

TOP GLOVE CORPORATION BERHAD

Date/ Time : 15 April 2021 (Thursday) at 9.45 a.m.
 Venue : Virtual Meeting

	Attendance: IIC Representatives	Attendance: TOPG Representatives
1.	Dato' Dr Suzana Idayu Wati bt Osman IIC Vice Chairman/Chief Investment Officer, Social Security Organisation (SOCISO)	Tan Sri Dr Lim Wee Chai Executive Chairman
2.	Pn Lya Rahman Adviser/Council Member, IIC	Dato' Lee Kim Meow Managing Director
3.	En Devanesan Evanson Council Member/CEO, Minority Shareholders Watch Group (MSWG)	Dato' Lim Han Boon Senior Independent Non-Executive Director
4.	En Gerald Ambrose Council Member/CEO, Islamic Equities, Aberdeen Standard Investments	Tan Sri Rainer Althoff Independent Non-Executive Director
5.	En Muhammad Fitri bin Othman Council Member/ Head of Public Markets, Lembaga Tabung Angkatan Tentera (LTAT)	Lim Hooi Sin Executive Director
6.	Mr Toi See Jong Council Member/Management Committee Member, Life Insurance Association of Malaysia (LIAM) & CEO of Tokio Marine Life Insurance Malaysia Bhd	Mr Lim Cheong Guan Executive Director
7.	En Azhar Abdul Latif Head, Asian Industrials, ESG, Equity Research Department, EPF	Puan Sri Tong Siew Bee Non-Independent Non-Executive Director
8.	En Rizal Mohamed Ali Vice President, Responsible Investment, Corporate Strategy and Performance Dept, Kumpulan Wang Persaraan (Diperbadankan)(KWAP)	Datuk Noripah Kamso Independent Non-Executive Director
9.	En Meor Khairi Meor Mohd Bazid Head – Equity Domestic Portfolio, Lembaga Tabung Haji (TH)	Ms Sharmila Sekarajasekaran Independent Non-Executive Director
10.	En Madon Mohd Jani Senior Analyst, TH	Datuk Dr.Norma Mansor Independent Non-Executive Director
11.	En Muhammad Naqib Ab. Jalal SOCISO	Pn Azrina Arshad Independent Non-Executive Director
12.	En Mohd Redza Abdul Rahman Head of Investment Analysis, Permodalan Nasional Bhd (PNB)	Mr Lim Andy Independent Non-Executive Director
13.	En Izzat Syazwan Md Yusof AVP, Investment Analysis, PNB	Ms Melissa Cheoh Director, Financial Controller
14.	Ms Nur Ain bin Mohammad Hamsani (note taker) Analyst, Investment Analysis, PNB	Ms Kassy Lim Keat See Deputy General Manager, Corp. Services
15.	Pn Noraida Maria Mohd Hatta IIC Secretariat, MSWG	-

Opening remarks and IIC introduction by Dato' Dr Suzana (IIC Vice Chairman, CIO of SOCSO)

Opening remarks by Tan Sri Dr Lim Wee Chai (TOPG Executive Chairman)

Presentation by Mr Lim Cheong Guan (TOPG Executive Director)

1) Financial Performance and Track records

- a. Recap on 1HFY21 historic record of 20 years for profits, margins, and dividend
- b. Strong balance sheet and cash flow generation, with RM4.1 bil cash as at 28th Feb 2021 with estimated capex of RM2 bil/annum and dividend payout of RM2 bil/quarter

2) Proposed Dual Primary Listing on HKEX

- a. Rationale:
 - i. Additional platform for TOPG shares to be traded via another established stock exchange, supported by higher average daily transaction of HKEX vs. Bursa and SGX
 - ii. Increase investors' and business outreach in HK and North Asia
 - iii. To raise funds for future expansion in production capacity, marketing and strategic business expansion
 - iv. Upgrade corporate governance due to differing requirements from all three exchanges
- b. Proposed transaction as announced on 26th Feb 2021 i. Indicative offering size of <10% dilution impact of the enlarged share capital vs. 14-16% previously post engagement with investors
- c. Dilution effect on EPS and dividend
 - i. Dilution is mitigated by strong EPS growth and dividend payout
 - ii. Backed by track record – share price return (by other companies dual listed in HKEX) – fully redeemed convertible bond

3) Progress Update on US CBP WRO Status

- a. TOPG engaged with Impactt (an independent consultant) in Jul 2020 post WRO by US CBP mainly to access TOPG's ethical labour practises by reference to the International Labour Organizations (ILO) 11 Forced Labour Indicators, propose corrective action plans and monitor its implementation
- b. Impactt's findings on Jan 2021 found no systemic forced labour
- c. US CBP on 29th Mar 2021 announced the WRO classification to Findings, a surprise for TOPG hence 31st Mar 2021 engagement to rectify the situation - Findings is a result of new administrations process rather than new forced labour indicators hence TOPG is required to provide evidence to US CBP to revoke WRO
- d. Revocation process involves 4 stages, TOPG is currently in Phase II – CBP & Petitioner engagement, and Phase III – CHP to determine ILO indicators remediated
- e. Progress improvement on ILO's 11 indicators since 28th Aug 2021 to March 2021, currently pending 5 more indicators to turn green
- f. Action plans to rectify remaining 5 indicators
 - i. Retention of identity documents – documents were returned to workers
 - ii. Deception – Completed on 5 April 2021, recruitment agreement and terms are in place
 - iii. Debt bondage – Completed on 2 April 2021, fully remediated

- iv. Physical and sexual violence – 4 policies i.e. Sexual Harassment Policy, Prevention of Bullying at Workplace Policy, Grievance Procedure and Social media Policy were introduced, completed in 2020
- v. Intimidation – Impactt helpline as platform for workers to raise any case launched in Sep 2020 (now has 3 whistleblowing channels)
- g. Impactt is in the process of verifying the 5 corrective actions with current target to complete by 20th Apr 2021

4) Workers' Hostels Improvement

- a. Compliance of Act 446 Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990
- b. Pending 366 Certificate for Accommodation (CFA) from Department of Labor (DOL) out of 468 submitted – further delay with lockdowns
- c. Summons in relation to inspection in Nov 2020 – peak of Covid-19 in which effort to relocate workers was hampered with lockdowns etc. – which some CFAs were only issued in Feb 2021
- d. Improvement plan for short and long-term
 - i. Current: Renting Westlite-PKNS Accommodation Petaling jaya
 - ii. Mid-term: Building and purchasing new hostels, equipped with facilities and amenities with estimated total capex of RM195 mil
- e. Creating job opportunities
 - i. FY21 to recruit 9,000 Malaysians for executive to non-executive roles
 - ii. FY20 recruited 4,945 employees and 1,654 interns/trainees
- f. TOPG Wellness Team for 21,000 total employees which comprises of 11 wellness professionals, 27 medical professionals and 3 fitness professionals

5) Corporate governance

- a. Practices in line with voting guidelines of PNB and EPF

6) Independent Directors' (ID) Commitment

- a. 7 Directors with 4 female directors – with incoming 3 HK Directors due to requirement by HKEX
- b. Details on active engagement between Board Committees and management
 - i. US CBP issues
 - ii. WhatsApp group chats within ID with management
 - iii. Meeting between IDs and management on share buyback (SBB)
 - iv. Daily updates on Covid-19 situation
 - v. Discussion on Act 446 issues
 - vi. Visited hostels and engaged directly with workers on-site – visited Westlite, Banting and Meru hostels
 - vii. Meeting with HODs
 - viii. Quarterly meeting with workers reps – just started with first meeting on 9th Mar 2021 between IDs and 6 reps from Nepal and Bangladesh

Q&A

- 1) IDs' hostels visit and engagement with workers, prior or after issue?
Before – Meru, during and after – Westlite relocation.
- 2) Is quarterly meeting with workers with managements' presence?
Plan to continuously engage with workers in HR's presence due to language barriers hence translators. Met Nepali and Bangladeshi workers, will continue to proceed with other nationalities with indicated type/criteria of reps.
- 3) IDs comment on allegations on hostels conditions despite visits to hostels before MCO?
Aware of the conditions and provide suggestions to improve. Issues on workers accommodation pointed out by Tan Sri Lim, mainly with Aspion's acquisition as it was under previous management hence time taken to improve the conditions.
- 4) Discussion during Board Meetings on workers welfare?
Yes.
- 5) Suggestion to include separate IDs meeting without Board Members into Annual Report for investors' benefit.
Noted.
- 6) Are rest of workers ex-Westlite being relocated?
All had been relocated to new accommodations, also tenancy for those accommodations not suitable with Act 446's requirements were terminated.
- 7) Status on 10 charges in court in relation to Act 446 and current outstanding CFAs?
Pending CFAs due to DOL's limitations on capacity – inspection is needed prior to CFAs' approval – hence the delay. Charges were related to DOL's inspection in Nov 2020 amid tight schedule and limitations to relocate workers. Recent communications with DOL may provide favourable outcome instead of summons.
- 8) Expectation for CBP to uplift the WRO?
Hopeful for next month.
- 9) Will workers be penalised if they arrive late at plants due to distance duration from Westlite (25.3km, 25-40 minutes duration depending on traffic)?
No penalisation due to current situation. However, Westlite is temporary and estimates relocation to new building in Meru which is closer to plants by mid-2022.

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- 10) Are all workers aware of rights and do's/don'ts of the 4 policies introduced?
Certainly, aware with town hall meetings and tests to reaffirm understanding.
- 11) Is WRO confirmed to be revoked once remaining 5 indicators resolved?
Yes, no reason not to.
- 12) Strategy on buy back and unrealised loss?
Share buyback policy has been enhanced recently. On balance sheet, no unrealised loss positions yet as not required to mark-to-market. On hold for the time being unless share price declines further. TOPG however can buy back up to 10%, current position is only 2%.
- 13) What CBP needs/requires to issue WRO?
CBP applauded TOPG's efforts to modify WRO in Feb 2021 with only rectification of forced labors and Act 446 pending. TOPG believes complaints on no transparency in this issue led to US CBP enhancing the process hence the announcement of WRO classification to Findings being made on 29th Mar 2021, taking TOPG by surprise. A background - CBP has full authority in its decision and normally, any complaint from activists/any parties will trigger an investigation and the decision can be cut any time.
- 14) Comment on engagement with Malaysia ministry is needed for US CBP issue, as it applies beyond glove industry.
Agreed. G2G interaction could facilitate to resolve the issues.
- 15) Status on incorporation the Board Nomination and Remuneration Committee (BNRC)?
In progress with the framework.
- 16) Other matters
*a. Datuk Noripah's invitation to IIC members to visit hostels unannounced and also welcomes any feedback on TOPG's website for the company to improve in terms of disclosure/ transparency
b. Lya Rahman's suggestion for virtual AGM to be more interactive and all questions raised should be addressed without limiting the number of questions.*

In closing, Dato' Lee thanked IIC for engaging with TOPG. Dato' Suzana thanked the BOD and management of TOPG for addressing concerns from institutional investors. There being no other matters, the engagement concluded at 11.45 a.m.