

Creating Value through Social Engagement

SECURITY MANAGEMENT



Management approach: At Top Glove, security management encompasses the security of our people and premises including factories and hostels. We are also one of few Malaysian companies with our own ancillary police.

Security

We have a pool of 82 ancillary police to keep our employees and premises safe. These ancillary police patrol our HQ, factories and hostels areas in Klang, Malaysia. All ancillary police are trained by the Royal Malaysia Police's *Latihan Dalam Perkhidmatan* on the standard procedures, do's and don'ts, as well as human rights knowledge.

In FY2020, we leveraged technology and launched a mobile app namely TG ResQ which employees may use to make crime related reports to our ancillary police.

PRODUCT SERVICES RESPONSIBILITY



Management approach: As a manufacturer of personal protective equipment (PPE), we export our gloves to 195 countries globally and adhere to a stringent quality assurance process to ensure we comply with each country's requirements in terms of labelling and product quality.

In FY2020, there were no incidents of non-compliance with regulations concerning product labeling or marketing communications for our in-house brands.

| Financial year | FY2017 | FY2018 | FY2019 | FY2020 |
|--|--------|--------|--------|--------|
| No. of product recalls | 0 | 0 | 0 | 0 |
| No. of regulatory agency inspections | 0 | 0 | 0 | 0 |
| Number of Form 483 Observations and FDA Warning Letters received | 0 | 0 | 0 | 0 |

Scan for TG Sustainability Video



FORGING AHEAD WITH SUSTAINABILITY

Though sustainability has been embedded widely throughout the Group's operations as well as our supply chain, we will not be content with our present achievements and seek to mark more milestones on our sustainability journey, creating more positive impacts and value for our stakeholders. We are committed to continuously make meaningful contributions across all the pillars of EES.

[Link for TG Sustainability Video: https://www.youtube.com/watch?v=XHVbo2aMBKI&t&ab_channel=TopGlove](https://www.youtube.com/watch?v=XHVbo2aMBKI&t&ab_channel=TopGlove)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOOD CORPORATE GOVERNANCE IS THE FOUNDATION OF OUR SUCCESS

Our governance practices underpin the way we manage our business and support the successful delivery of our strategy. It guides our ability to operate in a way that is both legally compliant and responsible and is embedded in our day-to-day business operations.

We take our governance role seriously and recognise that, as guardian of our culture, the Board plays a vital role in defining the way in which we do business and leading by example. We pride ourselves on operating in an open, honest and responsible way that welcomes constructive challenge and debate. Our approach fosters a culture of appropriate risk taking and effective decision making, which is promoted beyond the boardroom by the close involvement of the Executive Directors in day-to-day operations.

We remain committed to upholding the principles of good governance and have complied fully with the provisions of the MCCG throughout the year. In the following pages, you will read how we put our governance practices into action and how we have applied the principles and listing requirements from Bursa Securities Main LR.

This Corporate Governance Overview Statement is to be read together with our Corporate Governance Report, which is available on our website at <https://www.topglove.com/governance-manual/>

This Statement makes reference to the three (3) broad principles :

PRINCIPLE A :
Board Leadership and Effectiveness

PRINCIPLE B :
Effective Audit and Risk Management

PRINCIPLE C :
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

Overall, the Company has applied all the Practices encapsulated in MCCG for the FY2020 except Practice 5.1.

The Company had provided explanations for the departures from the said practice and measures that the Company will take to achieve the intended outcome of the departed Practice in the Corporate Governance Report.

1 WE ARE GUIDED BY THE FOLLOWING FRAMEWORKS:

- Companies Act 2016 ("CA 2016")
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities Main LR")
- Malaysian Code on Corporate Governance ("MCCG")
- Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad

2 OUR GOVERNANCE PRACTICES EXCEED WHAT IS GENERALLY REQUIRED:

Winner of MSWG-ASEAN Corporate Governance Award 2019: Industry Excellence Award (Healthcare)

Rank No. 24 in the list of top 100 companies for Corporate Governance Disclosure

Rank No. 14 in the list of top 100 companies for overall corporate governance and performance

3 WE ARE COMPONENT STOCKS OF:

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

OUR BALANCED AND EXPERIENCED BOARD DELIVERS AND DRIVES OUR STRATEGY

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

ROLES

Executive Chairman (“EC”)

The Executive Chairman, Tan Sri Dr Lim Wee Chai leads the Board and manage the interface between the Board and Management. Responsible for the orderly conduct and effective function of the Board.

Managing Director (“MD”)

The Managing Director, Dato’ Lee Kim Meow spearheads the business and day-to-day management of the Company in accordance with the business plans and within the budgets approved by the Board.

Executive Directors (“ED”)

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.

Senior Independent Non-Executive Director (“SINED”)

Our Senior Independent Non-Executive Director, Dato’ Lim Han Boon, serves as a designated contact between Non-Executive Directors and EC as well as shareholders.

Independent Non-Executive Directors (“INED”)

The Independent Non-Executive Directors 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.

Non-Independent Non-Executive Director (“NINED”)

The Non-Independent Non-Executive Director functions to provide in-depth knowledge and insight from the Group’s perspective. The NINED is to ensure that the knowledge and insight contributed will lead to a comprehensive, balanced and unbiased decision-making process that serves in the best interests of the Group.

BOARD OF DIRECTORS (“BOARD”)

Led by the Chairman, the Board takes primary responsibility in defining the Group’s strategic objectives, risk appetite and control environment; monitoring delivery of strategy by the Executive Directors; and shaping the resourcing, culture and values by which the wider business delivers targeted performance.

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

 The Board Charter is accessible through the Company’s website: <https://www.topglove.com/governance-manual/>

EXECUTIVE COMMITTEE

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

COMPANY SECRETARY

The Company Secretaries play an advisory role to the Board and support the Board in ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. The Board is regularly updated by the Company Secretaries on changes in the relevant statutory and regulatory requirements, particularly in areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and the Group’s Management.

Board Audit Committee (“BAC”)

Assists the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group.

Members

1. Dato’ Lim Han Boon (Chairman)
2. Datuk Noripah Kamso
3. Sharmila Sekarajasekaran
4. Azrina Arshad


Internal Audit Department & External Auditors

Board Risk Management Committee (“BRMC”)

Assists the Board to identify, assess, monitor key business risks and oversee the Risk Management activities of the Group.

Members

1. Datuk Noripah Kamso (Chairman)
2. Tan Sri Rainer Althoff
3. Dato’ Lim Han Boon
4. Datuk Dr. Norma Mansor
5. Dato’ Lee Kim Meow
6. Lim Cheong Guan


Integrity Unit


Risk Management Department

Board Nomination & Remuneration Committee (“BNRC”)

Assists the Board in nominating new candidates to the Board and Board Committees and assessing their performance and remuneration packages.

Members

1. Datuk Dr. Norma Mansor (Chairman)
2. Dato’ Lim Han Boon
3. Datuk Noripah Kamso
4. Sharmila Sekarajasekaran

Board Investment Committee (“BIC”)

Assists the Board in reviewing, monitoring, recommending and advising in investment and funding related matters.

Members

1. Tan Sri Dr Lim Wee Chai (Chairman)
2. Dato’ Lim Han Boon
3. Datuk Noripah Kamso
4. Lim Cheong Guan
5. Azrina Arshad


Investment Department

Board Sustainability Committee (“BSC”)

Assists the Board to oversee the Group’s sustainability strategy and initiatives covering environmental, social and economical aspect.

Members

1. Sharmila Sekarajasekaran (Chairman)
2. Dato’ Lim Han Boon
3. Puan Sri Tong Siew Bee
4. Datuk Noripah Kamso
5. Azrina Arshad


Sustainability Department

BOARD COMMITTEES

Presently, the Board is supported by five (5) Board Committees with delegated responsibilities to oversee the Group’s affairs and authorise to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”). Each Board Committee will review, report and make recommendations to

the Board during the Board meeting on matters relevant to their roles and responsibilities. The Chairman of the respective Board Committee will provide highlights to the Board and the minutes of the respective Board Committees meeting will also be tabled at the quarterly Board meetings so as to keep the Board abreast of the decision and deliberation made by each Board Committee. Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice as required for the performance of its duties.

Corporate Governance Overview Statement

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OUR BOARD REMAINS COMMITTED AND DILIGENT IN ENSURING OUR STRATEGY PROGRESSES

Board Meetings

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

The dates of the meetings of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Directors/Board Committees members' dates are booked and also to facilitate Management's planning for the whole financial year.

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

In FY2020, the Board has adopted the 75% Board Meeting Attendance requirement to be in line with good governance practices, having viewed that technology has made it more convenient for meeting participation.

Board's Key Focus Areas for FY2020

Eight (8) Board meetings were held to deliberate, amongst others, on the following:

- 1) The Group's strategic plans and progress updates on implementation
- 2) Annual budget setting and review
- 3) Quarterly, half-yearly and yearly financial performance reports
- 4) Business plans and developments
- 5) Highlights from the Board Committees, Independent Directors Committee and Executive Committee
- 6) Corporate proposals such as Mergers and Acquisitions, Bonus

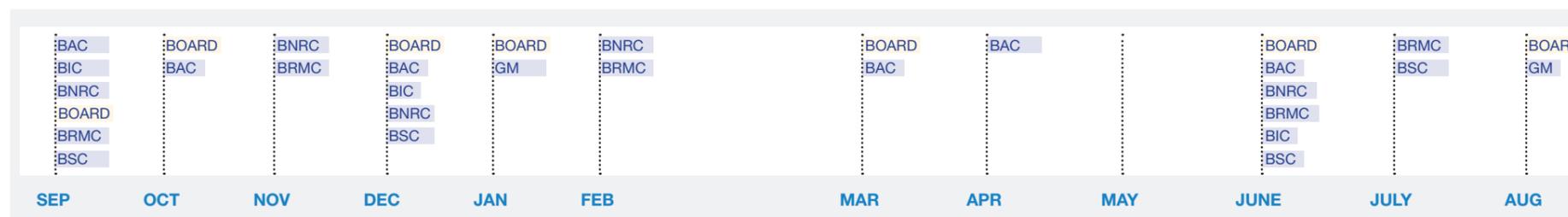
Directors' attendance at Board, Board Committees and General Meetings held during the FY2020

| Name of Directors | Designation | Board Meeting | General Meeting ("GM") | Board Committees | | | | |
|---|-------------|---------------|------------------------|------------------|----------|----------|----------|----------|
| | | | | BAC | BRMC | BNRC | BIC | BSC |
| 1. Tan Sri Dr Lim Wee Chai (Executive Chairman) | EC | 8/8 | 2/2 | - | - | - | 3/3 | - |
| 2. Dato' Lee Kim Meow | MD | 8/8 | 2/2 | - | 5/5 | - | - | - |
| 3. Dato' Lim Han Boon | SINED | 8/8 | 2/2 | 9/9 | 5/5 | 5/5 | 3/3 | 4/4 |
| 4. Tan Sri Rainer Althoff | INED | 8/8 | 2/2 | - | 5/5 | - | - | - |
| 5. Lim Hooi Sin | ED | 8/8 | 2/2 | - | - | - | - | - |
| 6. Lim Cheong Guan | ED | 8/8 | 2/2 | - | 5/5 | - | 3/3 | - |
| 7. Puan Sri Tong Siew Bee | NINED | 8/8 | 2/2 | - | - | - | - | 3/4 |
| 8. Datuk Noripah Kamso | INED | 7/8 | 2/2 | 7/9 | 5/5 | 5/5 | 3/3 | 4/4 |
| 9. Sharmila Sekarajasekaran | INED | 8/8 | 2/2 | 9/9 | - | 5/5 | - | 4/4 |
| 10. Datuk Dr. Norma Mansor | INED | 7/8 | 2/2 | - | 4/5 | 5/5 | - | - |
| 11. Azrina Arshad | INED | 8/8 | 2/2 | 7/9 | - | - | 2/3 | 4/4 |
| 12. Lim Andy* | INED | 4/5 | 1/1 | - | - | - | - | - |
| 13. Tay Seong Chee, Simon** | INED | 2/3 | 0/1 | - | 0/2 | - | - | 1/2 |
| Total no. of Meetings: | | 8 | 2 | 9 | 5 | 5 | 3 | 4 |

*Lim Andy was appointed as INED with effect from 8 January 2020.

**Tay Seong Chee, Simon has retired as INED on 8 January 2020.

FY2020 Board and Board Committees' Meeting Calendar



- 7) Risk management and Internal Control compliance
- 8) Share performances on Bursa Securities and Singapore Exchange
- 9) Capital structure review and balance sheet management
- 10) Journey towards Digital Transformation and Industry 4.0 updates
- 11) Sustainability initiatives and goals and its achievements
- 12) Dividend proposal
- 13) Board and Board Committees' size and composition
- 14) Board remuneration

- 15) Board and Board Committees' performance assessment
- 16) Corporate Governance review
- 17) Reappointment of Auditors
- 18) Business units strategic plan and projects progress updates
- 19) Revision to the Board Charter and Directors' Code of Ethics and Conducts
- 20) Legal case updates
- 21) Change in Boardroom
- 22) Directors' insurance coverage
- 23) Adoption of 75% Board Meeting Attendance
- 24) Board and Senior Management Team succession planning

Board Committees' Key Focus Areas for FY2020

Board Investment Committee

Three (3) BIC meetings were held to deliberate, amongst others, on the following:

- 1) Investment assessment on potential Mergers and Acquisitions
- 2) Investment assessment on new business ventures
- 3) Bond investment portfolios
- 4) Money Market Fund Investment Briefed on the global market outlook by bankers.
- 5) Revision to the BIC's Terms of Reference

Independent Directors Committee ("IDC")

Three (3) IDC meetings were held to deliberate, amongst others, on the following:

- 1) Adoption of IDC's Terms of Reference
- 2) Industry 4.0 and digitalisation gap analysis
- 3) Effectiveness of yearly Board Offsite Meeting
- 4) Company's short, medium and long-term strategy
- 5) Company's transformation journey
- 6) SWOT analysis

Board Risk Management Committee

Five (5) BRMC meetings were held to deliberate, amongst others, on the following:

- 1) Revision to the Risk Management Framework and BRMC's Terms of Reference
- 2) Risk assessment of corporate proposals on Mergers and Acquisitions
- 3) Risk assessment of new business ventures and projects undertaken
- 4) Risk assessment on fund raising projects
- 5) Risk assessment on credit control and foreign exchange exposure
- 6) New Risk Management Plans
- 7) Risk Management Reports
- 8) Risk Matrix and Risk Register review
- 9) Social Audit Compliance and Mitigation Plan
- 10) Compliance with Section 17A of Malaysian Anti-Corruption Commission Amendment Act 2018 and the adequate procedures implementation
- 11) Adoption of Business Continuity Plan
- 12) Covid-19 preventive measures undertaken
- 13) Action plans for Withhold Release Order by US Custom Border and Protection



Please refer to Page 136 for BAC's Key Focus Areas for FY2020.

Please refer to Page 117 for BNRC's Key Focus Areas for FY2020.

Please refer to Page 139 for BSC's Key Focus Areas for FY2020.

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SUPPLY OF INFORMATION

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 strategy and business plans, business performance, potential mergers and acquisitions and other pertinent issues.

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

Notices on the closed period for dealing in Top Glove’s securities are served to Directors, key management personnel and principal officers who are deemed to be privy to any sensitive information for the applicable periods especially the regular annual scheduled Board meetings to approve the quarterly financial results. This is to comply with Bursa Securities Main LR and the Capital Markets and Services Act 2007 requirements where Directors, key management personnel and principal officers of the Company and the Group are prohibited from dealing in securities based on price sensitive information which have not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly financial results up to the date of announcement. In FY2020, none of the Directors dealt in Top Glove’s securities during the closed period, except for the allotment of shares to Executive Directors via exercise of ESOS options which fall under the exemptions pursuant to para 14.06 of the Bursa Securities Main LR.

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.

DIVING DEEPER STRATEGY DAY

Since 2018, the Board and Senior Management meet at a two-days Offsite Meeting to deliberate the Group’s long-term strategy and prospects. The Offsite Meeting will provide the Board with an opportunity to gain a deeper understanding into our business environment and our operations and to help refine our strategy. The strategy discussion will be in-depth and dynamic, centered on topics that are imperative to our business. During the Offsite Meeting in 2020, the Board has concluded the strategic statements focusing on key strategic areas as the Group’s strategy and 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 milestone achievements to the Board. The Board will review, monitor and oversee the implementation of the key strategic areas at its quarterly Board meeting.

HAVING THE RIGHT INDIVIDUALS ON OUR BOARD AND ENSURING THERE ARE SUITABLE PLANS FOR SUCCESSION ARE KEY TO DELIVERING OUR LONG-TERM OBJECTIVES

BOARD NOMINATION AND REMUNERATION COMMITTEE

The members of BNRC, comprising four Independent Non-Executive Directors, are as follows:

1. Datuk Dr. Norma Mansor (Chairman)
2. Dato’ Lim Han Boon
3. Datuk Noripah Kamso
4. Sharmila Sekarajasekaran

Five (5) BNRC meetings were held to assess and deliberate, amongst others, the following:

1. Appointment of Independent Non-Executive Director
2. Changes in Board and Board Committees’ size and composition
3. Board skills matrix and level of competency to meet the current and future needs of the organisation
4. Directors’ training needs and development plan
5. Independent Director’s Tenure Policy
6. Future organisation chart and Human Resource Blueprint of the Group
7. Reviewed the need of setting up Top Glove International Advisory Council
8. Remuneration package of Executive Directors, Non-Executive Directors and Key Senior Management for FY2020, benchmarked with industry practice
9. Formulation of Directors’ Training Policy
10. Outcome of the Board’s and Board Committees’ assessments
11. Recommended the re-election and retention of Directors
12. Reviewed and recommended the amendments made in the manual and policies adopted by the Board to reflect the latest development of the rules and regulations and best practices
13. Directors’ service tenure renewal
14. Adoption of Board Effectiveness Evaluation Framework
15. Outcome of Employee Engagement and Job Satisfaction Survey
16. Board governance structure
17. Board and Board Committee Chairman’s succession planning
18. Expected roles of Executive Chairman, Managing Director and Executive Directors
19. Reviewed the need of setting up Board Transformation and Decarbonisation Committee
20. Employees’ Share Scheme allocation updates
21. Reviewed corporate membership with various establishments

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 BNRC. The BNRC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skill sets, expertise and experience.

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



Corporate Governance Overview Statement

Top Glove's Boardroom appointment process is as follows:



DIRECTORS' INDUCTION & PROFESSIONAL DEVELOPMENT

Training policy for Directors was adopted by the Board on 26 September 2019 with the aim to ensure all the Directors have access to learning, development and training opportunities to better equip them with the skills and knowledge required to fulfill their fiduciary duties and carry out their roles and responsibilities.

The Board's Induction/ Orientation is a programme co-ordinated by the Company 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. During FY2020, the Induction Programme was conducted for Mr. Lim Andy who was appointed to the Board during the year.

Ongoing training in both business-related and regulatory matters is provided to the Board during the year. Directors may also request training on specific issues with some attending external courses (which is often provided by the Company's professional advisers) which are specific to their area of expertise, such as remuneration or audit. This helps to ensure that the Board keeps up to date with evolving regulatory and legal matters. From time to time, meetings with specialists in the business are arranged for Directors who may wish to gain a deeper insight into a particular topic. The Directors may also raise any training needs with the Chairman who helps to ensure that the training programme meets the needs of the Board, Directors and the business.

 During FY2020, all the Board members attended various training programmes; the list of training attended by each Director can be found on page 12 to 14 of the Corporate Governance Report.

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INDEPENDENCE

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

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

During FY2020, the Board was satisfied that none of the INEDs had any relationship that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company. The Independent Directors Committee ("IDC") led by the SINED had met periodically without the presence of Executive Directors and/or the Management during FY2020. The IDC's recommendation will be put forth to the Board for deliberation and endorsement.

The Board has adopted a Tenure Policy to limit the tenure of independent directors to nine (9) years. The Board may, in exceptional cases, subject to the assessment of the BNRC on annual basis, recommend and subject to valid justifications and obtaining shareholders' approval, retain an independent director beyond the nine (9) years' term.

Our SINED, Dato' Lim Han Boon, has served on the Board for more than nine (9) years. The Board, via the BNRC, had reviewed and assessed his independence as INED and recommended to seek shareholders' approval at the 22nd AGM to be held on 6 January 2021 to retain him as an INED.

GREATER TRANSPARENCY ON REMUNARATION

A Remuneration Policy was updated by the Board in June 2019 to reflect the current component of the remuneration packages and current structure of the Board and Senior Management. The Remuneration Policy comprised remuneration guiding principles, remuneration framework as well as remuneration procedures. The remuneration of Executive Chairman, Executives Directors and Key Senior Management is determined based on, amongst others, their scope of duties, responsibilities, skills and experience, corporate and individual performances and achievement of annual key performance indicators as well as prevailing market practice and economic situation. The remuneration of the INEDs and NINED is determined based on experience and level of responsibilities undertaken, extent of contributions, effort and time spent, number of committees served as well as prevailing market practice and economic situation.

The Company rewards its employees and the Executive Directors with options under the Employees' Share Option Scheme ("ESOS") and shares under the Employees' Share Grant Plan ("ESGP"). The Executive Directors are not entitled to receive meeting allowances for the Board and Board Committees meetings they have attended. The details of the vesting of options under the ESOS and awards of shares under the ESGP are set out on page 146 of this Integrated Annual Report under the Directors' Report of the Audited Financial Statements for FY2020.

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

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

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During FY2020, the ESOS and ESGP Committees had considered and approved the ESOS and ESGP allocation factors to the eligible employees of the Group.

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

The details of the Directors' remuneration comprising remuneration received/ receivable from the Company and subsidiaries respectively in FY2020 are as follows:

1) 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 Lim Wee Chai | 2,766,238 | 150,000 | 153,275 | 335,097 | 328,558 | 57,887 | 3,791,055 |
| 2. Dato' Lee Kim Meow | - | 130,000 | - | - | - | - | 130,000 |
| 3. Lim Hooi Sin | - | 120,000 | - | 232,794 | - | - | 352,794 |
| 4. Lim Cheong Guan | 695,153 | 120,000 | 70,830 | 28,665 | 80,838 | 18,840 | 1,014,326 |
| Non-Executive Directors | | | | | | | |
| 5. Dato' Lim Han Boon | - | 191,700 | - | - | 36,400 | - | 228,100 |
| 6. Tan Sri Rainer Althoff | - | 165,000 | - | - | 19,975 | - | 184,975 |
| 7. Datuk Noripah Kamso | - | 184,000 | - | - | 37,275 | - | 221,275 |
| 8. Sharmila Sekarajasekaran | - | 173,000 | - | - | 27,575 | - | 200,575 |
| 9. Datuk Dr. Norma Mansor | - | 169,000 | - | - | 23,050 | - | 192,050 |
| 10. Azrina Arshad | - | 173,000 | - | - | 23,950 | - | 196,950 |
| 11. Lim Andy (Appointed on 8/1/2020) | - | 275,000 | - | - | 1,500 | - | 276,500 |
| 12. Tay Seong Chee, Simon (Retired on 8/1/2020) | - | 133,900 | - | - | 750 | - | 134,650 |
| Non-Independent Non-Executive Director | | | | | | | |
| 13. Puan Sri Tong Siew Bee | - | 124,000 | - | - | 15,650 | - | 139,650 |
| Total | 3,461,391 | 2,108,600 | 224,105 | 596,556 | 595,521 | 76,727 | 7,062,900 |

2) 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 Lim Wee Chai | 2,766,238 | 150,000 | 153,275 | 335,097 | 328,558 | 57,887 | 3,791,055 |
| 2. Dato' Lee Kim Meow | 696,699 | 130,000 | 80,270 | 32,396 | 30,616 | 33,412 | 1,003,393 |
| 3. Lim Hooi Sin | 759,528 | 120,000 | - | 232,794 | - | - | 1,112,322 |
| 4. Lim Cheong Guan | 695,153 | 120,000 | 70,830 | 28,665 | 80,838 | 18,840 | 1,014,326 |
| Non-Executive Directors | | | | | | | |
| 5. Dato' Lim Han Boon | - | 191,700 | - | - | 36,400 | - | 228,100 |
| 6. Tan Sri Rainer Althoff | - | 165,000 | - | - | 19,975 | - | 184,975 |
| 7. Datuk Noripah Kamso | - | 184,000 | - | - | 37,275 | - | 221,275 |
| 8. Sharmila Sekarajasekaran | - | 173,000 | - | - | 27,575 | - | 200,575 |
| 9. Datuk Dr. Norma Mansor | - | 169,000 | - | - | 23,050 | - | 192,050 |
| 10. Azrina Arshad | - | 173,000 | - | - | 23,950 | - | 196,950 |
| 11. Lim Andy (Appointed on 8/1/2020) | - | 275,000 | - | - | 1,500 | - | 276,500 |
| 12. Tay Seong Chee, Simon (Retired on 8/1/2020) | - | 133,900 | - | - | 750 | - | 134,650 |
| Non-Independent Non-Executive Director | | | | | | | |
| 13. Puan Sri Tong Siew Bee | 193,288 | 124,000 | - | 19,238 | 23,418 | 35,200 | 395,144 |
| Total | 5,110,906 | 2,108,600 | 304,375 | 648,190 | 633,905 | 145,339 | 8,951,315 |

Corporate Governance Overview Statement

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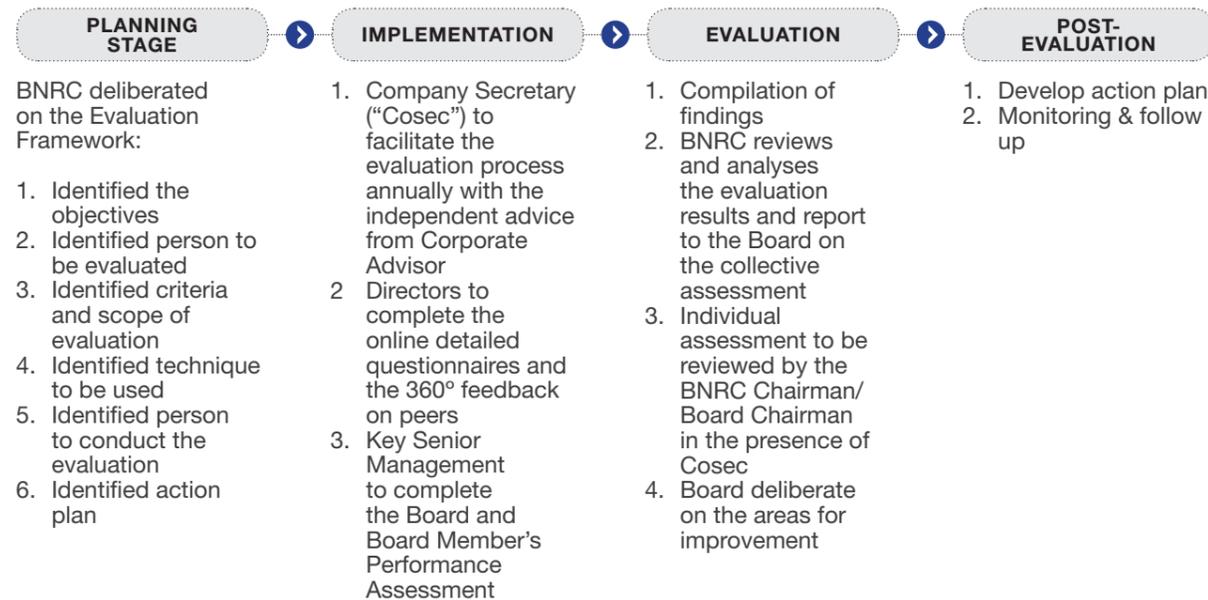
BOARD EFFECTIVENESS EVALUATION

The Board conducts evaluation of the Board members and the Board Committees on an annual basis. The Board evaluation for FY2020 was conducted 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 and independence of the INEDs.

Respective Board Committees also carried out the evaluation to assess the Committee’s effectiveness as a whole and the performance of each Committee Member and their peers. The effectiveness of Internal Audit function and the External Auditors performance and independence were assessed by the BAC.

In FY2020, the Board performance assessment as well as the Board Members 360° performance evaluation were also extended to the Key Senior Management for evaluation.

A Board Effectiveness Evaluation (“BEE”) Framework has been adopted by the Board in FY2020 with the aim to establish proper guidelines for the Board to enhance the effectiveness of their interactions, particularly by strengthening Board practices and processes.



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

Based on the assessment, the Board is satisfied with the overall performance of the individual Director, effectiveness of the Board and Board Committees as well as independence of Independent Directors.

SUCCESSION PLANNING

The Board, with assistance from the BNRC, is responsible for succession planning for the Executive Chairman, Managing Director, Executive and Non-Executive Directors and Key Senior Management (“Key Business Leaders”). The succession planning is to ensure the stability and accountability of the Group by preparing for an eventual permanent change in leadership, either planned or unplanned, so as to ensure continuous support in operation and service when the above Key Business Leaders leave their positions. The Board have updated and adopted a Succession Planning Policy in June 2019 to reflect the current structure and practice of the Group.

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

MAINTAINING OVERSIGHT OF RISK AND ENSURING THE INTEGRITY OF OUR BUSINESS AND OUR FINANCIAL STATEMENTS ARE ESSENTIAL FOR THE COMPANY

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

INTERNAL CONTROL AND RISK MANAGEMENT

The Board Audit Committee (“BAC”) had been entrusted by the Board to execute its governance and oversight responsibilities in ensuring transparent financial reporting within the Group. The Board also delegated the risk oversight responsibility to the Board Risk Management Committee (“BRMC”). In accordance with provisions of the MCCG 2017, the Board monitors and regularly reviews the effectiveness of the Group’s risk management and internal control systems, including controls related to the material financial, operational, reputational, cyber security, sustainability and regulatory compliance performance.

A risk management framework has been developed for all business processes by Risk Management Department and approved by the BRMC. The Risk Management Framework ensures that a structured risk management process is adopted across the Group. The Risk Management Framework incorporates key process relating to the identification, assessment, mitigation, monitoring and reporting of the Group’s risks and controls.

The Board, BAC and BRMC are assisted by in-house Internal Audit Department, Risk Working Committee and Risk Management Department in the effective discharge of their responsibilities in establishing cost-effective controls, assessing risks, recommending measures to mitigate those risks and assuring proper control and governance process.

The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:

- BAC deliberates the Summary of Internal Audit Reports and the external auditors’ reports relating to financial, operational, governance, risk management and control matters every quarter during BAC meeting. The status of preventive and corrective actions for issues discussed are updated to the BAC to ensure that the actions are being monitored; and
- The Risk Management Department presents the Risk Management Report to the BRMC every quarter to provide an overview of the Group’s significant risks and action plans to mitigate the risks. The BRMC provides its views which are then communicated to the respective risk owners. The significant risks are then escalated to the Board upon deliberation by BRMC.

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

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

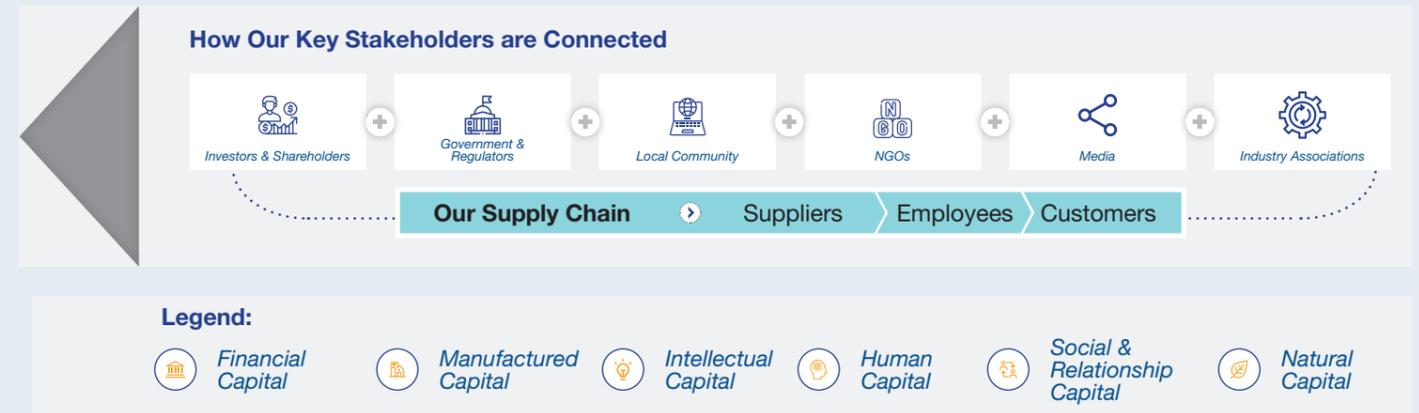
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PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Stakeholders are defined to be individuals or groups that have a significant impact on our business or those whose actions could affect our ability to create value. The relationship with our stakeholders is symbiotic; they provide us their expectations and needs in their feedback and we develop the strategic responses as well as refine our business processes to meet their standards. We engage through formal and informal means to gather information on issues associated with our stakeholders and also to identify and confirm any new stakeholders.

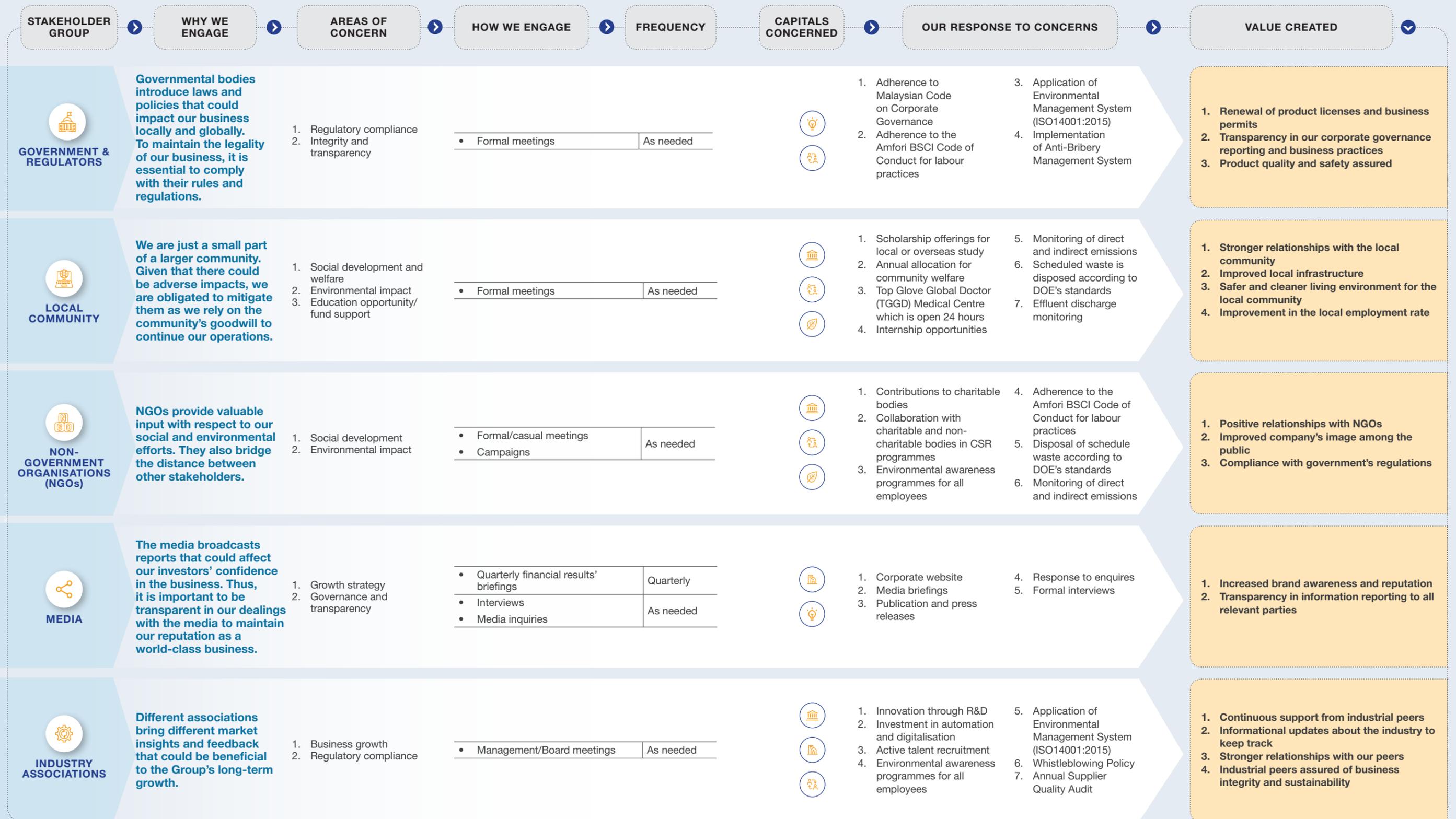
We recognise our accountability to our stakeholders and are obligated to engage effectively and regularly with them and to report the business's performance. We frequently engage with our stakeholders to keep track of their concerns as their concerns could change and we wish to improve our relationships with the various stakeholders, hence we are committed to being well prepared to respond to any changes.



| STAKEHOLDER GROUP | WHY WE ENGAGE | AREAS OF CONCERN | HOW WE ENGAGE | FREQUENCY | CAPITALS CONCERNED | OUR RESPONSE TO CONCERNS | VALUE CREATED | | | | | | | | |
|-------------------------------------|--|--|--|---|--------------------|---|---------------|--|--|---|--|---|--|---|---|
| EMPLOYEES | They are the backbone of the Group's business. Their knowledge and experience contribute to the daily operations and ensure Top Glove's global market share is maintained. | <ol style="list-style-type: none"> High level of health and wellbeing Performance recognition and competitive compensation Safety and security Sufficient training and development Diverse and respectful workplace | <ul style="list-style-type: none"> Vegetarian birthday lunches Employee satisfaction survey Appraisal review Recreational activities Training Newsletter Corporate events | <table border="1"> <tr> <td>Weekly</td> <td>Vegetarian birthday lunches</td> </tr> <tr> <td>Annually</td> <td>Employee satisfaction survey</td> </tr> <tr> <td>Bi-annually</td> <td>Appraisal review</td> </tr> <tr> <td>As needed</td> <td>Recreational activities, Training, Newsletter, Corporate events</td> </tr> </table> | Weekly | Vegetarian birthday lunches | Annually | Employee satisfaction survey | Bi-annually | Appraisal review | As needed | Recreational activities, Training, Newsletter, Corporate events | Human Capital, Intellectual Capital | <ol style="list-style-type: none"> Subsidised medical check-up, free yearly blood screening and dental check-up for employees Quarterly BMI measurement Meritocracy based performance appraisal system Leadership development programme Ancillary police force Minimum of 45 training hours for staff Ethical recruitment practices Grievance mechanism Subsidised healthy vegetarian meals to all employees | <ol style="list-style-type: none"> Strong relationships with employees Greater health awareness among employees Stronger motivation to improve productivity Safer work environment leading to lower incident rate Continuous future leaders supply |
| Weekly | Vegetarian birthday lunches | | | | | | | | | | | | | | |
| Annually | Employee satisfaction survey | | | | | | | | | | | | | | |
| Bi-annually | Appraisal review | | | | | | | | | | | | | | |
| As needed | Recreational activities, Training, Newsletter, Corporate events | | | | | | | | | | | | | | |
| CUSTOMERS | Our customers in different industries rely on our products to carry out their daily duties. Our market share comprises our customers around the globe. | <ol style="list-style-type: none"> Product safety and quality Exceptional customer service Regulatory compliance | <ul style="list-style-type: none"> Meetings Social audits by customers Customer portal Business trips Tradeshows | <table border="1"> <tr> <td>As needed</td> <td>Meetings, Social audits by customers, Customer portal </td></tr> <tr> <td>Annually</td> <td>Business trips, Tradeshows </td></tr> </table> | As needed | Meetings, Social audits by customers, Customer portal | Annually | Business trips, Tradeshows | Manufactured Capital, Intellectual Capital, Social & Relationship Capital, Natural Capital | <ol style="list-style-type: none"> Product inspections prior to delivery to customers Quality testing of random samples from finished products by Quality Assurance team Customer satisfaction survey Fair marketing practices BSCI and SMETA social audits initiated by customers Application of the Environmental Management System Implementation of the Anti-Bribery Management System eCommerce Platform | <ol style="list-style-type: none"> Stronger customer relationships, leading to larger customer base and retention Increased brand relevance globally Renewal of product licenses and business permits Customers' satisfaction guaranteed | | | | |
| As needed | Meetings, Social audits by customers, Customer portal | | | | | | | | | | | | | | |
| Annually | Business trips, Tradeshows | | | | | | | | | | | | | | |
| SHAREHOLDERS & INVESTORS | They provide the financial resources for the Group's business and we are obligated to share our financial performance for the past years and strategic decisions for future outlook. | <ol style="list-style-type: none"> Financial returns Growth strategy Governance and transparency | <ul style="list-style-type: none"> Analysts' briefings Annual survey form General meetings Analysts/fund managers/investors meetings Roadshows and conferences Social media platform | <table border="1"> <tr> <td>Quarterly</td> <td>Analysts' briefings</td> </tr> <tr> <td>Annually</td> <td>Annual survey form</td> </tr> <tr> <td>Annually & As needed</td> <td>General meetings</td> </tr> <tr> <td>As needed</td> <td>Analysts/fund managers/investors meetings, Roadshows and conferences, Social media platform</td> </tr> </table> | Quarterly | Analysts' briefings | Annually | Annual survey form | Annually & As needed | General meetings | As needed | Analysts/fund managers/investors meetings, Roadshows and conferences, Social media platform | Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social & Relationship Capital, Natural Capital | <ol style="list-style-type: none"> Dynamic business strategies Adaptable value creation model Innovation through R&D Investment in automation and digitalisation Active talent recruitment Announcements in Bursa Securities and SGX Updated corporate website Implementation of the Anti-Bribery Management System Adoption of Corporate Disclosure Policy | <ol style="list-style-type: none"> Assured and continuous investors' confidence Transparency in corporate governance reporting Greater product range Consistent product quality and lower production cost |
| Quarterly | Analysts' briefings | | | | | | | | | | | | | | |
| Annually | Annual survey form | | | | | | | | | | | | | | |
| Annually & As needed | General meetings | | | | | | | | | | | | | | |
| As needed | Analysts/fund managers/investors meetings, Roadshows and conferences, Social media platform | | | | | | | | | | | | | | |
| SUPPLIERS | They provide the necessary raw materials for our production process. To ensure that our supply chain is stable, it is essential to maintain good relations with them. | <ol style="list-style-type: none"> Profitability Transparency of procurement process Regulatory compliance | <ul style="list-style-type: none"> Audits and site visits Meetings Electronic procurement network | <table border="1"> <tr> <td>Annually</td> <td>Audits and site visits </td></tr> <tr> <td>As needed</td> <td>Meetings, Electronic procurement network </td></tr> </table> | Annually | Audits and site visits | As needed | Meetings, Electronic procurement network | Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social & Relationship Capital, Natural Capital | <ol style="list-style-type: none"> Long-term business partnerships with suppliers who meet ESG compliance standards Regular meetings and interactions on issues encountered Supplier audits after meetings and interactions Biannual acknowledgement of Letter of Enforcement of Corporate Culture by suppliers Compliance with the Environmental Management System (ISO14001:2015) | <ol style="list-style-type: none"> Sustainable supply source process Business reputation assured Stronger business relationships with suppliers | | | | |
| Annually | Audits and site visits | | | | | | | | | | | | | | |
| As needed | Meetings, Electronic procurement network | | | | | | | | | | | | | | |

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HAVING REGULAR AND TRANSPARENT COMMUNICATION 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 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 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 as 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, but also on operations performance, outlooks and senior management team. The Board constantly improves the contents of the Annual Report to incorporate developments, amongst others, in corporate governance and reports of Board Committees and ensures the accuracy of the information as the Annual Report is a vital and convenient source of essential information for investors, shareholders and other stakeholders.

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

 Annual Reports of the Company are available online at the Company's website: <https://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

Email : 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: <https://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

Email : kslim@topglove.com.my

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

Analyst and media briefings via conference call are usually held immediately after the release of quarterly financial results to Bursa Securities or a physical 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 dialogues 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.

Release Date of Annual Report and Quarterly Financial Results and Holding Date of Annual General Meeting ("AGM") and Analyst Briefings

| | Date of Issue/Release | No. of Days after end of Year/Quarter | Bursa Securities Deadline for the Issue/Release | Date of AGM/Analyst Briefings | No. of Days after date of Issue/Release |
|-------------------------------|-----------------------|---------------------------------------|---|-------------------------------|---|
| Annual Report 2019 | 13 November 2019 | 74 | 31 December 2019 | 8 January 2020 | 55 |
| Annual Report 2018 | 14 November 2018 | 75 | 31 December 2018 | 8 January 2019 | 54 |
| 2020 Quarterly Results | | | | | |
| First Quarter | 17 December 2019 | 17 | 31 January 2020 | 17 December 2019 | Same day |
| Second Quarter | 19 March 2020 | 20 | 30 April 2020 | 26 March 2020 | 7 |
| Third Quarter | 11 June 2020 | 11 | 31 July 2020 | 11 June 2020 | Same day |
| Fourth Quarter | 17 September 2020 | 17 | 31 October 2020 | 17 September 2020 | Same day |

Note: All Analyst Briefings FY2020 were held through tele-conferencing

- **Investor Relations**

The Investor Relations ("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 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 strategic matters and address issues that the investing community may have pertaining to the businesses or operations of the Company.

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Some of the investor conferences and roadshows attended by our IR team in FY2020 are as follows:

| No. | Event | Date |
|-----|---|------------------------|
| 1. | 2019 Mizuho Investment Conference, Tokyo | 2 to 3 September 2019 |
| 2. | CLSA Investors' Forum 2019, Hong Kong | 9 to 10 September 2019 |
| 3. | Daiwa Investment Conference 2019, Hong Kong | 13 to 14 November 2019 |
| 4. | Morgan Stanley 18th Annual Asia Pacific Summit, Singapore | 20 to 21 November 2019 |
| 5. | CGS-CIMB 12th Annual Malaysia Corporate Day, Kuala Lumpur | 6 January 2020 |
| 6. | Equities Tracker Investor Community, Malaysia | 27 February 2020 |
| 7. | Credit Suisse ASEAN Corporate Days (Virtual) | 10 March 2020 |
| 8. | Daiwa Investment Conference, US (Virtual) | 15 to 17 April 2020 |
| 9. | Citi Pan-Asia Regional Investor Conference 2020 (Virtual) | 20 May 2020 |
| 10. | Nomura Investment Forum Asia 2020 (Virtual) | 4 June 2020 |
| 11. | ICA Asia Pacific Opportunities Summit (Virtual) | 5 June 2020 |
| 12. | UBS Virtual Malaysia Corporate Day 2020 | 11 to 12 June 2020 |
| 13. | Bursa-Daiwa-Affin Hwang Malaysia Corporate Day (Virtual) | 16 June 2020 |
| 14. | Invest Malaysia 2020, Kuala Lumpur (Virtual) | 7 July 2020 |
| 15. | Macquarie Asean Conference (Virtual) | 25 August 2020 |

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

Email : invest@topglove.com.my

• Company Website

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

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

To better serve our 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.

ENCOURAGE SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

The Company issued its AGM documents 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 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 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 the Company's responses to questions raised by the 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 the proposed resolution.

 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 replies to the Minority Shareholder Watch Group's questions) are made available to the shareholders and public for reference at <https://www.topglove.com/general-meeting/>

USING TECHNOLOGY TO FACILITATE VOTING AND SHAREHOLDERS PARTICIPATION AT GENERAL 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 an independent scrutineer to validate the votes cast at the AGM.

The result of each resolution was announced, which includes votes in favour, against and abstain, 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.

At its first fully virtual Extraordinary General Meeting held on 18 August 2020, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution.

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 as possible a picture of the Group's performance and financial position.

The Chairman of the BAC, BNRC, BRMC, BSC and the External Auditors were present at the last AGM and will endeavour to be present at the forthcoming fully virtual AGM to assist the Directors in addressing queries raised by the shareholders. Based on the past, the Company's AGM has been well attended. It has always been the practice for the Chairman to provide ample time for the Questions and Answers session during the AGM.

Shareholders were given a suggestion form to provide their valuable feedback and comments to the Management for any further improvement and consideration. Shareholders were also invited to submit any additional questions via the help desk counter at the venue of the general meeting so that these could be responded in writing after the meeting. Officers of the Company were present to assist and answer any queries raised by shareholders.

During FY2020, the Company also had regular meetings with analysts and institutional fund managers, participated in roadshows and investors conferences, both domestically and internationally, and hosted teleconferences with investors and analysts. As part of the stakeholders' engagement activities, the shareholders' satisfaction survey was also carried out during FY2020 to seek the shareholders' suggestion or feedback on various areas such as service quality of our service providers, governance matters etc. concerning the Company.

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 been using formal channels to communicate with shareholders and stakeholders via Annual Report, announcements to Bursa Securities and SGX, quarterly financial results and analyst and media briefings, IR and Company's website as mentioned above.

Corporate Governance Overview Statement
OTHER COMPLIANCE INFORMATION
1. Utilisation of Proceeds

TG Excellence Berhad ("TGE"), a wholly-owned sub-subsidiary of the Company had established a Perpetual Sukuk Programme of RM3 billion in nominal value based on the Shariah Principle of Wakalah Bi Al-Istithmar in February 2020. The Perpetual Sukuk was issued with a tenure of perpetual non-callable 5 years with an initial periodic distribution rate of 3.95% per annum.

On 27 February 2020, TGE completed the first issuance of Perpetual Sukuk with a nominal value of RM1.3 billion. All the proceeds raised therefrom were utilised for working capital requirements.

2. Audit & Non-Audit Fees

Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2020 to Ernst & Young PLT and its affiliates are as follows :

| Type of Fees | Top Glove (RM) | Top Glove Group (RM) |
|------------------------|----------------|----------------------|
| a) Audit fees | 80,000 | 499,000 |
| b) Non-Audit fees | 112,000 | 192,000 |
| c) Tax compliance fees | 0 | 57,000 |
| Total: | 192,000 | 748,000 |

3. Recurrent Related Party Transactions

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

4. Material Contracts

During FY2020, there were no material contracts entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

5. Material Contracts Relating to Loans

During FY2020, 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.

6. Insider Trading

During FY2020, there was no insider trading reported.

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

During FY2020, a total of 31,896,100 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 2020 are as follows:

| | No. of Shares | RM |
|--|----------------------|-------------------------|
| As at 1 September 2019 | 2,560,589,348 | 788,326,057.56 |
| Ordinary shares issued pursuant to the ESOS | 31,896,100 | 167,230,437.00 |
| Ordinary shares issued pursuant to conversion of exchangeable bond | 116,339,801 | 709,672,786.10 |
| ESOS Compensation reserve | - | 10,892,488.84 |
| ESOS Cost | - | (417,547.60) |
| As at 31 August 2020 | 2,708,825,249 | 1,675,704,221.90 |

During the financial year, the number of ESOS option granted under ESOS III was 13,599,400 options. The percentage of ESOS option granted to the Directors and senior management was 27.15% of the total ESOS option granted.

Other than the above, there were no issuance of convertible securities during FY2020. The number of ESOS option granted and exercised by the Directors are disclosed on page 146 of this Integrated Annual Report.

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

The Company had established the ESGP of up to ten per centum (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Executive Directors of the Company and its subsidiaries for a duration of ten (10) years from 12 January 2016 to 11 January 2026. During the financial year, 114,000 shares were awarded to the eligible employees under the ESGP. The percentage of shares awarded to the senior management was 1.84% of the total shares awarded. No share was awarded to the Directors pursuant to the ESGP in FY2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Top Glove Corporation Berhad is committed to embed an effective risk management and internal control system into Top Glove Corporation Berhad and its subsidiaries ("the Group"). The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the revised guidelines on the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers. This Statement outlines the nature and scope of the risk management and internal control systems within the Group during the year under review.

BOARD RESPONSIBILITY

The Board is committed to establishing and maintaining a sound, effective and efficient system of risk management and internal control to safeguard shareholders' investment and the Group's asset. As such, continuous reviews of processes are undertaken by the Board to ensure adequacy and integrity of the system mentioned.

The system of risk management and internal control is designed to identify and manage the Group's risk within the acceptable risk tolerance in order to achieve the Group's corporate objective in accordance with the Group's strategy. The Board is aware that the risk management and internal control system can only provide reasonable and not absolute assurance against the risk of material loss or occurrences of unforeseeable circumstances.

RISK MANAGEMENT GOVERNANCE

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

To fulfil its oversight responsibility, the Board, as a whole or through delegation to the Board Risk Management Committee ("BRMC"), reviews the adequacy and integrity of the Group's risk management system which includes the key processes of risk identification, assessment, mitigation, monitoring and reporting.

The members of BRMC, comprising four (4) Independent Non-Executive Directors and two (2) Executive Directors, are as follows:

1. Datuk Noripah Kamso (Chairman)
2. Tan Sri Rainer Althoff
3. Dato' Lim Han Boon
4. Datuk Dr. Norma Mansor
5. Dato' Lee Kim Meow
6. Lim Cheong Guan
7. Tay Seong Chee, Simon (Retired on 8 January 2020)

 Refer to page 114 to 115 for the meeting attendance record of BRMC members.

The BRMC had discharged its functions and carried out its duties as set out in the Terms of Reference ("TOR") of the BRMC.

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

In addition, a Risk Working Committee ("RWC") was formed in May 2013 to facilitate the group-wide risk management initiative at the Management level. RWC serves as the driving force behind the routine risk management activities. Its main functions encompass provision of regular feedback on status of risk factors to facilitate informed management decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, as well as identification of new and emerging risk factors.

RWC is headed by an Executive Director and comprises heads of business units or support functions, who are risk owners themselves, as members.

RISK MANAGEMENT SYSTEM

At the Group level, risks arising from the business operations are continuously identified. These identified risks are incorporated into the risk register and are assessed to determine if the risk rating is Extreme, High, Medium or Low. The rating process is guided by a matrix of possibility of occurrence and the associated impacts, of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risks will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

Progress updates on the mitigation measures will be furnished on a quarterly basis for deliberation at the RWC meeting. Adequacy and effectiveness of the mitigation measures will be assessed and further enhanced where necessary. In addition, any identified emerging critical risk factors will be incorporated into the risk register and managed in accordance to the Group's risk management methodology. Outcome of the RWC meetings will subsequently be brought to the BRMC for further deliberation. Direction of mitigation measures will be fine-tuned to ensure action plans are on track in addressing the significant risk factors.

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

INTERNAL CONTROL GOVERNANCE

The Management team, led by the Executive Chairman, Managing Director and Executive Directors, comprises experienced personnel who are subject matter experts in their own specialized fields. These individual members in