

The Board of Directors of Top Glove Corporation Bhd (“Top Glove” or “the Company”) (“the Board”) remains committed to embrace across organisation high standards of corporate governance and integrity whilst pursuing its corporate objectives in creating long-term shareholders’ value and competitiveness. The Board is always mindful on the importance of governance and acknowledges to continue delivering sustainable performance and instilling best corporate governance practices in building a sustainable business.

Top Glove’s commitment on corporate governance was testified by the following testament:

Malaysia-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2017, the Company had achieved the following:

- i. Rank No. 14 in the list of top 100 companies with good disclosures (2016: No. 18); and
- ii. Rank No. 6 in the list of top 100 companies for overall corporate governance and performance (2016: No. 7).

Top Glove’s exemplary corporate governance practices have received many recognitions including the following in the financial year ended 31 August 2018 (“FY2018”):

- (a) Merit Award for Most Improved Corporate Governance Disclosure, MSWG~ASEAN Corporate Governance Award 2017; and
- (b) Industry Excellence in Manufacturing, MSWG~ASEAN Corporate Governance Award 2017.

Top Glove continues to be the selected constituents of the FTSE4Good Bursa Malaysia Index (“F4GBM”). Top Glove is included in the F4GBM Index since December 2015, having demonstrated a leading approach in addressing Environmental, Social and Governance (ESG) risks, in accordance to globally recognised standards. The aforesaid achievement reflects greater recognition of and better adherence to higher sustainability disclosure.

Top Glove is also one of the component stocks of the MSCI Global Standard Index, FBM Mid 70 Index, FBM Top 100 Index, FBM EMAS Syariah Index and FBM Hijrah Shariah Index.

Top Glove and its subsidiaries (“the Group”) will continue to endeavour its efforts in evaluating its governance practices in response to the evolving best practices and the changing requirements. The Board is pleased to present the Corporate Governance Overview Statement for the FY2018 outlining the application of the principles and recommendations as set out in the following guides:

- (a) Companies Act 2016 (“CA 2016”);
- (b) Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”);
- (c) Malaysian Code on Corporate Governance (“MCCG”); and
- (d) Corporate Governance Guide 3rd Edition issued by Bursa Malaysia Berhad.

The Group noted on the principles and recommendations of the above-mentioned guides and will further review its corporate governance practices to bring the same to be in line with the recommendations under those guides.

As part of its efforts to enhance its practices, Top Glove has also taken the initiative to benchmark itself against leading corporate governance standards of reputable public listed companies in Malaysia.

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Release of Annual Report and Quarterly Financial Results and holding of Annual General Meeting (“AGM”) and Analyst Briefing

	Date of Issue/ Release	No. of Days after end of Year/ Quarter	Bursa Securities Deadline for the Issue/ Release	Date of AGM/ Analyst Briefing	No. of Days after date of Issue/ Release
Annual Report 2017	13 November 2017	74	31 December 2017	9 January 2018	56
Annual Report 2016	14 November 2016	75	31 December 2016	5 January 2017	51
2018 Quarterly Results					
First Quarter	19 December 2017	19	31 January 2018	12 January 2018	24
Second Quarter	15 March 2018	15	30 April 2018	16 March 2018	1
Third Quarter	19 June 2018	19	31 July 2018	19 June 2018	same day ¹
Fourth Quarter	11 October 2018	41	31 October 2018	17 October 2018	6

Note:

¹ Analyst Briefing was held through tele-conferencing.

The MCCG covers three (3) broad Principles, which are (A) Board leadership and effectiveness; (B) Effective audit and risk management; and (C) Integrity in corporate reporting and meaningful relationship with stakeholders.

This statement is prepared in compliance with Bursa Securities Main LR and it is to be read together with Corporate Governance Report 2018 (“CG Report”) of the Company based on a prescribed format pursuant to Paragraph 15.25 of Bursa Securities Main LR. The CG Report is available on Top Glove’s website: <http://www.topglove.com/corporate-governance/>

The CG Report provides the details on how the Company has applied the 32 Practices and 4 Step-Ups as set out in the MCCG during the FY2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board’s Responsibilities

Top Glove is led by an experienced Board comprising members who are specialised in the glove manufacturing and various business sectors supported by a wide range of other professionals in the economics, engineering, legal and accounting sectors. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

During our Board strategic planning (offsite) meeting held on 17 January 2018, as part of the Board’s function to set the strategic direction of the Company, the Board has carved the strategic statements focussing on key strategic areas as the Group’s strategy plan to support the Group’s long-term value creation and sustainability businesses. The Board has also identified the key management personnel responsible for each key strategic area and they have to provide progressive report on its implementation to the Board. The Board will review, monitor and oversee the implementation of the key strategic areas at its quarterly Board meeting.

The annual budget meeting is held every year for the Board to review and oversee the Group’s budget together with the strategy plan of each business unit. During the FY2018, a brainstorming session was organised amongst the Board members and key management personnel to draft the new Vision and Mission Statement of the Company.

Presently, the Board is supported by four (4) Board Committees namely, Audit Committee (“AC”), Risk Management Committee (“RMC”), Nomination and Remuneration Committee (“NRC”) and Investment Committee (“IC”) that are delegated with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”). Each Board Committee will review, report and make recommendation to the Board during the Board meeting on matters relevant to their roles and responsibilities. The Board Committees also table the minutes of the Board Committees meetings at the quarterly Board meetings as to keep the Board abreast of the decision and discussion made by each Board Committee.

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The Board Charter duly adopted by the Board clearly established the functions reserved for the Board, Directors' roles and responsibilities and those delegated to Management. It is a reference and induction literature in providing the Board members and Management insight into the functions of the Board. The Board Charter is accessible through the Company's website: <http://www.topglove.com/corporate-governance/>

Role of Chairman, Managing Director, Executive Directors and Independent Non-Executive Directors ("INED")

The Executive Chairman, Tan Sri Dr Lim Wee Chai is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board.

The Managing Director, Dato' Lee Kim Meow will assist the Executive Chairman in the effectiveness of implementation of the Board policies, making operational decisions and monitoring the day-to-day running of the businesses, including defining the limits of Management's responsibilities.

The Executive Directors 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.

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.

The Senior INED, Tan Sri Dato' Seri Utama Arshad Bin Ayub ("Tan Sri Arshad Ayub"), acts as a point of contact for shareholders and other stakeholders with concerns which have not been resolved or those deemed inappropriate to be communicated through the normal channels.

Role of Company Secretaries

The Company Secretaries play significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. The Company Secretaries also highlight all compliance and governance issues that required the Board's attention.

The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and senior management.

Board Meetings

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 meets quarterly to review its quarterly performance and discuss new policies and strategies. Additional meetings will be called as and when necessary. During the FY2018, seven (7) Board meetings were held and the attendance of the Board and Board Committees members are as follows:

FY2018 meeting calendar for the Board and Board Committees

	Sept '17	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18	May '18	June '18	July '18	Aug '18
BOD		√	√	√	√		√			√		√
AC		√		√	√		√	√		√		
NRC*	√	√					√			√		
IC							√			√		
RMC	√		√				√			√		

Note:

* *Nomination and Remuneration Committee had been merged on 13 October 2017. The meetings included Nomination Committee Meeting held on 12 October 2017 and Remuneration Committee Meeting held on 15 September 2017.*

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Attendance of Directors and Board Committees members at the respective meetings held during the FY2018

Name of Directors	Board of Directors	GM ^Ω	Board Committees			
			AC [@]	RMC	NRC [¥]	IC
1. Tan Sri Dr Lim Wee Chai (Executive Chairman)	7/7 (100%) [#]	3/3 (100%) [#]			1/1 (100%) [§]	2/2 (100%) [#]
2. Tan Sri Arshad Ayub	6/7 (85.7%)	3/3 (100%)	7/8 (87.5%) [#]		3/3 (100%) [#]	2/2 (100%) [§]
3. Tan Sri Rainer Althoff	7/7 (100%)	3/3 (100%)		4/4 (100%) [§]		
4. Puan Sri Tong Siew Bee	6/7 (85.7%)	3/3 (100%)				
5. Dato' Lee Kim Meow	7/7 (100%)	3/3 (100%)		4/4 (100%) [§]		
6. Lim Hooi Sin	7/7 (100%)	2/3 (66.7%)				
7. Lim Cheong Guan	7/7 (100%)	3/3 (100%)		4/4 (100%) [§]		1/2 (50%) [§]
8. Dato' Lim Han Boon	7/7 (100%)	3/3 (100%)	8/8 (100%) [§]	4/4 (100%) [#]	4/4 (100%) [§]	2/2 (100%) [§]
9. Datuk Noripah Binti Kamsu	7/7 (100%)	3/3 (100%)	7/8 (87.5%) [§]			2/2 (100%) [§]
10. Sharmila Sekarajasekaran	7/7 (100%)	3/3 (100%)	8/8 (100%) [§]		3/3 (100%) [§]	
11. Tay Seong Chee Simon	7/7 (100%)	3/3 (100%)				
12. Datuk Dr. Norma Mansor	7/7 (100%)	3/3 (100%)		4/4 (100%) [§]	3/3 (100%) [§]	
13. Low Chin Guan (appointed as Executive Director on 4 April 2018 and removed on 10 October 2018)	2/2 (100%)					
Total no. of Meetings:	7	3	8	4	4	2

Note:

Chairman

§ Member

Ω General meetings. One (1) AGM held on 9 January 2018. Two (2) EGMs held on 9 January 2018 and 8 March 2018.

@ AC had eight (8) meetings, includes two (2) meetings with External Auditors (without Executive Directors' and Management's presence), one (1) meeting with Internal Auditors (without Executive Directors' and Management's presence) and one (1) meeting on internal audit matters.

¥ Nomination and Remuneration Committee had been merged on 13 October 2017.

All the above meetings were held in the Company's Corporate Office at Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan except for the Board Offsite meeting which was held at Phuket, Thailand.

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 for the Board Committees.

The Board decisions made at the Board meetings shall be by a majority as prescribed by the Constitution of the Company.

During the FY2018, some of the Board agenda items are as follows:

- (a) Strategic planning for the Group;
- (b) Budget review;
- (c) Quarterly Unaudited Consolidated Results;
- (d) Half-year Financial Performance Report;
- (e) Business Plan and Development;
- (f) Proposals and updates on Investment Projects;
- (g) Corporate proposals on Mergers and Acquisitions;
- (h) Progress updates on implementation of Key Strategic Areas;
- (i) Regulatory and Compliance updates;
- (j) Share performances on Bursa Malaysia Securities Berhad and Singapore Exchange Limited;
- (k) Capital Structure review and Balance Sheet Management;
- (l) Sustainability initiatives of the Group and reporting;
- (m) Analysis of Corporate Governance disclosure;
- (n) Dividend proposal; and
- (o) Board Committees composition, board processes and governance review.

All AC members are financially literate. Dato' Lim Han Boon is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, United Kingdom ("UK") and fellow of the Association of Chartered Certified Accountant, UK which fulfilled the financial expertise requirement by Bursa Securities Main LR.

Our Executive Director and Senior General Manager, Finance attend all meetings of the AC, other than meetings held between the AC and External Auditors (without Executive Directors' and Management's presence) as well as the meeting held between the AC and Internal Auditors (without Executive Directors' and Management's presence).

During the FY2018, the AC met with the External Auditors (without Executive Directors' and Management's presence) twice and met with the Internal Auditors (without Executive Directors' and Management's presence) once.

Further details on the summary of activities of the AC during the FY2018 is set out separately in the AC Report on pages 90 to 91 of this Annual Report.

Supply of Information to the Board

All Directors are provided with an agenda of the meeting and board papers which contain the Company's financial performance, business outlook, various Board Committees' reports and disclosures by Directors of their interests in the shares and their interests in contracts, properties and offices pursuant to Section 219 and Section 221 of the CA 2016, 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 business plans, business performance, potential mergers and acquisitions and other pertinent issues.

Any proposal and recommendation by Management will be deliberated and discussed by the Board before a decision is made. All matters raised, discussions, 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.

The Notices of the Board and Board Committees' meetings are sent within fourteen (14) days prior to the meetings and at all times, endeavour to deliver the non-financial meeting materials within seven (7) days prior to the meetings whereas the financial materials would be delivered in average within two (2) days prior to the meetings as the aforesaid materials are sensitive information.

Notices on the closed period for trading in Top Glove's securities are served to Directors, key management personnel and principal officers who are deemed to have 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 trading in securities or any kind of property 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. In the FY2018, none of the Directors dealt in Top Glove's securities during the closed period.

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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 of the quarterly financial results.

All Directors and Company Secretaries have been issued with the Code of Conducts for Directors and Secretaries. The Company Secretaries also act as the Secretaries for all the Board Committees.

Board Composition and Balance

The Board currently comprises twelve (12) members, made up of five (5) Executive Directors including the Executive Chairman and Managing Director and seven (7) INEDs. The roles and responsibilities of the Executive Chairman and the Managing Director are distinctive and have been clearly segregated to further enhance and preserve a balance of authority and accountability to avoid unfettered powers of decision making. The composition reflects a balance of Executive Directors and Non-Executive Directors (including INEDs); ensuring that all Board's discussions or decisions have the benefit of predominantly outside views and experiences, and that the INEDs are free from interests and influences that may conflict with their duties to the Company.

The majority number of INEDs help to ensure effective check and balance of the Board's function as the INEDs are often the carers of the minority shareholders in providing constructive feedbacks to the proposals of the Company.

There are four (4) female Board members, representing 33% of the total Board members. The aforesaid female Board members provide the Board with gender diversity that bring value to the Board's deliberations from the different perspectives and insights of the female Board members.

During the FY2018, Mr. Low Chin Guan was appointed to the Board on 4 April 2018 as Executive Director due to acquisition of Aspion group of companies. Subsequently, he had been removed from the Board on 10 October 2018 via an Extraordinary General Meeting.

The profile of each of the Board members is as presented on pages 10 to 17 of this Annual Report.

Independence

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

The term "independence" as prescribed under Bursa Securities Main LR states that INEDs should be independent of management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. INED is willing to express his/her opinion to the Board free of concern about his/her position or the position of any third party. Nevertheless, none of the INEDs engage in the day-to-day management of the Company, participate in any business dealings or is involved in any other relationships with the Company (other than in situations permitted by the applicable regulations).

An annual independency assessment has been carried out by the NRC to ensure the independency of all INEDs. The assessment is based on the criteria on independence as set out in Bursa Securities Main LR and Practice Notes of Bursa Securities Main LR, including a self-declaration of any involvement or relation which could interfere an independent judgement and ability to act in the best interests of the Company. An independent confirmation is obtained based on the independency assessment before the appointment of INED and INEDs are assessed annually to re-affirm their independence based on the provisions of Bursa Securities Main LR.

During the FY2018, the Board was satisfied that none of the INEDs had any relationship that could materially interfere with, or perceived to be materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

Gender Diversity on Board and Management

The Company takes diversity not only at the Board level but also at the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company. Diversity encapsulates not only gender but also age and ethnicity, if well-managed, can drive performance and strengthen governance.

Despite of the importance of Boardroom diversity, the Board is of the view that the selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority, not compromising on qualification, experience and capabilities.

A Board Diversity Policy was adopted by the Board in 2014 setting out the principles of Top Glove in maintaining a diversify Board. A copy of the Board Diversity Policy is made available on the Company's website: <http://www.topglove.com/corporate-governance/>

Currently, the Board has 33% female representation. Aside from achieving the gender diversity aspect, the Board also aspires to achieve significant benefits by focusing on individual talents, abilities and experiences to meet the Group's objectives of being the world's leading gloves manufacturer; hence, requiring a Board with broader range of competence, skills and experience.

Below sets the summary of the gender, ethnicity and age mix of our Management team, excluding workers:

A) Gender

(data compiled as at 26 September 2018)

Category	Total Headcount	Male Employees		Female Employees	
		Headcount	%	Headcount	%
All Staff	3,426	1,593	46.50	1,833	53.50
Management staff (Manager & above)	463	228	49.24	235	50.76
Directors on Board	13	9	69.23	4	30.77

B) Ethnicity

Category	Total Headcount	Malay		Chinese		Indian		Others	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%
All Staff	3,426	1,613	47.08	864	25.22	375	10.95	574	16.75
Management staff (Manager & above)	463	109	23.54	282	60.91	33	7.13	39	8.42
Directors on Board	13	3	23.08	8	61.54	1	7.69	1	7.69

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C) Age

Category	Total Headcount	70 & Above		60 to 69		50 to 59		40 to 49		30 to 39		20 to 29		Below 20	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All Staff	3,426	2	*	26	*	184	5	396	11	861	25	1,942	57	15	*
Management staff (Manager & above)	463	1	*	10	2	51	11	123	27	205	44	73	16	-	*
Directors on Board	13	2	15	5	39	6	46	-	-	-	-	-	-	-	-

Re-election and Re-appointment of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to retirement at the first AGM of the Company subsequent to their appointment. One third (1/3) of all the other Directors shall retire by rotation at each AGM provided always that all Directors shall retire from office at least once in every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

The Directors due for re-election by rotation pursuant to Article 94 of the Company's Constitution at the forthcoming AGM are Dato' Lee Kim Meow, Puan Sri Tong Siew Bee and Mr. Lim Hooi Sin. Their profiles are set out on pages 12 and 14 of this Annual Report.

The Company has not established a term limit of the INEDs as the Board believes that a term limit does not in any way interfere with their contributions in terms of skills, experience, professionalism and integrity including core competencies in exercising their objectivity and independent judgement to discharge their responsibilities in good faith and in the best interests of the Company which are more critical in ascertaining the function and effectiveness of their independence than the number of years served on the Board. The on-going evaluation also further ensure the effectiveness of the Board as a whole in discharging their duties and responsibilities despite the duration of service for one (1) INED has exceeded nine (9) years.

Directors' Training

During the FY2018, the Directors have continued to participate in training programmes to equip themselves and to effectively discharge their duties as Directors as and when beneficial. The Directors have constantly kept themselves updated on both local and international affairs and to changes in regulations affecting the Company through advisories from regulatory bodies, Management and through self-reading.

The Directors are also updated by the Company Secretaries on any change to legal and governance practices of the Group, and new accounting and auditing standards that may have impact on the Company's businesses via email and at every AC and Board meetings.

It is of the Company's intention that each new Director is given a comprehensive briefing on the Company's history, operations, financial control system and plant visit to enable him/her to have first-hand understanding of the Company's operations.

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During the FY2018, all Directors had collectively or individually attended/participated in the following seminars/forums/conferences/training programmes:

Directors	Seminars/Forum/Conference/Training attended	Date
Tan Sri Dr <u>Lim</u> Wee Chai	1. Forbes Global CEO Conference & Forbes 100th Anniversary celebration at Hong Kong	25 to 28 September 2017
	2. 企业分享及展望世界500强	20 October 2017
	3. Taiwan-Malaysia Industrial Collaboration Summit at Tai Chung, Taiwan	24 to 25 October 2017
	4. Workshop on Face to Face with VIP	2 December 2017
	5. Mastering Creativity Workshop by Tan Sri Megat	3 January 2018
	6. Bank of Singapore Global Outlook	10 January 2018
	7. Nikkei Asia 300 Summit at Singapore	18 January 2018
	8. UOB Private Bank First Market Outlook 2018	27 February 2018
	9. B-connected by UBS at China	26 to 28 April 2018
	10. The JP Morgan Tech Ex-change at China	10 May 2018
	11. Asia ~ The Greater Disruptor Investor Forum at Singapore	16 May 2018
	12. KWSP's strategy visit to Germany	19 to 22 May 2018
	13. Stewardship Asia Roundtable 2018 at Singapore	4 June 2018
	14. DBS Asian Insights Conference 2018 at Singapore	13 July 2018
	15. Top Glove Youth Leadership Submit	14 July & 22 September 2018
	16. UOB Private Bank KL Investment Forum	24 July 2018
	17. Alliance DBS Research 2nd Half Market Outlook	26 July 2018
	18. FMM Council Brainstorming session	3 to 4 August 2018
Tan Sri Arshad Ayub	1. Independent Directors' Programme: The Essence of Independence	20 November 2017
Tan Sri Rainer Althoff	1. Independent Directors' Programme: The Essence of Independence	20 November 2017

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Directors	Seminars/Forum/Conference/Training attended	Date
Dato' Lee Kim Meow	1. Motivational Talk from Successful Malaysian Entrepreneur	9 September 2017
	2. Synthomer Latest Technological Innovation	15 September 2017
	3. Fraud Risk Management Workshop by Bursa Malaysia	26 September 2017
	4. Corporate Governance Breakfast Series: Leading Change @ The Brain	5 December 2017
	5. Mastering Creativity Workshop by Tan Sri Megat	3 January 2018
	6. Invest Malaysia 2018	23 January 2018
	7. Best Practice Forum	30 March 2018
	8. DTAP Kickoff Event by MDEC & MIDA	9 April 2018
	9. Top Glove Youth Leadership Submit	14 July 2018
	10. Nation Building Event "New Malaysia: What's Next?"	11 August 2018
Puan Sri Tong Siew Bee	1. Taiwan-Malaysia Industrial Collaboration Summit	25 October 2017
	2. MRCA Corporate Advisors ~ MRCA 25th Anniversary	9 November 2017
	3. Integrity Talk 2017	8 December 2017
	4. Nikkei Asia 300 Summit	18 January 2018
	5. Julius Baer 2018 Market Outlook Luncheon Seminar	13 February 2018
	6. UBS B:connected 2018	25 to 28 April 2018
	7. Visited Customer in SuZhou and attended J.P. Morgan Tech Exchange 2018	9 to 12 May 2018
	8. Stewardship Asia Roundtable 2018, Themed "Stewardship in a Disruptive World"	4 June 2018
	9. FMM Selangor 'Nite 2018	27 June 2018
	10. FMM Council Brainstorming session	3 to 4 August 2018
Lim Hooi Sin	1. J.P. Morgan Asia Pacific CEO-CFO Conference New York	6 to 7 September 2017
	2. MEDICA Conference	November 2017
	3. Daiwa Investment Conference New York	29 to 30 May 2018
Lim Cheong Guan	1. Morgan Stanley Sixteenth Annual Asia Pacific Summit	15 to 17 November 2017
	2. CIMB 10th Annual Malaysia Corporate Day	4 January 2018
	3. DBS Pulse of Asia 2018	11 January 2018
	4. Invest Malaysia 2018	23 to 24 January 2018
	5. Nomura Malaysia Focus Kuala Lumpur	13 February 2018
	6. Corporate Governance Briefing session: MCCG Reporting & CG Guide	28 February 2018
	7. Credit Suisse Asian Investment Conference	19 to 20 March 2018
	8. SGX Corporate Connect Seminar Singapore	22 March 2018
	9. Invest ASEAN Singapore 2018	27 to 28 March 2018
	10. Macquarie ASEAN Conference, Singapore	28 August 2018

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Directors	Seminars/Forum/Conference/Training attended	Date
Dato' Lim Han Boon	1. Fraud Risk Management Workshop by Bursa Malaysia	26 September 2017
	2. Smart Sourcing Summit ~ Sustainable Growth in a "VUCA" environment	2 November 2017
	3. CG Breakfast Series with Directors ~ Integrating an Innovation Mindset with Effective Governance	7 November 2017
	4. 8th International TEMOS Conference ~ Dusseldorf/ Germany "Healthcare Abroad & Medical Tourism"	3 to 5 December 2017
	5. Valuation on Mergers and Acquisitions	25 June 2018
	6. Corporate Liability Provisions by MACC	2 July 2018
	7. Sustainable Capitalism Forum by Securities Commission	16 July 2018
	8. International Professional Practices Framework for Audit Committee	28 August 2018
Datuk Noripah Binti Kamso	1. Valuation on Mergers and Acquisitions	25 June 2018
	2. Sustainability Engagement Series for Directors/Chief Executive Officers for 2018	5 July 2018
	3. Series 6 (The Role of Boards in Fraud Risk Management)	20 August 2018
Tay Seong Chee, Simon	1. Arbitration: What Every Corporate Lawyer Should Know	4 September 2017
	2. Arbitration: Fundamentals Matters & Recent Developments	5 September 2017
	3. International Law Year in Review	8 February 2018
Datuk Dr. Norma Mansor	1. Mandatory Accreditation Programme	25 to 26 September 2017
	2. CG Breakfast Series with Directors ~ Integrating an Innovation Mindset with Effective Governance	7 November 2017
	3. Sustainability Engagement Series for Directors/ Chief Executive Officers	5 July 2018
Sharmila Sekarajasekaran	1. IP : Moving Towards 2050	10 April 2018
	2. National Consultation in Gender Equality	24 to 25 July 2018

Succession Planning

The Board is responsible for reviewing candidates for key positions namely, the Executive Chairman, Managing Director, Executive and Non-Executive Directors and all Head of Divisions. The succession planning is to ensure all candidates appointed to senior management positions are of sufficient calibre. The Board had adopted a Succession Planning Policy in September 2013 ensuring that there are platforms in place to provide for the orderly succession of senior management.

The Succession Planning Policy is made available on the Company's website: <http://www.topglove.com/corporate-governance/>

Ethical Standards, the Codes and Policy

The **Directors' Code of Conduct** ("Directors' Code") was adopted by the Board in September 2013. The Directors' Code covers the principles of conflict of interests, insider dealings, integrity, law compliance obligation and others.

Directors are expected to conduct themselves with the highest ethical standards and to behave ethically and professionally at all times to promote and protect reputation and performance of the Company. As part of the enforcement, Directors are required to submit their declaration adhering and observing to the provisions in the Directors' Code annually.

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The Directors' Code is made available on the Company's website: <http://www.topglove.com/corporate-governance/>

Employees' Code of Conduct and Ethics ("Employees' Code") is a manual applicable to employees of Top Glove and the Group. It guides the employee's conduct in the workplace, business conduct when dealing with external parties, key issues such as bribery, conflict of interests, insider trading as well as data integrity and retention. The Employees' Code is disseminated to the Group's employees through its intranet.

The Employees' Code is made available on the Company's website: <http://www.topglove.com/corporate-governance/>

The Board believes that having a **Whistle-Blowing Policy** in place strengthens, supports good management and at the same time demonstrates accountability, good risk management and sound corporate governance practice. A Whistle-Blowing Policy was adopted by the Board in year 2010 and is made available on the Company's website: <http://www.topglove.com/whistle-blowing/>

The Board aims to provide a platform and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rule or procedure by employees or Management of the Company. The Whistle-Blowing Policy outlines when, how and to whom a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution. Any concern raised will be investigated by the Top Glove Prevention and Anti-Corruption Committee and Whistle Blowing Committee and a report and update will be provided to the Board, through the AC.

Whistle-blowers may write to the AC to communicate on any information about fraudulent actions and breaches of ethics directly and anonymously to whistleblower2acm@topglove.com.my.

NRC

The Board had merged the Nomination Committee and Remuneration Committee into a new Committee, known as NRC in October 2017, which aimed to improve its efficiency and effectiveness in discharging its duties. The composition of the NRC is as follows:

- | | | |
|-----|--------------------------|------------|
| (1) | Tan Sri Arshad Ayub | ~ Chairman |
| (2) | Dato' Lim Han Boon | ~ Member |
| (3) | Datuk Dr. Norma Mansor | ~ Member |
| (4) | Sharmila Sekarajasekaran | ~ Member |

The Board through the NRC reviewed its required mix of skills and experience and other qualities, including core competencies in which the Director should bring to the Board. The Board has also implemented a process to be carried out by the NRC annually for continuous assessment and feedback to the Board on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director and AC member. During the deliberation of the performance of a particular Director who is also a member of the NRC, that member abstains from the discussions in order to avoid any conflict of interest.

During the FY2018, the NRC met four (4) times and the following key activities were deliberated:

- (a) Discussed and recommended the appointment of Executive Director of the Company.
- (b) Reviewed the Succession Planning and Leadership Development of the Board and senior management team of the Company.
- (c) Discussed the allocation of Employees' Share Option Scheme ("ESOS") to INEDs.
- (d) Reviewed its TOR and recommended the same to the Board for adoption.
- (e) Reviewed the Organisation Chart of the Company.
- (f) Deliberated on the findings of the Board's and Board Committees' assessments and reported the findings in the Board meeting.
- (g) Discussed and recommended to the Board the proposed Directors' fees and Board Committees' fees for the FY2018, benchmarked with industry survey.
- (h) Reviewed the payment of Directors' benefits (excluding Directors' fees) to Non-Executive Directors.
- (i) Reviewed and recommended to the Board for approval of the remuneration packages for Executive Directors and related employees.
- (j) Recommended the re-election, re-appointment and retention of Directors.

Board Mix and Skillsets Matrix

The Board is ultimately responsible for the oversight and review of the management, administration, compliance and overall governance of Top Glove. Consequently, the Board has been evaluated based on the following matrixes, which capture the key skills of the Board members which it believes are critical to succeeding in its objectives.

The Board presently possesses the following blend of skills, which are the appropriate mix of skills and experience required for the Board:

- (a) Corporate Governance, Risk Management and Internal Controls
- (b) Financial, Audit, Accounting and Taxation
- (c) Strategic Planning
- (d) Human Resource/Executive Performance Review
- (e) Legal, Regulatory and Compliance
- (f) Market Development

The evaluation result allows the NRC to address the evaluation assessment and the training needs of the Directors effectively.

Board Membership Criteria

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

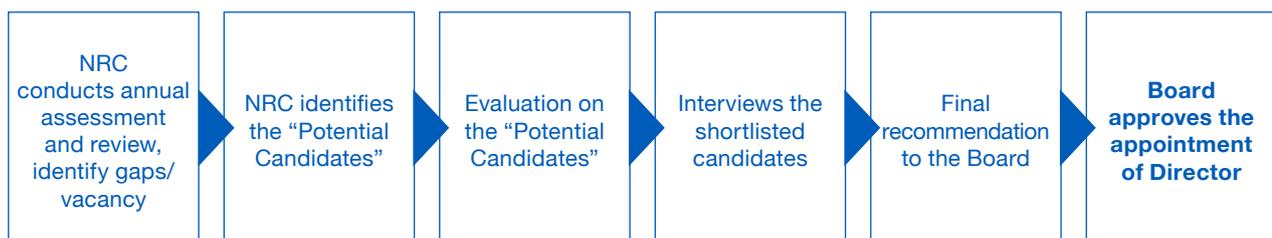
- (a) Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- (b) Competing time commitments if the candidate has multiple board representations;
- (c) Composition requirements for the Board and Board Committees; and
- (d) Independence, for the appointment of an INED.

Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process.

Review of candidates for Board's appointment has been delegated to the NRC. The NRC 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 skillsets, expertise and experience.

Top Glove's Boardroom appointment process is as follows:



Board Induction/Orientation Programme

The Board's Induction/Orientation is a programme co-ordinated by the Company Secretaries 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.

Board, Board Committees and Individual Director Assessment

The Board undertakes annual evaluation for the FY2018 via an Online Assessment system to review their own performance, the effectiveness of the Board as a whole, the contribution of each individual Director and peers, independency of INEDs and the Board's mix and skillset.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



(CONT'D)

The assessment of the Board covers areas such as the Board structure, operation, roles and responsibilities, Chairman's roles and responsibilities and the performance of the Board Committees. For self and peer assessments, the assessment criteria have included Board interaction and contribution, quality of input to the Board and Directors' calibre and personality.

As for the AC, an effective evaluation as a whole and member's self and peers' evaluation, Internal Audit function and the External Auditors performance and independence, were assessed. The assessment criteria include the quality and composition, skills and competencies, meeting administration and conduct, the effectiveness of Internal Audit function and the quality, performance, independency and the adequacy of audit scope of External Auditors.

NRC conducts review annually on its required mix of skills and experience and other qualities, including core competencies in which the Directors should bring to the Board.

The NRC is entrusted with the responsibility of carrying out annual Board effectiveness evaluation, the annual AC's term of office and performance evaluation and to authorise the evaluation process to ensure it meets the objectivity, including to review and approve all the evaluation forms/questionnaires, review the results of the evaluation and finally to convey the results to the respective parties for improvement and enhancement.

The evaluations were facilitated by the Company Secretaries making references to the guides available and the good corporate governance compliance companies.

The results of the evaluations indicated that the Board comprised highly competent Directors and has been effective in discharging its oversight responsibilities. The suggested areas for improvement were in respect of succession planning for the Board Committees. The results and comments from the Directors, concerning the Board as a whole and the general performance of the Directors, were also presented to the Board upon reviewed by the NRC and the NRC had also made its recommendations to the Board.

Time Commitment

Paragraph 15.06 of Bursa Securities Main LR provides a director of a listed company must not hold more than five (5) directorships in listed companies.

Save for the Executive Chairman, Tan Sri Dr Lim Wee Chai, who was appointed as Deputy Chairman (Non-Independent Non-Executive) of Tropicana Corporation Berhad, none of the Executive Directors of the Company serve as a director of other listed companies.

Key Information on Directors

A brief description of the background of each Director is presented on pages 10 to 17 of this Annual Report. The Directors proposed for re-election are stated in the Notice of AGM.

No alternate Director has been appointed in respect of any of the Directors, during the FY2018.

Greater Transparency on Remuneration

A Remuneration Policy was adopted by the Board in October 2015. The Remuneration Policy was adopted to ensure that the Non-Executive Directors are commensurate according to their level of responsibilities and experience and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of Executive Directors and ensure it was aligned with the business strategy and long-term objectives of the Company. The performance of the Executive Director is measured based on the achievements of his annual key performance indicators as well as the performance of the Group.

The Company rewards its employees and the Executive Directors with options under the ESOS and shares under the Employees' Share Grant Plan ("ESGP"). The Executive Directors are not entitled to receive meeting allowances for the Board and Board Committees meetings they have attended. The details of the vesting of options under the ESOS and awards of shares under the ESGP are set out on pages 98 to 99 of this Annual Report under the Directors' Report of the Audited Financial Statements for the FY2018.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and the subsidiaries in FY2018 are as follows:

(i) **Received from Top Glove**

	Salaries RM	Fees RM	Bonus RM	ESOS RM	Other Emolument RM	Benefit- in-kind RM	Total RM
Executive Directors							
1. Tan Sri Dr <u>Lim</u> Wee Chai	2,301,910	119,000	281,905	112,850	236,380	31,150	3,083,195
2. Puan Sri Tong Siew Bee	-	73,000	-	-	-	-	73,000
3. Dato' Lee Kim Meow	-	83,000	-	-	-	-	83,000
4. Lim Hooi Sin	-	73,000	-	15,006	-	-	88,006
5. Lim Cheong Guan	523,112	73,000	91,190	33,184	74,612	19,290	814,388
6. Low Chin Guan (appointed as Executive Director on 4 April 2018 and removed on 10 October 2018)	-	28,000	-	-	1,000	-	29,000
Non-Executive Directors							
7. Tan Sri Arshad Ayub	-	117,500	-	-	15,032	-	132,532
8. Dato' Lim Han Boon	-	91,000	-	-	18,282	-	109,282
9. Tan Sri Rainer Althoff	-	79,500	-	-	11,032	-	90,532
10. Datuk Noripah Binti Kamsu	-	81,200	-	-	12,532	-	93,732
11. Sharmila Sekarajasekaran	-	82,800	-	-	13,032	-	95,832
12. Tay Seong Chee, Simon*	-	SGD 72,600	-	-	SGD 677	-	SGD 73,277
13. Datuk Dr. Norma Mansor	-	82,800	-	-	12,532	-	95,332
Total	2,825,022	1,201,600	373,095	161,040	396,466	50,440	5,007,663

Note: * Mr. Tay Seong Chee, Simon's Director's fees and other emolument were received or receivable in Singapore Dollar.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

(ii) Received on Group Basis

	Salaries RM	Fees RM	Bonus RM	ESOS RM	Other Emolument RM	Benefit- in-kind RM	Total RM
Executive Directors							
1. Tan Sri Dr <u>Lim</u> Wee Chai	2,301,910	119,000	281,905	112,850	236,380	31,150	3,083,195
2. Puan Sri Tong Siew Bee	168,196	73,000	16,570	5,551	22,294	35,200	320,811
3. Dato' Lee Kim Meow	587,356	83,000	92,874	37,210	81,637	19,371	901,448
4. Lim Hooi Sin	726,984	77,039	-	15,006	-	-	819,029
5. Lim Cheong Guan	523,112	73,000	91,190	33,184	74,612	19,290	814,388
6. Low Chin Guan (appointed as Executive Director on 4 April 2018 and removed on 10 October 2018)	440,000	28,000	-	-	83,949	-	551,949
Non-Executive Directors							
7. Tan Sri Arshad Ayub	-	117,500	-	-	15,032	-	132,532
8. Dato' Lim Han Boon	-	91,000	-	-	18,282	-	109,282
9. Tan Sri Rainer Althoff	-	79,500	-	-	11,032	-	90,532
10. Datuk Noripah Binti Kamso	-	81,200	-	-	12,532	-	93,732
11. Sharmila Sekarajasekaran	-	82,800	-	-	13,032	-	95,832
12. Tay Seong Chee, Simon*	-	SGD 72,600	-	-	SGD 677	-	SGD 73,277
13. Datuk Dr. Norma Mansor	-	82,800	-	-	12,532	-	95,332
Total	4,747,558	1,205,639	482,539	203,801	583,346	105,011	7,327,894

Note: * Mr. Tay Seong Chee, Simon's Director's fees and other emolument were received or receivable in Singapore Dollar.

Other Board Committees

The following Board Committees were established to support and strengthen the Board:

- AC, details as stated on page 89 of this Annual Report.
- RMC, details as stated on page 86 of this Annual Report.
- NRC, details as stated on page 73.
- IC, details as stated below.

The IC was established to provide guidance on the fund investments of the Company. The existing members of IC consist of the following:

- | | | |
|-----|--------------------------------|------------|
| (1) | Tan Sri Dr <u>Lim</u> Wee Chai | ~ Chairman |
| (2) | Tan Sri Arshad Ayub | ~ Member |
| (3) | Dato' Lim Han Boon | ~ Member |
| (4) | Dato' Noripah Binti Kamso | ~ Member |
| (5) | Lim Cheong Guan | ~ Member |

For the FY2018, the IC met twice and the key activities undertaken by the IC are as follows:

- Reviewed the Bond investment portfolios of the Company to ensure that the target yield is achieved.
- Reviewed the overseas investment and potential of listing of overseas subsidiary.
- Briefed on the global market outlook by bankers.

ESOS Committee

The Company, with approval from the shareholders in its Extraordinary General Meeting held on 9 January 2008, had established the ESOS II and the ESOS II was officially implemented on 1 August 2008 and expired on 1 August 2018. The Company had also obtained its shareholders' approval on the establishment of ESOS III during its EGM held on 9 January 2018. The ESOS III had been duly implemented with effect from 1 June 2018.

The ESOS Committee established by the Board on 11 April 2003 continued to oversee the administration as well as to ensure proper implementation of ESOS according to the By-laws of ESOS. In order to institute a good corporate governance practice, the Board had at its meeting held on 11 October 2018 revamped the composition of the ESOS Committee which now consisted of majority INEDs, as below:

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

During the FY2018, the ESOS Committee had considered and approved the options offer factors under the ESOS to the eligible employees of the Group.

ESGP Committee

The ESGP was approved by the shareholders of the Company at the Extraordinary General Meeting held on 6 January 2016.

The Board had established the ESGP Committee to administer the ESGP in accordance to the By-laws of ESGP. In order to institute a good corporate governance practice, the Board had at its meeting held on 11 October 2018 revamped the composition of the ESGP Committee which now consisted of majority INEDs, as below:

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

During the FY2018, the ESGP Committee had considered and approved the award factors under the ESGP to the eligible employees of the Group.

Senior Management Team

The Board is not involved in the day-to-day operations whereby the Board has delegated the authority and accountability for the day-to-day business operations of the Company, its subsidiaries and their respective operations to the senior management team led by the Managing Director and Executive Directors who report periodically to the Group Executive Chairman, Board and Board Committees. The senior management team is responsible for assisting the Managing Director and Executive Directors in implementing the policies and procedures adopted by the Board to achieve the Group's objectives.

The Board has unrestricted access to any information pertaining to the Group and any assistance of the senior management team. The senior management team would be invited to attend the Board and the Board Committees meetings as and when required and to provide explanations or clarifications on their respective areas of responsibility.

The Board acknowledged the recommendation of MCCG to disclose the remuneration of top nine (9) senior management on a named basis in bands of RM50,000. However, the Board took cognisance of the confidentiality and sensitiveness of the staff's remuneration and competitiveness from the outside world, the Board wished to stress the importance of the stability and continuity of the business operations supported by a competent and experienced executive team in place. For this disclosure, the Board is of the view that the disclosure be made on the following aggregate basis is suffice for stakeholders to make an appreciable link between remuneration of senior management and the performance of the Group:

Range of Remuneration (Annual basis) (RM)	Top Nine (9) Senior Management Team
150,001 to 200,000	1
250,001 to 300,000	1
350,001 to 400,000	2
400,001 to 450,000	3
450,001 to 500,000	1
600,001 to 650,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Strengthen the Independence and Effectiveness of the AC

The Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in its financial statements. To ensure this, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group and the Company at the reporting dates.

The Board is also committed to ensure that it presents a balanced and comprehensive assessment of the operations and financial results of the Group on a quarterly basis. It releases the quarterly financial report upon the Board's approval and in any event not later than two (2) months after the end of each quarter of its financial year for public announcement together with the required disclosure of Bursa Securities Main LR.

These quarterly reports are published in a condensed format with full financial statements prepared.

The AC was established to assist the Board in overseeing the Group's activities within its clearly defined TOR.

The Directors' Responsibility Statement for the Audited Financial Statements of the Company is set out on page 93 of this Annual Report. The details of the Company and the Group's Audited Financial Statements for the FY2018 are made available on pages 95 to 186 of this Annual Report.

The NRC shall review the term of office and performance of the AC and each of its members annually to determine whether such AC and its members have carried out their duties in accordance with their TOR.

The Board has full access to both Internal and External Auditors and receives reports on all audits performed by them via the reports made by AC in Board meetings.

External Auditors and its Independence

The AC maintains a transparent and professional relationship with the External Auditors of the Company.

The AC is assigned to assess, review and supervise the performance, suitability and independence of the External Auditors. An External Auditors Assessment Policy was adopted by the AC which outlined the guidelines and procedures for the AC to assess and review the performance, suitability and independence of External Auditors.

The AC invites the External Auditors to attend all its meetings as and when required. The External Auditors had met the AC six (6) times during the reporting year. During the meetings, the External Auditors highlighted and discussed the nature, scope of the audit, audit programme, internal controls and issues that required the attention of the AC or the Board.

The AC had met with the External Auditors separately without the presence of Executive Directors and Management twice during the FY2018 to discuss on matters relating to the Group and its audit activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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The External Auditors Assessment Policy adopted by the Company restricts the type of non-audit services that can be provided by the External Auditors of the Group and the approval process related to them. Under this Policy, only non-audit services which are able to provide clear efficiencies and value-added benefits to the Group are accepted by the AC. The External Auditors Assessment Policy in place also ensure that the External Auditors' independence and the provision of non-audit works does not impede the External Auditors' audit works.

The AC remains confident that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice).

Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2018 to the External Auditors are set out below:

Type of Fees		Top Glove (RM)	Top Glove Group (RM)
(a) Audit fees	~ Ernst & Young Malaysia	85,000	316,000
(b) Non-audit fees	~ Ernst & Young Malaysia ~ Affiliate to Ernst & Young Malaysia	91,000 850,000	215,000 850,000
(c) Tax compliance fees	~ Ernst & Young Malaysia	-	51,000
Total:		1,026,000	1,432,000

Related Party Transactions ("RPT")

A RPT Policy was developed and put in place in June 2016 to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating RPTs to ensure compliance with Bursa Securities Main LR and other applicable laws. The said Policy outlines the framework and the processes for purposes of identifying, monitoring, evaluating, reporting and approving the RPTs and recurrent related party transactions ("RRPTs"). It also serves as a guide to the AC and Board in discharging its role, which is to provide oversight over RPTs and RRPTs within the Group.

Significant RPTs of the Group for the FY2018 are set out on page 173 of this Annual Report. The AC had reviewed the RPTs that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interests of the Company.

Facilitate Objective Oversight by the Board of the AC

Minutes of each AC meeting is noted by the Board via distribution to each Board member and the Chairman of the AC highlights on key issues at each Board meeting.

The performance and effectiveness of AC would be assessed annually through AC evaluation and AC members self's and peers' evaluation conducted by the AC, and NRC reviewed the results of such assessments. The NRC reviews the term of office and performance of the AC members annually. During the FY2018, the Board is satisfied that the AC and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the AC.

Dedicated RMC

The Board and Management have embarked on the risk management culture and endeavour to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

The Board is responsible of identifying principal 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, as a whole or through delegation to the RMC reviews the adequacy and integrity of the Group's risk management system which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.



Ensure the Internal Audit function is effective and independent

The Internal Audit (“IA”) Department carries out the IA function, which reports directly to the AC on its activities based on the approved annual IA plan.

The Board acknowledges its responsibility for maintaining a sound system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls, and compliance with laws and regulations as well as with internal procedures and guidelines.

The AC had met with the Internal Auditors separately without the presence of Executive Directors and Management once (1) during the FY2018 on any matters relating to the Group and IA activities.

The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the AC and the Head of IA has unfettered access to the AC, the Board and the Management.

An IA Charter was adopted in year 2013 aimed to formalise the Mission Statement of Top Glove’s IA Department and established its position within the Company to ensure its access to various records, departments and activities, its responsibility and independence.

The Mission Statement of IA is to provide an independent, objective assurance and consulting activity designed to add value and improve Top Glove’s operations and internal controls and assist the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

An overview of the state of internal control within the Group, which includes the risk and key internal control structures, are set out in the Statement on Risk Management and Internal Control on pages 86 to 88 of this Annual Report.

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

Corporate Disclosure

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full year results within the mandatory period. The financial statements and press releases including material and price sensitive information are disseminated and publicly released via Bursa LINK on a timely basis to ensure effective dissemination of information relating to the Group.

The Board has formalised a set of 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.

Effective Dissemination of Information

An effective communication channel between the Board, stakeholders, institutional investors and the investing public at large is essential to provide a clear and complete picture of the Group’s performance and development, in a comprehensive, timely and continuing disclosure manner. Essentially, the Board is fully committed in maintaining a high standard in the dissemination of relevant and material information on the development of the Group.

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

- **Annual Report**

The Annual Report remains a major channel of communication disclosing information not only on the Group's businesses, financials and additional information such as the Company's mission and vision, operations performance, outlooks and senior management team. The Board constantly improve the contents of the Annual Report to incorporate developments among others, in corporate governance and reports of Board Committees and ensure the accuracy of the information as the Annual Report is a vital and convenience source of essential information for investors, shareholders and other stakeholders.

The Chairman and Executive Director oversee the production of the Annual Report and review its contents before it is published.

Annual Reports of the Company are available online at the Company's website: <http://www.topglove.com/annual-report/>

Corporate related queries may be referred to the Company Secretary, Ms. Kassy Lim (Contact no.: +603-3362 3098, Fax no.: +603-3362 3860, E-mail: kslim@topglove.com.my).

- **Announcements to Bursa Securities**

All announcements are made via Bursa LINK. Examples of announcements are the quarterly financial results, circulars, corporate exercises, corporate changes and others. The Board is entrusted to review and approve the announcements ensuring its full compliance with regulatory authorities' disclosure requirements.

All announcements are made available at the Company's website: <http://www.topglove.com/bursa-announcements/>

Announcements related queries may be referred to the Company Secretary, Ms. Kassy Lim (Contact no.: +603-3362 3098, Fax no.: +603-3362 3860, E-mail: kslim@topglove.com.my).

- **Quarterly Results and Analyst and Media Briefings**

Analyst and media briefing via conference call is usually held immediately after the release of quarterly financial results to Bursa Securities or an actual briefing is held a week after the release of the quarterly financial results and chaired by the Executive Chairman, Managing Director and Executive Director. This briefing provides an avenue for fund managers, research analysts and media to have dialogue with the Group's Management to facilitate the receiving of a balanced and complete view of the Group's performance and challenges at the timeliest manner.

- **Investor Relations ("IR")**

The IR team has been scheduling regular engagement sessions with investors and are usually attended by the Executive Director and the IR team.

The IR team also attends to conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss on strategic matters and address issues that the investing community may have with respect to the businesses or operations of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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Some of the investor conferences and roadshows attended by our IR team in FY2018 are as follows:

No.	Conference	Date
1.	Daiwa Investment Conference Hong Kong 2017	November 2017
2.	Morgan Stanley Sixteenth Annual Asia Pacific Summit	November 2017
3.	CIMB 10th Annual Malaysia Corporate Day	January 2018
4.	DBS Pulse of Asia 2018	January 2018
5.	Invest Malaysia 2018	January 2018
6.	Nomura Malaysia Focus Kuala Lumpur	February 2018
7.	Credit Suisse Asian Investment Conference	March 2018
8.	SGX Corporate Connect Seminar Singapore	March 2018
9.	Invest ASEAN Singapore 2018	March 2018
10.	SGX-MKES Healthcare Day	May 2018
11.	Invest Malaysia United Kingdom 2018	June 2018
12.	Invest Malaysia Tokyo 2018	July 2018
13.	Macquarie ASEAN Conference, Singapore	August 2018

Investor queries pertaining to financial performance or developments may be directed to the Executive Director, Mr. Lim Cheong Guan (Contact no.: +603-3362 3098, Fax no.: +603-3362 3860, E-mail: invest@topglove.com.my)

• **Company Website**

The Group has established a comprehensive website at www.topglove.com which includes a dedicated section on IR to further enhance shareholders' communication.

The Group has also included a Corporate Governance section on its website where information such as the Board Charter, Directors' Code, Employees' Code, Succession Planning Policy, Corporate Disclosure Policy, Whistle-Blowing Policy and various governance compliance statements are made available to the shareholders and public at <http://www.topglove.com/corporate-governance/>

To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements to the Group via email: invest@topglove.com.my. In addition, stakeholders who wish to reach the respective divisions of the Group can do so through the 'Contact Us'.

Encourage shareholders' participation at general meetings

The Company despatches its Annual Report to all shareholders of the Company which includes the notice of AGM at least 28 days prior to the AGM. In addition to sending the notice, the Company also published the Notice of AGM on its website and released via Bursa LINK.

The AGM is the principal forum for dialogue with shareholders. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

During the AGM, a presentation is given by the Chairman, Managing Director and Executive Director to explain on the Group's strategy, performance and major developments to shareholders. The Board encourages shareholders to participate in the questions and answers session at every general meeting. The Directors also shared with the shareholders of the Company's responses to questions raised by Minority Shareholder Watch Group, submitted in advance of the AGM.

Outcome of the AGM on all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day. The Board has ensured that each item of special businesses included in the notice of the AGM is accompanied by a full explanation of the effects of a proposed resolution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



(CONT'D)

The extract of minutes of general meetings (including the attendance of Directors, questions raised by shareholders and the respective responses, outcome of the voting results and the reply to the Minority Shareholder Watch Group's queries) are made available to the shareholders and public for reference at <http://www.topglove.com/general-meeting/>

Using technology to facilitate voting and shareholders participation at meetings

The Company had implemented the poll voting via electronic means for past AGMs. The verification and counting of votes were done expeditiously. In addition, the Company has appointed a scrutineer to validate the votes cast at the AGM.

The result of each resolution was announced, which includes votes in favour and against and upon which the Chairman declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders.

Effective communication and proactive engagement

The Company endeavours to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible.

The Chairman of the AC, NRC and the External Auditors were present at the last AGM and will endeavour to be present at the forthcoming AGM to assist the Directors in addressing queries raised by the shareholders. Based on the past, the Company's AGM have been well attended. It has always been the practice for the Chairman to provide ample time for the questions and answers sessions during the AGM.

Shareholders were given a copy of suggestion form to invite shareholders to feedback and comment for notation by Management for consideration. Shareholders were also invited to submit any additional questions they might have had via help desk counter at the venue of the general meeting so that these could be responded to in writing after the meeting. Officers of the Company were present to assist and answer any queries raised by shareholders.

During the FY2018, the Company also had regular meetings with analysts and institutional fund managers, participated roadshows and investors conferences, both domestically and internationally, and hosted teleconferences with investors and analysts.

Summary of Corporate Governance Practices

Overall, the Company has applied all the Practices encapsulated in MCCG for the FY2018 except for the following:

- Practice 7.2: The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- Practice 8.2: The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.
- Practice 11.2: Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.
- Practice 12.3: Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:

- ** voting including voting in absentia; and
- ** remote shareholders' participation of General Meetings.

The Company has provided explanations for the departures from the said Practices and measures that the Company will take to achieve the intended outcome of the departed Practices in the CG Report.

OTHER COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year ended 31 August 2018 ("FY2018").

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature was not renewed since the Nineteenth Annual General Meeting ("AGM").

3. Material Contracts

During the FY2018, there were no material contracts entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

4. Material Contracts Relating to Loans

During the FY2018, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

5. Insider Trading

During the FY2018, there was no insider trading reported.

6. Employees' Share Option Scheme ("ESOS")

During the FY2018, a total of 3,425,360 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS. The details of the issued and paid-up share capital of the Company as at 31 August 2018 are as follows:

	No. of Shares	RM
As at 1 September 2017	1,256,298,764	636,643,620.16
Ordinary shares issued pursuant to the ESOS	3,425,360	11,971,936.00
Ordinary shares issued as satisfaction of consideration for acquisition of Aspion Sdn Bhd	20,505,000	137,000,000.00
ESOS compensation reserve	-	2,093,269.00
As at 31 August 2018	1,280,229,124	787,708,825.16

During the financial year, the number of ESOS option granted under ESOS III was 3,166,600 options. The percentage of ESOS option granted to the Directors and senior management was 21.9% of the total ESOS option granted.

The number of ESOS option granted and exercised by the Directors are disclosed on page 98 of this Annual Report.

7. Employees' Share Grant Plan ("ESGP")

During the financial year, 93,700 shares were awarded to the eligible employees under the ESGP. The percentage of shares awarded to the senior management was 0.35% of the total shares awarded.

There were no shares awarded to the Directors pursuant to the ESGP in FY2018.