



**TOP GLOVE CORPORATION BERHAD
(474423-X)**

BOARD CHARTER

28 August 2012



CONTENT

	Page
Part	
1. Definition	1
2. Company Goals	1 – 2
3. Board Governance Process	
3.1 Role of the Board	3 – 4
3.2 Board Procedures	4 – 6
3.3 Chairman	6 – 7
3.4 Board Committees	7
3.5 Board Composition	7 – 8
3.6 Members' Remuneration	8
3.7 Provision of Business or Professional Services by Directors	8
3.8 Board Appointment in other Company	8
3.9 Indemnities and Insurances	8
3.10 The Secretary	9
4. Board – Management Relationship	
4.1 Role of Executive Directors	9
4.2 Accountability of Executive Directors to Board	10
4.3 Management Limitations	10 – 11
4.4 Role of Chairman	11 – 12
5. Board – Shareholders Relationship	
5.1 Communication	12 – 13
6. Stakeholders Relationship	
6.1 Stakeholders	13



Part 1 : Definition

1.1 In this Charter:

“Act” means the Companies Act, 1965;

“Board” means the board of directors of the Company;

“Business” means the business of the Company;

“Executive Directors” means the Managing Director / Executive Director of the Company;

“Chairman” means the executive chairman of the Board and is used in a gender neutral sense;

“Company” means Top Glove Corporation Berhad;

“Company Goals” means the goals of the Company as set out in Part 2;

“Group” means the companies within the Top Glove Corporation Berhad;

“Management” means the management personnel of the Company;

“Management Limitations” means the limitations on the actions of Management as set out in paragraph 4.3;

“Directors” means directors of the Company;

“Secretary” means the Board secretary or the person normally exercising the functions of a Board secretary;

“Shareholders” means the shareholders of the Company.

Part 2 : Company Goals

2.1 General

2.1.1 The Company is to excel as a highly efficient and profitable glove manufacturer supplying quality products to our customers at the most competitive price through the following core values:-



To commit to excel in every aspect of our operation in pursuit of **total customer satisfaction** in our products and services.

- To endeavour to create a **challenging and rewarding career environment** encouraging our employees to realize their optimum potential.
- To develop and establish a **reliable and mutually beneficial relationship** with our business partners and associates.
- To strive to be a **caring and responsible corporate citizen** and assure equitable return to our shareholders.

2.1.2 The Board is responsible to observe the following principles in establishing clear roles and responsibilities:

- Establish clear functions reserved for the board and those delegated to management.
- Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.
- Formalise ethical standards through a code of conduct and ensure its compliance.
- Ensure that the company's strategies promote sustainability, which includes Environmental, Social and Governance ("ESG").
- Have procedures to allow its members access to information and advice.
- Ensure it is supported by a suitably qualified and competent company secretary.
- Formalise, periodically review and make public its board charter.

2.1.3 The capital and resources of the Company will be allocated to those assets and activities which will enable it to achieve the Company Goals in a manner best serving the interests of the Shareholders as a whole.



Part 3 : Board Governance Process

3.1 Role of the Board

3.1.1 The role of the Board is to effectively represent, and promote the interests of, Shareholders with a view to adding long-term value to the Company's shares.

3.1.2 Having regard to its role the Board will direct, and supervise the management of, the Business and affairs of the Company including, in particular:

- reviewing and adopting a strategic plan for the Company, including establishing Company Goals and ensuring that the strategies are in place for achieving them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital;
- identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Company;
- reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- appointing the Managing Director / Executive Director, setting the terms of the Managing Director / Executive Director's employment contract and, where necessary, terminating the Managing Director / Executive Director's employment with the Company;



deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;

- ensuring that the Company's financial statements are true and fair and conform with law; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

3.1.3 In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the Managing Director / Executive Director.

3.1.4 The Board will satisfy itself that the Company is achieving the Company Goals.

3.2 Board Procedures

3.2.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.

3.2.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors unable to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.

3.2.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.



- 3.2.4 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.
- 3.2.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda.
- 3.2.6 The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires. At each meeting the Board will consider: -
- an operational report from the Management;
 - a report on the financial performance;
 - reports on their activities from the Company's individual business units;
 - specific proposals for capital expenditure and acquisitions;
 - major issues and opportunities for the Company; and
 - approve the quarterly statements for announcement to authorities.

In addition to the Board will, at intervals of not more than one year:

- review of the Company Goals;
- review the strategies for achieving the Company Goals;
- approve the annual budget;
- approve annual financial statements, reports to Shareholders and public announcements;
- approve the annual report;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession;
- review the Company's audit requirements;



- review the performance of, necessity for and composition of Board committees;
- undertake Board and individual Director evaluations;
- review Directors' remuneration;
- review the Managing Director / Executive Director's performance and remuneration;
- review remuneration policies and practices in general including superannuation and incentive schemes for management;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
- review Shareholder, customer and supplier relations;
- settle the following year's business plan.

3.2.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.

3.2.8 Directors are expected to strictly observe confidentiality of company information.

3.2.9 In making policy the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

3.3 Chairman

3.3.1 The Board will appoint a Chairman from among the Directors.

3.3.2 The Chairman is responsible for representing the Board to Shareholders.

3.3.3 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 3.

3.3.4 The Chairman is responsible for maintaining regular dialogue with the Board over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.



- 3.3.5 The Chairman will act as facilitator at meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.

3.4 Board Committees

- 3.4.1 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.
- 3.4.2 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 3.4.3 Board committees will only speak or act for the Board when so authorised.

3.6 Board Composition

- 3.6.1 The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of Shareholders, and in setting the Company's strategy and seeing that it is implemented.
- 3.6.2 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of Shareholders and the achievement of the Company Goals.
- 3.6.3 Non-Executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.
- 3.6.4 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.
- 3.6.5 Directors shall retire from office at least once every three years but shall be eligible for re-election.



3.6.6 Only Executive Directors will be engaged on service contracts. The tenure of the service contract and all extension thereafter, must not be longer than a continuous period of three years. Upon the expiry of his tenure, the Board may also, with the recommendation of the nomination committee and if it considers appropriate, appoint him as a Non-Executive Director until the conclusion of the next annual general meeting, whereby he shall be eligible to offer himself for re-election.

3.6.7 In the event of an Executive Director's service contract with the Company is terminating for whatever reason, the Director is expected to resign from the Board.

3.6.8 If the service contract is terminated for reasons other than the expiry of the contract, or inflicted/ caused by himself, or due to breach of the service contract or law, he shall be compensated a sum equivalent to the amount payable to him for the remaining tenure.

3.7 Members' Remuneration

3.7.1 The remuneration of the Executive Directors will be based on the corporate and their individual performance.

3.7.2 The remuneration of the Non-Executive Directors will be based on the experience and the level of responsibilities undertaken by them.

3.8 Provision of Business or Professional Services by Directors

3.8.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

3.8.2 Notwithstanding the general rule, the Company is at liberty to:

- for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
- engage the services of a party related to a Director's of an organization

so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

3.9 Board Appointment in Other Company

3.9.1 Any Director is, while holding office, at liberty to accept other Board appointments in other company so long as the appointment is not in conflict with the business and does not affect his performance as a Director.



3.10 Indemnities and Insurances

3.10.1 The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance over while acting in their capacities as Directors, to the fullest extent permitted by the Act and law.

3.11 The Secretary

3.11.1 The appointment and removal of the Secretary shall be a matter of the Board as a whole.

3.11.2 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

3.11.3 All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

Part 4 Board - Management Relationship

4.1 Role of Executive Directors

4.1.1 The Board will link the Company's governance and management functions through the Executive Directors.

4.1.2 All Board authority conferred on Management is delegated through the Executive Directors so that the authority and accountability of Management is considered to be the authority and accountability of the Executive Directors so far as the Board is concerned.

4.1.3 The Board shall together with the Executive Directors set directions/ guidelines to achieve the Company Goals. This will usually take the form of an annual budget under which the Executive Directors are authorized to make any decision and take any action within the Management Limitations, directed at achieving the Company Goals.

4.1.4 The Executive Directors are expected to keep the Board informed on all important matters.

4.1.5 Only decisions of the Board acting as a body are binding on the Executive Directors. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board.



4.2 Accountability of Executive Directors to Board

4.2.1 The Executive Directors, in association with the Chairman, is accountable to the Board for the achievement of the Company Goals and Executive Directors is accountable for the observance of the Management Limitations.

4.2.2 At each of its meetings, the Board should expect to receive from or through the Executive Directors:-

- the operational and other reports and proposals referred to in paragraph 3.2.6; and
- such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

4.3 Management Limitations

4.3.1 The Executive Directors are expected to act within all specific authorities delegated to him by the Board.

4.3.2 The Executive Directors are expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

4.3.3 In allocating the capital and resources of the Company the Executive Directors are expected to adhere to the Company Goals.

4.3.4 The Executive Directors are expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.

4.3.5 The Executive Directors are expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.

4.3.6 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.

4.3.7 The Executive Directors are expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.



4.3.8 The Executive Directors are expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.

4.4 Role of Chairman

4.4.1 The Chairman is principally responsible for the working of the Board which include: -

- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
- Participating in the selection of Board members and ensuring that the membership is properly balanced.
- Setting agenda for Board meetings, usually in conjunction with the Management and Secretary. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to enable the papers to be adequately considered before the meeting.
- Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Ensure the Company provides an orientation and education program for new directors.
- Initiating, normally in conjunction with the Management, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.
- Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- Ensuring high corporate governance.

4.4.2 The Chairman acts as a link between the Board and Management. No company is likely to run effectively and efficiently unless there is a good working relationship between the Chairman and the Management.



The Chairman, expects to be kept informed by the Management of all important matters and make himself available to the Management.

- to be part of the control mechanism in ensuring that the Management's decisions are properly considered and sound;
- to give assistance and advice when needed especially on sensitive matters;
- to ensure that the Management understands properly performs his side of the relationship; and
- to oversee Management establishes adequate control mechanism to cover compliance responsibilities and risk management.

4.4.3 The Board communicates with Shareholders at Shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform Shareholders of the Company's affair including its performance.

This role calls for special skills and personal qualities that allow and encourage shareholders to have their say while remaining relevant to the matter at issue, and the Chairman must also have capability to summarize and unify thoughts and ideas and in control of the meeting.

4.4.4 The Chairman also lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

Part 5 Board-Shareholders Relationship

5.1 Communication

- The shareholders must be informed of all material business matters affecting the Company and as such the Board should adopt an open and transparent policy in respect of its relationship with its shareholders and investors.
- The Board must ensure timely release of financial results on a quarterly basis to provide the shareholders with an overview of the Company's performance and operations.
- All relevant press releases must be vetted through by the Company Secretary to ensure that information that has yet to be released to Bursa Malaysia Securities Berhad is not released to the press.



- The Board must maintain an ongoing communication program to ensure that shareholders are kept appropriately informed of major development within the Group on a timely basis.
- The Board must ensure that the views of majority shareholders are considered in their decision making. Further, the minorities' interest should also be adequately protected.

+ As per the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

Part 6 Stakeholders Relationship

6.1 STAKEHOLDERS

- The Board must balance and manage the economic impact of the stakeholders sometimes conflicting interests on overall shareholder value.
- The Board must ensure that the Company adopts comprehensive and documented policies and procedures for the respective stakeholders.

This policy statement on the Board Charter is approved and adopted by the Board of Directors of **TOP GLOVE CORPORATION BERHAD** effective from 28 August 2012.