



Governance: To Create Long-Term Value Through Ethical Business Practices and Continuous Stakeholder Engagement

HIGHLIGHTS

RM2.1 million

was put into enhancing our
cybersecurity system



ISO 27001:2013

certification for Information Security
Management Systems



Maintain a clean record with
zero cases
security breaches



40%

of Management's KPI
linked to ESG metrics



GOAL 4: STRENGTHENING GOOD CORPORATE & RESPONSIBLE BUSINESS CULTURE



Promoting our core values of Business Ethics: Honesty, Integrity & Transparency, Top Glove's steadfast reputation is deeply rooted. From their very first day at work, we instill these principles in all employees, understanding that securing stakeholders' trust is essential for our business's future. Within the Group, we remain resolute in upholding good ethics and compliance to ensure robust corporate governance.

Governance

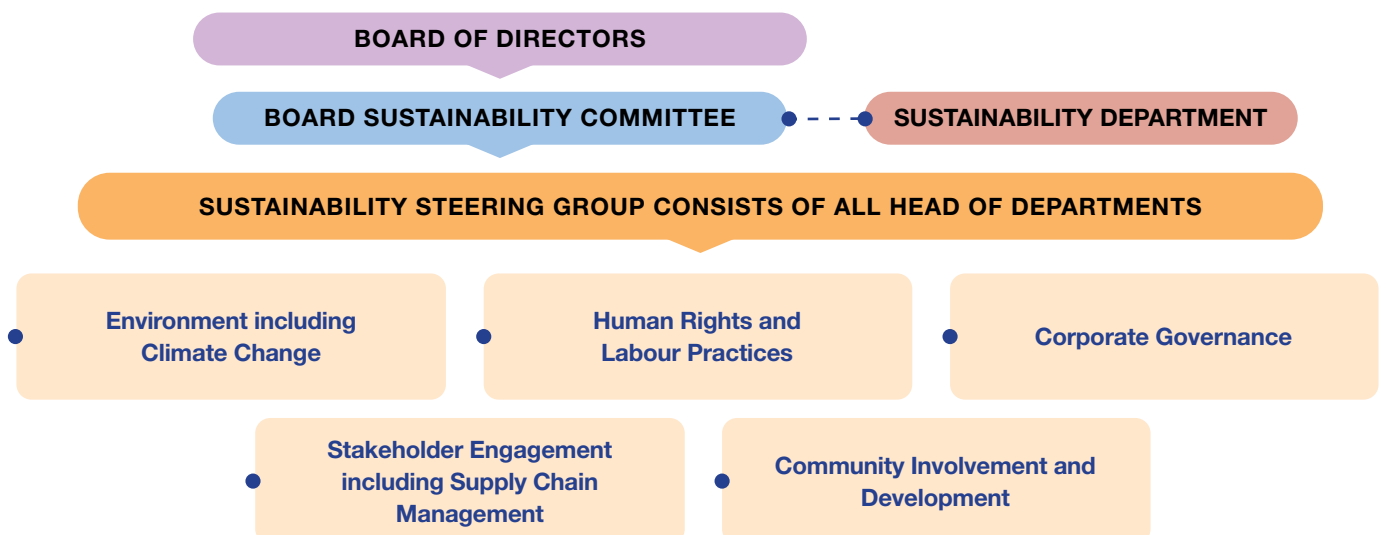


ETHICS, INTEGRITY & GOVERNANCE

Management Approach:

Top Glove demonstrates highest standards of corporate governance, which is a cornerstone in building a foundation of credibility and integrity for our stakeholders. We strive to implement comprehensive risk management, demonstrate good boardroom practises, instil culture of anti-bribery, anti-corruption, ethics & conducts.

Sustainability Governance Structure



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Sustainability Grievance Channel

In July 2022, Top Glove implemented the Grievance Handling Protocol subsequent to the rollout of Top Glove’s Sustainability Policy. This Policy was introduced to engage both internal and external stakeholders, providing them a platform to express concerns pertaining to sustainability issues within our operational framework and across the entirety of our supply chain. The Grievance Handling Protocol has been formulated to ensure efficient management of grievances, with the goal of overseeing and enforcing adherence to Top Glove’s Sustainability Policy and Business Partners’ Code of Conduct. This protocol encompasses a detailed procedure that facilitates the resolution of grievances by establishing a connection between business operations and grievance resolutions. It becomes applicable once grievances are assessed and confirmed as breaches to our policies. As of now, we have not received any reported cases through this channel. Nonetheless, we are committed to raising awareness about this grievance channel and actively working on enhancing its interface to make it more user-friendly and accessible for reporting.



Scan the QR code for more information about sustainability grievance procedure

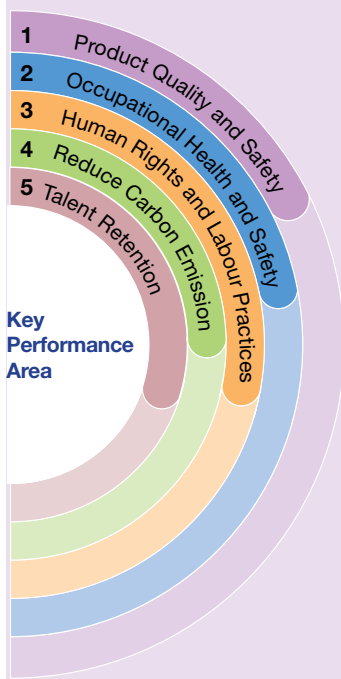
<https://grievance.topglove.com/#:-:text=Grievance%20Mechanism,-Communicate%20the%20Grievance&text=Public%20can%20raise%20grievances%20against,the%20legitimacy%20of%20grievance%20case>

Corporate Governance

Upholding the highest standards of governance empowers our Board of Directors to play a pivotal role in strategic planning and risk management, thereby ensuring the sustainable operations of the Group. For a comprehensive understanding of our corporate governance practices, please refer to the Corporate Governance Overview Statement on pages 68 to 78 in the Integrated Annual Report 2023.

In FY2021, we introduced a groundbreaking measure by linking ESG metrics to 40% of the Management’s KPI, effective from FY2022 performance management. This step was taken to ensure that our management is held accountable for the accomplishment of the Company’s objectives. To strike a harmonious balance between financial and non-financial measures, the Group adopted the Balanced Scorecard in FY2022. This strategic performance management tool aligns our mission, vision, and strategies, aiding in defining goals, strategic objectives, and well-defined initiatives and targets through a set of KPIs/measurements.

ESG metrics linked to 40% of the Management’s KPI



Performance indicator

Achievement for FY2023

- | | |
|--|---|
| <ol style="list-style-type: none"> 1 Customer satisfaction index 2 Occupational accident rate 3 <ul style="list-style-type: none"> • BSCI audits “A” rating achievement rate • Achievement rate of factories being audited against SMETA standard having not more than 10 non-compliances per audit 4 Scope 1 & 2 emission intensity reduction 5 <ul style="list-style-type: none"> a. Annual employee engagement survey b. Succession pool cover ratio | <ul style="list-style-type: none"> — Kindly refer to page 86 — Kindly refer to page 43 — Kindly refer to page 46 — Kindly refer to page 25 — Kindly refer to page 58 |
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Governance

2023 Governance Highlights

- **Adoption of Conflict of Interest Policy effective 2023**
- **Engagements between Non-Executive Directors and Management**
- **Annual Board Effectiveness Evaluation conducted internally, facilitated by the Company Secretary via online questionnaires**
- **Diverse gender and skills across Board of Directors, with 42% of female directors**
- **The Board has imposed ESG metrics linked to 40% of the Management's KPI**
- **Continuous implementation of Balanced Scorecard to align KPIs with business strategy at all levels**

Engagement Between Non-Executive Directors and Management

The Non-Executive Directors' Committee ("NEDC") formerly known as Independent Directors' Committee ("IDC") had their first meeting for the financial year 2023 on 12 April 2023. The NEDC focused on the Company's investment strategies, portfolio management and reviewed the Company's Investment Guidelines while highlighting the importance of adherence to approved guidelines. The NEDC provide recommendations to strengthen the cash flow position and capital structure management of the Company. People and culture were also addressed in the NEDC meeting along with timelines and action plans to overcoming current business challenges.

The NEDC had their second meeting on 14 June 2023 during the financial year 2023. In this meeting, the NEDC went through the agendas of the upcoming Board of Directors meeting and discussed each agenda thoroughly to enable them to have a better view on the issues at hand and to drive better deliberations at the Board meeting. The NEDC also deliberated the importance of economic pillar, which formed the foundation of sustainability. It further agreed that the existing ESG Framework has covered the economic aspect in decision making processes.

On 27 July 2023, NEDC had their final meeting for financial year 2023. In this meeting, the outcomes of the Group's Brand Survey were reviewed and discussed with identified areas of focus, priorities and next steps. The NEDC was introduced to the Company's Path Innovators, the selected young leaders whom will be working with the NEDC to further enhance the Company's internal and external branding. The expectations of the NEDC on the Board Away Day was made known during the NEDC Meeting. Recommendations from the NEDC were shared to the Board during the Board of Directors' Meeting held on 18 August 2023. Follow up meetings with Management will follow through to enable the NEDC to provide insights and recommendations for the best interests of the Group.

Cyber Security & Data Privacy

We are continuously strengthening our cybersecurity in line with the fast-evolving nature of cyber-attacks as the threat landscape for cybersecurity continues to change. In FY2023, we invested a total of RM2.1 million to further strengthen our cybersecurity systems as part of our continued efforts to improve cybersecurity that includes endpoint, server, and network security system.

Information that is private and confidential is extremely important to us. The Personal Data Protection Act of 2010 (PDPA), which requires all workers to treat client personal and sensitive information with the proper level of confidentiality, serves as the Group's governing and guiding law. Our working relationships with third parties are similarly confidential, and they are required to read, comprehend, and acknowledge a Non-Disclosure Agreement (NDA) whenever confidential matters are being discussed or is involved.

As a part of our integrated approach to data security, we strive to ensure that all Top Glovers are accustomed with our Cybersecurity Policy, which outlines each employee's roles and responsibilities for ensuring appropriate and ethical use of our email system and preserving the confidentiality of all customer and company data. All service agreements with third parties include a standard personal data clause as an additional security safeguard. We provide learning materials with pertinent information on cybersecurity and how cyber dangers could appear in employees' daily tasks in an effort to raise awareness among our people. Monthly emails and recurring learning modules serve as reminders to all staff to stay vigilant about current cybersecurity threats and occurrences. Employees are encouraged to report on any abnormalities identified.

Our IT department conducted simulations in FY2022 and FY2023 to increase staff awareness of phishing dangers. Our highly skilled and committed IT team, who developed and implemented our strong cybersecurity and IT infrastructure, is the driving force behind our efforts. The Risk Management and Sustainability Committee regularly reviews the Group's risk profile and performance, including cybersecurity risks, to ensure adequate and appropriate measures are in place to mitigate such risks. Risk management is governed at the highest level by the Board of Directors.

Cybersecurity and Data Privacy Key Highlights in FY2023

- No incidents of client data loss, theft, or leakage were recorded
- RM2.2 million was put into enhancing our cybersecurity system
- Our staff have a greater understanding of IT security as part of our efforts to reduce the risk of cybersecurity breaches
- Since FY2021, our IT infrastructure and information security management system are certified with Information Security Management System ISO 27001:2013
- Multiple training activities are conducted on regular basis

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Corporate Integrity

In response to the ISO 37001:2016 Anti-Bribery Management System (“ABMS”) requirements, Integrity Functions were established and have been further specified the parameters of its scope in 2023 into Corporate & Operation. At Corporate Level, it is overseeing by Central Integrity Function (CIF) while Operation Level by Factory Integrity Function (FIF). CIF focuses on 2 major areas: Enforcement & Implementation, and Awareness & Promotion of ethics and integrity initiatives to all employees, while FIF, mainly focuses on Enforcement & implementation. The Group, which is responsible for anti-bribery and anti-corruption related matters, is under the purview of Top Management, Board Audit Committee and Board Risk & Investment Committee.

In FY2020, we extended and expanded the ABMS scope and implementation to all our subsidiaries, following the ISO 37001:2016 certification at Factory 9 in Meru, the first private manufacturer in Malaysia certified with the ABMS. External and independent audit on the ISO 37001 ethical standards was performed annually in response to Section 17A (“Corporate Liability Provision”) and Guidelines on Adequate Procedures of T.R.U.S.T. Principles. In FY2022, additional 3 entities were added in the ABMS group scheme bringing the total number of ABMS-certified entities to eight. This expansion reflects our ongoing commitment to continually enhance the implementation of our W.H.I.T.E. Integrity Culture and is reflected in Top Glove’s core values, business principles, and policies, which prioritises ethics and anti-corruption. W.H.I.T.E is an abbreviation for Top Glove’s 5 Wells, Honesty, Integrity, Transparency, and, lastly, Educate.

To align with our FY2025 goals, we aim to certify one more entity in FY2023. Nevertheless, in FY2023, which is our third cycle of certification, we have maintained our existing 8 ABMS certified entities without any additional certification.

SUSTAINABILITY ROADMAP FY2022 TO FY2025

8 entities retained ISO 37001:2016 certification of Anti-Bribery Management System

Corruption Risk Assessment

Corruption risk assessment is intended to enable the organisation to form a solid foundation for its management system and a basis of the organisation’s efforts to combat corruption. From this assessment, it will require risk owners to establish appropriate processes, systems, and controls to mitigate the corruption risks that exposed to the organisation.

Corruption risk assessment shall cover process activities which include but not limited to the following:

Corruption Risk Assessment

- Opportunities for corruption and fraud activities
- Financial transaction that may disguise corrupt payments
- Business activities that pose a higher corruption risk
- Non-compliance of external parties
- Relationships with third parties in the supply chain

In order to ensure corruption risk assessed comprehensively, we had established procedures with corruption process mapping and risk key areas as guidance which governed by our ERM. To effectively address the issues of bribery and corruption, areas that are vulnerable to corruption have implemented proactive internal Anti-Bribery and Anti-Corruption (“ABAC”) control measures proportionately to their specific risks. The effectiveness of corruption risk control measures is persistently monitored in preventing the risk exposure of offences as contained in the Malaysian Anti-Corruption

Commissions (“MACC”) Act 2009, affecting not only the reputation and integrity of companies, but also society as a whole.

Since FY2021, 100% of Top Glove Corporation Bhd, covering 28 departments located in Malaysia were assessed for risks related to corruption and continue to extend to factories in Malaysia and Thailand. Moving into FY2023, we aim to strengthen our corruption risk assessment by reviewing and enhancing the methodology of risk assessment as well as through digitalisation. Our first risk software for operational risk management was introduced and launched for pilot programme in December 2022 with series of training and workshops were conducted to all relevant employees.

Charitable Donations and Sponsorship

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

Charitable Donations and Sponsorship

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

Stakeholders Due Diligence & Commitment

Background checks are conducted on our stakeholders prior to any business dealings. Various external platforms, including MACC official portal, are utilised to check for financial information and any history of bribery or corruption. Furthermore, anti-corruption is one of the audit criteria used to assess our suppliers and this requirement is communicated to our suppliers. We require our stakeholders to uphold the highest standards of integrity and ethical conduct at all times. The enhanced version of our ABAC e-Handbook that covers ethical topics such as facilitation payments, money laundering, political donations and involvement, and antitrust is published on the website for public view. This is in line with our commitment to sound and sustainable business practices. In addition, our stakeholders are required to obliged to the following commitment.

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Stakeholders	Anti-Bribery, Anti-Corruption & Ethic's Commitments
Suppliers & business associates who have financial dealings with Top Glove	<ul style="list-style-type: none"> Letter of Enforcement of Corporate Culture (LECC) Business Partners' Code of Conduct
Customers	<ul style="list-style-type: none"> Letter of Enforcement of Corporate Culture and Business Ethics on The Issue of Bribery and Corruption (LECCBC)
All external parties	<ul style="list-style-type: none"> Letter of Enforcement of No Gifts Policy (LENGP)
Employees	<ul style="list-style-type: none"> Employee Code of Conduct Ikrar Bebas Rasuah (IBR) Letter of Enforcement of Corporate Culture (LECC) during onboarding of new staff
Board of Directors	<ul style="list-style-type: none"> Directors' Code of Conduct & Ethics Ikrar Bebas Rasuah (IBR)

Governance Training

Number of staff that have received training on governance job grade:

Job Category	FY2021	FY2022	FY2023
Senior Management	14	24	30
Upper Management	152	416	401
Middle Management	639	2,417	1,086
Junior Management	356	1,330	646

Anti-Bribery and Anti-Corruption Data:

Job Category	FY2021	FY2022	FY2023
No. of corruption and bribery cases	0	0	1
Political contribution made, RM	0	0	0
Facilitation payments made, RM	0	0	0
Money laundering involvement	0	0	0
Insider trading occurrence	0	0	0
Fines imposed in relation to corruption, bribery & anti-competitive business practices	0	0	0



Scan the QR code for more information about Top Glove's Anti-Bribery and Anti-Corruption Commitments

<https://www.topglove.com/corporate-integrity/>

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BUSINESS ETHICS & INTEGRITY INITIATIVES: W.H.I.T.E. INTEGRITY CULTURE

In a bid to continue Top Glove's anti-corruption initiatives for FY2023, we have introduced and are actively promoting the ethics and integrity programme within our workforce and value chain. This is in line with our commitment to comply with the Corporate Liability Provision S17A, which was enforced on 1 June 2020. The programmes include:

Ethics and Integrity Programme

- a. W.H.I.T.E. Integrity Culture slide
- b. Ethics & Integrity Training
 - Awareness of W.H.I.T.E. Integrity Culture covering ISO 37001 ABMS, Anti-Bribery & Anti-Corruption Policy, TG Gift Policy & Online Declaration, Whistleblowing Policy & Procedure and Document Control.
 - In-Depth of ISO 37001 ABMS covering each clause of the standard.
- c. W.H.I.T.E. Integrity Leader's Corner Video of Top Management.
- d. W.H.I.T.E. Integrity Culture Promotion via Social Media.
- e. Ethics & Integrity Social Media Posting.
- f. Corruption Free Pledge/ "Ikrar Bebas Rasuah" (IBR).
- g. Reminder Notification on W.H.I.T.E. Integrity Day.
- h. Participated in external discussion on bribery & corruption issues
Anti-Corruption Collective Action Roundtable by UN Global Compact Network Malaysia & Brunei (UNGCMYB)

Through the ethics and integrity programme, Top Glove's employees are equipped with anti-bribery and anti-corruption knowledge towards a corruption-free Company. The programme and trainings covered a wide range of anti-bribery and anti-corruption scope such as facilitation payments, money laundering, political donations and involvement, and antitrust and many more as in listed in our e-handbook.



W.H.I.T.E. Integrity Leader's Corner Videos of Top Management's message on Ethics & Integrity to Top Glove employees



Entering 7th year of annual assurance of Top Glove's Ethics & Integrity practices in accordance with ISO 37001:2016 ABMS by SIRIM QAS International



Participated in an external training by Malaysian Rubber Council (MRC): 1-day Anti-Bribery Management System training



Participated in an external discussion by UN Global Compact Network Malaysia & Brunei (UNGCMYB): Anti-Corruption Collective Action Roundtable

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WHY INTEGRITY IS CRUCIAL AT WORKPLACE?

- Ensuring that staff follow the company's policies and procedures at all times.
- Establishing positive connections with superiors and coworkers.
- Developing and fostering a sense of trust.
- Promoting a healthy and positive work environment.
- Improving the company's image and reputation.

Ethics & Integrity posting via social media also places emphasis on ethical behaviours at workplace.

W.H.I.T.E INTEGRITY DAY

on every 1st Wednesday of the month

Communication and promotions of Top Glove employees of all levels in demonstrating their support for W.H.I.T.E Integrity Culture by wearing white.

Whistleblowing

Top Glove enacted its Whistleblowing Policy and Procedures (“WBPP”) in 2019. This guideline was intended to provide a reinforced mechanism within the Company, allowing individuals to report misconduct in confidentiality. The WBPP provides a precise definition of “improper conduct” while remaining sufficiently broad to encompass any actions that may negatively affect stakeholders or expose them to potential risks. Top Glove collaborated with an external, impartial whistleblowing service provider in FY2020 to further assure transparency and protection. This third-party expert is responsible for receiving reports of whistleblowing, protecting the whistleblower’s anonymity, and then transmitting these reports to the Whistleblowing Committee for in-depth review. To ensure transparency and keep the whistleblower informed of the investigation’s progress, all outcomes are communicated through this independent entity, which protects the whistleblower’s anonymity at every stage.

Top Glove’s WBPP is a testament to the Whistleblowing Committee’s dedication to ensuring business practices remain anchored in the principles of honesty, integrity, and transparency. The WBPP reinforces the Committee’s pledge to handle whistleblowing incidents with sincerity and good faith, striving to negate any conflicts of interest during investigations. It’s paramount to Top Glove that information provided by whistleblower’s is handled with the highest regard for its sensitivity. To this end, every precaution is taken to maintain confidentiality in strict adherence to the Whistleblower Protection Act 2010.

Top Glove systematically delineates whistleblower occurrences and their subsequent resolutions during quarterly Board Audit Committee Meetings to foster an environment of trust and responsibility. In FY2023, Top Glove meticulously addressed a quartet of documented whistleblower instances. Each matter was attentively handled, culminating in decisive resolutions and prudent actions. For the specific case of the bribery incident, Top Glove promptly alerted the pertinent external authorities, ensuring transparent and responsible action on our part. This responsiveness underscores Top Glove’s unwavering commitment to the pinnacle of ethical business conduct.

Category	Number of cases FY2023
Bribery/Corruption	1
Fraud	0
Grievances/misconduct	1
Others (on policy & procedures)	2



Scan the QR code for more information about Whistleblowing Policy and Procedure

https://www.topglove.com/App_ClientFile/7ff8cb3f-fbf6-42e7-81da-6db6a0ab2ef4/Assets/anti-corruption/Top_Glove_Whistleblowing_Policy_%20Procedure-01122020.pdf

Business Ethics & Conduct

As a Company with value centred culture, Top Glove has established the Employee Code of Conduct which sets out the underlying values, commitment, dedication, diligence and professionalism contributing towards the social and environmental growth of the surroundings in which the Company operates. All employees are required to acknowledge the Employee Code of Conduct upon joining the Company and to act in accordance with the policies detailed in the Employee Code of Conduct which is reviewed periodically should the necessity arises.

In FY2023, there has been 11 cases involving breach of the Employee Code of Conduct which involved cheating on attendance, overtime claim and alteration of medical certification. These employees were required to explain their actions for the Company’s further investigation. Appropriate disciplinary action includes but not limited to issuance of reminder letter, warning letter, suspension letter, acceptance of resignation on employee’s voluntary resignation or dismissal will be taken against the perpetrators depending on the severity of the case in the event that they are proven guilty upon the conclusion of the investigation.

Regular trainings related to the Top Glove Corporate Value R.I.V.E.R. (Respect, Integrity, Value, Empowerment & Relationship) and W.H.I.T.E. Integrity Culture to improve awareness and solidify employees’ knowledge on the Company’s values.

Governance

HIGHLIGHTS

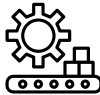
Active critical suppliers

100% audited
with ESG assessment



Achieved 100% traceability

of natural rubber sourced was traceable up to collecting point of own concentrated latex processing plant



All operating plants certified with QMS or HACCP



Zero incidents

of non-compliance with selected regulations and **zero product recall** cases



GOAL 5: EMERGING AS A TRUSTED COMPANY WITH A SUSTAINABLE VALUE CHAIN



As the world's foremost glove manufacturer, Top Glove holds significant sway over the supply chain. Our goal is to set an example for our suppliers and business partners, inspiring them to embrace sustainability. We are committed to establishing a sustainable value chain by consistently involving our business partners in promoting sustainable practices and delivering an exceptional customer experience that goes above and beyond expectations.



PRODUCT QUALITY & SAFETY

Management Approach:

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

Top Glove recognises that innovation and advancements in processes and technology are fundamental to our business and are the cornerstones of our pursuit of quality excellence. To remain competitive in the global market, we consider continuous improvement to be indispensable. Our objective is to ensure that all new glove and non-glove factories are certified with QMS or HACCP within 8 to 10 months, achieving a 100% certification rate.

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Our key strategies for enhancing the quality and safety of our products encompass the following:

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

At the forefront of R&D and innovation in the glove industry, we place the utmost importance on product quality and safety. Our commitment to excellence in this regard is driven by a deep understanding of the critical role gloves play in various industries, including healthcare, manufacturing, and food services. Here, we provide a comprehensive overview of how we prioritise and ensure the highest standards of quality and safety in our glove development processes.

Material Selection

Our journey towards quality and safety starts with the careful selection of materials. We rigorously assess and choose materials that meet or exceed industry standards for durability, flexibility, and comfort. This process includes evaluating factors such as latex or synthetic compositions, thickness, and texture to ensure the optimal balance between protection and user comfort.

Innovative Design and Engineering

Innovation is at the core of our glove development process. Our team of experts continuously explores novel designs and engineering solutions to enhance glove performance. This includes ergonomic designs to reduce hand fatigue, specialised textures for improved grip, and advanced coatings for additional protection.

Rigorous Testing Protocols

We subject our glove prototypes to a battery of rigorous tests to evaluate their performance under real-world conditions. These tests encompass mechanical stress, chemical resistance, barrier properties, and microbiological safety. Any potential weaknesses are identified and addressed before production begins.

Sustainability and Eco-Friendly Practices

Quality and safety also extend to the environmental impact of our products. We are committed to sustainable sourcing, reducing waste, and minimising our carbon footprint throughout the glove lifecycle.

Continuous Improvement

We embrace a culture of continuous improvement. Regular feedback from healthcare professionals, industrial workers, and other end-users is invaluable in our quest to enhance product quality and safety. We listen to their needs and concerns and use this feedback to refine our glove designs and manufacturing processes.

Implementation of ISO 9001 Quality Management System (QMS) and ISO 13485 QMS – Medical Devices

As in the year 2023, 100% of our existing certifications programmes has maintained and continuously implemented with ISO 9001 and ISO 13485, QMS at all our operating factories. Other than ISO 9001 and ISO 13485, Top Glove has also been certified with HACCP, GMP and BRC certifications which intended to promote the highest standards of food safety compliance of our products.

SUSTAINABILITY ROADMAP FY2022 TO FY2025

100% of operating plants certified with QMS or HACCP

Enhancing skills and knowledge of employee

Top Glove Quality & Worker Supervision (“TGQWS”)

Local workers resignation rate has been gradually increasing year by year. Therefore, a supervisory development programme, TGQWS has been created for all supervisors who directly supervise local workers among their reporting line. This programme enhances the supervision skills of the participants.

Marketer training on product

Our R&D department has provided comprehensive training to our marketing team, resulting in an enhanced ability to educate both existing customers and potential clients about our product quality and offerings.

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Compliance with product labelling regulations

- On 6 September 2021, we published the Top Glove's Advertising and Product Representation Principles and trained the relevant personnel on the core advertising principles and unacceptable general claims
- 100% of our significant products are covered by and assessed for product labelling compliance
- In FY2022, we have zero incidents of non-compliance with regulations concerning:
 - Product information and labelling
 - Marketing communications, including advertising, promotions and sponsorship

Financial Year	FY2021	FY2022	FY2023
Number of product recalls	0	0	0
Number of regulatory agencies inspection	0	0	0
Number of Form 483 Observations and FDA Warning Letters received	0	0	0

Being a leader in the glove industry, Top Glove shall only deliver high-quality products surpassing customers' expectations.

WE ENSURE:

- **ONLY the best quality products reach our customer.**
- **ONLY the premier sales performance is given to our customer.**
- **ONLY the safest of safety aspects is practiced internally and externally.**

These 3 can ONLY be achieved by certifying our factories with relevant management systems which are aligned with the International Organisation for Standardisation (ISO) that can satisfy our customers' demands. As in year 2023, Top Glove has been certified with various certifications such as:

1. ISO 9001 and ISO 13485, *Quality Management System*
2. ISO 14001, *Environmental Management System*
3. ISO 45001, *Occupational, Health and Safety Management System*
4. ISO 37001, *Anti-Bribery Management System*
5. ISO 50001, *Energy Management System*
6. ISO 18788, *Security Operations Management System*
7. ISO 27001, *Information Security Management System*
8. ISO 41001, *Facility Management System*
9. BRCGS for Consumer Products Personal Care and Household, Issue 4
10. FSC, HALAL, GMP, HACCP, MDSAP and other

Top Glove journey towards international certifications started in 1999 in which Quality Management System for Medical Device (ISO 13485) was first achieved in Klang factories. The goal is to ensure our factories produce good quality and safe products in accordance with the stated regulations that extended to our internal suppliers as well. Top Glove always positive and seek for better improvement in every aspect including the importance of third parties audit to establish a good rapport on operational activities which complies with requirements and best practices globally.



Forest Stewardship Council Training which was conducted physically on 30 August 2023.

Governance

SUPPLY CHAIN MANAGEMENT

Management Approach:

Ensuring sustainability practices at our own operations is not sufficient as value chain has a significant impact on business sustainability. Guided by the Top Glove's Sustainability Policy and revised Business Partners' Code of Conduct, we share our sustainability values with our business partners, to ensure a sustainable business relationship and business operation in all the key important areas, including human rights, environmental compliance, business ethics etc.

We are committed to ethical sourcing and responsible consumption to ensure the products manufactured by us are sustainable products. Our strategy in ensuring sustainable supply chain management include traceability and supplier assessments on ESG metrics, in which Forest Stewardship Council (FSC) is one of the options.

Traceability

With the enforcement of EU Deforestation-free Regulations ("EUDR"), Top Glove is committed to ensure that our product complies with the EUDR. The regulation prohibits the import of products that have been linked to deforestation or forest degradation. This includes natural rubber, which is a major driver of deforestation in Southeast Asia. Department of Statistics Malaysia highlighted the production of NR in February 2023 for Malaysia was mainly contributed by smallholders' sector (87.3%) as compared to estates sector (12.7%).

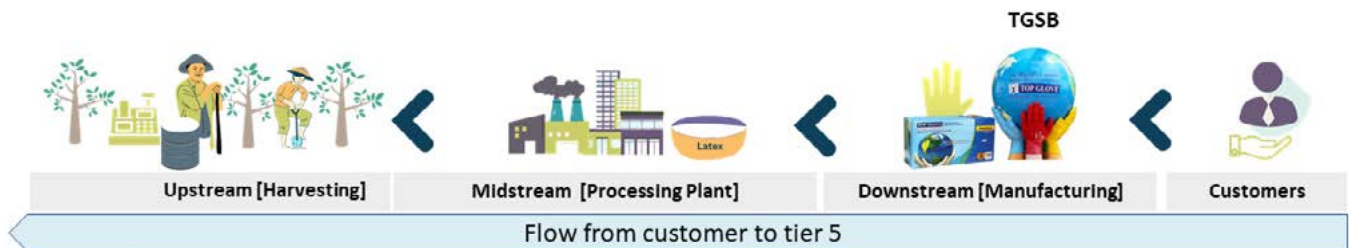
In efforts to promote transparency in our supply chain management, Top Glove aims to achieve 70% traceability to plantations of natural rubber sourcing by FY2025. The regulation will require companies to conduct due diligence on their supply

chains to ensure that they are not sourcing products from areas that have been deforested or degraded. The regulation is expected to have a significant impact on the natural rubber industry, as it will force companies to find more sustainable ways to source their rubber.

In FY2023, recent adjustments have been made within the traceability committee, resulting in the appointment of a new traceability lead to ensure seamless continuity and expertise in Top Glove's traceability efforts. April 2022, the Traceability Committee was established. This committee is comprised of dedicated team members from the Regulatory Affairs, Concentrated Latex Plant teams and Sourcing & Procurement.

Rubber plantation Site verification & Data Plotting for our concentrated latex processing plant in Thailand:

Top Glove has established a supplier mapping system for our concentrated latex processing plant in Thailand, which encompasses five tiers of suppliers. Each tier plays a specific role in our supply chain, ensuring a reliable and sustainable source of latex.



FY2023 Achievement

As part of this commitment, we have initiated the process of tracing natural rubber by mapping Tier 2 suppliers for our own concentrated plant and conducting a data collection pilot study and data plotting for Tier 2, Field Latex trader + Tier 3, Field Latex collecting point.

In line with our sustainability objectives, we set a target to achieve "By 2023, 100% of natural rubber supplied to Top Glove's own concentrated latex processing plant, procured from smallholders, was traceable to the collecting point". This

target for FY2023 has been achieved, this accomplishment reflects our commitment to enhancing traceability and sustainability within our supply chain through dedicated efforts and collaboration. As traceability is a complex study with multiple layers, Traceability Committee also has conducted several engagements, discussion and courtesy meetings with authority i.e., Malaysian Rubber Council (MRC), Malaysian Rubber Board (MRB), Rubber Authority of Thailand (RAOT); Certification body, Latex supplier and other industry to get their input on our current traceability related matter. As well as study relevant standard and requirement related to traceability.

Governance

Supplier Assessment

In FY2023, supplier assessment was conducted through virtual evaluations, onsite and self-evaluation. We continue the assessment using a supplier audit checklist to address the ESG concerns in the supply chain. The checklist has been incorporated into the SAP Ariba system, in which the assessment and documents will be stored digitally in the system and save time to distribute the checklist.

Supply Chain Data

Type of supplier	Absolute number of suppliers	Purchase of total procurement spent by (%)
Total tier 1 suppliers	3,016	100%
Critical tier 1 suppliers	239	61%

Supplier Assessment Data

Category	Number	Percentage
Existing critical tier 1 supplier assessed (based on all active existing critical tier 1 supplier)	66 out of 66	100%
New critical tier 1 supplier assessed (based on all new critical tier 1 supplier)	8 out of 8	100%
Existing critical tier 1 suppliers assessed	66 out of 239	27.6%
Number of self-audits conducted	49 out of 49	100%
Number of site audits conducted	25 out of 25	100%
New critical tier 1 supplier that were screened using social and environmental criteria	8 out of 8	100%
Critical tier 1 suppliers assessed for social and environmental impacts	New: 8 out of 8 Existing: 66 out of 66	New: 100% Existing: 100%

Note: Suppliers are to be graded according to Audit Rating Guide and corrective actions are taken for continual improvement.

45% of all active suppliers are within Grade A & B. The supplier ESG assessment confirms the absence of significant environmental and major social non-compliance issues. Improvement request forms (IRFs) have been generated for each finding from the respective suppliers to initiate the necessary grade improvements.



Governance

Local suppliers

Top Glove's local procurement has increased by 1% compared to FY2022, accounting 77% of our suppliers in Malaysia. This demonstrates our ongoing commitment to supporting local businesses and communities, thereby contributing significantly to the economic well-being of the region, generating job opportunities, and stimulating economic growth while strengthening our local supply chain.

Breakdown of procurement budget spent and the proportion of local suppliers, categorised by country:

Country	Percentage of procurement budget spent (%)	Percentage of local suppliers (%)
Malaysia	52.4	77.0
Thailand	36.2	17.0
Vietnam	0.2	2.0
Other	11.2	4.0

Annual Supplier Training and Engagement

For several years now, Top Glove has been diligently organising webinars and workshops with a core mission: to increase awareness about our company's policies, practices, and expectations. These engaging sessions are designed to equip our audience with a comprehensive understanding of our sustainability initiatives and commitments. Through these webinars, we aim to educate and empower our stakeholders, fostering a collective responsibility towards sustainable practices and standards.

This year, we organised a pivotal dialogue session with one of our raw material suppliers. There were three total speakers: two from Synthomer and one from Top Glove's Sustainability Department. The session brought together 32 suppliers and 296 staff members, with participants joining both virtually via Zoom and in person at Top Glove Tower. This collaborative event served as a testament to our commitment to open communication, partnership, and our ongoing efforts to strengthen relationships with our valued suppliers. We anticipate an increasing number of participants next year, reflecting our optimism about strengthening our collaborative efforts with our suppliers.

To improve engagement with our suppliers, we have initiated dialogue sessions with a selected business partner.



The topics covered in this session are not limited to the following:

Topics Covered in this Session

- i. Sustainability Policy
- ii. Environmental best practice to reduce GHG emissions
- iii. Grievance Channels
- iv. Human Rights Policies and Labour Standards
- v. Governance Policies

Governance

CUSTOMER EXPERIENCE

Management Approach:

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

Ethical marketing practices

Top Glove endorses ethical business practices and establishes the Sales & Marketing Code of Conduct in FY2021, which covers principles of sales, marketing, and advertising. The Sales & Marketing Code of Conduct ensures our employees always exhibit a level of ethical behaviour that exceeds legal requirements. In the past 4 financial years, there were no legal actions or fines related to anti-competitive behaviour and violations of antitrust and monopoly legislation.



Scan the QR code for more information about Sales & Marketing Code of Conduct



<https://www.topglove.com/storage/sustainability-policies/March2023/Sales%20and%20Marketing%20Code%20of%20Conduct%20%20V2%201032023.pdf>

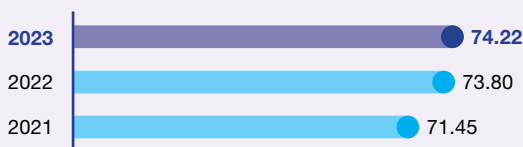
Customer Satisfaction Survey

Our customer satisfaction survey focuses on four key areas for customers: price competitiveness, product quality, delivery and services. From the survey results, we conducted an analysis to identify areas for improvement. Customer satisfaction scores improved from 73.8% in FY2022 to 74.22% in FY2023 with our target of 80%. Overall, customers are satisfied with Top Glove in various aspects, especially services/responsiveness and shipping document management, Top Glove scored Above Average. Additionally, 91% of respondents commented that they would recommend Top Glove to others with a slight improvement of 3% compared to FY2022.

Among our active customers, 19% of the respondents answered the customer satisfaction survey, slightly reduced compared with FY2022 with 22% response rate. For more accurate results, we also focused on the top 100 customers, and we achieved 49 out of 100 top customers response rate from there.

We scored the lowest for price competitiveness, mainly due to the high production costs for Malaysian glove makers relative to China and Thailand, especially raw material and energy costs. Top Glove is working aggressively to reduce the production costs by optimising resources and consolidating production lines. In order to better serve our customers, the marketing team has summarised all customers' feedback and put forward a few solutions to address customer concerns.

CUSTOMER SATISFACTION
(%)



PERCENTAGE OF TOTAL CUSTOMERS RESPONDED
(%)

