



**TOP GLOVE CORPORATION BHD**  
**199801018294 (474423-X)**

# BOARD CHARTER

Updated as at 17 September 2021

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## **1. Definition**

### **1.1 In this Charter:**

“Act” means the Companies Act, 2016;

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

“Bursa Securities” means Bursa Malaysia Securities Berhad

“Business” means the business of the Company and the Group;

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

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

“Company” means Top Glove Corporation Bhd;

“Group” means Top Glove Corporation Bhd and the Subsidiaries;

“Listing Requirements” means Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

“Management” means the management personnel of the Company;

“Directors” means directors of the Company and of the Group;

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

“Shareholders” means the shareholders of the Company.

## **2. Introduction**

- 2.1 This Charter served as a primary reference that guides the governance and conduct of the Board including the conduct of its subsidiaries’ Directors. It aims at assuring that all the Directors are aware of their roles and responsibilities as well as the standard and principles governing the Board processes in accordance with the authority conferred by the Constitution of the Company along with the provisions of the Act and Listing Requirements and the principles set out in the Malaysian Code on Corporate Governance.

2.2 Top Glove Corporation Bhd was incorporated in Malaysia as a Public Company limited by shares on 23 December 1998 and subsequently listed on the Main Market of Bursa Malaysia on 27 March 2001 and Main Board of Singapore Exchange on 28 June 2016.

2.3 The Vision, Mission and Aspiration of the Group are as follows:

- **Vision:** To be your world class partner in gloves and healthcare products.
- **Mission:** Ensuring safe human protection globally.
- **Aspiration:** To be a Forbes and Fortune Global 500 company by year 2030.

The capital and resources of the Group will be allocated to those assets and activities which will enable it to achieve the Group's vision, mission and aspiration in a manner best serving the interests of the Shareholders as a whole.

2.4 The core values adopted by the Group are as follows:

- To commit to excel in every aspect of our operation in pursuit of **total customer satisfaction** in our products and services.
- To endeavour to create a **challenging and rewarding career environment** encouraging our employees to realize their optimum potential.
- To develop and establish a **reliable and mutually beneficial relationship** with our business partners and associates.
- To strive to be a **caring and responsible corporate citizen** and assure equitable return to our shareholders.

### **3. Board Governance Process**

#### **3.1 Roles and Responsibilities of the Board**

3.1.1 The Board will carry out its oversight function to strengthen board governance by ensuring adequate group wide governance framework is in place and adopt the best practices as enshrined in the Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries issued by Securities Commission Malaysia. The Board, together with the Senior Management will endeavour to promote good corporate governance culture and strengthening the integrity and ethical conduct within the Group.

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

- Establish clear functions reserved for the board and those delegated to management.
- Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.

- Formalise ethical standards through a code of conduct and ethics and ensure its compliance.
- Ensure the integration of sustainability considerations in corporate strategy, governance and decision-making which includes Environmental, Social and Governance.
- Have procedures to allow its members access to information and advice and establishment of a communication channel to acknowledge and address stakeholders' views, feedback or complaints appropriately, for better understanding of stakeholders' expectations in managing the Group's sustainability risks and opportunities.
- Ensure the members have sufficient understanding and knowledge of sustainability issues that are relevant to the Group and its business, to discharge its role effectively through continuous professional development concerning sustainability. Besides, to constantly review the need to change the Board composition to strengthen board leadership and oversight of sustainability issues.
- Ensure it is supported by a suitably qualified and competent Company Secretary.
- Formalise, periodically review and publish its Board Charter in the website.

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

3.1.4 Having regard to its role, the Board will direct, and supervise the management of the business and affairs of the Group including, in particular:

- setting the strategic direction at the beginning of each year and adopting a strategic plan for the Group considering the sustainability issues, including approval of corporate exercises or restructuring plans and ensuring the effective implementation of the Company's sustainability strategies and plans by the senior management;
- leading, guiding and monitoring the implementation of strategic plans by the Management;
- establishing policies for strengthening the performance of the Group including ensuring that management is proactively seeking to expand the business through innovation, initiative, technology, new products and the development of its business capital taken into account the sustainability aspect;
- evaluate the operations of the Group and set science-based emissions reductions target to support cleaner and sustainable growth of the Group.

- review risk management of the Group and ensure the implementation of appropriate systems to manage these risks;
- review the development of succession planning framework and talent development of the Company and consider the potential successors of the Directors, Board Chairman, Board Committees, Chief Executives and Key Senior Management (including the Heads of Offices of Overseas Subsidiaries) as recommended by the Board Nomination and Remuneration Committee (“BNRC”), including appointing, training, review of performance and fixing the compensation of and where appropriate, replacing the Directors or Senior Management;
- review on an annual basis, the performance of the Board and senior management in addressing the Group’s material sustainability risks and opportunities;
- identify a designated person within management to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- appointing the Managing Director / Executive Director, setting the terms of the Managing Director / Executive Director’s employment contract and, where necessary, terminating the Managing Director / Executive Director’s employment with the Company;
- deciding on steps that are necessary to protect the Group’s financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensure the integrity of the Company’s financial and non-financial reporting and satisfy that the Group’s financial statements are true and fair and conform with law;
- ensure that all its directors are able to understand financial statements and form a view on the information presented;

- reviewing Board Committees' Report, Risk Management and Internal Control Statement, Corporate Governance Overview Statement and Corporate Governance Report for the Integrated Annual Report;
- ensuring that the Group adheres to high standards of ethics and corporate behaviour;
- ensuring that the Group has appropriate corporate disclosure policies and procedures;
- identify a Senior INED of the Board in the Integrated Annual Report to whom concerns may be conveyed, whether or not the roles of the Chairman and the CEO are combined; and
- have a formal schedule of matters specifically reserved for decision to ensure that the direction and control of the Company is firmly in its hands. A schedule of matters should be given to Directors on appointment and should be kept up to date. The Schedule of Reserved Matters is attached as Annexure A to this Board Charter.

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

3.1.6 Directors shall ensure that dealing in the securities of the Company are in compliance with the Listing Requirements.

## **3.2 Board Procedures**

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

3.2.2 Directors must achieve at least 75% attendance for the Board meetings held in a financial year. Directors are expected to participate fully and contribute constructively in Board discussions and other activities with due inquiry and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors unable to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.

3.2.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where

considered necessary, call for a vote. All discussions and their records will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

- 3.2.4 Notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice should be given. Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.
- 3.2.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. An agenda and accompanying board papers should be sent, in full, to all Directors in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, and in a timely manner and at least 3 days (or other agreed period depending on sensitivity of the meeting agenda item) before the intended date of a Board or Board Committee meeting.
- 3.2.6 The Board will meet at least six (6) times in each financial year with additional meetings convened as and when required. The Chairman should ensure that Board Committee meetings are not combined with the main Board meeting to enable objective and independent discussion during the meeting. At each quarterly meeting the Board will consider:
- an operational report from the Management;
  - a report on the financial performance;
  - reports on their activities from the Group's individual business units;
  - specific proposals for capital expenditure and acquisitions;
  - major issues and opportunities for the Group; and
  - approve the quarterly statements for announcement to authorities.

In addition, the Board will at intervals of not more than one (1) year:

- set the Group's strategic intents;
- review the implementation of strategies set;
- approve the annual budget;

- approve annual financial statements, reports to shareholders and public announcements;
- approve the Integrated Annual Report;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board and Board Committee's composition, structure, performance and succession;
- review the Group's audit requirements;
- review Board, Board Committees and individual Director evaluations results;
- review Directors' remuneration;
- develop criteria to measure and assess independence of Independent Directors annually;
- review the Managing Director / Executive Director's performance and remuneration;
- review remuneration policies and practices in general including superannuation and incentive schemes for management;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
- review shareholder, customer and supplier relations; and
- review the Group's business plan.

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

3.2.8 In addition, the Board and/or the Board Committees may seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Directors may request the addition of an item to the agenda regarding the appointment of independent professional advice, and the Board and/or Board Committees should resolve to provide separate independent professional advice to directors to assist them to perform their duties to the issuer.

- 3.2.9 Directors are expected to strictly observe confidentiality of Company information and to disclose the nature and extend of any conflict of interest, whether direct or indirect, actual or potential with the Group to the Board Chairman.
- 3.2.10 In making policy the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.
- 3.2.11 Annual assessment on the effectiveness of the Board, Board Committees and individual Directors will be carried out with the objective to draw the attention of the Board key areas that need to be improved.

### **3.3 Board Composition**

- 3.3.1 The Company's Constitution provided that until otherwise determined by general meeting, the number of Directors including a Managing Director shall not be less than two (2).
- 3.3.2 The Board shall at all times comprised majority and at least three Independent Non-Executive Directors. At least one of the Independent Non-executive Director must have appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Requirements. The independent non-executive directors should be identified in all corporate communications that disclose the names of directors.
- 3.3.3 The Board aims to maintain its 30% women representation in the Board. The Board will also review the participation of women in senior management to ensure there is a healthy talent pipeline.
- 3.3.4 The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of shareholders, and in setting the Group's strategy and monitor its implementation.
- 3.3.5 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of shareholders and the achievement of the Company vision, mission and aspiration.
- 3.3.6 Non-Executive Directors will be active in areas which enable them to relate to the strategies of the Group and to make a meaningful contribution to the Board's deliberations. Non-executive Directors should:

- meet among themselves at least annually to discuss among others, strategic, governance and operational issues;
- participate in Board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- take the lead where potential conflicts of interests arise;
- serve on the audit, remuneration, nomination and other governance committees, if invited; and
- scrutinise the Group's performance in achieving agreed corporate goals and objectives, and monitor performance reporting.

3.3.7 Independent Non-Executive Directors and other Non-Executive Directors, as equal Board members, should give the Board and any Board Committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation, and make a positive contribution to the development of the Group's strategy and policies through independent, constructive and informed comments. Collectively, the Board should have all the necessary skills, competencies and experience to fulfil the duties and objectives of the Board.

3.3.8 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next Annual General Meeting of the Company but shall be eligible for re-election.

3.3.9 Directors shall retire from office at least once every three (3) years but shall be eligible for re-election at the Annual General Meeting to be contingent on satisfactory evaluation of Directors' performance and contribution to the Board.

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

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

3.3.12 All Directors are appointed for a tenure of two (2) years, subject to renewal to be agreed by the Board upon recommendation from the BNRC following the performance review processes. Independent Director may be re-appointed for a new term subject to the Independent Director nine (9) years Tenure Policy.

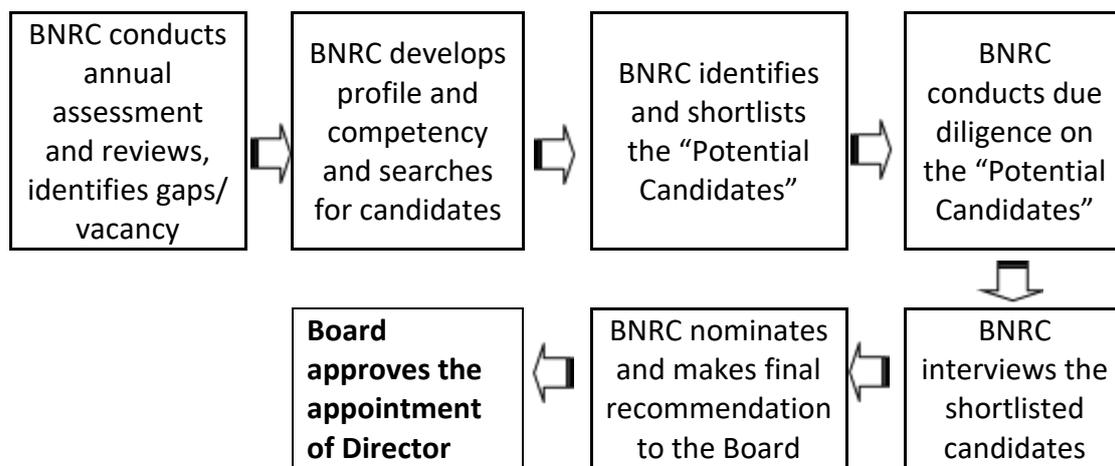
3.3.13 The Board has adopted the Independent Director Tenure Policy which limits the tenure of its Independent Directors to cumulative term of nine (9) years from the date of first appointment without further extension. Upon completion of nine (9)

years tenure, an Independent Director will vacate his Board seat from the Company.

### 3.4 Board Appointments

3.4.1 The appointment of new Director of the Company is approved by the Board upon recommendation by the BNRC.

3.4.2 The Board appointments process is as follows:



3.4.3 The selection criteria for the new candidates for directorship includes gender, ethnicity and age, diversity, the required mix of skills and experience, expected time commitment and independence to ensure a balance mix of Board composition. Active politician will not be considered to be on the Board.

3.4.4 All new candidates are subject to bankruptcy check prior to appointment.

3.4.5 Upon appointment of new Directors to the Board, Chairman shall ensure that they are fully briefed on the terms of their appointment, duties and responsibilities in a comprehensive, formal and tailored manner. Subsequently such new Directors should receive any briefing and professional development necessary to ensure that they have proper understanding of the Group's operations and business and are fully aware of the responsibilities of the Directors under statute and common law, the Listing Requirements, legal and other regulatory requirements, as well as the Group's business and governance policies in accordance with the Company's training policy.

3.4.6 Newly appointed Director will be given a letter of appointment together with relevant documents. An in-house orientation will also be organised by Management initiated by the Company Secretary within two (2) months from the date of appointment.

- 3.4.7 New directors shall also be briefed on the operations of the Group, the business environment and markets in which the Group operates, current issues within the Group, the corporate strategy, the expectations of the Group concerning input from Directors and the general responsibilities of the Directors.
- 3.4.8 Non-executive Directors should be appointed for a specific term, subject to re-election.
- 3.4.9 The directorships held by any Board member at any one time in listed companies shall not exceed the restriction in number or such other requirements as may be prescribed by the Listing Requirements from time to time.
- 3.4.10 More details on guiding principles and matters relating to Board organisation, responsibilities and procedures were set out in the Board Manual adopted by the Board on 19 December 2017 and updated as at 18 June 2019.

### **3.5 Directors' Remuneration**

- 3.5.1 The remuneration of the Directors will be deliberated by the BNRC in accordance to the Remuneration policy and procedures adopted by the Board and be recommended to the Board for approval.

### **3.6 Board Committees**

- 3.6.1 The Board may delegate matters to Board Committees to oversee matters which required in-depth review or consideration. Board Committees should be provided with sufficient resources to perform its duties.
- 3.6.2 The following Board Committees were established by the Board with its own specific terms of reference:
- Board Audit Committee
  - Board Nomination and Remuneration Committee
  - Board Risk Committee
  - Board Sustainability Committee
- 3.6.3 The Board should approve and make available of the written and sufficiently clear terms of references explaining its role and the authority delegated to it by the Board by including them on the websites of the Company.
- 3.6.4 The Board may form ad hoc Board Committee to examine specific issues on behalf of the Company as and when the need arises.

### **3.7 Provision of Business or Professional Services by Directors**

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

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

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

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

### **3.8 Board Appointment in Other Company**

3.8.1 Any Director is, while holding office, at liberty to accept other Board appointments in other company so long as the appointment is not in conflict with the business and does not affect his performance as a Director. Any new appointment in public company should be notified to the Company Secretary within 14 days of the appointment.

### **3.9 Indemnities and Insurances**

3.9.1 The Group shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act and law and for legal actions against the Directors.

### **3.10 The Secretary**

3.10.1 A qualified Company Secretary should be appointed by the Board to act as an advisor to the Board on governance matters. Amongst the roles and responsibilities of the Company Secretary are as follows:

- Manage all the processes of Board, Board Committee meeting and Annual General Meeting
- Advise the Board on its roles and responsibilities and adherence to Board and Board Committees' policies and procedures
- Highlight all compliance and governance issues that required the Board's attention
- Facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management
- Facilitate the induction of new Directors and the ongoing professional developments of all Directors

- Served as central point for stakeholder communication involving engagement with the shareholders, public bodies and regulators

3.10.2 The appointment and removal of the Secretary shall be a matter of the Board as a whole. The Secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. If an external service provider is engaged as its Secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the Company whom such external provider can contact.

3.10.3 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Secretary should report to the Chairman and/or the Managing Director of the Company.

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

3.10.5 Minutes of Board meetings and meetings of Board Committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board Committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes should be sent to all directors for their comment and records respectively, within a reasonable time after the Board meeting is held.

3.10.6 In each financial year the Secretary must take no less than 15 hours of relevant professional training.

#### **4. Board-Management Relationship**

##### **4.1 Executive Directors**

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

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

4.1.3 The Board shall together with the Executive Directors set directions/ guidelines to achieve the Group strategic intents. This will usually take the form of an annual

budget under which the Executive Directors are authorized to make any decision and take any action within their authority, directed at achieving the Group's Vision, Mission and Aspiration.

- 4.1.4 The Executive Directors are expected to keep the Board informed on all important matters.
- 4.1.5 Only decisions of the Board acting as a body are binding on the Executive Directors. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board.
- 4.1.6 The Executive Directors, in association with the Chairman, is accountable to the Board for the achievement of the strategic intents set by the Board and Executive Directors are accountable for the observance of the implementation.
- 4.1.7 At each of its meetings, the Board should expect to receive from or through the Executive Directors:
- the operational and other reports and proposals referred to in paragraph 3.2.6; and
  - such assurances as the Board considers necessary to confirm that the authority given are being observed.
- 4.1.8 The Executive Directors are expected to act within all specific authorities delegated to him by the Board.
- 4.1.9 The Executive Directors are expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 4.1.10 The Executive Directors are expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- 4.1.11 The Executive Directors are expected not to cause or permit any action that is likely to result in the Group becoming financially embarrassed.
- 4.1.12 The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Group must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.

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

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

## **4.2 Independent Director**

4.2.1 Independent Directors are independent from management and free from any business or relationship, which could materially interfere with the exercise of their independent judgment.

4.2.2 Independent Directors are important in safeguard the interests of shareholders including the minority shareholders by bringing in objectivity and impartial contributions to the Company. Their views and opinions shall carry significant weight in the Board's decision-making process.

4.2.3 The tenure of an Independent Director shall be limit to a cumulative term of nine (9) years from the date of first appointment.

## **4.3 Chairman**

4.3.1 The Board will appoint a Chairman from among the Directors, primarily responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in Part 3 of this Charter. The roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

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

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

4.3.4 The Chairman is responsible for the working of the Board which include:

- Ensuring all Directors are properly briefed on issues arising at Board meetings.

- Ensuring all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.
- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
- Setting agenda for Board meetings, usually in conjunction with the Management and Secretary. The Chairman should ensure that key transactions or critical decision are deliberated and decided by the Board in a meeting instead of circular resolution. The Chairman should ensure that the agenda and all necessary meeting paper are provided to Directors in timely manner to enable the papers to be adequately considered before the meeting.
- Leading board meetings in such a manner that will stimulate debate on the issues before the Board's decision and encourage the most effective contribution from each Director. Encouraging active participation and allows dissenting views to be freely expressed.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and shareholders and that their views are communicated to the Board as a whole.
- Leading the Board in establishing and monitoring good corporate governance practices in the Group.

4.3.5 The Chairman acts as a link between the Board and Management to ensure the Group is run effectively and efficiently with the good working relationship between the Chairman and the Management.

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

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

- 4.3.6 The Chairman should also promote a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations between Executive and Non-Executive Directors.
- 4.3.7 The Board communicates with shareholders at shareholders' meetings and through the distribution of its Integrated Annual Reports. The Chairman normally attends and chairs these meetings where he will use this as an opportunity to inform shareholders of the Company's affair including its performance. The Chairman should also invite the Chairmen of Board Committees or any Independent Board Committee (as appropriate) to attend. In their absence, he should invite another member of the committee or failure this his duly appointed delegate to attend.
- 4.3.8 This role calls for special skills and personal qualities that allow and encourage shareholders to have their say while remaining relevant to the matter at issue, and the Chairman must also have capability to summarize and unify thoughts and ideas and in control of the meeting.
- 4.3.9 The Chairman also lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

#### **4.4 Senior Independent Non-Executive Director**

- 4.4.1 The BNRC shall nominate an Independent Non-Executive Director to be the Senior Independent Non-Executive Director ("SINED") and make its recommendation to the Board for approval.
- 4.4.2 Specific responsibilities of the SINED include, to:
- Serve as a sounding Board to the Chairman and in leading the performance evaluation of the Chairman;
  - Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with the Chairman;
  - Serve as the principal conduit between the INEDs and the Chairman on sensitive issues;
  - Ensure all INEDs have the opportunity to provide input on agenda, and advise the Chairman on quality, quantity and timeliness of the information submitted by the management that is necessary or appropriate for the INEDs to perform their duties effectively;

- Consult Chairman regarding Board meeting schedules to ensure INEDs can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- Chair meetings of the Board or Non-Executive Directors, in the absence of the Chairman;
- Lead the succession planning and appointment of directors, and oversee the development of a diverse pipeline for board and management succession, including the future Chairman, Executive Directors and CEO; and
- Lead the annual review of board effectiveness, ensuring that the performance of each individual director and Chairman of the board are independently assessed.

## **5. Board-Shareholders Relationship**

- 5.1 The shareholders must be informed of all material business matters affecting the Group and as such the Board should adopt an open and transparent policy in respect of its relationship with its shareholders and investors.
- 5.2 The Board must ensure timely release of financial results on a quarterly basis to provide the shareholders with an overview of the Group's performance and operations.
- 5.3 All relevant press releases must be vetted through by the Company Secretary to ensure that information that has yet to be released to Bursa Malaysia Securities Berhad is not released to the press.
- 5.4 The Board must maintain an ongoing communication program to ensure that shareholders are kept appropriately informed of major development within the Group on a timely basis, including the Groups' sustainability strategies, priorities and targets as well as performance against these targets and actions the Groups has or will take to address any gaps.
- 5.5 The Board must ensure that the views of majority shareholders are considered in their decision making. Further, the minorities' interest should also be adequately protected.
- 5.6 The Board should acknowledge and address stakeholders' views, feedback or complaints appropriately.

## **6. Stakeholders Relationship**

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

**Adopted by Board: 28 August 2012**

**Updated and Adopted by Board on: 18 June 2019**

**Updated and Adopted by Board on: 17 September 2021**

**Schedule of Board Matters**

This list of Board Matters is not exhaustive and when in doubt regarding a matter / issue, it shall be referred to the Chairman.

**1 Strategy and management**

- 1.1 Responsibility for the overall direction of the Top Glove Group of Companies (“the Group”).
- 1.2 Approval of the Group’s objectives and strategy.
- 1.3 Oversight of the Group’s operations and management.
- 1.4 Review of performance in the light of the Group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.5 Extension of the Group’s activities into new business or geographic areas.
- 1.6 Any decision to cease to operate all or any material part of the Group’s business.

**2 Structure and capital**

- 2.1 Changes relating to the Group’s capital structure including reduction of capital, share issues (except under employee share plans), share buy backs.
- 2.2 Major changes to the Group’s corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Group in question.
- 2.3 Changes to the Group’s management and control structure.
- 2.4 Any changes to the Company’s listing or its status as a public listed company.

**3 Financial reporting and controls**

- 3.1 Approval of the preliminary announcement of the quarterly and final financial results.
- 3.2 Approval of the Integrated Annual Report and accounts.
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of the interim dividends and recommendation of the final dividend.
- 3.5 Approval of any significant changes in accounting policies or practices.
- 3.6 Approvals of annual budget, covering the annual operating and capital expenditure budgets and any material changes to them.
- 3.7 Approval of the material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

**4 Risk Management and Internal controls**

- 4.1 Ensuring maintenance of a sound system of risk management and internal control on an ongoing basis, including:
  - Approval of the Company/Group’s risk appetite statements.
  - Receiving reports on, and reviewing the effectiveness of, the Group’s risk and control processes, including financial, operational and compliance controls, to support its strategy and objectives.

- Approving an appropriate statement for inclusion in the Integrated Annual Report.

4.2 Conducting annual review to ensure adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, and in particular, to consider:

- the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
- the scope and quality of Management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
- the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables it to assess control of the Group and the effectiveness of risk management;
- significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes for financial reporting and Listing Rule compliance.

## **5 Contracts**

5.1 Approval of major capital projects, investments or contracts.

## **6 Communication**

6.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.

6.2 Approval of the resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

6.3 Approval of all circulars.

6.4 Ensuring proper communication of strategies and decisions between the Board of the Company and the Boards of subsidiaries.

6.5 Tabling of subsidiaries' meeting minutes and circular resolutions to the Company's Board.

## **7 Board membership and other appointments**

7.1 Changes to the structure, size and composition of the Board; Board appointment; Selection of the Chairman and Senior Independent Director; Selection of the membership and chairmanship of Board Committees, following recommendations from the BNRC.

- 7.2 Ensuring adequate succession planning for the Board and Senior Management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- 7.3 Appointment or removal of the Company Secretary.
- 7.4 Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Board Audit Committee.

## **8 Remuneration**

- 8.1 Determining the remuneration policy for the Directors and Senior Management.
- 8.2 The introduction of new Employees Share Option Scheme or share incentive plans or major changes to existing plans, to be put forth for shareholders' approval.

## **9 Delegation of authority**

- 9.1 The division of responsibilities between the Chairman and Managing Director which should be clearly established, set out in writing and agreed by the Board.
- 9.2 Establishing Board Committees and approving their terms of reference, and approving material changes thereto.
- 9.3 Receiving reports from Board Committees on their activities.

## **10 Corporate governance matters**

- 10.1 Conduct annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 10.2 Determining the independence of Independent Non-Executive Directors.
- 10.3 Review the Group's overall corporate governance arrangements.

## **11 Policies**

- 11.1 Approval of policies, including:
  - Board Manual
  - Board Committees' Terms of Reference
  - Directors' Code of Conduct and Ethics
  - Whistleblowing policy
  - Risk Management Framework
  - Corporate Disclosure policy
  - Succession Planning Policy
  - Dividend Policy
  - Donation Policy
  - Remuneration Policy
  - External Auditors Assessment Policy
  - Related Party Transaction Policy
  - Financial Authority Manual
  - Board Diversity Policy
  - Independent Director Tenure Policy
  - Training Policy for Directors

- Board Effectiveness Evaluation Framework

**12 Other**

- 12.1 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism.
- 12.2 Review and approve related party transaction of a material nature.
- 12.3 Approval of the overall levels of insurance for the group including directors' & officers' liability insurance.
- 12.4 Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 12.5 This schedule of matters reserved for Board decisions.