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# PRESS STATEMENT

**Top Glove Corporation Bhd** (Company No. 199801018294 [474423-X])

## *For Immediate Release*

Dear Editor,

**Shah Alam, Monday, 15 February 2021** We refer to the article titled '*Malaysian glove makers come under fire again in new BBC report*' (<https://www.malaysianow.com/news/2021/02/13/malaysian-glove-maker-comes-under-fire-again-in-new-bbc-report/>), which was published in MalaysiaNow on Saturday, 13 February 2021.

Top Glove wishes to clarify that the BBC reporting, which the article was based on, did not comprehensively include the remedial actions which Top Glove has implemented to ensure the safety and well-being of our workforce.

Below are the clarifications to the said article:

### **1. Recruitment Fees and Agents**

Top Glove acknowledges that we should have been quicker to adopt a comprehensive due diligence process for managing recruitment agencies and their fee practices. We have learned from this, and have already taken robust actions to make us an exemplary employer in this area.

1.1 Towards this, Top Glove has adopted a robust due diligence procedure (encompassing checks on business background, practices, and processes) to ensure potential agencies fully comply with the Sedex Members Ethical Trade Audit (SMETA) and/or the Business Social Compliance Initiative's (BSCI) code of conduct, as well as applicable local laws and regulations. Additionally, the Company has appointed Impactt, an independent, highly respected ethical trade consultancy, to review our policies and procedures because we are committed to ensuring all our workers receive the right support and are properly treated by recruitment agencies. The Company too continues to work with the relevant Malaysian Ministry and agencies which are looking into strengthening existing regulations and related standard operating procedures (SOPs) for the manufacturing and construction sectors; aimed at continuously enhancing workplace and living conditions of workers in Malaysia.

1.2 To ensure that debt bondage and other related issues have absolutely no place in our business operations, Top Glove launched a Zero Cost Recruitment Policy since January 2019. Under the Zero Cost Recruitment Policy, the Company bears all recruitment related fees for our foreign workers. We are remediating our foreign workers who have previously paid recruitment fees to agents at their source country; including those who have joined the Company on/ or after 1 January 2019 but have since left our

employment. Top Glove have so far made seven (7) rounds of remedial agency fee payments amounting to RM76 million of the total RM136 million recommended by Impactt, which the Group has committed to honour. The total amount covers more than 11,000 of our foreign workers. Top Glove also wishes to inform that foreign workers who have left the Company prior to the implementation of the Zero Recruitment Policy in January 2019, are entitled to their respective remediation payment; the first of which was made in January 2021.

- 1.3 Additionally, any recruitment agency that does not meet the best practices set by Impactt or in any way mistreats foreign workers will be blacklisted by Top Glove. The Company has reviewed the ethical practices of the recruitment agencies operating in our sector. The Company have blacklisted six (6) recruitment agencies which we believe engaged in unethical practices and is currently engaging with seven (7) principled recruitment agencies from Malaysia and abroad. All our foreign workers too are required to sign a Letter of Undertaking committing that they will not pay recruitment fees during the recruitment process.
- 1.4 To end, since January 2019, the Company has completed more than 100 international external audits at Top Glove's factories. Top Glove is proudly the first private company in Malaysia to receive the ISO 37001: 2006 Anti-Bribery Management System (ABMS).

## **2. Passport Safekeeping Policy**

Under Top Glove's Passport Safekeeping Policy, all our foreign workers have full custody of their respective passports.

## **3. Workers' Accommodation**

Ensuring that our foreign workers live in a decent standard of accommodation is a high priority for Top Glove. Towards this, we have set out current, mid, and long term plans to continuously improve the standard of the various types of accommodation we provide to our workers.

### **3.1 Our plans are as follows:**

#### **3.1.1 Current**

- i. We had previously invested RM70 million in more than 100 double-storey houses and hostels with full facilities.
- ii. Recently, we also made an investment of RM20 million in purchasing 101 units of apartments for our employees, and renting additional houses and apartments.
- iii. By end December 2020, we successfully relocated 2,000 of our employees to Westlite-PKNS accommodations in Kelana Jaya, the closest facility that suits our needs at this time. At the Westlite-PKNS accommodation, we provide a host of facilities to our workers, including a canteen with three different caterers, spacious and airy recreational areas, a minimart, self-service laundry, game room, and prayer room.

#### **3.1.2 Midterm**

- i. In the midterm, we are investing approximately RM195 million for more facilities and accommodation.
- ii. This investment includes building mega hostels in Klang and Banting in Selangor, with a combined capacity of 7,300 pax, and combined CAPEX of

RM70 million. These hostels will be fully equipped with a suite of amenities and facilities.

- iii. The Company has also purchased a Kenangan Meru apartment block in Klang, Selangor with a capacity to house 2,700 workers. The apartment block, which is expected to be completed by March 2022, has a CAPEX of around RM95 million.
- iv. The Group is also building and acquiring additional houses, apartments, and hostels in other states, amounting to approximately RM30 million.

#### **4. Workers' Remuneration and Overtime**

The happiness and well-being of our workforce, which is directly affected by their pay, working, and living conditions, is of paramount concern to Top Glove. We appreciate the hard work of our workforce, both local and foreign, who continue to contribute and ensure the success of the Company, especially during the exceptional circumstances of COVID-19.

4.1 Towards this, the Company is committed to more proactive management to mandate strict time off and to enforce a cap on overtime in line with best practices, such as those widely praised in the electronics manufacturing and related sectors. On this, the Company has tightened our monitoring processes to ensure one (1) full rest day each week and that none of our foreign workers work more than four (4) hours overtime per day (104 hours per month). These processes are verified by external audits by WHO and by the Malaysian government authorities. A testament of this, Top Glove was awarded an "A" rating following a June 2020 social audit of Factory 9 by Amfori.

4.2 Top Glove is equally committed that our workers' total incomes are in competitive par with industry standards. On this, the Company has made an award to all our deserving foreign workers of an additional outstanding performance payment totalling RM3.6mil to reflect their exceptional contribution throughout FY2020 and in the first quarter of FY2021. The ex gratia payment for workers in June 2020 was the first time that Top Glove had paid for foreign workers' ex gratia, in addition to the workers' yearly bonus (i.e., Performance Incentive).

#### **5. Limited Movement during MCO2.0 in Compliance with Government's SOPs**

In compliance with the Movement Control Order 2.0 (MCO2.0) which came into effect on 13 January 2021, restrictions in movements at Top Glove's factories and dormitories are in accordance with the SOPs issued by the relevant regulatory bodies. The restriction to movement is currently ongoing until the MCO 2.0 is lifted by the Malaysian Government. As an added precaution to safeguard the safety and wellbeing of our employees, the Company has advised them to refrain from unnecessary movements, enabling us to reduce and/or curb the spread of the virus.

#### **6. Occupational Safety and Health Administration at the Workplace and Factories**

There is nothing more important to Top Glove than the safety and health of our workforce. We have taken many steps over the years and continue to be committed to undertaking regular comprehensive audits of our facilities and occupational safety and health administration (OSHA) practices by independent experts. We have commissioned Impactt to monitor our performance in this area to ensure we always meet the best OSHA practices.

6.1 Top Glove is one of few manufacturing companies in Malaysia with a Zero Harm and Safety Health Emergency Preparedness Programme and a Workers' Health Protection Programme. The Company provides medical coverage and benefits to all our employees, including our foreign workers, within the stipulated requirements. These

benefits are provided at the Top Glove Global Doctors (TGGD) Medical and Dental Clinic, TGGD First Aid Care, and the Company's panel clinics.

- 6.2 Under these programmes, Top Glove's factories have a designated First Aid Room equipped with cardiac emergency, immobilisation, and stabiliser and mobiliser equipment, which are facilities that go beyond the requirements set out by the Malaysia's Department of Occupational Safety & Health (DOSH), under the Ministry of Human Resources.
- 6.3 The factories' First Responders and Safety Health Officers also work in tandem with a 24-hour emergency response team. Top Glove has invested in two 24-hour emergency ambulances with trained paramedics. The ambulances are stationed at the TGGD Medical and Dental Clinic, which is at the Company's 23-storey Corporate Office and just a 10-minute drive to Top Glove's Klang factories. As an additional service to our employees at our Westlite-PKNS accommodations (Westlite) in Kelana Jaya, the Company has set up the TGGD First Aid Care whose operating hours are Monday to Saturday; 9am to 1pm. Top Glove will continue to review or prolong the operating hours of the TGGD First Aid Care as per requests from our employees. This is an extra benefit provided Top Glove for the convenience of our employees at Westlite.
- 6.4 Top Glove wishes to stress that our all employees, both local employees and foreign workers, are given consultation and medication at the TGGD First Aid Care and they are not required to make any payment for consultation nor medication at the TGGD First Aid Care as these are covered under their medical benefits. This is the same practice at Meru, Klang. Additionally, our workforce is provided with 24 hours medical attention, as and when required. There are wardens at all our hostels including the Westlite hostel to transport our employees needing medical attention to a nearby clinic or our panel clinics. In the meantime, under the Workers' Health Protection Programme, our workforce is entitled to a fully subsidised blood screening, basic vision, and hearing assessments. All Top Glove employees are entitled to minimum 14 days and 16 days of medical and hospitalisation leave, respectively.
- 6.5 It must also be mentioned that Top Glove has seven (7) full-time Corporate Nutritionists to support the comprehensive health and well-being of our employees, reinforced by a newly launched security app, TG ResQ, for use by our employees in case of emergencies. Top Glove is also one of few private companies in Malaysia to have auxiliary police (or Polis Bantuan) posted at all premises in Malaysia. Our officers provide additional safety for our workforce and the communities we serve.

## 7. **COVID-19 Preventive Measures**

Top Glove has been at the very centre of the COVID-19 disruptions. Demand for our products has rocketed and the need for social distancing and other protection for our workforce has been paramount. We deeply regret that an outbreak occurred at our facilities in Meru, Klang in November 2020. While we have had COVID-19 prevention SOPs in place since the start of the pandemic, with hindsight we recognise that we should have more strictly enforced the most stringent distancing and PPE practices possible across our facilities. Towards this, Top Glove continues to implement proactive mitigation steps and safety measures to always respond quickly to changing conditions and to primarily ensure the safety of our 21,000-strong workforce.

- 7.1 Prior to 2 November 2020, some 160 of our employees were swabbed as part of the compulsory pre-departure routine. All of them tested negative, enabling them to proceed to board the return flight to their home country. However, on 2 November 2020, a different batch of employees underwent the compulsory pre-departure swabbing and

17 of these employees tested positive. Top Glove moved swiftly in collaboration with the Ministry of Health (MOH) with contract tracing of close contacts of the 17 positive employees. More tests were conducted subsequently by the Ministry. Those who tested negative were isolated at designated quarantine centres while positive cases were taken by the authorities to dedicated hospitals.

- 7.2 Subsequently, the Enhanced Movement Control Order (EMCO) was implemented on two of our dormitories in Meru, Klang on 17 November 2020. Our 28 factories in Klang also temporarily stopped production in stages for thorough disinfection and sanitisation exercises. Following our concerted efforts in collaboration with MOH and relevant authorities to minimise and curb further spread of the virus, the EMCO imposed at the affected Top Glove's dormitories was successfully lifted on 14 December 2020. MOH also gave us the green light to reopen all our 28 factories in Meru, Klang, in stages.
- 7.3 Following the reopening of stages of the factories, Top Glove's workforce has returned to work; with the Company's taking enhanced corrective and preventive measures at all our facilities including a thorough examination of these facilities from ground up. This is in addition to continued and better adherence to the mandated SOPs including the use of personal protective equipment, practising good personal hygiene habits, strict observance to social distancing, and more importantly, continued investments on improved accommodation and facilities for our workforce.
- 7.4 Following our concerted efforts with the Ministry of Health and the relevant authorities, we are encouraged to inform MalaysiaNow that we are witnessing a declining number of cases. As part of the Company's proactive measures, we continue to embark on a weekly sampling testing of our factory employees. As at 31 January 2021, close to 12,000 of our factory employees having undergone screening.
- 7.5 Top Glove places on record our sincere appreciation and gratitude to MOH and the relevant authorities for their guidance and collaboration during this challenging period.

Top Glove reiterates that the health, safety, and wellbeing of our workforce including our foreign workers, is our top priority. As we continue to produce high-quality medical gloves to protect medical practitioners and frontliners across the world, we are equally dedicated to safeguarding our workforce and the communities we serve.

The Company assures MalaysiaNow, our shareholders, and stakeholders that our Board will continue to take on a critical role in directing and overseeing the Company while supporting our Executive Leadership on sustainable and ethical implementation of our policies, benefiting our 21,000-strong workforce.

We humbly request for MalaysiaNow to publish our response, to give your readers and all interested stakeholders a balanced view of the issues highlighted in your article.

For more information, visit [www.topglove.com.my](http://www.topglove.com.my)

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### **About Top Glove Corporation Bhd**

Top Glove Corporation Bhd is listed on the Bursa Malaysia Stock Exchange Main Board and Singapore Exchange Mainboard. It is also one of the component stocks of the MSCI Global Standard Index, FTSE Bursa Malaysia KLCI Index, FBM Top 100 Index, FBM Emas Index, FBM Hijrah Syariah Index, FBM Emas Syariah Index, FTSE4Good Bursa Malaysia Index and the Dow Jones Sustainability Indices (DJSI) for Emerging Markets. Top Glove is currently the world's largest manufacturer of gloves with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

### **Summary of key information:**

	<b>As of 15 February 2021</b>
Number of Factories	47 factories (41 in Malaysia, 4 in Thailand, 1 in China and 1 in Vietnam) comprising: <ul style="list-style-type: none"><li>• 36 glove factories</li><li>• 2 latex concentrate plants</li><li>• 3 chemical factories</li><li>• 1 glove former factory</li><li>• 2 packaging material factories</li><li>• 1 dental dam factory</li><li>• 1 condom factory</li><li>• 1 face mask factory</li></ul>
Number of Marketing Offices	7 (Malaysia, USA, Germany, Brazil, China, Thailand, and Vietnam)
Number of Glove Production Lines	765
Glove Production Capacity	93 billion pieces per annum
Number of Employees	21,000