

GOVERNANCE: STRENGTHENING GOOD CORPORATE GOVERNANCE AND RESPONSIBLE BUSINESS CULTURE

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FY2021 GOVERNANCE HIGHLIGHTS

Adoption of Independent Directors' Tenure Policy: Limiting the tenure of Independent Directors to 9 years without any further extension	Quarterly engagements between independent directors and worker representatives
Board evaluation conducted by independent external party	Diverse gender and skills across Board of Directors, with 42% of female directors
	40% of KPI linked to ESG metrics

ETHICS, INTEGRITY & GOVERNANCE



Management approach: Top Glove demonstrates the highest standards of corporate governance, a cornerstone of utmost importance in building a foundation of credibility and integrity for our stakeholders. We strive to implement comprehensive risk management, demonstrate good boardroom practices and instil a culture which promotes good ethics and conduct, as well as principles of anti-bribery and anti-corruption.

CORPORATE GOVERNANCE

Top Glove is guided by robust corporate governance practices in all our formal decisions and policy making exercises. A vigorous governance mechanism enable our Board of Directors to perform a pivotal role in sound strategic planning and risk management towards enhancing the sustainability of the Groups' business operations.

The details of our corporate governance practices may be found in the Corporate Governance Overview Statement from pages 140 to 171 in this Integrated Annual Report.

Our management incentives or remuneration pay are linked to ESG metrics, ensuring management accountability for the achievement of the Company's goals. In FY2021, the Group has set 40% of the FY2022 Key Performance Indicators (KPIs) tied to social and environmental pillars, which are aligned with the Company's material ESG matters.

To reflect the Company's commitment in transitioning into a net zero carbon business, the Group introduced carbon emission reduction as new KPI for FY2022.

40% of KPI linked to ESG metrics:

① Product Quality and Safety Customer complaint rate	③ Human Rights and Labour Practices Social ethical audit scoring	⑤ Talent Retention Employee turnover rate
② Occupational Health & Safety Occupational accident rate	④ Reduce Carbon Emission Scope 1 & 2 emissions intensity reduction	

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ACTIVE ENGAGEMENT BETWEEN BOARD COMMITTEES AND THE MANAGEMENT

The Board is supported by 5 Board Committees, namely the Board Audit Committee (BAC), Board Risk Committee (BRC), Board Nomination and Remuneration Committee (BNRC), Board Sustainability Committee (BSC) and Independent Directors Committee (IDC). ESG issues are discussed at all these Board Committees, particularly the BSC and BRC.

The Board Committees, including the Independent Directors (IDs) actively engage with the management and employees on all ESG issues. Starting March 2021, IDs have also held quarterly engagements with worker representatives to better understand issues faced and provide support to address these concerns raised which include grievance mechanisms, COVID vaccination, accommodation, awareness of workplace bullying and sexual harassment.

In addition, our IDs' hands on involvement which goes beyond governance requirements includes the following areas:

- 1 U.S. CBP related advice and updates
- 2 Share Buy Back (SBB) meeting for a more structured SBB scheme
- 3 COVID status and management
- 4 Worker accommodation compliance with Act 446
- 5 Visiting hostels and engaging directly with workers on-site
- 6 Virtual visit to on-site COVID vaccination programme
- 7 Engaging with external bodies to address ESG concerns, such as Human Rights Commission of Malaysia (SUHAKAM) and various climate change subject matter experts to discuss net zero target setting



▲ Top Glove Independent Directors "zoomed in" on 29 July 2021, to Top Glove's on-site vaccination programme, as part of their 3rd Engagement Session with Workers



▲ The Board of Directors and senior management of Top Glove had a dialogue with the Human Rights Commission of Malaysia (SUHAKAM) to discuss how to level up the Company's human rights practices to be on par with international standards

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ETHICS, INTEGRITY & GOVERNANCE

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Anti-corruption and anti-bribery data:

Financial Year	FY2018	FY2019	FY2020	FY2021
No. of corruption and bribery cases	0	1	0	0
Political contributions made	0	0	0	0
Facilitation payments made	0	0	0	0
Fines imposed in relation to corruption, bribery & anti-competitive business practices	0	0	0	0

W.H.I.T.E INTEGRITY CULTURE

In FY2021, we continued our efforts to instill the W.H.I.T.E (5 Healthy Wells, Honesty, Integrity, Transparency and Educate) Integrity Culture among our workforce and value chain, as part of our commitment to ensure compliance with the Corporate Liability Provision S17A enforced on 1 June 2020. Our initiatives organised towards this include:

a W.H.I.T.E Integrity Roadshow	f Integrity briefing slide
b W.H.I.T.E Integrity Day	g Training & awareness
c Special training for BOD	h Town hall sessions with external stakeholders to the W.H.I.T.E Integrity Enhancement Program
d Corruption Free Pledge/ Ikrar Bebas Rasuah (IBR)	i Wearing a white shirt on every first Wednesday of the month in support of the W.H.I.T.E Integrity culture
e Integrity survey	



▲ The Board of Directors and top management demonstrate support of the W.H.I.T.E Integrity Culture by wearing white shirt on every first Wednesday of the month

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WHISTLEBLOWING

The Company's whistleblowing procedures and system is overseen by the Board Audit Committee.

Guided by the Top Glove Whistleblowing Policy and Procedure, we have formal anonymous whistleblowing system with legal protection in place, in which our whistleblowing channels are managed by an external service provider who serves as case receiver and available in different platforms (email, online whistleblowing form and mail box). For our whistleblowing data disclosure, please refer to Whistleblowing section in page 112 in this report.



Whistleblowing Policy and Procedure

Click here or scan the QR code to view Top Glove Whistleblowing Policy and Procedure



Top Glove's anti-corruption and anti-bribery commitment

Click here or scan the QR code to view Top Glove's anti-corruption and anti-bribery commitment

ETHICS & CONDUCTS

Upon joining the Company, all employees are required to acknowledge the Employee Code of Conduct and adhere to the do's & don'ts in the Conduct.

10 cases of breaching against Code of Conduct were reported in FY2021. These involved cheating on attendance, overtime claim, alteration of medical certification and abuse of power. These employees were required to explain their actions for the Company's further investigation. Appropriate disciplinary action was taken against the perpetrators if proven guilty.

To further instill the awareness, we have put more focus on training, such as release of 8 Podcasts, multiple times of test on our corporate values, R.I.V.E.R. (Respect, Integrity, Value, Empowerment and Relationship) and held 15 sessions of R.I.V.E.R. trainings.



Respect
We earn respect by treating everyone with respect.



Integrity
We do the right thing every time.



Value
We create and add value every day.



Empowerment
We entrust our people with appropriate responsibility.



Relationship
We foster collaboration for mutual good.



COMMITTED TO ACCELERATING SUSTAINABILITY IN OUR BUSINESS

We are mindful that a sustainable business is a strategic advantage and strive to improve our business activities, influence our value chain and foster relationships as well as collaborations towards creating long term positive impacts to our stakeholders and the environment. By continuing to do well by doing good, we are able to move the needle on shaping a better planet and a more sustainable society.

FEEDBACK

Enquiries, suggestions and feedback on our sustainability report or performance are always welcome at sustainability@topglove.com.my



Top Glove Sustainability Video

Click here or scan the QR code to view Top Glove Sustainability Video