

Corporate Governance Overview Statement

2 PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

▶ BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee (“BAC”) of Top Glove is pleased to present the BAC Report for FY2025.

Composition

The BAC comprises four (4) members as follows, all of whom are Independent Non-Executive Directors, in line with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and the Malaysian Code on Corporate Governance (“MCCG”):

Members	Date of Appointment as BAC Member	Tenure on the BAC as at 31 August 2025
1. Lee Ah Too (Chairman)	30 June 2024	1 Year 2 Months
2. Datuk Dr. Norma Mansor	19 March 2024	1 Year 5 Months
3. Gan Mei Mei	30 June 2024	1 Year 2 Months
4. Emelia Matrahah	28 February 2025	6 Months

Note:

Dr Ngo Get Ping stepped down as a BAC member upon his stepping down from the Board on 28 February 2025.

Meetings and Attendance

In FY2025, the BAC had met eight (8) times, two (2) of these meetings were held with the External Auditors, and one (1) meeting was conducted with the Head of Internal Audit, without the presence of the Executive Directors and Management.

The Company Secretary, Managing Director and Head of Internal Audit were in attendance at each meeting while the Senior Management, External Auditors and other Board members would attend the BAC meetings upon invitation, as and when required. Throughout FY2025, the BAC maintained continuous engagement with the External Auditors and the Head of Internal Audit, ensuring that key audit issues and audit concerns affecting the Company were thoroughly addressed.

The Company Secretary will circulate the minutes of the BAC meetings at Board Meetings for notation. The BAC Chair will also brief the Board on the highlights and key issues deliberated during BAC meetings.



Please refer to page 65 of this Integrated Annual Report for the attendance record of BAC members.

Roles and Responsibilities

The BAC has been entrusted by the Board to execute its governance and oversight responsibilities, with a focus on ensuring transparent financial reporting across the Group, in line with the TOR of the BAC. The BAC is supported by the in-house Internal Audit Department, which is responsible for establishing cost-effective controls pursuant to the Internal Audit Charter adopted by the BAC.

The BAC reviews the Summary of Internal Audit Reports and the External Auditors’ Reports on a quarterly basis at BAC meetings. These reports cover financial, operational, compliance, information technology controls, governance, risk management and internal control matters. The findings, together with updates on the status of preventive and corrective actions, are reported to the BAC to ensure timely implementation and ongoing monitoring of appropriate measures.

In FY2025, the BAC maintained oversight of the Group’s Conflict of Interest (“COI”) Policy, which was adopted in October 2023 and updated in November 2024, to ensure its consistent application and effectiveness, following the amendments to Bursa Securities Main LR relating to enhanced COI disclosures. The BAC’s scope of review includes COI situations that have arose, are persisting, in addition to those that may potentially arise as well as measures taken to resolve, eliminate or mitigate such COI. This oversight is to ensure that Directors and Key Senior Management act in the best interests of the Group, free from any personal, financial, non-financial or other conflicts that may compromise their judgement or impartiality. For the year under review, there were no COI or potential COI, including the interest in any competing business with the Group and/or its subsidiaries identified.



The Conflict of Interest Policy is accessible on the Company’s website: <https://www.topglove.com/governance-manual/>



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The system of internal controls provides only reasonable, not absolute, assurance against material misstatement or losses. It also provides reasonable assurance that potential issues can be identified promptly and appropriate remedial action can be taken.


The Board has not identified, nor been advised of, any failures or weaknesses that are considered or determined to be significant. Therefore, a confirmation of necessary actions has not been considered required.

Key responsibilities of the BAC are as follows:

Effective oversight of the Group's financial reporting process to ensure compliance with the applicable financial reporting standards

Review of the effectiveness of both the Internal and External Audit functions, as well as the overall system of internal controls within the Group

Review of corporate governance compliance and practices across the organisation to ensure robustness and alignment with best practices

 The TOR of the BAC and Internal Audit Charter are available for reference on the Company's website at <https://www.topglove.com/governance-manual/>

Key Areas of Focus during FY2025:

Financial Reporting

1. Reviewed all four (4) Quarter's Financial Statements and the annual Audited Financial Statements of the Company and recommended them for the Board's approval. Discussions focused on changes in accounting policies and their implementation; significant and unusual events arising from audits; the going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management.
2. Reported findings on the Group's financial and Management's performance and other material matters to the Board.
3. Deliberated on emerging financial reporting issues arising from the introduction of new accounting standards and additional statutory or regulatory disclosure requirements.
4. Monitored impairments risks in overseas operations and deliberated on loan covenant assessments to ensure appropriate risk ratings.

Internal Audit

1. Reviewed and recommended the adoption of the revised Internal Audit Charter.
2. Reviewed the Internal Audit Plan proposed by the Head of Internal Audit, ensuring adequacy of scope and necessary authority to carry out the audit work.
3. Reviewed salient audit issues together with recommendations from Internal Audit. The BAC considered the highlighted issues, taking into account Management's responses, and approved Internal Audit's proposals for rectification and the implementation of agreed remedial actions for improvement.
4. Reviewed the adequacy and competency of the Internal Audit Department's ("IAD") resources required to carry out internal audit engagement works.
5. Undertook the performance assessment of the Internal Audit function, including a review of the effectiveness of its audit processes and its overall performance.
6. Held a separate meeting with the Head of Internal Audit to discuss the results of the assessment and other areas of concern, without the presence of the Executive Directors and Management.
7. Reviewed and recommended inclusion of profit sharing and business operation agreements in audit coverage.

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External Audit

1. Discussed with the External Auditors, prior to the commencement of the audit, the audit plan, nature and scope of the audit, emphasised key audit areas and ensured coordination where more than one (1) audit firms are involved. The External Auditors' evaluation of the system of internal controls and audit reports was also discussed.
2. Reviewed and approved the provision of non-audit services rendered by the External Auditor.
3. Reviewed and deliberated on the External Auditors' reports and recommendations regarding opportunities for improvement in significant risk areas, internal controls and financial matters based on observations made during interim and final audits.
4. Organised two (2) private meetings with the External Auditors without the presence of the Executive Directors and Management to discuss the areas of audit concern.
5. Discussed the results of the annual assessment of the suitability and the independence of the External Auditors pursuant to the Company's External Auditors' Assessment Policy.
6. Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board.

Governance

1. Reviewed and recommended the adoption of the revised Conflict of Interest Policy.
2. Reviewed the related party transactions ("RPTs") presented by the Management, to ensure that RPTs were undertaken in the Company's best interest and were not detrimental to the interests of minority shareholders and were conducted under fair and reasonable grounds and normal commercial terms.
3. Reviewed the revised Whistleblowing Committee Organisational Chart and Central Integrity Function Structure, together with the revised Whistleblowing and Anti-Corruption Policies and Procedures and received updates on incidents/cases of the Group.
4. Reviewed the Integrated Annual Report, including the Value Creation Report, BAC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement, and recommended the same for the Board's approval.
5. Reviewed the Group's cash flow budget, Business Units performance and capital expenditures.
6. Verified and ensured the allocation of Employees Share Option Scheme ("ESOS") and Employees Share Grant Plan ("ESGP") complied with the criteria as stipulated in the By-Laws of ESOS and ESGP of the Company respectively.
7. Reviewed and deliberated the corporate governance developments, disclosures and practices of the Company and areas for improvement.
8. Reviewed Group's Social Audit Compliance and the implementation of mitigation plans.
9. Reviewed the initiatives by Group IT Department on cybersecurity and IT systems aimed at strengthening control processes and ensuring seamless integration.
10. Reviewed updates on Business and Human Rights under BAC's purview and Human Rights Due Diligence matters.
11. Reviewed the proposed action plans arising from the Board Effectiveness Evaluation FY2024 outcome.

Professional Development Programmes

During FY2025, all the BAC members have attended various seminars, professional development programmes and conferences.

 The list of programmes attended is disclosed in the Corporate Governance Report 2025 on pages 15 to 18 which is available for reference on the Company's website at <https://www.topglove.com/governance-manual/>

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Internal Audit Function

The Internal Audit Department (“IAD”) comprises of six (6) members respectively led by Ms Frances Liew Mai Heang and Mr Puon Tuck Seng. Ms Frances Liew possesses over twenty-four (24) years of professional experience encompassing operational and financial audits, fraud investigations, and risk management. Mr Puon brings with him thirty-three (33) years of extensive experience in glove manufacturing operations and manufacturing operational audits. The IAD reports to the Board Audit Committee (BAC) and operates in accordance with its Internal Audit Charter and Terms of Reference.

The principal objective of the IAD is to regularly review the Group’s systems of controls, procedures and operations to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. The IAD provides the BAC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group’s established policies, plans and procedures and the regulatory requirements of the relevant authorities. The BAC reviews and approves the Internal Audit plan of the Group, as submitted by the Head of Internal Audit.

During FY2025, the IAD conducted audits of various departments within the head office functions as well as the Group’s factories and subsidiaries. Summaries of the Internal Audit reports were issued to the BAC on a quarterly basis and deliberated during BAC meetings. Additionally, key issues were escalated to top management monthly to ensure that critical issues were addressed promptly, enabling respective business units to mitigate the associated risks immediately. Detailed audit reports were provided to the respective operations management, including audit recommendations and management’s responses to any identified weaknesses in the systems and controls. The IAD conducted follow-up audits to ensure that the agreed-upon audit recommendations were implemented effectively.

All members of the IAD actively participated in training programmes conducted by professional certification bodies or in-house, and shared knowledge via transfer of learning sessions, to stay abreast with the latest developments in the profession, relevant industry and regulations to effectively perform their roles. Each IAD member is required to achieve at least 50 training hours during FY2025.

The total cost incurred for the in-house Internal Audit function for FY2025 was RM778,665.00 (FY2024: RM643,969.00).

Looking Ahead

The BAC will continue to support the Board in its governance and oversight responsibilities, ensuring the effectiveness of the Group’s financial reporting and both Internal and External Audit Functions.

Some of the priorities for FY2026 in addition to its regular activities are as follows:

- 1 Strengthening the Internal Audit Plan and scope, including operational and non-operational audits, as well as audits of profit-sharing and business operation agreements, to ensure transparency, fairness and regulatory compliance
- 2 Assess the adequacy and competency of audit resources, including manpower and expertise and leverage technology in respective audit processes
- 3 Ensure compliance with anti-corruption and anti-bribery policies and procedures, as well as timely updates and proper resolution of whistleblowing cases
- 4 Monitor corporate governance and compliance practices to ensure alignment with the MCCG and Board policies
- 5 Oversee related party transactions and conflict of interest, ensuring full compliance with the relevant rules and regulations
- 6 Address short-term and long-term liquidity and funding risks

BAC Effectiveness Review and Performance

During the year under review, the Board assessed the performance of the BAC through the annual Board Effectiveness Evaluation. The Board is satisfied that the BAC has effectively discharged its duties, functions and responsibilities in accordance with the TOR of the BAC.

The BAC assessed its performance as a whole and reviewed the evaluation results. Additionally, the BAC also evaluated the effectiveness of the Internal Audit function and the External Auditors’ performance and their independence which will then be recommended to the Board. Based on the assessment, the Board is satisfied with the overall performance of the Internal Audit function and the External Auditors’ performance and their independence.

