

TOP GLOVE SUPPLY CHAIN MANAGEMENT APPROACH

Top Glove demonstrates its commitment to embedding policy commitments for responsible business conduct through tangible actions, substantiated by its published sustainability policy and business partner code of conduct.

The sustainability policy outlines clear objectives and principles guiding the company's operations, emphasizing ethical behaviour, environmental stewardship, and social responsibility. This policy serves as a foundational document that informs organizational strategies, operational policies, and procedures, ensuring alignment with the company's overarching goals.

The business partner code of conduct extends these commitments beyond the company's internal operations, establishing expectations for ethical behaviour among its business partners and suppliers. By integrating these expectations into supplier relationships, Top Glove reinforces its commitment to responsible business conduct throughout its supply chain.

Top Glove prioritizes the implementation of its commitments within business relationships, primarily overseen by its Procurement team. This includes a thorough pre-qualification process for new suppliers, which involves the completion of a comprehensive questionnaire. To monitor compliance across functions, Top Glove employs annual QESG Assessment. These mechanisms provide ongoing assessment and oversight. Details regarding supplier assessments can be also found in the [FY2023 Sustainability Report](#). Furthermore, Top Glove hosts yearly events for suppliers, such as training sessions/seminars/dialogue session, as part of its ongoing efforts to foster collaboration and improvement within its supply chain.

SUPPLY CHAIN MANAGEMENT 2023

1. Supplier Screening

New suppliers undergo a pre-qualification process, during which they are required to complete a pre-qualification questionnaire in the system. The social criteria are based on the BSCI Code of Conduct, ETI Base Code, and the United Nations Guiding Principles on Business and Human Rights, while the environmental criteria are based on national regulatory compliance and adherence to ISO 14001 standards.

2. Supplier QESG Assessment/Audit

The current QESG Assessment criteria include evaluating regulatory compliance provided by suppliers, conducting supplier audits to assess documentation and on-site practices such as waste management. These assessments also identify any areas for environmental improvement. Furthermore, the assessment of social criteria is grounded in the principles outlined by the BSCI Code of Conduct, the ETI Base Code, and the United Nations Guiding Principles on Business and Human Rights.

Category	Unit	FY2023
New critical tier 1 supplier that were screened using social and environmental criteria	%	100
Critical tier 1 suppliers assessed for social and environmental impacts	%	100
Critical tier 1 suppliers identified as having significant actual and potential negative social and environmental impacts	%	0

Based on the QESG assessment results, Top Glove issued findings using Improvement Request Forms (IRFs) to the suppliers. These IRFs serve as formal records of identified issues. Suppliers are required to investigate the findings and propose corrective actions to address the concerns raised within timeline agreed by Top Glove. Subsequently, Top Glove conducts follow-up audits to verify the rectification of identified issues by the supplier. The company continues to engage with suppliers who successfully rectify findings related to social and environmental impacts. Top Glove adopts a collaborative approach and works within reasonable timelines with its suppliers.

3. Supplier Development

Top Glove's dedication to capacity building is evident through initiatives like the Top Glove Supplier Training Program. This collaborative effort engages departments such as RA S&C, Group Purchasing, and Technical Experts to enhance understanding and compliance with Quality, Environment, Social & Governance (QESG) standards.

The QESG Assessment Seminar held on November 29, 2023, provided training not only to critical active raw material suppliers with lower scores in FY2023 QESG assessment but also to Top Glove internal suppliers and internal supplier auditors. This demonstrates our commitment to building a sustainable supply chain by proactively supporting suppliers with D & E ratings through the QESG Assessment Seminar. The attendance rate from external suppliers was 84%. The seminar offered participants in-depth insights, discussions on pertinent issues, insights into Environment, Social & Governance policies, and practical tools to effectively navigate and address Top Glove's comprehensive Quality, Environment, Social & Governance (QESG) assessment process.

