

## TOP GLOVE CORPORATION BHD

Incorporated in Malaysia [Registration No.: 199801018294 (474423-X)]

A Public Company Listed on the Main Market of Bursa Malaysia and Main Board of Singapore Exchange

## INTEGRATED ANNUAL REPORT 2023

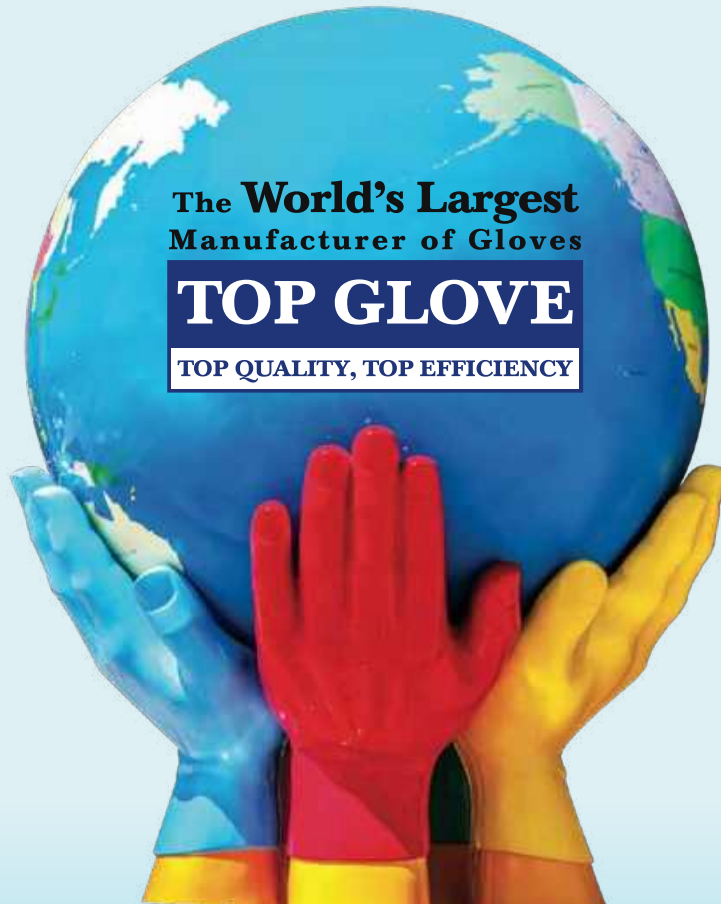
FINANCIAL YEAR ENDED  
**31 AUGUST 2023**

# TOGETHER, HEALTHIER, STRONGER

SCAN FOR  
INTEGRATED ANNUAL  
REPORT 2023



SCAN FOR  
SUSTAINABILITY  
REPORT 2023



# 2023 Key Highlights

## 6-YEAR FINANCIAL REVIEW

Group	2023 (RM'000)	2022 (RM'000)	2021 (RM'000)	2020 (RM'000)	2019** (RM'000)	2018** (RM'000)
Revenue	2,257,221	5,572,349	16,361,443	7,237,427	4,801,139	4,220,742
(Loss)/Earnings Before Interest, Taxes, Impairment, Depreciation & Amortisation ((L)/EBITDA)	(156,494)	686,686	10,285,089	2,421,457	687,493	694,002
(Loss)/Profit Before Taxation	(900,415)	358,424	10,033,813	2,165,551	423,588	522,800
Income Tax credit/(expense)	14,866	(76,834)	(2,209,821)	(376,721)	(56,042)	(89,594)
(Loss)/Profit After Tax	(885,549)	281,590	7,823,992	1,788,830	367,546	433,206
(Loss)/Profit Attributable to Owners of the Parent	(925,218)	225,564	7,710,327	1,752,584	364,678	428,830
Net Cash/(Borrowings)	361,097	315,604	1,743,037	2,342,651	(2,250,848)	(1,960,042)
Total Equity/Net Assets	5,926,115	6,793,235	7,220,160	6,190,883	2,554,141	2,398,396
Return on Equity (%)	(19.6)	4.0	131.3	36.0	14.4	18.0
Net Assets Per Share (sen)**	58.9	69.7	73.3	60.0	33.0	31.1
Basic (Loss)/Earnings Per Share (sen)**	(11.6)	2.8	95.9	21.9	4.8	5.6
Net Dividend (sen)*	0.0	1.2	65.1	11.8	2.5	2.8
Number of Shares in Issue ('000)**	8,008,161	8,007,341	8,006,950	8,124,491	7,679,441	7,668,950
Share Price (RM)**	0.77	0.81	4.00	8.76	1.58	1.86
Market Capitalisation#	6,126,243	6,445,909	32,027,801	71,170,541	12,133,517	14,264,247

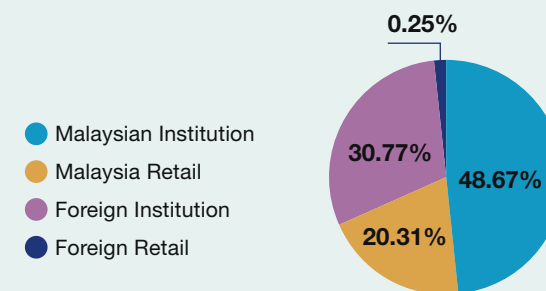
\* The comparative net assets per share, basic earnings per share, net dividend, number of shares in issue and share price have been restated to reflect the effect of bonus issue on the basis of two new ordinary shares for every one existing ordinary share which was completed on 7 September 2020.

# Based on Company's issued and paid up share capital, excluding treasury shares.

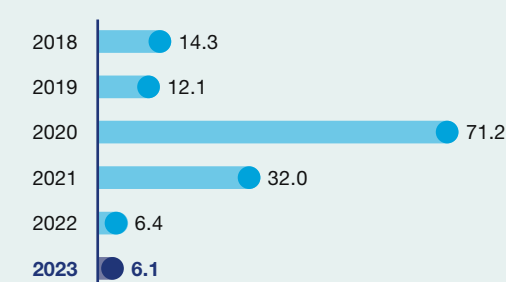
^ As at the last trading day of the financial year.

\*\* Figures have been restated.

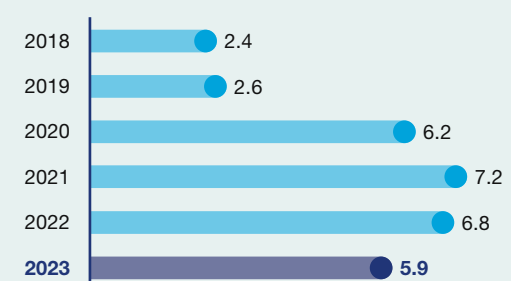
### SHAREHOLDER MIX (MALAYSIA VS. FOREIGN) AS AT 31 AUGUST 2023



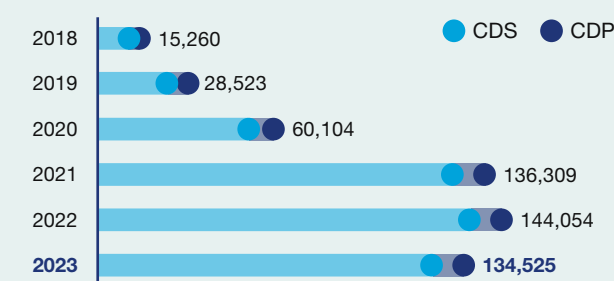
### MARKET CAPITALISATION (RM BILLION) (AS AT LAST TRADING DAY OF FINANCIAL YEAR END)



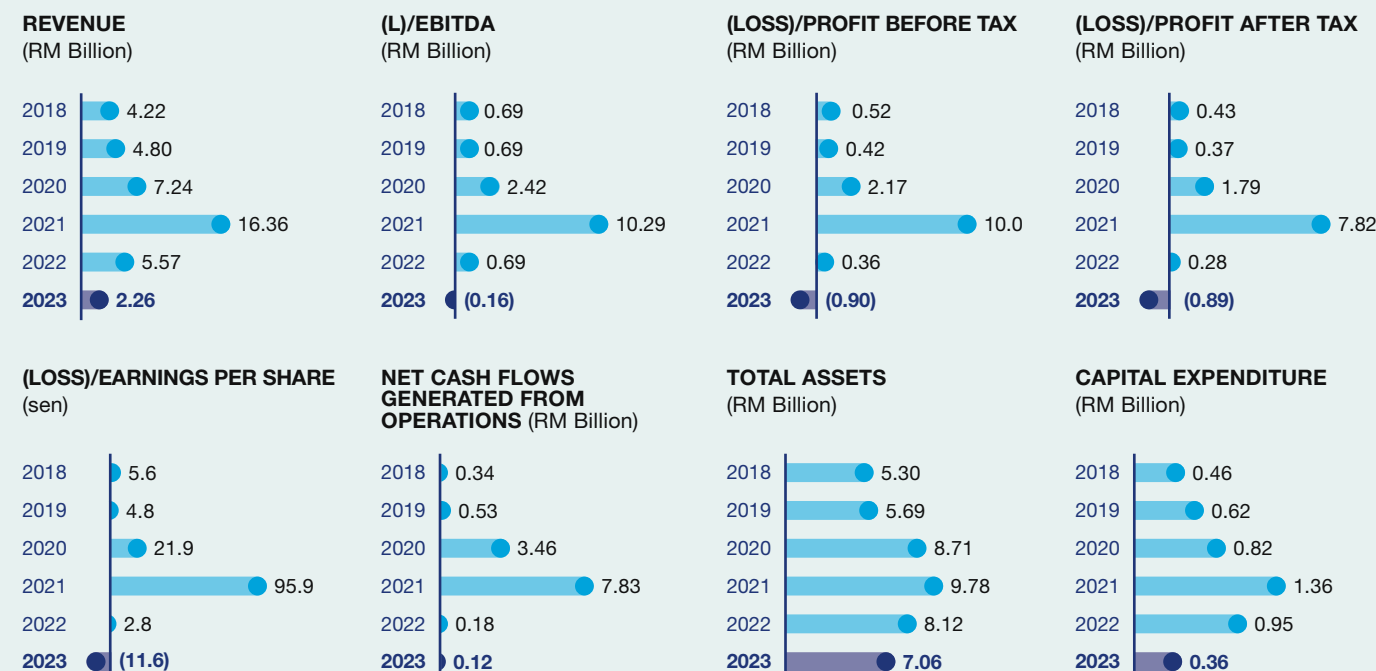
### TOTAL EQUITY (RM BILLION)



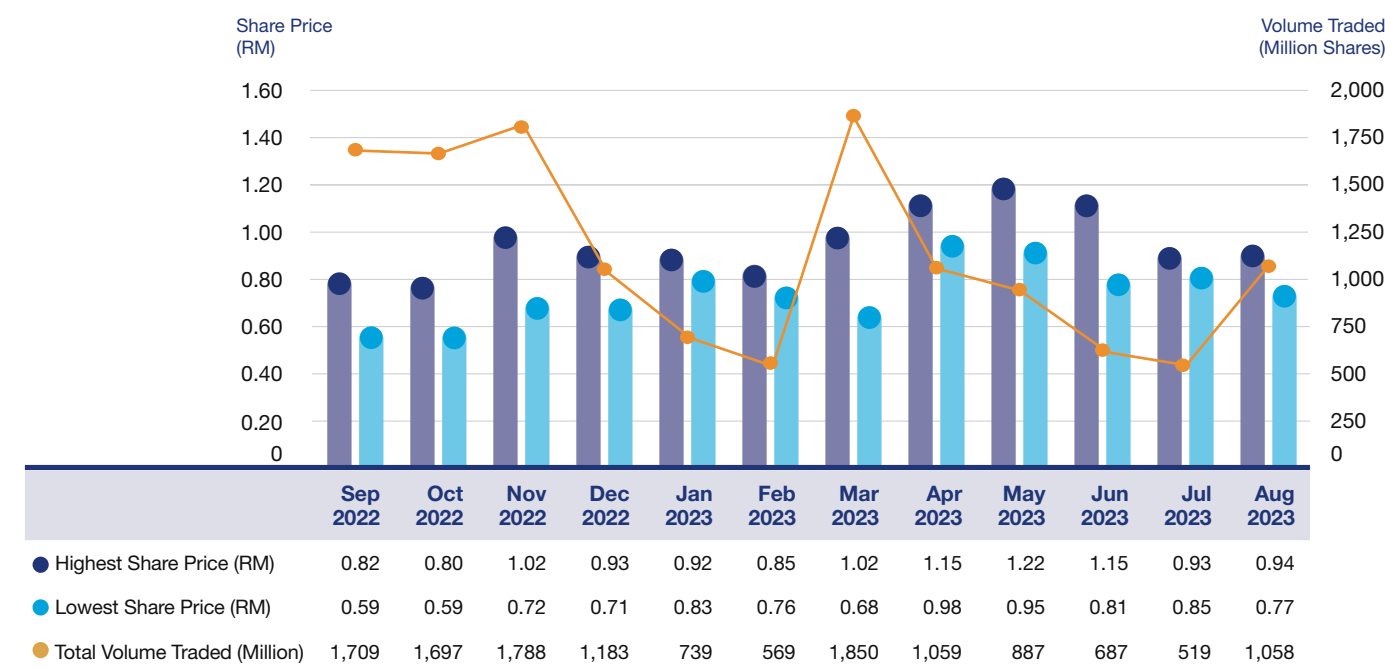
### TOTAL NUMBER OF SHAREHOLDERS AS AT 31 AUGUST 2023



Total number of shareholders (based on CDS & CDP accounts) as at 28 November 2023: 135,397



## OUR SHARE PRICE MOVEMENT



### Investor Relations Contact

All investors are welcome to contact the Investor Relations (IR) team directly at [invest@topglove.com.my](mailto:invest@topglove.com.my) or visit the Investor Relations section on our website at <https://www.topglove.com>




# Basis of This Report

## Statement of the Board of Directors of Top Glove Corporation Bhd

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. In the Board's opinion, the Report addresses all material issues and matters and fairly presents the Group's performance of the financial year.


### We Are Top Glove

We are a global leader in healthcare manufacturing with continuous commitment to leveling up on our Environmental, Social and Governance practices and performance.

 For more information, please refer to [page 4](#)


### Message from Our Leaders

The world is our market where we export to more than 195 countries worldwide, enhancing the lives of consumers and ensuring safe protection globally.

 For more information, please refer to [page 9](#)


### How We Create Value

For long-term business sustainability and value creation, we rigorously manage our assets and capital allocation for growth, taking into account key market and trends. We understand the importance of making a positive impact on society while delivering performance and value to all our stakeholders.

 For more information, please refer to [page 16](#)


### Creating Sustainable Value

Sustainability is at the heart of our business. We remain conscious of the impacts of our business and aspire to transition our business operations through refining and evolving our sustainability strategy and practices.

 For more information, please refer to [page 37](#)


### Strength of Our Governance Practices

We understand the importance of effective oversight on strategy and risks. Risks taken are reviewed and assessed carefully with measures to mitigate or minimise their impact on our businesses. Our strong governance is integral to the way we think and make decisions.

 For more information, please refer to [page 53](#)

### Reporting

In line with best practice for Integrated Reporting, we report on the six (6) capitals that together, provide a true picture of value across the Group. This way of telling a comprehensive, connected story fits well with our holistic view of value and our focus on creating sustainable value with responsibility in mind, for long-term good.

 For more information, please refer to [page 26](#)

Approved by the Board and acknowledged on behalf of the Board by:

**TAN SRI DR  
LIM WEE CHAI**  
Executive Chairman

**LIM CHEONG GUAN**  
Managing Director

## HOW IT ALL FITS TOGETHER

We measure our performance by evaluating how we create value for our key stakeholders, taking into account our progress against our strategy, and by regularly measuring returns on invested capital. We understand the risks we take and manage these to minimise their impact on our business and results. We pursue growth by building an organisation that empowers people and enriches communities.

## SCOPE AND BOUNDARY OF REPORTING

### Financial and non-financial reporting

This Report constitutes the Integrated Annual Report as defined in terms of Malaysian law and extends beyond financial reporting. It reflects on non-financial performance, opportunities, risks and outcomes attributable to or associated with stakeholders who have a significant influence on our ability to create value. Our reporting coverage is based on group-level disclosure unless stated otherwise. There is no significant change to our structure, ownership and supply chain during the reporting year. Group reporting standards are continually being developed to make disclosure meaningful and measurable for stakeholders.

## MATERIALITY AND MATERIAL MATTERS

We apply the principle of materiality in assessing what information to include in our Integrated Annual Report. This Report focuses particularly on those issues, opportunities and challenges that impact materially on the Group as well as on its ability to be a sustainable business that delivers value to key stakeholders, including our shareholders.

## THE LEGISLATION AND FRAMEWORKS THAT INFORM OUR REPORTING

This Integrated Annual Report was prepared against local and global standards, including:

- International Integrated Reporting Council (IIRC) Framework and Sustainability Accounting Standards Board (SASB)
- United Nations Sustainable Development Goals (SDGs)
- Companies Act 2016
- Malaysian Code on Corporate Governance (MCCG)
- Main Market Listing Requirements
- Global Reporting Initiative (GRI) Standards: Core Option
- Bursa Malaysia Sustainability Reporting Guidelines 3<sup>rd</sup> Edition
- Bursa Malaysia Corporate Governance Guide 4<sup>th</sup> Edition
- Dow Jones Sustainability Index (DJSI)
- Sustainability rating criteria by index rating providers such as FTSE Russell ESG Ratings, Morgan Stanley Capital International (MSCI) ESG Ratings, S&P Global Corporate Sustainability Assessment (CSA) and Bloomberg Gender Equality Index (GEI)
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- Ten Principles of the UN Global Compact (UNGC)
- Malaysian Financial Reporting Standards (MFRSs)
- International Financial Reporting Standards (IFRSs)
- Greenhouse Gas (GHG) Protocol
- Sustainability Policy Transparency Toolkit (SPOTT)
- Climate Disclosure Project (CDP)
- EcoVadis

## FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements concerning our business. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates”, or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. These forward-looking statements and other statements contained in this Integrated Annual Report regarding matters that are not historical facts involve predictions.

While we believe these statements are reasonable, they inherently involve risks and uncertainties, however, we shall fervently work towards the results and developments outlined in the said statement. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

The forward-looking statements contained in the Integrated Annual Report speak only as of the date of the Report. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of the Report or to reflect the occurrence of unanticipated events. We cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements.

# Contents

- 1 2023 Key Highlights
- 2 Basis of This Report
- 3 Contents

## SECTION 1

### WE ARE TOP GLOVE

- 4 Our Business Overview
- 5 Our Guiding Principles
- 6 Our Corporate Structure
- 8 Our International Quality Awards

## SECTION 2

### MESSAGE FROM OUR LEADERS

- 9 Letter to Stakeholders and Management Discussion & Analysis

## SECTION 3

### HOW WE CREATE VALUE

- 16 The Market and Trends that Shape Us
- 18 Stakeholder Engagement
- 22 Material Matters
- 26 Our Value Creation Model
- 28 Our Business Strategies
- 30 Our Sustainability Strategy
- 34 Managing Our Risks and Opportunities

## SECTION 4

### CREATING SUSTAINABLE VALUE

- 37 2023 Sustainability Highlights
- 38 Environmental: To Tackle Climate Change and Restore Nature
- 40 Social: To be a People Centric Corporate Citizen
- 42 Governance: To Create Long-Term Value Through Ethical Business Practices and Continuous Stakeholder Engagement

## SECTION 5

### OUR PILLARS OF TRUST

- 44 Board of Directors
- 51 An Empowered Board
- 52 Executive Committee

## SECTION 6

### STRENGTH OF OUR GOVERNANCE PRACTICES

- 53 Corporate Governance Overview Statement
- 79 Statement on Risk Management and Internal Control

## SECTION 7

### OUR PERFORMANCE

- 82 Directors' Responsibility Statement
- 83 Directors' Report
- 90 Statement by Directors
- 90 Statutory Declaration
- 91 Independent Auditors' Report
- 96 Statements of Profit or Loss
- 97 Statements of Comprehensive Income
- 98 Statements of Financial Position
- 101 Statements of Changes in Equity
- 104 Statements of Cash Flows
- 108 Notes to the Financial Statements

## SECTION 8


### OTHER INFORMATION


- 199 List of Properties
- 215 Analysis of Shareholdings
- 218 Notice of the Twenty Fifth Annual General Meeting
- 225 Corporate Information



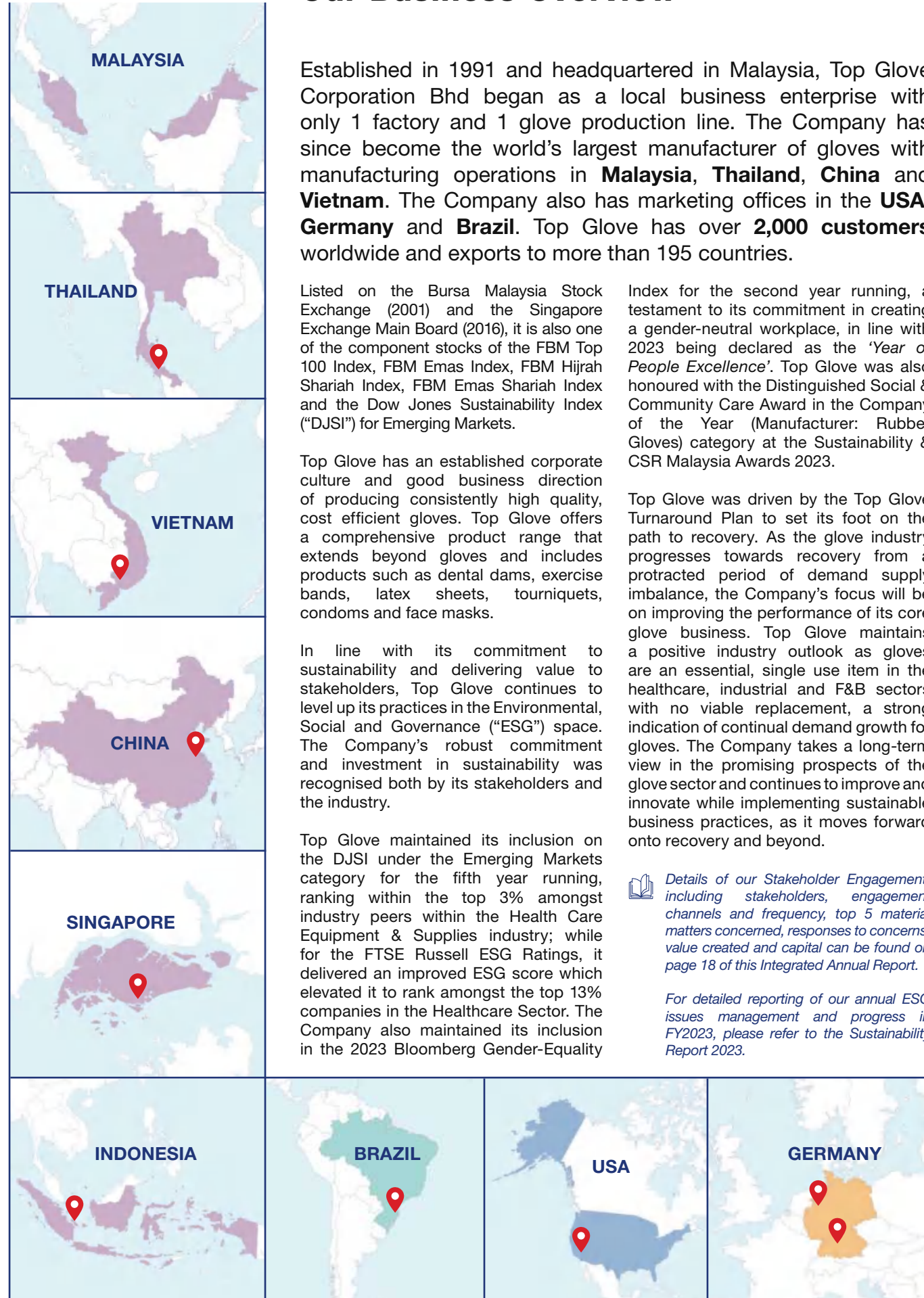
# TOGETHER, HEALTHIER, STRONGER

## Navigating through the Integrated Annual Report 2023

 Informs where to find more information online.

 Informs which related pages to refer for more information.

Global Offices



## Our Business Overview

Established in 1991 and headquartered in Malaysia, Top Glove Corporation Bhd began as a local business enterprise with only 1 factory and 1 glove production line. The Company has since become the world's largest manufacturer of gloves with manufacturing operations in **Malaysia, Thailand, China** and **Vietnam**. The Company also has marketing offices in the **USA, Germany** and **Brazil**. Top Glove has over **2,000 customers** worldwide and exports to more than 195 countries.

Listed on the Bursa Malaysia Stock Exchange (2001) and the Singapore Exchange Main Board (2016), it is also one of the component stocks of the FBM Top 100 Index, FBM Emas Index, FBM Hijrah Shariah Index, FBM Emas Shariah Index and the Dow Jones Sustainability Index ("DJSI") for Emerging Markets.


Top Glove has an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove offers a comprehensive product range that extends beyond gloves and includes products such as dental dams, exercise bands, latex sheets, tourniquets, condoms and face masks.

In line with its commitment to sustainability and delivering value to stakeholders, Top Glove continues to level up its practices in the Environmental, Social and Governance ("ESG") space. The Company's robust commitment and investment in sustainability was recognised both by its stakeholders and the industry.

Top Glove maintained its inclusion on the DJSI under the Emerging Markets category for the fifth year running, ranking within the top 3% amongst industry peers within the Health Care Equipment & Supplies industry; while for the FTSE Russell ESG Ratings, it delivered an improved ESG score which elevated it to rank amongst the top 13% companies in the Healthcare Sector. The Company also maintained its inclusion in the 2023 Bloomberg Gender-Equality

Index for the second year running, a testament to its commitment in creating a gender-neutral workplace, in line with 2023 being declared as the 'Year of People Excellence'. Top Glove was also honoured with the Distinguished Social & Community Care Award in the Company of the Year (Manufacturer: Rubber Gloves) category at the Sustainability & CSR Malaysia Awards 2023.

Top Glove was driven by the Top Glove Turnaround Plan to set its foot on the path to recovery. As the glove industry progresses towards recovery from a protracted period of demand supply imbalance, the Company's focus will be on improving the performance of its core glove business. Top Glove maintains a positive industry outlook as gloves are an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement, a strong indication of continual demand growth for gloves. The Company takes a long-term view in the promising prospects of the glove sector and continues to improve and innovate while implementing sustainable business practices, as it moves forward onto recovery and beyond.

 Details of our Stakeholder Engagement, including stakeholders, engagement channels and frequency, top 5 material matters concerned, responses to concerns, value created and capital can be found on page 18 of this Integrated Annual Report.

For detailed reporting of our annual ESG issues management and progress in FY2023, please refer to the Sustainability Report 2023.

## Our Guiding Principles



### OUR VISION

To be your world class partner in gloves and healthcare products



### OUR MISSION

Ensuring safe human protection globally

### BUSINESS DIRECTION

To Produce Consistently High Quality Gloves At Efficient Low Cost

### BUSINESS ETHICS

- 1 Honesty
- 2 Integrity
- 3 Transparency

### QUALITY POLICY

- 1 Quality and productivity are our business
- 2 Continuous improvement and innovation are our duties
- 3 Towards zero defects is our target
- 4 Compliance with customers' and regulatory requirements is our responsibility

### BUSINESS PHILOSOPHIES

- 1 We work for our **customers**
- 2 We take care of the interest of our **shareholders**
- 3 We ensure that our **employees** continue to contribute positively to the company and we take good care of the well-being of our employees
- 4 We work closely with our **bankers, suppliers, business associates, government authorities** and **friends**

### BUSINESS RULES

- 1 Do not lose our shareholders' money
- 2 Do not lose our health
- 3 Do not lose our temper
- 4 Do not lose our customers

### CORPORATE VALUES [R.I.V.E.R.]

- 1 Respect
- 2 Integrity
- 3 Value
- 4 Empowerment
- 5 Relationship

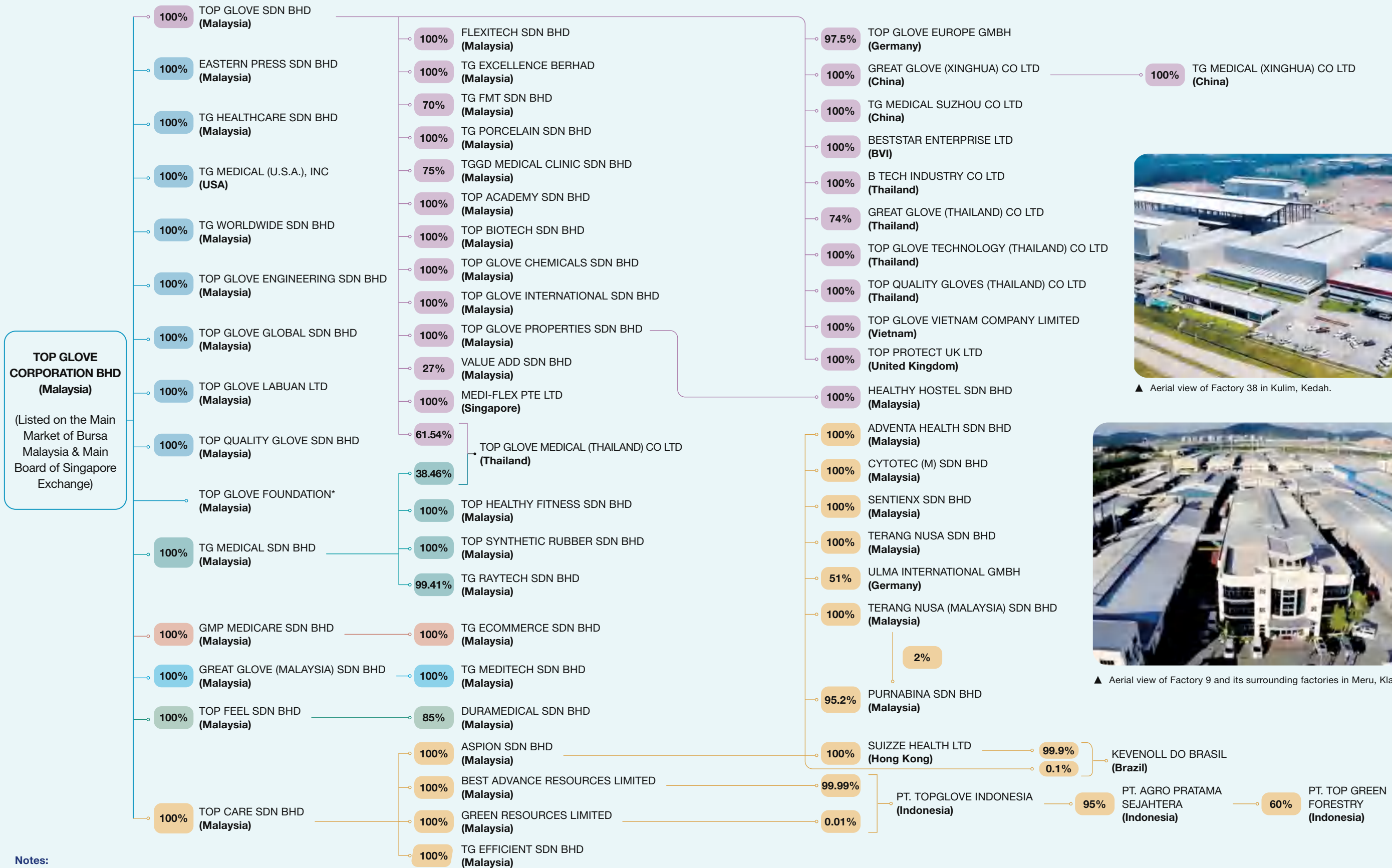
### 5 HEALTHY WELLS

- 1 Clean Well
- 2 Eat Well
- 3 Work Well
- 4 Exercise Well
- 5 Sleep Well



## Our Corporate Structure

## Our Corporate Structure



▲ Aerial view of Factory 38 in Kulim, Kedah.



▲ Aerial view of Factory 9 and its surrounding factories in Meru, Klang.

## Notes:

1. Top Glove has in total 63 companies within the Group.
2. \* Top Glove Foundation is a member of Top Glove Group.

## Our International Quality Awards

### NEW LEVELS OF EXCELLENCE

We are honoured to be conferred notable awards and recognitions both at the industry and international level. These accolades motivate us to set our bar higher to perform better and strive for greater efficiencies.

2023

#### Trusted Brands Asia Awards 2023

- Platinum Winner: Hygiene/Disposable Gloves Category

by Reader's Digest

#### Prime Minister's Hibiscus Award (PMHA) 2021/2022

- Notable Achievement in Environmental Performance (Factory 9 & Factory 30)
- Gold: Special Project Awards (Factory 30)

by Malaysian International Chamber of Commerce & Industry (MICCI)

#### Australasian Reporting Awards 2023

- Silver Award

by Australasian Reporting Awards Limited

#### Sustainability & CSR Malaysia Awards 2023

- Distinguished Social & Community Care Award in the Company of the Year (Manufacturer: Rubber Gloves) Category

by CSR Malaysia

#### The Edge Singapore Billion Dollar Club 2023

- Highest Weighted ROE over three (3) years in Healthcare Services, Medical Equipment, Supplies & Distribution + Pharmaceuticals + Biotechnology & Medical Research sector

by The Edge Singapore

2022

#### 2021 ASEAN Corporate Governance Scorecard (ACGS) Award

- ASEAN Asset Class PLCs

by ASEAN Capital Markets Forum (ACMF) and Asian Development Bank (ADB)

#### MSWG-ASEAN Corporate Governance Award 2021

- Top 100 Companies for CG Disclosure

by MSWG

#### The Edge Billion Ringgit Club 2022

- Highest Return on Equity Over 3 Years (Healthcare Sector)

by The Edge

#### Sustainability & CSR Malaysia Awards 2022

- Company of Year Overall Excellence in Sustainability and CSR (Manufacturing Category)

by CSR Malaysia

#### The Star Export Excellence Awards 2022

- Gold: Consumer Products Category
- Exporter Of The Year

by The Star Media Group, Malaysia

#### Graduates' Choice Awards 2022

- Best Employer Brand (Category: Manufacturing)

by Talentbank

#### National Energy Awards 2022 (NEA)

- Merit Award: Category 1: Energy Management in Large Industry: Top Glove Factory 30

by the Ministry of Energy and Natural Resource

#### Employee Experience Awards 2022

- Gold: Best First Time Manager Programme
- Gold: Best Employer Branding
- Gold: Best Succession Planning
- Gold: Best Learning and Development Programme
- Silver: Best Rewards and Recognition Programme
- Silver: Best In-House Learning Academy

by Human Resources Online

#### Australasian Reporting Awards 2022

- Bronze Award

by Australasian Reporting Awards Limited

#### Accolades & Recognitions



Inclusion in the 2023 Bloomberg Gender-Equality Index (GEI) for the second year running



Inclusion in the Sustainability Yearbook 2023 and recognised as an Industry Mover by S&P Global



Maintained its inclusion on the Dow Jones Sustainability Index (DJSI) 2023 under the Emerging Markets category for the fifth year running



Forest Stewardship Council (FSC) Chain of Custody certification for Factory 4 and Factory 13 being our natural rubber glove factories, Factory 34PM for cardboard packaging, all of which are based in Malaysia and latex concentrate Factory 16L based in Thailand



Scan the QR code to view the awards and milestones achieved over the years

<https://www.topglove.com/awards-milestone-en>

## Letter to Stakeholders and Management Discussion & Analysis

### FORGING AHEAD ON THE PATH TO RECOVERY



“

Good health and good day Fellow Stakeholders.

The financial year in review has proven to be a turbulent one for the Group, and an equally unsettling period for the glove industry at large. Formidable challenges in the operating terrain which emerged in 2022 did not abate, and we continued to contend with multiple headwinds well into 2023. Despite best efforts and resolute action to stem the decline, we closed the books on our financial year with a net loss for the first time since our listing on Bursa Malaysia.

Irrefutably, the road traversed has been a difficult one. However, be assured that all is far from lost. The business landscape may have altered drastically, but glove industry fundamentals remain robust and unchanged; and our resolve to overcome and outlast this difficult season, more fervent than ever.

Our gameplan for a turnaround is already in play. Ongoing efforts are bearing fruit. As we step into the new financial year 2024, our single minded focus will be on the path ahead of us: the road to recovery, on which we have already set foot and will continue to move forward strongly.

”



Imbas kod QR untuk membaca Perutusan kepada Pihak Berkepentingan dan Perbincangan & Analisis Pihak Pengurusan dalam Bahasa Malaysia

[https://tgapp.topglove.com/IAR/2023/Letter\\_to\\_Stakeholders\\_MDA/BM\\_Version/index.php](https://tgapp.topglove.com/IAR/2023/Letter_to_Stakeholders_MDA/BM_Version/index.php)



扫描二维码以查阅中文版《致权益持有人的信函及管理层讨论与分析》

[https://tgapp.topglove.com/IAR/2023/Letter\\_to\\_Stakeholders\\_MDA/Chinese\\_Version/index.php](https://tgapp.topglove.com/IAR/2023/Letter_to_Stakeholders_MDA/Chinese_Version/index.php)



## Letter to Stakeholders and Management Discussion & Analysis

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Resilience Amidst Challenge & Change

For Financial Year 2023 (FY2023), the Group posted Sales Revenue of RM2.26 billion and Loss After Tax of RM886 million, as the glove industry gradually emerged from a protracted period of demand supply imbalance. The Group's full year Loss After Tax factored in an impairment on goodwill, and impairment and write-off for property, plant and equipment; without which a narrower net loss of RM481 million would have been recorded.

The softer performance compared to FY2022 came on the back of a myriad of challenges, which tested our resilience and adaptability as an organisation. Glove destocking persisted, driven by excess customer inventory, which resulted in a sluggish order trend. Compounding this was glove oversupply from new expansions during the pandemic, increased competition from new overseas entrants with sizeable capacity, coupled with a lack of customer urgency to place orders given the shorter delivery times arising from lower manufacturer utilisation. In addition, average selling prices did not move up in pace with escalating production costs and continued to moderate. These collectively took their toll on the Group's results, in consideration of which the Board did not declare a dividend for FY2023. Notwithstanding this, the Group remains committed to creating value for its shareholders and will maintain its Dividend Policy, in place since 2017, which stipulates a 50% dividend payout ratio of its Profit After Tax and Minority Interest (PATAMI).

#### Positioning for a Comeback: The Top Glove Turnaround Plan

Managing in turbulent times calls for a different approach; which entails focusing on internal factors within our sphere of influence, rather than external forces which are not within our control. Accordingly, our efforts were channelled towards reinforcing our fundamentals, positioning us to navigate the choppy waters and prepare for recovery.

To ensure the Group was poised for recovery, we devised the **Top Glove Turnaround Plan (T6)**, a vigorous 6-point strategy, with a view to:

- |   |  |
|---|--|
| <b>1</b> Boosting sales volume            | <b>2</b> Enhancing quality             |
| <b>3</b> Consolidating facilities         | <b>4</b> Enhancing people productivity |
| <b>5</b> Strengthening cash flow position | <b>6</b> Optimising supply chain       |



▲ Top Glove's Virtual 24<sup>th</sup> Annual General Meeting held on 6 January 2023

## Letter to Stakeholders and Management Discussion & Analysis

Spearheaded by senior leadership, we expect the T6 to serve as a primary catalyst for our rebound. The initial phases of T6 saw the rollout of robust quality and cost optimisation measures, which included streamlining of production facilities and manpower across the Group's operations. These have proven effective, substantially reducing impact on our bottom line and enabling a return to positive cashflow and EBITDA for 4QFY2023. With continual implementation, our target is to chart a continual uptrend in terms of positive EBITDA and positive cashflow from operations, and achieve profitability thereafter. The Group also notes that the natural gas tariff in Malaysia has been on the decline on the back of a global downtrend, leading to the energy cost per carton narrowing between natural gas and coal. This is expected to render the Group as well as the Malaysian glove industry, more competitive versus China based glove manufacturers going forward.

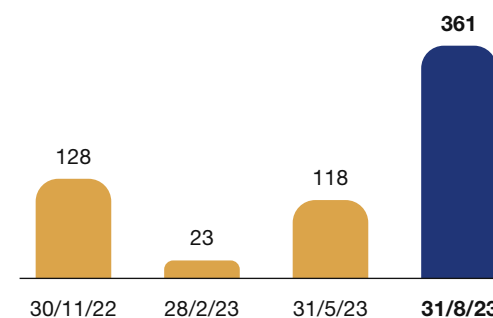
The Group will also continue to assess and identify the manufacturing facilities across our operations in Malaysia, Thailand and Vietnam which are able to provide optimal efficiencies. Additionally, we have in place blueprints to diversify our product offerings and expand our reach in emerging markets. As we keep improving our products and manufacturing processes while the market further consolidates, we are optimistic of steering the Group through this trying season, to resume our place at the forefront of the glove industry.

As presented by the Malaysian Rubber Glove Manufacturers Association (MARGMA) during the Consultation Session for Budget 2024 with the Ministry of Finance, we look to the Malaysian government for their unequivocal support of our recovery efforts, particularly with regard to the following:

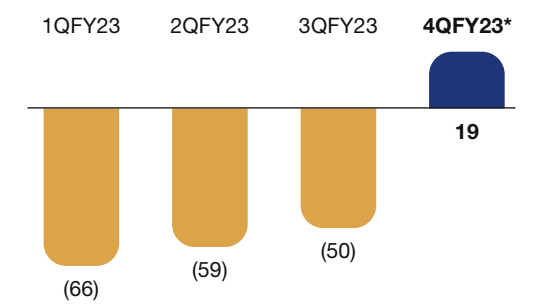
- ▶ A swift **review of the Gas Supply Agreement** by the Energy Commission, towards changing the pricing mechanism from the existing *Reserved Capacity with Take Or Pay* terms and conditions, to *Pay As Per Usage*.
- ▶ To **supply natural gas at cost to the Malaysian rubber glove industry**, lowering our energy costs and improving the competitiveness of local glove manufacturers. This will also enable Malaysia to use our natural oil and gas resources to create value added exports, which will have a far greater contribution to our country's economy.
- ▶ **Removal of 0.2% export cess** with immediate effect.

### Performance Improvement Milestones for FY2023

#### Net Cash Position, RM'mil

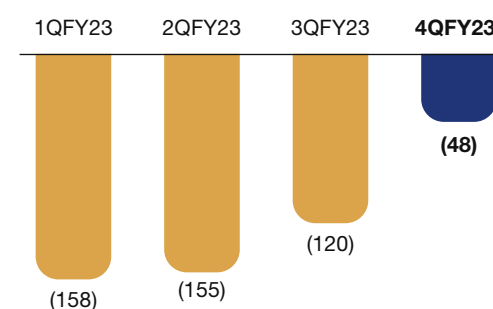


#### EBITDA/(LBITDA), RM'mil



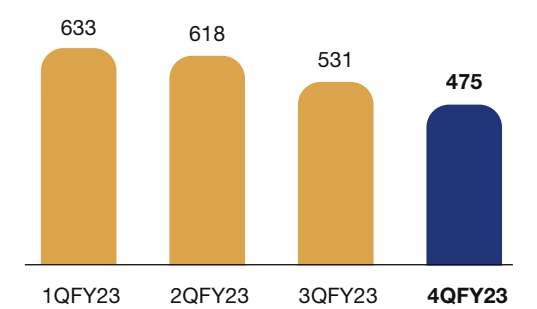
\* Excluding impairment & write-off

#### Loss After Tax, RM'mil



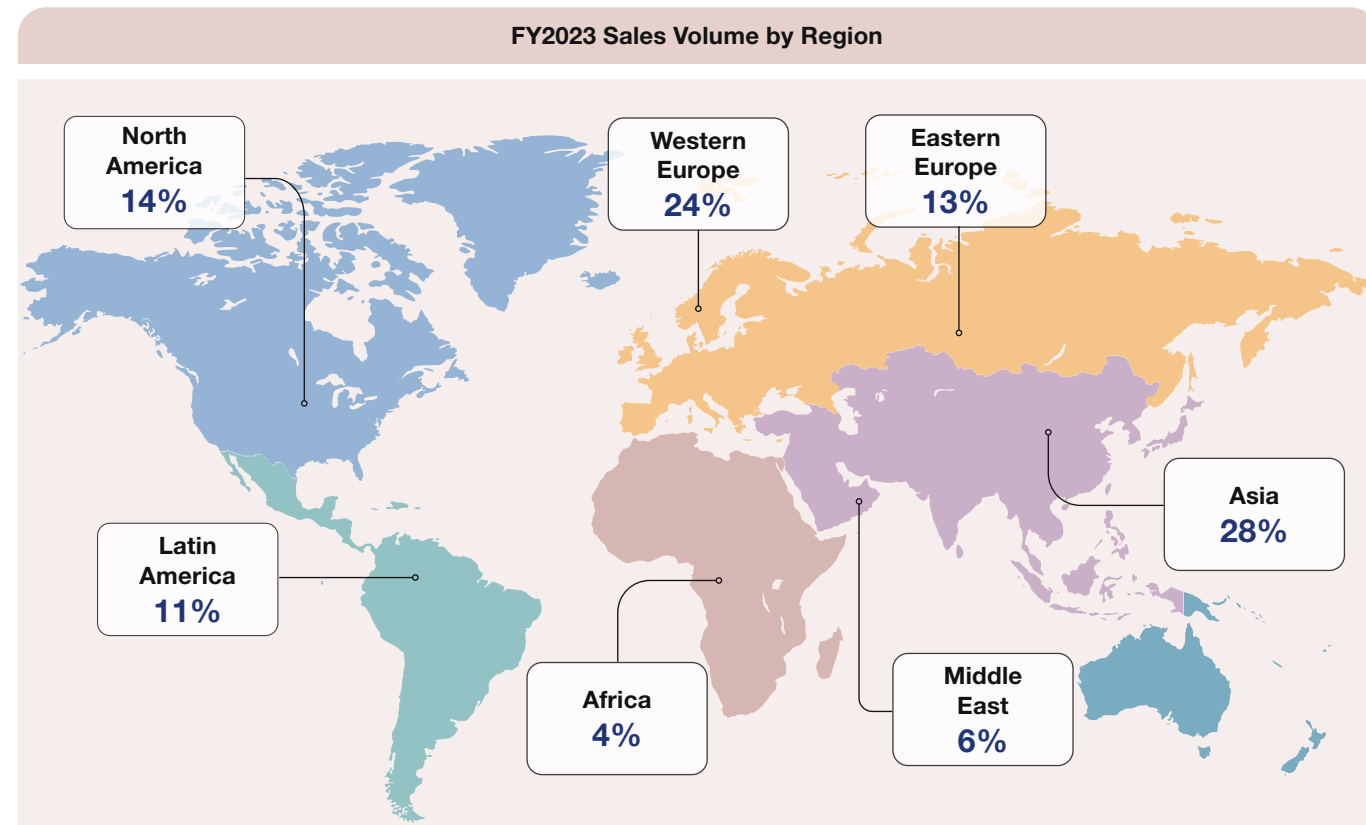
\* Excluding impairment & write-off

#### Revenue, RM'mil





## Letter to Stakeholders and Management Discussion & Analysis



### CORPORATE DEVELOPMENTS

#### Fortifying Our Board

The Group saw developments in the Boardroom over the course of the financial year. At its Annual General Meeting 2023 on 6 January 2023, the Group appointed 2 new Independent Non-Executive Directors, Dr Chong Su-Lin and Ms Rowina Ghazali Seth, taking its female board participation to an impressive 42%, surpassing the best practice benchmark of 30%. The new Directors bring with them a wealth of experience in the areas of healthcare and corporate affairs respectively, better placing the Group to navigate the challenging season while enriching its board composition.

#### Accolades and Awards

We are honoured to continue being recognised for delivering value to our stakeholders across the sustainability spectrum.

Maintained our inclusion on the **Dow Jones Sustainability Index 2023** under the *Emerging Markets* category for the 5<sup>th</sup> year running, ranking within the top 3% amongst industry peers within the Health Care Equipment & Supplies industry.

Achieved notable improvements in our **FTSE Russell Environmental, Social and Governance (ESG) Ratings** score for 2023 versus our score in the previous year.

Secured a spot on the **2023 Bloomberg Gender Equality Index** for the 2<sup>nd</sup> year running, with an above average score against our peers globally in the Industrials category, for advancing gender equality in the workplace.

## Letter to Stakeholders and Management Discussion & Analysis

Awarded the **EcoVadis Sustainability Bronze Medal**, signifying our placement in the top 50% amongst all evaluated companies and industries in 2023. This recognition underscores the effectiveness of our robust management system in meeting sustainability criteria which includes environmental impact, labour and human rights, ethics and sustainable procurement, as outlined in the EcoVadis methodology.

Received triple honours at the esteemed **Prime Minister's Hibiscus Award 2021/2022** in June 2023, winning a Gold Award in the *Special Project Category* and 2 additional awards for *Notable Achievement in Environmental Performance*.

Garnered the *Distinguished Social & Community Care Award in the Company of the Year (Manufacturer: Rubber Gloves)* category at the **Sustainability & CSR Malaysia Awards 2023**.

Earned a *Merit Award* under the *Energy Management* category at The Ministry of Energy and Natural Resources (KeTSA)'s annual **National Energy Awards (NEA) 2022**.

Crowned with the *Platinum Trusted Brand Award* in the *Hygiene/Disposable Gloves* category, at the **Reader's Digest Trusted Brands Asia Award 2023**, accorded to brands that have topped their category with an overwhelmingly higher score than their nearest competitor.

Feted at the prestigious **The Edge Singapore Billion Dollar Club 2023** awards ceremony for the *Highest Weighted ROE over 3 years in the Healthcare Services, Medical Equipment, Supplies & Distribution + Pharmaceuticals + Biotechnology & Medical Research* sector.



▲ Participants at Top Glove's Annual Leadership Summit 2023 themed "Driving Excellence Through People & Culture"



## Letter to Stakeholders and Management Discussion & Analysis

### Paving the Way for A Greener Tomorrow

We are mindful that our actions have the power to shape not only the present but the future of our planet. The temporal challenging times have not derailed our focus on sustainability, which we continue to integrate into our daily business operations. We remain committed to advancing our ESG agenda and intent on transitioning into a low carbon and ultimately, a net zero carbon business.



#### Crafting A Sustainable Glove Roadmap

Since the debut of our revolutionary *Biogreen™ Biodegradable Nitrile Gloves* in 2019, our sustainable product range has continued to gain momentum, with Sales Volume for the *Biogreen™* series surging by close to 800% since 2019. We continue to diversify our product range, incorporating cutting edge sustainable features that resonate with an increasingly eco-conscious world. Our journey has witnessed the introduction of our *Biodegradable Series* and groundbreaking *Renewable Series* of gloves. Moving forward, we are assessing the environmental impacts of *Biogreen™* products using our in-house Life Cycle Assessment (LCA) expertise, towards shaping a greener and brighter future.



#### Biogreen™ Biodegradable Series

Specially formulated to biodegrade in biologically active landfills through a microbial process, providing an “end-of-life solution” to landfills by reducing the accumulation of waste.



#### Biogreen™ Renewable Series

Manufactured with FSC certified materials for responsible environmental, social and economic practices, or plant-based material for carbon footprint reduction.



#### Utilising Lower Emission Fuel

85% of our manufacturing activities are powered by natural gas which requires significantly less energy to produce a carton of gloves, making it more energy efficient and environmentally friendly as compared with coal utilised by some of our overseas peers. Natural gas also has a substantially lower carbon footprint, generating 18.53kg of CO<sub>2</sub> per carton of gloves produced, in stark contrast to coal which emits 31.25kg of CO<sub>2</sub> per carton of gloves.



#### Committed to Business and Human Rights

The Group remains steadfast in its commitment to upholding the United Nations Guiding Principles (UNGPs) on Business and Human Rights (BHR). Underscoring this, the Group has embarked on the process of formulating its BHR Policy to which end, meetings are held between Board and Management on a regular basis. The Board of Directors and Senior Management will also renew their pledge in support of the UNGP BHR in January 2024.

Learn more about how the Group continues to forge a sustainable future for both the business and planet in the section titled **Creating Sustainable Value** on pages 37 to 43.



#### Leveraging Technology for Enhancement & Resource Optimisation

Leveraging our data analytics platforms, we deep dived into each of our manufacturing processes to determine the optimal configurations of parameters such as oven temperatures, enabling us to consistently produce quality gloves with efficient use of materials and resources. The capabilities of our industry leading AIVC (Artificial Intelligence Vision Camera) systems have also been extended from inspecting gloves to identifying glove formers which are due for replacement as well.

Energy efficiency remains a foremost priority and extensive audits are conducted regularly to identify and implement targeted energy saving initiatives, which include improved heat recovery systems and burner optimisations for efficient gas energy usage. We also increased our usage of renewable energy by expanding our installed solar capacity, thereby demonstrating our commitment as a responsible manufacturer to the environment.

Furthermore, we made great strides in water sustainability in our manufacturing processes, through initiatives such as expanding the capacity of our water treatment plants, as well as capturing more rainwater for manufacturing use. Through these efforts, in addition to reducing consumption of municipal water supply, we are able to play an active part in mitigating flooding in the areas surrounding our factories.

## Letter to Stakeholders and Management Discussion & Analysis

### Onward & Upward: To Recovery and Beyond

We have concluded FY2023 on a far less vibrant note than we had hoped. However, our subdued set of results is largely the consequence of a temporary glove oversupply situation coupled with pandemic driven customer stockpiling. Notwithstanding this, the reality is that glove industry fundamentals remain solid and its prospects are as strong as ever.

#### Fact

Gloves will always be an essential item in the healthcare, industrial and F&B sectors with usage expanding rapidly to other industries.

#### Fact

Gloves continue to be a single-use item with no viable replacement, stimulating continual demand growth.

#### Fact

While we have been experiencing a period of lower glove demand, actual glove usage itself has not decreased. Conversely, glove usage has risen post-pandemic spurred by elevated levels of hygiene and health awareness.

In light of these immutable truths, we know we are capable of so much more, both as a business and as an industry. Despite a difficult road ahead for the interim, we are filled with a profound sense of optimism for the future, encouraged by the uptrend in glove orders which indicates customer glove inventory build-up from the pandemic is close to bottoming out. As the glove oversupply situation also continues to ease, we believe it is a matter of time before global glove demand resumes a more reflective 8% to 10% growth per annum. With this, we have every confidence that we are well on our way to recovery and that the long-term outlook for the glove industry can only grow brighter over time.

### In Appreciation

As we reflect on the past financial year, we do so with a tremendous sense of gratitude for the many people whose support has enabled us to skillfully navigate a most challenging season. On behalf of the Board, we wish to express our heartfelt appreciation to:



**Team Top Glove** whose unparalleled dedication, resilience and industriousness have seen the Group through the best of times and the worst of times. Thank you for all your ongoing efforts and positive contributions which enable us to continue upholding our stakeholder commitments, year after year. We have no doubt that the indomitable Top Glove spirit which has been forged in fire will prevail and carry us out of this difficult season well into recovery and beyond.

#### TAN SRI DR LIM WEE CHAI

Executive Chairman  
Top Glove Corporation Bhd  
28 November 2023



**Our fellow directors** for your judicious guidance, insights and experience which have been invaluable in steering us through the turbulence onto calmer waters and in time, safely to shore. We take this opportunity to express our deepest appreciation to our Independent Non-Executive Directors, Datuk Noripah Kamso and Dato' Kong Sooi Lin, who retired from the Board at our Annual General Meeting 2023 on 6 January 2023. We also warmly welcome our two new Independent Non-Executive Directors, Dr Chong Su-Lin and Ms Rowina Ghazali Seth, whose timely addition will serve to enrich our board composition and collective experience.



**Our loyal customers, vendors, shareholders and other stakeholders** for your unwavering support and continued confidence in the Group. We deeply value the win-win partnerships we have built over the years, and are wholly committed to continue delivering the value you have come to expect and deserve.

#### LIM CHEONG GUAN

Managing Director  
Top Glove Corporation Bhd  
28 November 2023



## The Market and Trends that Shape Us

The glove industry has witnessed remarkable growth and transformation in recent years, driven by various market trends that have reshaped the industry landscape. Gloves have evolved from basic protective gear to sophisticated, technologically advanced products that cater to a wide range of applications. We consistently monitor the key trends that have an impact on our long-term business sustainability.

### Increased Health & Hygiene Awareness

The global COVID-19 pandemic has profoundly altered the way individuals and societies view health and hygiene. Heightened awareness of the importance of health and hygiene practices has led to significant shifts in consumer behaviour, public policy, and business strategies. As an inexpensive protective barrier for people, demand of gloves can be seen during health threats such as SARS, H1N1 and most recently, COVID in 2020. Increasing health and safety concerns have led to a surging demand for personal protective equipment including disposable gloves.

Emerging markets and developing economies are projected to modestly grow 4.0% in 2023 and 4.1% in 2024<sup>1</sup>. Driven by the growing economy, governments can devote more resources to the national health budget to improve domestic health systems. The global health expenditure per capita recorded an increase from USD999 in 2015 to USD1,129 in 2020 and is estimated to increase to USD1,515 by 2050.<sup>2</sup>



### Ageing Population and Higher Life Expectancy



The world is experiencing a demographic shift characterised by an ageing population and higher life expectancy. This transformation in the age structure of societies has far-reaching implications for healthcare, social systems and the economy. According to World Health Organisation, by 2050, the world's population aged 60 years and above will double to about 2.1 billion people<sup>3</sup>. Between 2015 and 2050, the proportion of the world's population over 60 years will nearly double from 12% to 22%. Common health conditions are associated with ageing as senior population are prone to different diseases and require more medical check-ups. The rising number of the aging population has pushed the demand for healthcare products and services, resulting in higher glove consumption.

### Global Macroeconomic Outlook

According to the IMF<sup>4</sup>, global growth is projected to fall from 3.5 percent in 2022 to estimated 3.0 percent in both 2023 and 2024. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Fears of a global recession are falling, but concerns are rising about geopolitical and domestic political issues.

The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Economists are expecting the pace of interest rate rises to slow in inflation-prone economies<sup>5</sup>. The Federal Reserve raised the target range for the fed funds rate at 22-year high of 5.25% to 5.50% during its July 2023 meeting<sup>6</sup>. The central bank said it expects one more hike before the end of the year and 2 rate cuts in 2024. Over the longer term, Federal Open Market Committee members pointed to a funds rate of 2.9% in 2026<sup>7</sup>. That's above what the Federal Reserve considers the "neutral" rate of interest that is neither stimulative nor restrictive for growth.



## The Market and Trends that Shape Us

### Wider Applications of Gloves Across Industries

With gloves being very versatile in nature, other industries, such as food and beverages, biotechnology etc., have adopted gloves. The emerging 5G technology, AI and IoT, have driven the demand of gloves used in research and development, industry and electronics. Governments globally also have mandated stricter occupational safety regulations, requiring corporations to provide safer work environments for its workers.

To further improve workers' safety, corporations have implemented the ISO45001 occupational health and safety management systems to regulate and improve safety in the work environment. For the food and beverage industry, developed countries have developed guidelines and recommendations for hygiene purposes by wearing gloves to prevent foodborne diseases. Hence, these factors would likely contribute to glove demand in the future.



### Product Structure Transformation and Technology Upgrading



Natural rubber latex gloves, being more comfortable and higher dexterity than nitrile latex gloves, have been the mainstay for the medical and industrial sectors for some years. However, concerns over latex allergies have motivated glove manufacturers to improve the performance of their nitrile latex gloves and nowadays, nitrile latex gloves are almost as comfortable and permeable as natural rubber latex gloves. In addition, nitrile latex gloves can be sterilised without any effect on its physical characteristics. Thus, with its excellent performance, many industries have opted for nitrile latex gloves.

Consumers are also seeking personalised and customised glove options to cater to their specific needs and preferences. Manufacturers are increasingly offering customisation services, allowing customers to choose colours, materials and sizes. This trend reflects a growing consumer desire for unique and personalised products, even in traditionally semi-commoditised industries like gloves.

#### Sources:

- <https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>
- <https://www.statista.com/statistics/856380/per-person-health-spending-globally>
- <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>
- <https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>
- <https://www.weforum.org/agenda/2023/09/global-economy-outlook-september-2023-chief-economists-outlook/>
- <https://tradingeconomics.com/united-states/interest-rate>
- <https://www.cnbc.com/2023/09/20/fed-rate-decision-september-2023-.html>



## Stakeholder Engagement

All content and data in the Stakeholder Engagement & Material Matters sections have been verified and assured by the external assessor, SIRIM QAS International Sdn Bhd

We are committed to actively involve our stakeholders through various channels, addressing their concerns, and meeting their expectations. This approach allows us to align our key priorities with the broader interests of the economy, society, and the environment. The outcomes of these engagements not only help us identify emerging market trends but also anticipate challenges. Consequently, we can adjust our sustainability strategy and business activities to harmonise with the evolving needs and expectations of all stakeholders.

## Stakeholder Engagement






### HOW ARE OUR STAKEHOLDERS CONNECTED?



STAKEHOLDERS	ENGAGEMENT CHANNELS AND FREQUENCY	TOP 5 MATERIAL MATTERS CONCERNED	TOP GLOVE'S RESPONSE	VALUE CREATED FOR STAKEHOLDERS	CAPITAL
<b>Employees</b> Employees are the vital force behind the Group's operations. Effective leadership is essential to navigate the Company and maintain its operations in pursuit of Top Glove's long-term objectives.	<ul style="list-style-type: none"> <li><b>Weekly</b> Employee assembly</li> <li><b>Weekly</b> Engagement and announcement in Viva Engage Platform</li> <li><b>Bi annual</b> Performance appraisal review</li> <li><b>Annual</b> Employee satisfaction survey</li> </ul> <b>As needed</b> <ul style="list-style-type: none"> <li>Recreational, training and empowerment activities</li> <li>Corporate events</li> <li>Newsletters</li> </ul>	<ol style="list-style-type: none"> <li>Labour Management Relations</li> <li>Product Quality &amp; Safety</li> <li>Environmental Compliance</li> <li>Human Rights</li> <li>Customer Experience</li> </ol>	<ol style="list-style-type: none"> <li>Independent social compliance audit</li> <li>Townhall session for employees</li> <li>Employee engagement survey</li> <li>Employee accommodation upgraded according to standards</li> <li>Product quality &amp; safety, social and environment training</li> <li>Tightened quality control</li> </ol>	<ol style="list-style-type: none"> <li>Greater productivity</li> <li>Enhanced employer-employee</li> <li>Employee well-being improvement</li> </ol>	<ul style="list-style-type: none"> <li>Human</li> <li>Social &amp; Relationship</li> <li>Intellectual</li> </ul>
<b>Customers</b> Our products ensure safe human protection globally. Fulfilling global customers' needs is our responsibility.	<ul style="list-style-type: none"> <li><b>Annual</b> Business trips</li> <li><b>Annual</b> Tradeshows</li> </ul> <b>As needed</b> <ul style="list-style-type: none"> <li>Meetings</li> <li>Social compliance audit</li> <li>Customer portal</li> </ul>	<ol style="list-style-type: none"> <li>Environmental Compliance</li> <li>Supply Chain Management</li> <li>Product Quality &amp; Safety</li> <li>Customer Experience</li> <li>Human Rights</li> </ol>	<ol style="list-style-type: none"> <li>Environmentally friendly practices in manufacturing processes</li> <li>Traceability taskforce</li> <li>Product pre-inspection before delivery to customer</li> <li>Customer satisfaction survey</li> <li>Quality testing from finished product</li> <li>Independent social compliance audit, BSCI &amp; SMETA</li> </ol>	<ol style="list-style-type: none"> <li>Enhanced customer relationship</li> <li>Increased brand relevance globally</li> <li>Customer satisfaction</li> <li>Business permits and product license renewal</li> </ol>	<ul style="list-style-type: none"> <li>Financial</li> <li>Social &amp; Relationship</li> </ul>
<b>Shareholders/Investors, Analysts/Bankers</b> Shareholders and investors invest in the Group's business and we are compelled to deliver financial performance and strategic decisions for future prospect.	<ul style="list-style-type: none"> <li><b>Quarterly</b> Analyst briefing</li> <li><b>Annual</b> Feedback forms</li> <li><b>Annual</b> General meetings</li> </ul> <b>As needed</b> <ul style="list-style-type: none"> <li>Analyst/fund managers/investor meetings</li> <li>Roadshows and conferences</li> <li>Social media platform</li> </ul>	<b>Shareholders</b> <ol style="list-style-type: none"> <li>Environmental Compliance</li> <li>Supply Chain Management</li> <li>Product Quality &amp; Safety</li> <li>Customer Experience</li> <li>Human Rights</li> </ol> <b>Investors, Analysts/Bankers</b> <ol style="list-style-type: none"> <li>Labour Management Relations</li> <li>Ethics, Integrity &amp; Governance</li> <li>Environmental Compliance</li> <li>Human Rights</li> <li>Supply Chain Management</li> </ol>	<ol style="list-style-type: none"> <li>R&amp;D and innovation</li> <li>Automation and digitalisation investment</li> <li>ISO 37001 Anti-Bribery Management System certification</li> <li>Natural rubber traceability</li> <li>Updated corporate website</li> </ol>	<ol style="list-style-type: none"> <li>Retained investors' confidence</li> <li>Transparency in corporate governance reporting and practices</li> <li>Wider product range</li> <li>Consistent product quality and lower production cost</li> </ol>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Social &amp; Relationship</li> <li>Intellectual</li> <li>Manufactured</li> </ul>
<b>Suppliers</b> Suppliers are essential for sourcing materials and services critical to our production and customer deliveries. We prioritise close and positive relationships with them.	<ul style="list-style-type: none"> <li><b>Annual</b> Audit and site visit</li> </ul> <b>As needed</b> <ul style="list-style-type: none"> <li>Meetings and dialogue sessions</li> <li>Electronic procurement network</li> <li>Trainings</li> </ul>	<ol style="list-style-type: none"> <li>Environmental Compliance</li> <li>Ethics, Integrity &amp; Governance</li> <li>Product Quality &amp; Safety</li> <li>Labour Management Relations</li> <li>Supply Chain Management</li> </ol>	<ol style="list-style-type: none"> <li>Environmentally and responsible handling, store, use and dispose of materials</li> <li>Business Partners' Code of Conduct</li> <li>Quality testing from finished product</li> <li>Supplier assessment/audit</li> </ol>	<ol style="list-style-type: none"> <li>Sustainable sourcing</li> <li>Business reputation and integrity assurance</li> <li>Enhanced supplier relationship</li> </ol>	<ul style="list-style-type: none"> <li>Manufactured</li> <li>Intellectual</li> <li>Financial</li> </ul>

## Stakeholder Engagement

## Stakeholder Engagement

STAKEHOLDERS	ENGAGEMENT CHANNELS AND FREQUENCY	TOP 5 MATERIAL MATTERS CONCERNED	TOP GLOVE'S RESPONSE	VALUE CREATED FOR STAKEHOLDERS	CAPITAL
 <b>Governments/Regulators</b> Governmental bodies regulate our day-to-day business activities. We are committed to adhering to all relevant local, national, and international laws and regulations.	<b>As needed</b> <ul style="list-style-type: none"> <li>Formal meetings</li> </ul>	1. Environmental Compliance 2. Human Rights 3. Labour Management Relations 4. Waste & Effluent 5. Ethics, Integrity & Governance	1. Compliance to Environmental Quality Act, 1974 2. ISO 14001 Environmental Management System certification 3. Compliance to Department of Environment's (DOE) standards 4. Steering committee for Human Rights and social compliance audit 5. ISO 37001 Anti-Bribery Management System	1. Sustainable sourcing 2. Business reputation and integrity assurance 3. Business permits and product license renewal 4. Compliance to governmental regulations	<ul style="list-style-type: none"> <li>Social &amp; Relationship</li> <li>Natural</li> <li>Intellectual</li> </ul>
 <b>Local Communities</b> We acknowledge that our activities may impact neighbouring communities. Our commitment is to address their concerns and contribute positively to the community's well-being.	<b>As needed</b> <ul style="list-style-type: none"> <li>Engagement with local councils and residence associations</li> <li>Community support programmes</li> </ul>	1. Waste & Effluent 2. Environmental Compliance 3. Occupational Health & Safety 4. Human Rights 5. Physical Impacts of Climate Change	1. Compliance to Department of Environment's (DOE) standards 2. Direct and indirect emission monitoring 3. Independent audits on social compliance 4. Top Glove Global Doctors (TGGD) Medical & Dental Clinic is open to local communities	1. Enhanced relationship with local communities 2. Safer and cleaner living environment for the local communities 3. Harmonious community	<ul style="list-style-type: none"> <li>Social &amp; Relationship</li> <li>Natural</li> </ul>
 <b>Non-Governmental Organisations</b> Non-Governmental Organisations (NGOs) offer valuable insights into our social and environmental initiatives. They also serve as a crucial link connecting us with other stakeholders.	<b>As needed</b> <ul style="list-style-type: none"> <li>Formal/casual meetings</li> <li>Campaigns</li> <li>Collaborations</li> </ul>	1. Environmental Compliance 2. Human Rights 3. Labour Management Relations 4. Ethics, Integrity & Governance 5. Waste & Effluent	1. ISO 14001 Environmental Management System certification 2. Independent audits on social compliance 3. ISO 37001 Anti-Bribery Management System certification 4. Compliance to Department of Environment's (DOE) standards	1. Enhanced relationship with NGOs 2. Enhanced reputation of the company among the general public	<ul style="list-style-type: none"> <li>Social &amp; Relationship</li> <li>Intellectual</li> </ul>
 <b>Media</b> The media has great influence over the public perception of the Group. Positive or negative media reporting may respectively boost or damage the Group's reputation.	<ul style="list-style-type: none"> <li><b>Quarterly</b> Financial results briefings</li> </ul> <b>As needed</b> <ul style="list-style-type: none"> <li>Interviews</li> <li>Media inquiries</li> </ul>	1. Labour Management Relations 2. Human Rights 3. Environmental Compliance 4. Ethics, Integrity & Governance 5. Physical Impacts of Climate Change	1. Independent audits on social compliance 2. Adherence to Environmental Quality Act, 1974 3. ISO 37001 Anti-Bribery Management System 4. FY2025 Sustainability Roadmap Blueprint	1. Improved reputation and brand relevance 2. Transparency in providing information to all pertinent stakeholders	<ul style="list-style-type: none"> <li>Social &amp; Relationship</li> </ul>
 <b>Industry Associations</b> Different associations offer unique market perspectives. Meaningful engagement and partnerships with them have the potential to enhance the Group's long-term growth prospects.	<b>As needed</b> <ul style="list-style-type: none"> <li>Formal meetings</li> </ul>	1. Human Rights 2. Product Quality & Safety 3. Ethics, Integrity & Governance 4. Labour Management Relations 5. Environmental Compliance	1. Independent audits on social compliance 2. Innovation through R&D 3. Investment in automation and digitalisation 4. Whistleblowing channel 5. ISO 14001 Environmental Management System certification	1. Continuous support from industry peers 2. Informational updates about the industry 3. Stronger relationship with our peers 4. Industry peers assured of business integrity and sustainability	<ul style="list-style-type: none"> <li>Social &amp; Relationship</li> <li>Intellectual</li> </ul>



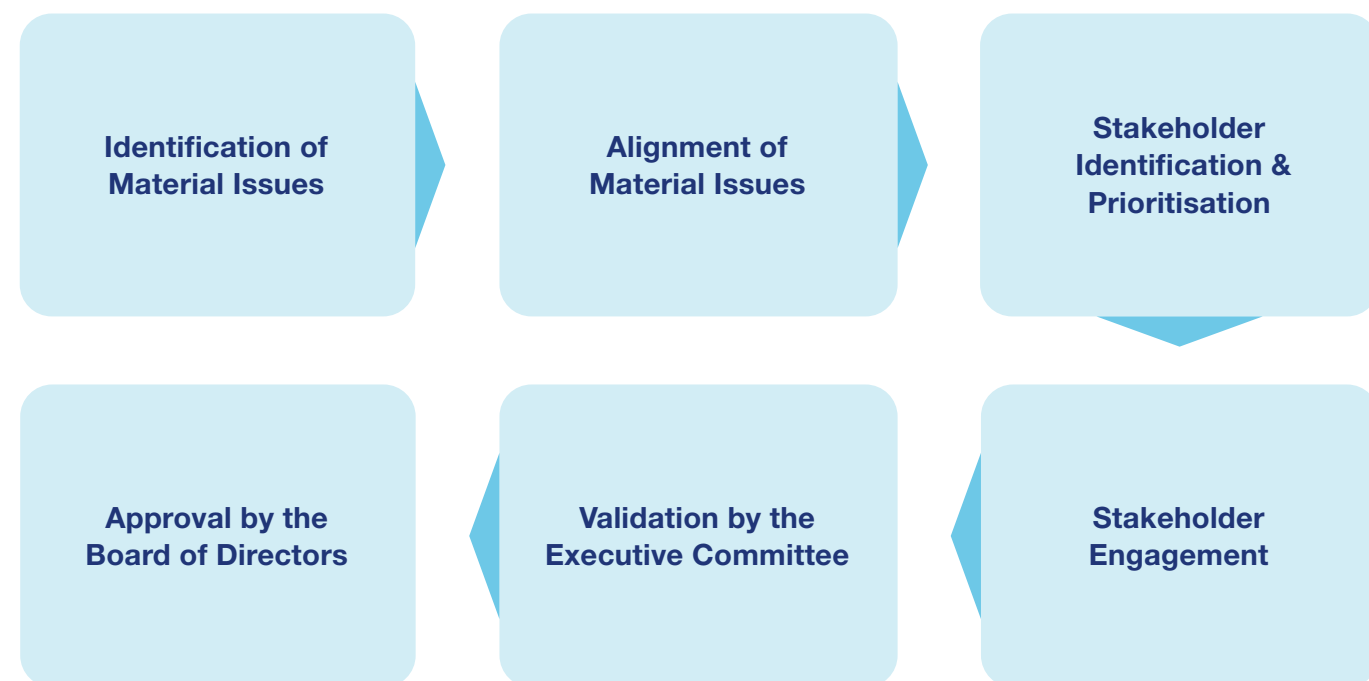
## Material Matters

Top Glove conducts a comprehensive materiality assessment at least once every four years and minor assessment every two years.

### Materiality Methodology

In July 2022, we conducted a minor materiality assessment<sup>1</sup>, building on the formal and comprehensive assessment performance in FY2021. This additional assessment was prompted by the ongoing transition phase that the glove industry is still navigating post-pandemic. For minor materiality assessment, we identified 17 material matters crucial to our operations and sustainability initiatives.

<sup>1</sup> For additional details regarding our FY2022 materiality assessment and matrix, kindly consult the Top Glove Sustainability Report for FY2022.



For FY2023, we took the important step of conducting a materiality validation, which has been thoroughly reviewed and received approval from our Board of Directors. This validation process considered a range of internal and external factors, including:

- 1) External and internal stakeholder expectation
- 2) Peer assessment
- 3) Global mega trends and global risk
- 4) External ESG ratings requirement

After conducting a thorough review and validation process, we have identified 16 material issues that are integral to our operations. This refined list now excludes Infectious Diseases and Indirect Economic Impacts as material topics. Furthermore, we have recognised Greenhouse Gases (“GHG”) Emissions as a vital component of our material matters for FY2023. GHG emissions are a crucial focus area for our sustainability efforts, reflecting our commitment to addressing environmental concerns and reducing our carbon footprint.



#### Materiality Assessment Guideline

Scan the QR Code to view Materiality Assessment Guideline

<https://www.topglove.com/downloadgovernance/policies/57/materiality-assessment-guideline>

## Material Matters

Environmental	Social	Governance
Physical Impacts of Climate Change	Occupational Health & Safety	Ethics, Integrity & Governance
Greenhouse Gases (GHG) Emissions	Human Rights	Product Quality & Safety
Energy Consumption	Labour Management Relations	Supply Chain Management
Environmental Compliance	Diversity, Equity & Inclusion	Customer Experience
Water Management	Security Management	
Waste & Effluent	Local Communities	

### PHYSICAL IMPACTS OF CLIMATE CHANGE

#### Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Governments/Regulators

#### Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 19 to 24

#### Related UN SDGs



### GREENHOUSE GASES (GHG) EMISSIONS

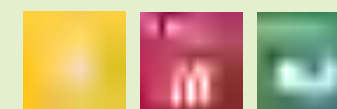
#### Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Governments/Regulators

#### Approach, Initiatives and Metrics

Read more on Sustainability Report 2023 page 25

#### Related UN SDGs



### ENERGY CONSUMPTION

#### Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Governments/Regulators

#### Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 26 and 27

#### Related UN SDGs



### ENVIRONMENTAL COMPLIANCE

#### Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Governments/Regulators, Local Communities, NGOs

#### Approach, Initiatives and Metrics

Read more on Sustainability Report 2023 page 28

#### Related UN SDGs



## Material Matters

## WATER MANAGEMENT

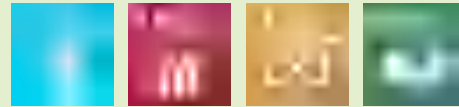
## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Local Communities

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 29 and 30

## Related UN SDGs



## WASTE &amp; EFFLUENT

## Affected Stakeholders

Governments/Regulators, Local Communities, NGOs

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 31 to 35

## Related UN SDGs



## OCCUPATIONAL HEALTH &amp; SAFETY

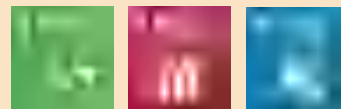
## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Governments/Regulators

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 40 to 44

## Related UN SDGs



## HUMAN RIGHTS

## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Governments/Regulators, Local Communities, NGOs

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 45 to 49

## Related UN SDGs



## LABOUR MANAGEMENT RELATIONS

## Affected Stakeholders

Employees, Shareholders/Investors, Suppliers, Governments/Regulators, NGOs

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 45 to 49

## Related UN SDGs



## DIVERSITY, EQUITY &amp; INCLUSION

## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Local Communities

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 50 to 58

## Related UN SDGs



## Material Matters

## SECURITY MANAGEMENT

## Affected Stakeholders

Employees, Local Communities

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 60 to 62

## Related UN SDGs



## LOCAL COMMUNITIES

## Affected Stakeholders

Employees, Local Communities, NGOs

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 63 to 70

## Related UN SDGs



## ETHICS, INTEGRITY &amp; GOVERNANCE

## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers, Governments/Regulators, NGOs

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 71 to 78

## Related UN SDGs



## PRODUCT QUALITY &amp; SAFETY

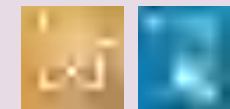
## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 80 to 82

## Related UN SDGs



## SUPPLY CHAIN MANAGEMENT

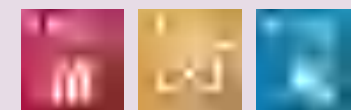
## Affected Stakeholders

Employees, Customers, Shareholders/Investors, Suppliers

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023, pages 83 to 85

## Related UN SDGs



## CUSTOMER EXPERIENCE

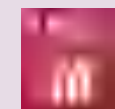
## Affected Stakeholders

Employees, Customers, Shareholders/Investors

## Approach, Initiatives and Metrics

Read more on Sustainability Report 2023 page 86

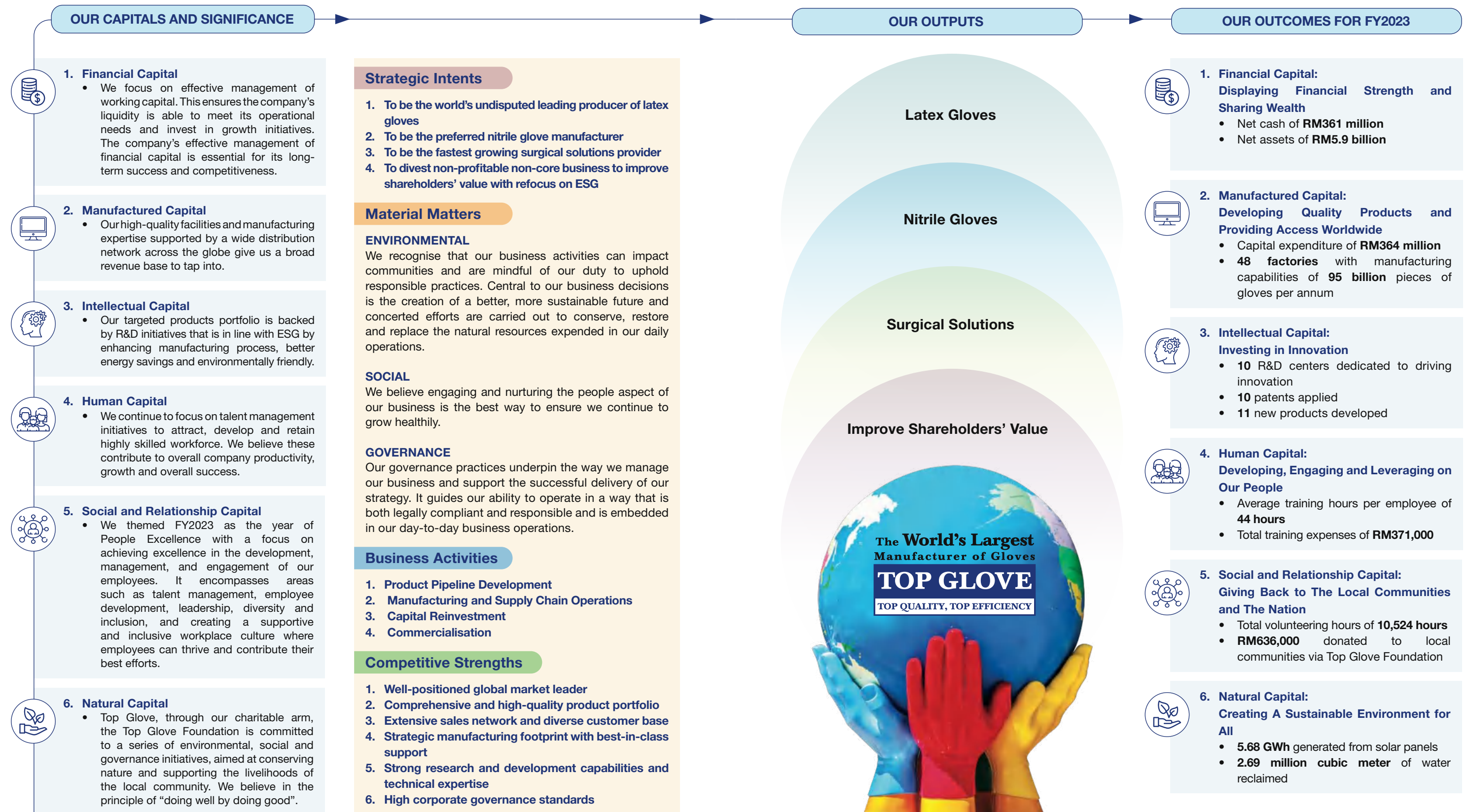
## Related UN SDGs





## Our Value Creation Model

Our model is strategically designed with a strong commitment to sustainability and responsibility. We harness the power of the six capitals to propel our strategic intents, taking into account our most significant concerns and competitive advantages. These considerations subsequently result in tangible outputs and outcomes that reflect the value we generate for our stakeholders.



## Our Business Strategies

With the challenging business environment and recent development, we decided to further refine the Group's strategy to remain agile for the continuous growth and delivery of sustainable returns beyond 2025. The refined corporate strategy, TG25+, will enable us to cultivate new capabilities, particularly in the realms of technology and talent, to ensure the organisation's continued relevance and competitiveness beyond the year 2025.

Our focus areas are cost efficiency, product quality, customer service, and non-core asset rationalisation. We seek to rationalise our non-core assets to streamline our portfolio, in order to better focus on our core businesses which drive business competitiveness and create meaningful value for stakeholders.

### Strategic Intent 1:

To be the world's undisputed leading producer of latex gloves

#### Affected Capitals:

- **Financial**  
Increased spending on technology upgrades
- + **Manufactured**  
System upgrades to production lines
- + **Intellectual**
  - Improved quality and efficiency in production processes
  - Stronger brand reputation
- + **Social & Relationship**  
Stronger customer & stakeholder management

#### Our Focus Areas

Cost Efficiency



#### Progress Made in FY2023

Group revenue recorded RM2.26 billion with total production capacity achieved 95 billion pieces

#### Priorities in FY2024

Innovate and automate our production facilities to enhance productivity and cost optimisation

### Strategic Intent 2:

To be the preferred nitrile glove manufacturer

#### Affected Capitals:

- **Financial**  
Increased capital expenditures
- + **Manufactured**  
Improved production efficiency
- + **Intellectual**
  - New developments in R&D
  - Operational excellence in glove segment
- + **Human**  
Technology experts positions recruited and retained
- + **Social & Relationship**  
Improved shareholders' confidence

#### Our Focus Areas

Product Quality



#### Progress Made in FY2023

- Improved overall efficiency via consolidation orders to produce at newer and more efficient plant
- Decommissioned two old plants with combined capacity of five billion pieces per annum

#### Priorities in FY2024

- Enhance manufacturing process for better product quality
- Outgrow competition in preferred growth markets

### Our Focus Areas



Cost Efficiency



Product Quality



Customer Service



Non-Core Asset Rationalisation

### Strategic Intent 3:

To be the fastest growing surgical solutions provider

#### Affected Capitals:

- **Financial**  
Increased capital spending in expanding production capacity
- + **Manufactured**  
Greater production capacity of surgical gloves
- + **Intellectual**  
Digitalised systems to enhance productivity
- + **Social & Relationship**  
Stronger customer relations

#### Our Focus Areas

Customer Service



#### Progress Made in FY2023

Improved in-house Gamma sterilisation plant capacity to serve customer better

#### Priorities in FY2024

Create greater value to our customer via new product development

### Strategic Intent 4:

To divest non-profitable non-core business to improve shareholders' value with refocus on ESG

#### Affected Capitals:

- + **Financial**  
Divestment generates cash inflow to the business
- **Intellectual**  
Less diversification and product offerings
- + **Social & Relationship**  
Improved confidence and security in stakeholders

#### Our Focus Areas

Non-Core Asset Rationalisation



#### Progress Made in FY2023

- Disposed our 49% stakes in ULMA International GmbH, a small distribution arm in Germany, via partnering with our valued customer
- Part of the divestment exercise, we also mothballed our rapid test kit productions to relocate the resources to core division

#### Priorities in FY2024

- To continue reviewing our portfolio and divestment of non-profitable non-core assets with the goal of optimising its invested capital
- Preserve our cash position as a war chest to invest in operational efficiency and prepare the Group for rebound



## Our Sustainability Strategy

All content and data in Our Sustainability Strategy section have been verified and assured by the external assessor, SIRIM QAS International Sdn Bhd

### TOP GLOVE'S ONGOING SUSTAINABILITY TRANSFORMATION STRATEGY

Top Glove embarked on a significant sustainability transformation journey last year with the release of our comprehensive plan, "Top Glove's Sustainability Transformation: A Blueprint for FY2025" firmly grounded in our company's mission and vision. This year, we remain committed to the ongoing pursuit of the objectives outlined in our FY2025 blueprint. In response to changing business dynamics, we have made a strategic decision to re-evaluate and prioritise our operational strategies.

Looking forward to FY2024, we are poised to take further steps in our sustainability journey. Our forthcoming plans include the establishment of an in-house Greenhouse Gases ("GHG") guideline to ensure even more precise calculations, and we will place a heightened focus on stakeholder engagement. Moreover, we anticipate expanding our scope 3 categories in FY2024.

These initiatives are integral to our comprehensive strategy, aimed at broadening the coverage of our GHG emissions and further aligning our actions with our science-based target commitments. We remain committed to making a positive contribution to the environment and upholding our responsibility to stakeholders, society, and the planet.



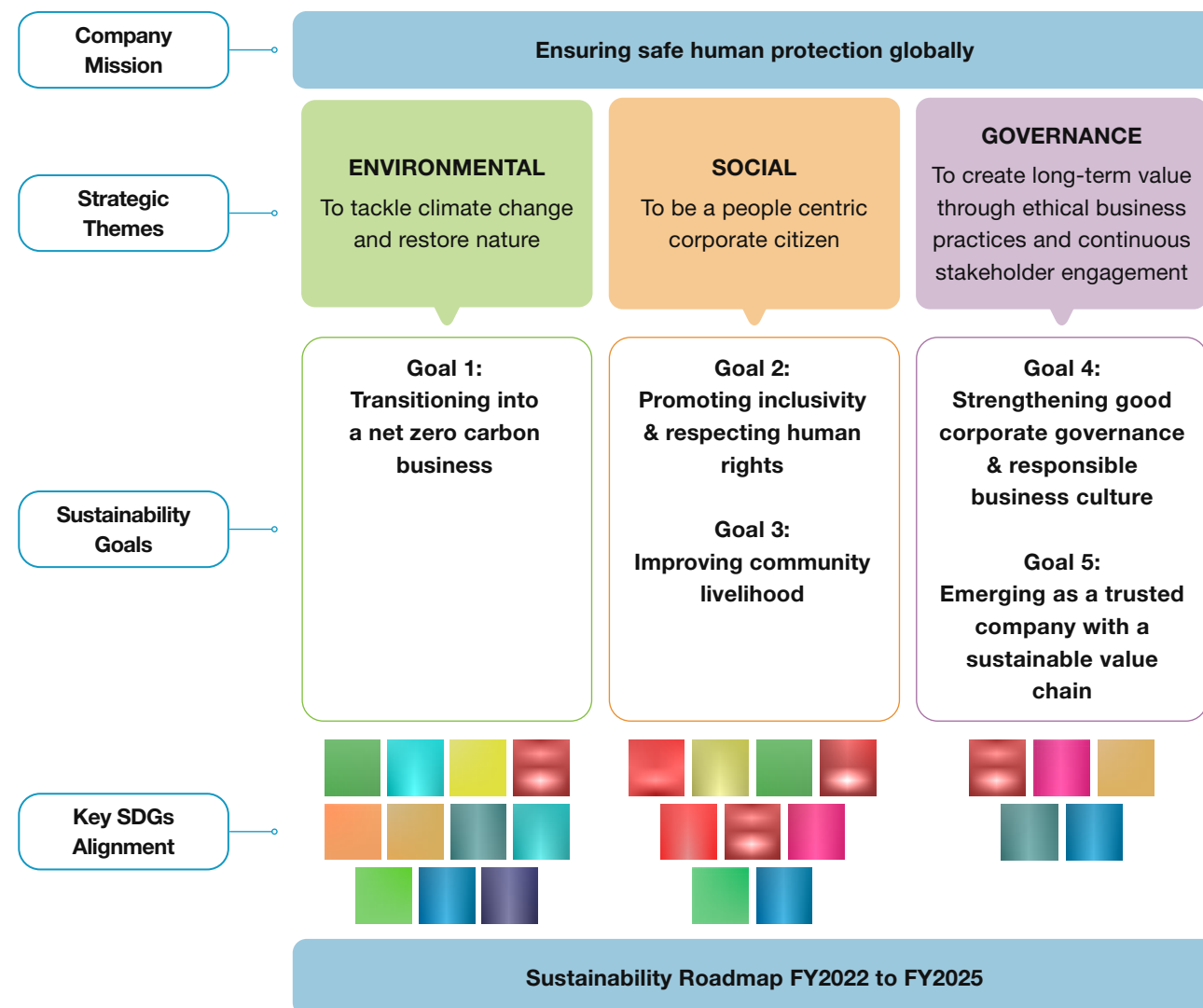
#### Sustainability Report 2023

Scan the QR Code to view the Sustainability Report 2023

[https://tgapp.topglove.com/IAR/2023/Sustainability\\_Report\\_2023/index.php](https://tgapp.topglove.com/IAR/2023/Sustainability_Report_2023/index.php)

### TOP GLOVE FY2025 SUSTAINABILITY BLUEPRINT STRUCTURE

To set key focus areas and measurable ESG targets or key performance indicators both quantitative & qualitative for FY2025



## Our Sustainability Strategy

### FY2025 Sustainability Goals

#### Legend: Progress Tracking to FY2025

○ ○ ○ Progressing well and on track to achieve targets by FY2025      ○ ● ○ Progressing with slight delay, to review current approach      ○ ○ ○ Progressing but lagging, to review and revise targets (if necessary)

### Goal 1: Transitioning into a net zero carbon business

FY2025 Target	FY2023 Interim Goals	FY2023 Performance	Related Material Topics
1. Reduce carbon emission intensity by 10% to 0.0176 tonnes/1,000 pcs glove <sup>1*</sup>	Reduce carbon emission intensity by 4% to 0.0187 tonnes/1,000 pcs glove <sup>1</sup>	○ ○ ○ Carbon emission intensity is at, 0.0207 tonnes CO <sub>2</sub> /1,000 pcs glove	GHG Emissions
2. Reduce electricity consumption intensity by 10% to 7.76 kWh/1,000 pcs glove <sup>1</sup>	Reduce electricity consumption intensity by 5% to 8.19 kWh/1,000 pcs glove <sup>1</sup>	○ ○ ○ Electricity intensity is at 9.35 kWh/1,000 pcs glove	Energy Consumption
3. Reduce natural gas consumption intensity by 10% to 0.279 MMBtu/1,000 pcs glove <sup>1</sup>	Reduce natural gas consumption intensity by 3% to 0.300 MMBtu/1,000 pcs glove <sup>1</sup>	○ ● ○ Natural gas consumption intensity 0.313 MMBtu/1,000 pcs glove	Energy Consumption
4. Reduce municipal water consumption intensity by 34% to 0.151 m <sup>3</sup> /1,000 pcs glove	Reduce municipal water consumption intensity by 19% to 0.186 m <sup>3</sup> /1,000 pcs glove	○ ○ ● Achieved 22% reduction, 0.1796/1,000 pcs glove	Water Management
5. Reduce scheduled waste intensity by 13% to 0.140 kg/1,000 pcs glove	Reduce scheduled waste intensity by 7% to 0.148 kg/1,000 pcs glove	○ ○ ● Achieved 7% reduction, 0.147kg/1,000 pcs gloves	Waste & Effluent
6. Divert disposal of scheduled waste from licensed landfill by 74%	Divert disposal of scheduled waste from licensed landfill by 70%	○ ○ ● 73% scheduled waste diverted from license landfill	Waste & Effluent
7. Reduce solid waste by 20% to 8,248 tonnes	Reduce solid waste by 10% to 9,139 tonnes	○ ○ ● Achieved 70% reduction of solid waste	Waste & Effluent
8. 95% quantity of purchased of inner boxes made with 100% recycled material or FSC paper	85% quantity of purchased of inner boxes made with 100% recycled material or FSC paper	○ ○ ● Achieved 86% purchased of inner box from 100% recycled material	Physical Impacts of Climate Change
9. Reduce a total of 25 types of plastic bag thickness by 0.01mm	Reduce 5 types of plastic bag thickness by 0.01mm	○ ● ○ Reduced 2 types of plastic thickness	Physical Impacts of Climate Change
10. Procure bottles made with 50% recycled plastic materials	Procure bottles made with 25% recycled plastic materials	○ ○ ○ Identified bottles with recycled plastic materials but nil procured due to changes in business landscape	Physical Impacts of Climate Change
11. Procure refill packs for liquid detergent by 50% of the quantity of bottles purchased	Procure refill packs for liquid detergent by 25% of the quantity of bottles purchased	○ ○ ○ Explored the refill packs but nil procured due to changes in business landscape	Physical Impacts of Climate Change
12. Reduce usage of virgin plastic resin in stretch film packaging by 40%	Reduce usage of virgin plastic resin in stretch film packaging by 20% (from 12-micron to 9-micron size)	○ ○ ● Reduced the usage of virgin plastic resin by 19.2%	Physical Impacts of Climate Change
13. Reduce paper usage by 80% to 12,600 kg	Reduce paper usage by 40% to 37,800 kg	○ ○ ● Reduced 80.8% of paper usage	Waste & Effluent
14. Achieve 122 million pieces of sales of Green Series Product	Achieve 85 million pieces of sales of Green Series Product	○ ○ ● Sold 196 million pieces of Biodegradable Nitrile Glove	Physical Impacts of Climate Change
15. Supply chain collaboration	One supply chain collaboration	○ ○ ● One collaboration with nitrile supplier	Physical Impacts of Climate Change

Note: All targets are set against FY2021 baseline unless stated otherwise

<sup>1</sup> Targets have been established based on the FY2022 baseline in line with the refinement of GHG accounting

\* Reduction target for scope 1 & scope 2

## Our Sustainability Strategy

### Legend: Progress Tracking to FY2025

○ ○ ● Progressing well and on track to achieve targets by FY2025     
 ○ ● ○ Progressing with slight delay, to review current approach     
 ● ○ ○ Progressing but lagging, to review and revise targets (if necessary)

### Goal 2: Promoting inclusively and respecting human rights

FY2025 Target	FY2023 Interim Goals	FY2023 Performance	Related Material Topics
1. <b>BSCI: 100% factories audited achieve "A" rating</b>	BSCI: 100% factories audited achieve "A" rating	○ ○ ● BSCI: Achieved "B" rating for 1 out of 1 factory	Human Rights, Labour Management Relations
2. <b>SMETA: 100% factories audited achieve not more than 5 NC/factory</b>	SMETA: 100% factories audited achieve not more than 10 NC/factory	○ ○ ● SMETA: 17 out of 17 factories audited with below 10 NC	
3. <b>Conduct Human Rights Due Diligence (HRDD) for 100% Top Glove's own operation</b>	Conduct Human Rights Due Diligence (HRDD) for 100% Top Glove's own operation	○ ○ ● Conducted 100% HRDD at Top Glove's own operation	Human Rights, Labour Management Relations
4. <b>Create 30,000 job opportunities</b>	Create 7,500 job opportunities	● ○ ○ 1,820 job opportunities created 8,198 job opportunities created since FY2022	Diversity, Equity & Inclusion
5. <b>Achieve 50% female leadership in managerial positions (manager and above)</b>	Achieve 46% female leadership in managerial positions (manager and above)	○ ○ ● Achieved 52% female leadership	Diversity, Equity & Inclusion
6. <b>Reduce occupational accident rate to 2.77 per 1,000 workers</b>	Reduce occupational accident rate to 3.0 per 1,000 workers	○ ○ ● Reduced accident rate by 2.85	Occupational Health & Safety
7. <b>95% of contractors to pass safety evaluation</b>	85% of contractors to pass safety evaluation	○ ○ ● 100% contractor passed evaluation	Occupational Health & Safety

Note: All targets are set against FY2021 baseline unless stated otherwise

### Goal 3: Improving community livelihood

FY2025 Target	FY2023 Interim Goals	FY2023 Performance	Related Material Topics
1. <b>Education Pillar</b> <ul style="list-style-type: none"> <li>Top Glove Scholarship Award: Provide scholarships to degree students</li> <li>EduShare Programme: Provide reconditioned laptops to underprivileged students</li> </ul>	<ul style="list-style-type: none"> <li>Provide 3 scholarships to degree students</li> <li>Provide 60 reconditioned laptops to underprivileged students</li> </ul>	○ ○ ● • Awarded 3-degree scholars  ○ ○ ● • Distributed 64 reconditioned laptops	Local Communities
2. <b>Environment Pillar</b> <ul style="list-style-type: none"> <li>Mangrove Nursery &amp; Planting: Project to plant 4,000 mangrove trees</li> <li>Grow Green Project: Propagate 5,363 potted plants to create a greener work environment</li> </ul>	<ul style="list-style-type: none"> <li>The planting of a cumulative total of 2,000 mangrove trees</li> <li>Propagate a cumulative total of 840 potted plants</li> </ul>	○ ○ ● • Planted cumulative total 2,150 mangrove trees since FY2022  ○ ○ ● • Propagated 312 plants, bringing the total to 850 potted plants	Local Communities, Physical Impacts of Climate Change
3. <b>Community Pillar</b> <ul style="list-style-type: none"> <li>Lend A Hand (LAH) Project: Support 12,960 underserved families in cash/kind</li> </ul>	Support 3,150 underserved families in cash/kind	○ ○ ● • Supported 3,564 families	Local Communities

Note: All targets are set against FY2021 baseline unless stated otherwise

## Our Sustainability Strategy

### Legend: Progress Tracking to FY2025

○ ○ ● Progressing well and on track to achieve targets by FY2025     
 ○ ● ○ Progressing with slight delay, to review current approach     
 ● ○ ○ Progressing but lagging, to review and revise targets (if necessary)

### Goal 4: Strengthening good corporate governance & responsible business culture

FY2025 Target	FY2023 Interim Goals	FY2023 Performance	Related Material Topics
1. <b>Achieve ISO 45001 Occupational Health &amp; Safety Management System certification for 100% of our operating factories (26 of manufacturing plants operating in FY2023)<sup>1</sup></b>	To certify 2 additional factories with ISO 45001 Occupational Health & Safety Management System	○ ● ○ Additional 1 factory certified  Total 7 factories were certified as of FY2023	Occupational Health & Safety
2. <b>Achieve ISO 14001 Environmental Management System certification for 100% of our operating factories. (26 of manufacturing plants operating in FY2023)<sup>1</sup></b>	To certify additional 8 factories with ISO 14001 Environmental Management System	○ ○ ● Additional 5 factories certified in FY2023  Total 23 factories were certified as of FY2023	Environmental Compliance
3. <b>Achieve ISO 50001 Energy Management System Certification for 100% of the selected factories. (6 selected operating factories)<sup>2</sup></b>	To certify 3 selected factories with ISO 50001 Energy Management System	○ ● ○ Retained certification for 3 factories	Energy Consumption
4. <b>Maintain ISO 9001 Quality Management System Certification for 100% of our operating factories</b>	To certify all new glove and non glove factories with QMS or HACCP within 8 to 10 months	○ ○ ● Retained certification for all existing glove and non glove factories	Product Quality & Safety
5. <b>Achieve ISO 37001 Anti-Bribery Management System certification for 100% entities. (15 entities)</b>	To certify 1 additional entity with ISO 37001 Anti-Bribery Management System	○ ● ○ Retained certification for existing 8 entities	Ethics, Integrity & Governance
6. <b>Certify related factories with FSC certification within 6 months of customer request</b>	Certify related factories with FSC certification within 6 months of customer request	○ ○ ● Retained certification for existing 4 factories	Environmental Compliance, Human Rights, Supply Chain Management

<sup>1</sup> The number of factories has been reduced from 43 to 26 due to changes in the number of operating factories.

<sup>2</sup> The number of selected factories decreased from 12 to 6 due to changes in number of operating factories.

### Goal 5: Emerging as a trusted company with a sustainable value chain

FY2025 Target	FY2023 Interim Goals	FY2023 Performance	Related Material Topics
1. <b>Conduct supplier audit to 100% active critical suppliers (new and existing) on ESG metrics</b>	Conduct supplier audit to 100% active critical suppliers (based on total purchase) on ESG metrics	○ ○ ● Accomplished 100% of active critical suppliers audited	Supply Chain Management, Environmental Compliance, Human Rights
2. <b>To ensure 50% of active suppliers within Grade A &amp; B to comply to ESG metrics</b>	To ensure 10% of active suppliers within Grade A & B to comply to ESG metrics	○ ○ ● 45% of all active suppliers are within Grade A & B	Supply Chain Management, Environmental Compliance, Human Rights
3. <b>Achieve 70% traceability to plantations of natural rubber sourcing</b>	Achieve 100% traceability up to collecting point of own concentrated latex processing plant	○ ● ○ Achieved 100% traceability up to collecting point of own concentrated latex processing plant	Physical Impacts of Climate Change





## Managing Our Risks and Opportunities

For financial year ended 31 August 2023, the significant risks to the Group are as follows:

### BUSINESS

#### Risk

Glove consumption has been steadily increasing underpinned by rising hygiene and health awareness especially after pandemic. However, this surge in consumption is incommensurate to a higher glove demand due to the excess glove inventory. Influx of new supply during the pandemic coupled with the softer demand led to market disequilibrium. As the excess glove inventory is depleting, manufacturers have taken actions such as scrapping aging production lines and temporarily ceasing factory operations. These measures are expected to alleviate the glove supply situation.

#### Mitigation

1. The Group is committed to enhancing its market resilience by continuously monitoring industry trends, fostering agile response strategies, and cultivating strong relationships with stakeholders to remain competitive as a key player in the market.
2. A profound strategy for production rationalisation and cost management has been formulated with its first imperative to sustain a smooth operation by reducing wastages and enhancing its production efficiencies.

#### Opportunities

The Group is optimistic that the oversupply situation is likely to be improved as small and new player are gradually reducing and shutting down their production lines together with the deferment of expansion by other players in the market. The Group remains its commitment to continue meeting the global market demand on an appropriate manner with its ability to shift promptly from growth plan to deferment of capacity expansion and back when the market recovers.

### OPERATION

#### Risk

Resuming operations after a temporary closure presented the Group with production challenges, primarily stemming from operational and workforce constraints. Notably, the Group's facilities must continuously keep pace with the evolving advanced technology offered in the market, and the Group's resilience and adaptability allow us to make steady progress towards achieving operational excellence.

#### Mitigation

1. Continuously assess the impact of technology advancements.
2. Develop contingency plans for various scenarios, including potential disruptions caused by technology disparities.

#### Opportunities

Optimisation of operational capabilities and workforce can be achieved through a stable and cost-effective platform.

### INFORMATION TECHNOLOGY, DIGITALISATION AND CYBER

#### Risk

With the Group's automation and digitalisation initiatives increase integration complexity of the production facilities and may introduce vulnerabilities such as data security breaches, operational disruptions, and workforce adjustments. Subsequently, such vulnerabilities can adversely affect the Group's reputation, business and financial results.

#### Mitigation

1. The Group's IT department continuously upgrades and enhancements to its security system.
2. Additionally, IT department stays vigilant in identifying and addressing any potential cyber threats.
3. Strategic workforce planning to consistently bolster the Group's business growth and development efforts.

#### Opportunities

In embracing automation and digitalisation, the Group is able to increase its efficiency from the use of technology to further automate the factories' production lines, reducing manual labour and improving the quality of its product with lower operation cost.

## Managing Our Risks and Opportunities

### GLOBAL GOVERNANCE

#### Risk

The glove manufacturing sector is subjected to multiple rules and regulations by various regulatory bodies globally. This includes the potential changes of legislation in Malaysia or other countries since the Group's products are exported globally. In addition, the Group also have operational presence in USA, Brazil, Germany, Thailand, China and Vietnam. Any non-compliance by the Group to the relevant legislation and regulations in those countries could impact the Group's financial and business prospects, it could also put the Group's reputation at stake.

#### Mitigation

1. A dedicated compliance function is established to ensure a centralised compliance oversight are in place within the Group.
2. The Group's in-house Legal Department and Regulatory Affairs proactively advise the Group on the applicable laws and regulatory obligations to ensure that compliances are met.
3. In-depth regulatory review prior to commitment to any new project.

#### Opportunities

1. Adherence to the local and international laws provide reasonable assurance that the Group operates in line with key regulatory requirements in all of its operating countries.
2. The Group's reputation is protected from any adverse impact.

### PEOPLE

#### Risk

The Group exports globally and produces different type of glove catering for different customer's needs of different markets. The manufacturing process is reliant upon the dedicated efforts of the Group's employees along its production line. The Group's operational landscape involves complex supply chains, spanning from raw material sourcing to various aspects of production. Given the complex nature of this manufacturing and supply chain ecosystem, the Group is susceptible to potential human labour-related hazards, including talent retention challenges from commonly high turnover rates in competitive manufacturing industry. These hazards have the capacity to influence both factory production and office operation which could impact the Group's reputation.

#### Mitigation

1. The Group's in-house Legal Department and Human Resources Department continue to stay vigilant on the development in laws and regulations and provide proactive update to ensure the Group stays current with the latest regulatory changes.
2. The Group constantly monitors and improves its labour practices and committed to comply with the United Nations Guiding Principles on Business and Human Rights and Internal Labour Organisation's best practices to promote the resilience of glove industry.
3. A dedicated manpower utilisation plan is established and reviewed on a regular basis to ensure sufficient talent pool in catering the Group's needs.
4. The Group has continually move towards the adoption of technology and automation to minimise human reliance, together with the diversification of its operations internationally to other countries such as Vietnam and Thailand.

#### Opportunities

Regular and continuous improvement of the Group's labour practice and employee welfare in line with the commitment to protect human rights and safeguard employee's wellbeing. The Group also continuously adhere to the Human Rights & Ethical Conduct, which stipulates fair and ethical labour practices in accordance with the Sedex Members Ethical Trade Audit (SMETA) and Business Social Compliance Initiative (BSCI), Code of Conduct which is applicable to the Group's employees and supply chain such as suppliers, business partners and customers. Subsequently this will elevate the confidence level among both existing and prospective stakeholders and shareholders in relation to the Group's commitment to uphold human rights.



## Managing Our Risks and Opportunities

### MARKET

#### Risk

An export-oriented manufacturing entity, the Group's financial performance is exposed to the risks of fluctuation in foreign currency exchange rates and volatility in commodity prices; particularly the main raw material in glove manufacturing which are natural rubber latex and nitrile latex. Fluctuation in key foreign currency exchange rates such as US Dollar and the related commodity prices will create a short-term impact on the Group's financial performance due to time lag effect of the cost pass-through mechanism. Furthermore, the inflationary pressure in general economy has a bearing on its production cost and could expose the Group to a further margin compression in the near term.

#### Mitigation

1. The Group constantly monitors these risk factors and endeavours to achieve an effective and efficient cost pass-through mechanism with the aim to minimising the impact on its finance performance caused by the macro factors.
2. Certain cost reduction and cost avoidance exercises have been implemented by the Group to ensure cost efficiency in operations and aim to maintaining a healthy cash flow level.

#### Opportunities

An optimal capital structure will enable the Group to properly manage its funds and maximising its market value while minimising the cost of capital.

### SUSTAINABILITY

#### Risk

Since the Group produces various types of gloves to meet diverse customer needs and ensure its sustainability in the glove market, it may encounter the supply chain disruptions arising from global manufacturing and production crisis. There is a risk receiving mediocre quality goods and facing shortages of upstream materials due to the Group's dependency on a limited number of specific local or international suppliers for unique raw material components, particularly during the material scarcity period. Apart from the traditional key considerations to be scrutinised in its supply chain, the increasing scrutiny on ESG matters will primarily expose the Group to a further stringent process in selecting its key suppliers, with the aim of meeting ESG standards at a sustainable cost. As one of the natural rubber latex manufacturer based in Thailand, the Group also could potentially face the risk of non-compliance with the emerging EU Deforestation Regulation (EUDR) which aim to preserve natural forests and its biodiversity. Furthermore, there is increasing scrutiny of the Group's environmental risks with regards to water consumption, energy usage, effluent and emission discharge and other climate-related risk.

#### Mitigation

1. The Group continues its effort to actively source for alternative materials or suppliers to ensure smooth supply of materials and assembly well ahead of time to provide a buffer against short term disruptions.
2. The Group has also pursued a potential alternate source of supply or substitution of materials which have limited supplies in the market.
3. The Group has ventured into multiple upstream business units such as chemical, former, latex and packaging material plant in the effort to mitigate the supply chain disruption of these materials.
4. The Group incorporates its ESG framework into the business operation and regularly perform diligence check on key suppliers based on a broad spectrum of standards.
5. Board Sustainability Committee oversees the Group's sustainability efforts and steers ESG strategies into a competitive advantage to generate long-term value of stakeholders.

#### Opportunities

The Group's ongoing efforts to localise supply chains and placing priorities to local and Asia vendors in sourcing of the raw materials whenever possible which may indirectly stimulate domestic and Asia economic growth. In the effort to support good governance and sustainability efforts, the Group is committed to collaborate with transparent, ethical as well as socially and environmentally responsible vendors. In addition to that is the Group's regular monitoring of changes in requirement to ensure adhere and to provide reasonable assurance that the Group operates in line with environmental and social requirements in all operating countries.

## 2023 Sustainability Highlights

All content and data in this Creating Sustainability Value section have been verified and assured by the external assessor, SIRIM QAS International Sdn Bhd

### Top Index Recognition

Secured the fifth consecutive year on the prestigious Dow Jones Sustainability Indices (DJSI) in 2023, ranked in the **Top 3% in the Healthcare Equipment and Supplies Industry**, and **recognised in S&P Global's annual Sustainability Yearbook 2023 as an 'Industry Mover'.**



**Second consecutive year of inclusion in the Bloomberg Gender Equality Index (GEI).**



**Maintained FTSE4Good 4-Star rating in 2023**, signifying Top Glove's position in the **Top 25% of ESG ratings among PLCs in the FBM Emas Index**, as assessed by FTSE Russell.

**Top 13% in the FTSE Russell ESG Ratings among companies in the Healthcare Sector**, marking a notable improvement from our previous position in Top 16%.

### Membership Associations



**UN Global Compact Network Malaysia & Brunei (UNGCMYB)** member to raise SDG Ambition together.

### CEO Action Network (CAN)

member towards shaping future ready and ESG-integrated business models and ecosystems.



**Supporter of the Task Force on Climate-related Financial Disclosures (TCFD)** in September 2023.







## Environmental: To Tackle Climate Change and Restore Nature

### GOAL 1 : TRANSITIONING INTO A NET ZERO CARBON BUSINESS



At Top Glove, we understand that protecting the environment is not just about regulatory compliance; it's about securing a sustainable future for generations to come. We are unwavering in our commitment to environmental responsibility, seeking innovative solutions, and pushing the boundaries of what's possible to minimise our ecological footprint.

Material Topics	Initiatives	Value Creation
<ul style="list-style-type: none"> <li>Physical Impacts of Climate Change</li> <li>GHG Emissions</li> <li>Energy Consumption</li> <li>Environmental Compliance</li> <li>Waste &amp; Effluent</li> <li>Water Management</li> </ul>	<ul style="list-style-type: none"> <li>ISO 50001:2018 &amp; ISO 14001:2018 certifications</li> <li>Internal energy audit conducted by engineering team</li> <li>Utilisation of renewable electricity from rooftop solar panel</li> <li>Implementation of comprehensive water management system, including in house water treatment plant and recycling system.</li> <li>Upcycling project that converts scheduled waste into bricks</li> <li>Implementation of operational resource optimisation and waste reduction initiatives</li> <li>Biodegradable and renewable product series</li> <li>Emphasis on open innovation and collaboration with raw material supplier</li> <li>Adoption of sustainable packaging material</li> </ul>	<ul style="list-style-type: none"> <li>Improved energy management and reduced environmental impact</li> <li>Cost savings through identifying and rectifying energy inefficiencies</li> <li>Lower carbon emissions and a positive environmental impact</li> <li>Decreased reliance on non-renewable energy sources and transition to cleaner energy</li> <li>Aligns with consumer preferences for eco-conscious products and packaging</li> </ul>

#### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

Having initiated our TCFD disclosure journey last year, we are now committed to providing a more comprehensive, quantitative assessment of our climate-related risks and opportunities. This approach enhances our environmental responsibility and financial transparency, with the disclosure available in FY2023 Sustainability Report. Additionally, we have partially adopted International Financial Reporting Standards (IFRSs) S1 and S2, aligning us with global reporting norms, improving financial quality and consistency. These measures signify our commitment to meeting international standards, fostering sustainability, and serving the evolving needs of our stakeholders.

## Environmental

### FY2023 ENVIRONMENTAL HIGHLIGHTS

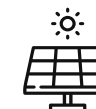
Enhanced scope 3 reporting to include

**downstream leased assets**



Expanded Top Glove's total solar capacity from

**5.34MWP to 7.74MWP**



**5.68 GWh** green electricity being utilised  
(avoided emission of 4,430 tonnes of CO<sub>2</sub> eq)



**93,899** formers reglazed and reused in FY2023



Additional 5 factories certified for  
**ISO 14001:2018**  
(Total 23 factories certified as of FY2023)



Full compliance to  
**Department of Environment (DOE)**



**35,089 kg** of nitrile waste was reduced  
(avoided emission of 103.3 tonnes of CO<sub>2</sub> eq)



3 gloves factories retained  
**ISO 50001:2018** certification as at FY2023



Received 3 awards for  
**Prime Minister's Hibiscus Awards 2021/2022**



Planted  
**2,150 mangrove trees** in FY2023 (Total harvested 3,450 mangrove propagules)



**103,288 trees** planted in Bangka Belitung since 2020



Diverted **73%** of scheduled waste from being sent to the landfill





## Social: To be a People Centric Corporate Citizen

### GOAL 2 : PROMOTING INCLUSIVITY & RESPECTING HUMAN RIGHTS



Top Glove firmly believes that the greatest innovation arises from a passionate and culturally diverse workforce. We foster inclusivity to cultivate a healthy work environment that promotes optimal growth.

Material Topics	Initiatives	Value Creation
<ul style="list-style-type: none"> <li>Occupational Health &amp; Safety</li> <li>Human Rights</li> <li>Labour Management Relations</li> <li>Diversity, Equity &amp; Inclusion (DEI)</li> </ul>	<ul style="list-style-type: none"> <li>ISO 45001:2018 certifications</li> <li>An established Safety and Health Committee and internal audit team</li> <li>Implemented the Top Glove Good Safe online reporting tool</li> <li>Promoted physical and mental health with wellness programs</li> <li>Established a comprehensive framework for Business and Human Rights (BHR)</li> <li>Conducted internal and external human rights audits and due diligence with active critical suppliers</li> <li>Fostered work-life integration to support diverse employee needs</li> <li>Embraced DEI through women's empowerment, festive celebrations, leadership programs, and enhanced performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>Enhances safety and health practices, mitigating risks</li> <li>Ensuring a secure work environment for our employees</li> <li>Ethical responsibility and compliance, fostering trust among stakeholders and promoting ethical practices</li> <li>Strengthens employee morale, engagement, and productivity, leading to a more inclusive and innovative workplace</li> </ul>

### GOAL 3 : IMPROVING COMMUNITY LIVELIHOOD



Our commitment extends beyond providing global human protection through our products to encompass a diverse range of educational, environmental, and community projects.

Material Topics	Initiatives	Value Creation
<ul style="list-style-type: none"> <li>Security Management</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>ISO18788:2015 certification</li> <li>Auxiliary police and in-house security teams</li> <li>Community development through various communities' project</li> <li>Environmental conservation for better living environment</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring a safe and secure environment for all stakeholders</li> <li>Strengthens community relationships and fosters positive community impact</li> <li>Supporting social responsibility and goodwill</li> <li>Healthier and more sustainable living environment</li> </ul>

### FY2023 SOCIAL HIGHLIGHTS

Additional 1 factory certified with  
**ISO 45001:2018**  
(Total 7 factories certified as of FY2023)



**Lost Time Injury Frequency Rate (LTIFR)**  
reduction to **0.81**



**Zero fatality**  
cases in FY2023



**14 factories achieved Grade A**  
in DOSH OSHA audit



**117,572 training hours**  
delivered for technical, soft skills,  
and core training



As of FY2023, a total of  
**RM32 million**  
was contributed to various charitable endeavours



Employees collectively volunteered  
**10,524 hours**  
in FY2023



**SMETA audited factories**  
with an achievement rate  
of maintaining fewer than  
10 non-compliances per audit



Maintained  
**ISO 18788:2015**  
certification for  
Private Security Management Systems



**RM635,517**  
was invested to support various social  
causes initiated by Top Glove Foundation  
(TGF)





## Governance



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

### GOAL 4 : STRENGTHENING GOOD CORPORATE & RESPONSIBLE BUSINESS CULTURE



Top Glove instils Business Ethics 'Honesty, Integrity and Transparency' in every employee from day one, ensuring trust from stakeholders and fostering sound corporate governance.

Material Topics	Initiatives	Value Creation
<ul style="list-style-type: none"> <li>Ethics, Integrity &amp; Governance</li> </ul>	<ul style="list-style-type: none"> <li>Incorporated a culture of good governance culture from Board and top management</li> <li>ISO 37001:2017 certification</li> <li>The Board has imposed ESG metrics linked to 40% of the Management's KPI</li> <li>Strengthening cybersecurity measures</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparency, accountability, and ethical behavior</li> <li>Enhance the organisation's reputation, mitigate legal risks</li> <li>Aligns corporate objectives with sustainability goals</li> <li>Safeguards the organisation's sensitive data, preserves customer trust, and reduces the risk of costly data breaches</li> </ul>

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



We aim to inspire our suppliers and business partners to adopt sustainability practices, creating a sustainable value chain while delivering exceptional customer experiences.

Material Topics	Initiatives	Value Creation
<ul style="list-style-type: none"> <li>Product Quality &amp; Safety</li> <li>Supply Chain Management</li> <li>Customer Experience</li> </ul>	<ul style="list-style-type: none"> <li>Conformance to international standards for products</li> <li>ISO 9001, ISO 13485, HACCP, GMP and BRC certification</li> <li>Traceability taskforce for natural rubber derived product</li> <li>ESG assessment for suppliers</li> <li>Annual training and supplier engagement</li> <li>Ethical marketing practices</li> </ul>	<ul style="list-style-type: none"> <li>Ensures the quality and safety of products, enhancing customer satisfaction and market reputation</li> <li>Improves product traceability, reducing supply chain risks and enhancing accountability</li> <li>Encourages ethical and sustainable practices throughout the supply chain, aligning with responsible sourcing and risk reduction</li> <li>Fostering consumer trust and loyalty</li> </ul>

## FY2023 GOVERNANCE HIGHLIGHTS

**RM2.1 million**  
to enhance  
our cybersecurity system



**ISO 27001:2013**  
certification for Information Security  
Management Systems



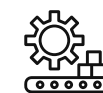
Maintained a clean record with  
**zero cases**  
security breaches



Diverse gender and skills across  
Board of Directors,  
**42%** of female directors



**Achieved 100% traceability**  
of natural rubber sourced was traceable  
up to collecting point of own concentrated  
latex processing plant



Active critical suppliers  
**100% audited**  
with ESG assessment



**40%**  
of the Management's KPI linked  
to ESG metrics



**All operating plants certified**  
with QMS or HACCP



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



▲ Top Glove's Directors, Executive Committee Members and Corporate Advisor at the Company's Board Away Day held on 5 August 2023