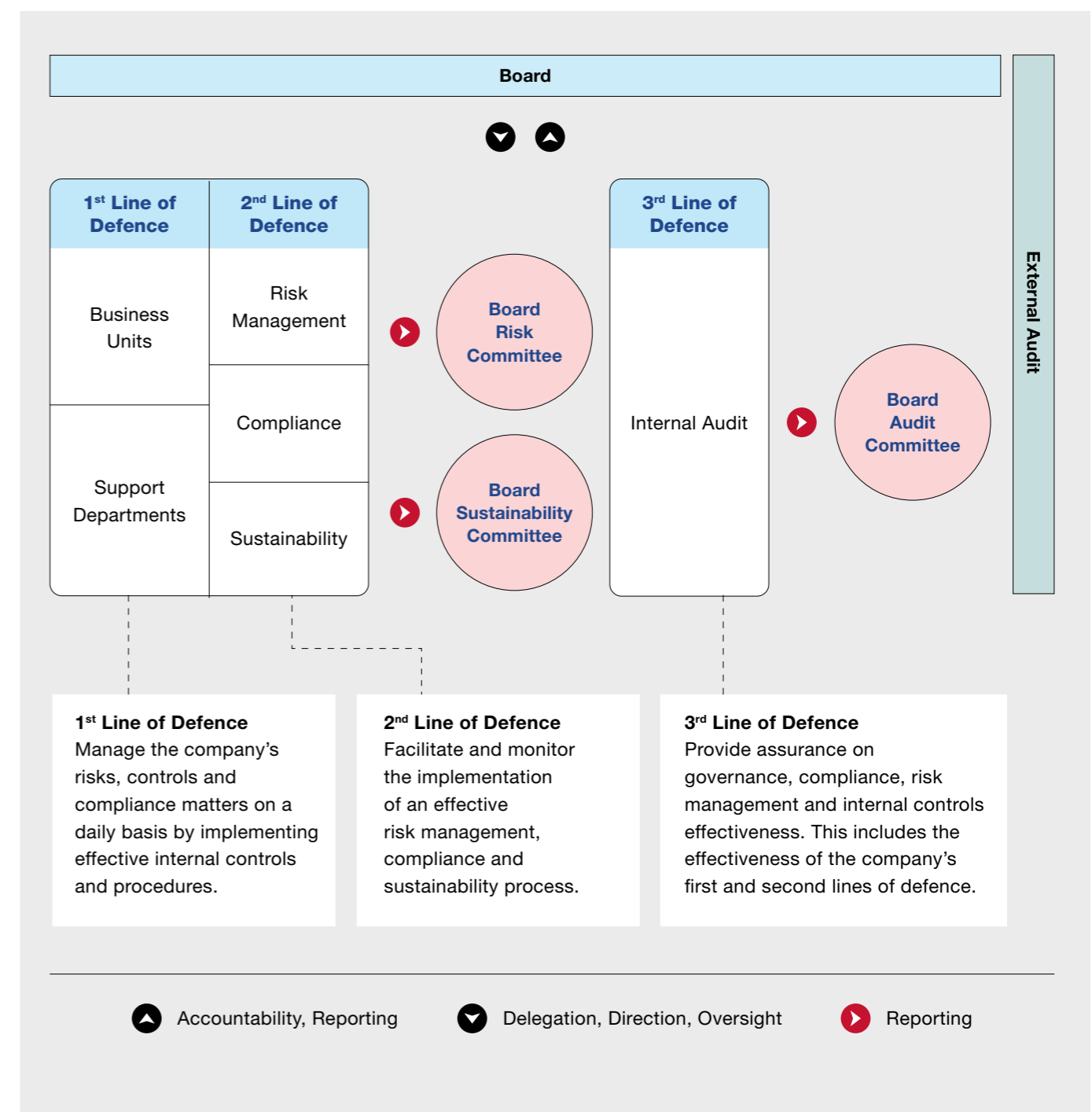
Updates on the progress and adequacy of the mitigation measures are assessed and reported on a quarterly basis. In addition, any identified emerging critical risk factors will be incorporated into the risk register and managed in accordance to the Group’s enterprise risk management methodology. Outcome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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

In addition, the Group adopts the Three Lines of Defence model to ensure a structured governance practise. The importance of the Three Lines of Defence model is to ensure clear functional responsibilities and accountabilities for the management of risk, compliance and internal control. This is reflected in the Three Lines of Defence model which were adopted by the Group as depicted below:

TOP GLOVE THREE LINES OF DEFENCE MODEL



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL GOVERNANCE

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

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

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

INTERNAL AUDIT FUNCTION

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

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

- 1 Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- 2 Evaluating the system established to ensure compliance with policies, plans, procedures, laws, and regulations which could have significant impact on operations;
- 3 Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- 4 Assessing the economy and efficiency with which resources are employed;
- 5 Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned;
- 6 Reporting significant issues related to the business and operational processes for controlling the activities of the Group together with recommendations for improvements by issuing periodic audit reports summarizing results of audit activities and follow-up reports on a timely basis to BAC and management; and
- 7 Assisting in the investigation of significant suspected fraudulent activities and notify the BAC and top Management of the results.

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

REVIEW OF EFFECTIVENESS

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

The process for identifying, evaluating and managing risks as outlined in this Statement has been in place for the year under review and up to the date of approval of this statement. During the financial year ended 31 August 2021, a number of improvements to internal control gaps have been implemented by enhancing the controls towards digitalization such as automating certain manual processes using technologies, implementing electronic workflow process and integrating SAP systems to create good visibility and transparency. There has been no material adverse impact to the financial performance of the Group as a result of the internal control gaps detected.

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

This Statement does not include the state of internal control in associate companies, which has not been dealt with as part of the Group and is made in accordance with a resolution of the Board of Directors dated 27 October 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENTS BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (“AAPG”) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Integrated Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Integrated Annual Report of the Group for the FY2021, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in the Integrated Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

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