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INTRODUCTION

Established in 1991 and headquartered in Malaysia, Top Glove Group of Companies (Top Glove) is the world’s largest manufacturer of gloves. Top Glove offers a comprehensive product range, which now includes a non-glove segment comprising condoms, facemasks, dental dams, exercise bands and household products, fulfilling demand in both the healthcare and non-healthcare segment. Being the largest glove manufacturing company in the world, Top Glove bears great responsibility and accountability in its sourcing and procurement activities.

Objective:

Top Glove Sustainable Sourcing and Responsible Procurement, TG SSRP Policy aims to achieve greater and continuous sustainability in the supply chain for our raw material, which are natural rubber and paper for packaging material to address risks on all the Environmental, Social and Governance (ESG) areas. Natural rubber and paper are both sustainable and renewable natural resources and used as the core material in our glove manufacturing process.

Sustainable Sourcing & Responsible Procurement (SSRP) Policy:

SSRP Policy elaborates on the sustainability commitments taken by Top Glove in the ESG areas. It applies to Top Glove and all of its suppliers and business partners. Top Glove highly encourages the application of these standards amongst its suppliers and business partners throughout the value chain involved in producing, processing and marketing.

These standards serve as a guide to ethical and responsible sourcing and procurement activity. It sets forth the behaviour expected of Top Glove, its suppliers and business partners in relation to ethical decisions on sourcing and procurement.

SSRP Policy hinges on three focus areas as below:

Pillar 1: Environmental
Pillar 2: Social
Pillar 3: Governance
PILLAR 1: ENVIRONMENT

Top Glove encourages its suppliers and business partners to ensure their operations are certified to meet internationally recognized standards for good environmental management practices, such as the Environmental Management System, ISO 14001 and Forest Stewardship Council (FSC). Suppliers and business partners shall analyse their operations, identify environmental risks and address the risks accordingly.

1) Chemical Management

Top Glove ensures compliance with stringent rules relating to chemical use and applies the highest standards relating to the use of chemical products including but not limited in its purchasing, transportation and storage activities.

Suppliers and business partners shall:

a. Comply with international, national, regional, local laws and regulations (including, but not limited to, management methods, usage restrictions, and reporting requirements) concerning chemical substance in the country and region in which the supplier and business partners are operating the business.

b. Refrain from using chemical products that are prohibited by the international Stockholm and Rotterdam conventions, including in countries where these conventions have yet to be adopted.

c. Provide products and services that are free from chemical substances prohibited by national, regional, local laws and regulations.

d. Ensure that the risks of polluting water resources with natural or artificial chemical products and residues are adequately managed.

e. Ensure that its employees use suitable personal protective equipment and authorized chemical products are used appropriately including in transportation, storage, concentration, and manipulation.

2) Energy usage and greenhouse gas (GHG) emissions

Suppliers and business partners are required to:

a. Comply with the requirements of all international, national, regional, local laws and regulations in relation to energy usage and emissions.

b. Make best efforts to have full knowledge of point of origin of the product and services supplied to identify ways to reduce energy usage and limit emissions.

c. Suppliers and business partners shall endeavour to develop emission reduction plan, explore and implement eco-friendly technologies or meet internationally recognised standards for energy usage such as ISO 50001.
3) **Waste Management and Recycling**

Top Glove is committed to preserve the environment in line with its environmental policy, where one of the criteria is to ensure proper waste management practices. Top Glove is committed to proper waste management practices such as 5Rs (Refuse, Reduce, Repair, Reuse and Recycle) programs. Suppliers and business partners shall ensure it:

a. Comply with all international, national, regional, local laws, regulations and guidelines regarding waste management practices including domestic/hazardous wastes; and
b. Practice 5Rs to reduce waste generation.

4) **Water Management**

Top Glove advocates for protection of water quality, preventing water contamination from pesticides/fertilizer use, the operations related to natural rubber, timber cultivation, harvesting and processing do not have any adverse effect on surface water or groundwater resources. Suppliers and business partners shall:

a. Comply with all international, national, regional, local laws and regulations regarding water usage and effluent discharge;

b. Have best knowledge of point of origin of the products and services supplied to identify associated potential water risks or opportunities;

c. Manage usage and prevent unlawful effluent discharge; and

d. Optimize and reduce water usage in its operations.

5) **Biodiversity**

Top Glove is committed in ensuring that its sourcing and procurement activities of raw materials does not contribute to biodiversity loss or forest degradation.

Suppliers and business partners are required to:

a. Comply with all international, national, regional, local laws and regulations regarding conservation, restoration and infrastructure development.

b. Have best knowledge of point of origin of the products and services supplied to identify potential biodiversity risks or opportunities.

c. Protect and preserve High Conservation Value (HCV) and High Carbon Stock (HCS) areas, which includes assessing biodiversity.

6) **Zero Net Deforestation and Peat**

Top Glove commits to protect natural forests, particularly primary forests and areas of high environmental value likely to be jeopardized by the development of rubber cultivation;

By all reasonable means, Top Glove aims to source and procure the raw materials from plantations that fully comply with "no deforestation" principles with effect from 1st April 2019 and the suppliers and business partners are required to ensure:
a. All applicable forest protection laws are observed;
b. Primary forests are completely protected and preserved;
c. No draining, clearing, burning, or developing on peatlands, regardless of depth for any reason;
d. Best efforts are made to have full knowledge of the point of origin of products and services supplied to identify possible associated risk of clearing, draining, or burning of peatlands;
e. Areas of High Conservation Value (HCV) as defined and audited by the HCV Resource Network (https://www.hcvnetwork.org/) are protected and preserved; and
f. Areas of High Carbon Stock (HCS) as defined and audited by the HCS Approach Steering Group (http://highcarbonstock.org/) are protected and preserved areas or creating management plans related to this topic.
PILLAR 2: SOCIAL

Top Glove is committed and require its suppliers and business partners shall source and procure raw materials in conformance with internationally recognized human rights principles, including the UN Guiding Principles on Business and Human Rights (UNGP), Business Social Compliance Initiatives (BSCI) and SEDEX Members Ethical Trade Audit (SMETA) standards.

Suppliers and business partners are required to commit to respecting the internationally recognised rights of workers in all production, sourcing, procurement and financial investments activities. Suppliers and business partners shall conduct business consistent with the Universal Declaration on Human Rights (UDHR). International Labour Organization (ILO) fundamental conventions and all applicable laws/regulations.

1) **No Child Labour**

In cases where a supplier or business partners relies on a family farm or operation in which young workers may live and who are expected culturally, traditionally, or practically to contribute to the family’s work, supplier and business partners are required to demonstrate upon request to Top Glove that the work performed by the young worker(s) does not subject them to situations that can be harmful to their health or development, either physically, mentally or emotionally.

2) **No Forced Labour**

Suppliers and business partners shall have zero tolerance on forced labour, which include modern slavery, human trafficking, forced, bonded, indentured or prison labour. Suppliers and business partners shall prohibit to retain all original copies of employee personal documentation and demand for any form of fee as a condition of employment.

3) **Freedom of Association and Collective Bargaining**

Suppliers and business partners shall respect employees’ rights of having freedom of association and collective bargaining in accordance with applicable international, national, regional and local laws and regulations.

4) **No Discrimination**

Suppliers and business partners are required to foster a workplace with zero discrimination based on race, ethnicity, nationality, religion, disability, gender, sexual orientation, family background, union membership, political affiliation, marital status, age and physical appearance.

5) **No Abuse Practices, Harassment or Undue Disciplinary Procedures**

Suppliers and business partners shall prohibit any form of corporal punishment, harassment and abuse. Applicable disciplinary procedures have to be clearly communicated to all employees and grievance and investigation processes shall be in place.
6) **Legal and Decent Working Hours**

Suppliers and business partners comply with their national, regional and local laws and regulations for working hours. Any required overtime must be performed not exceeding the national laws and regulations and with volunteer basis.

7) **Safe and Healthy Workplaces**

Suppliers and business partners shall comply with highest standards of workplace safety and health regulations and hold responsibility on employees’ safety and health. Suppliers and business partners are encouraged to be in compliance with ISO 45001.

Suppliers and business partners shall:

a. Provide PPE, tools and equipped workstations to its employees which are kept in good conditions and shall also be replaced if damaged;

b. Conduct regular inspection of safety facilities and equipment to ensure that they function properly in case of incidents;

c. Make potable water, sanitation, rest areas, emergency exits, and emergency aid available and visible to all employees, as appropriate;

d. Adopt good housekeeping program and maintain the workplace clean and orderly;

e. Employ a hazard recognition program to detect unsafe act and unsafe condition or hazards at workplace;

f. Implement the risk assessment program for all work activities;

g. Mitigate and control all risk identified;

h. Conduct safety inspection and maintenance on machinery and workplace;

i. Clearly mark and inspect evacuation routes and emergency exits regularly;

j. Develop rules to identify, eliminating, and responding to risks in the workplace and communicate these rules with all of its employees;

k. Install fire alarm systems and other necessary detection equipment;

l. Suppliers train and alert all employees on potential emergencies and educate on evacuation routes;

m. Maintain the readiness of emergency equipment and regular testing of systems;

n. Prepare necessary supplies for evacuation in advance such as first-aid equipment and provide these supplies during evacuation procedures;

o. Report any emergency cases that impact the supply chain to Top Glove as soon as possible;

p. Incorporate recurrence prevention planning into their Health, Safety and Disaster prevention policies and plans or procedures.
8) **Living Wages and Fair Benefits**

Suppliers and business partners are required to comply with local minimum wage and fair benefits to employees, without discrimination as to nationality, social origin, religion, language, nationality, gender, culture, immigration and/or any other status.

9) **Accommodation to Employees**

In cases where suppliers and business partners provide accommodation to its employees, they are required to comply with applicable accommodation laws and regulations.

10) **Respect for the rights of indigenous peoples and local communities**

Top Glove commit to respect the rights of indigenous peoples and local communities (IP/LC). Suppliers and business partners shall

   a. Carry out operations consistent with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).
   b. Respect the rights of IP/LC.
   c. Conduct a process of free, prior and informed consent (FPIC) prior to any activities that might affect the rights of IP/LC, and adhere to the outcomes of this process.
   d. Provide remediation to IP/LC when activities have infringed their rights.

11) **Supplier and Business Partners Assessment**

Top Glove conducts supplier and business partners’ assessment to measure and monitor their performance for the purposes of ensuring full compliance to the TG SSRP, contract compliance, reducing costs, mitigating risk and driving continuous improvement.

Based on the results of the assessment, Top Glove commits to developing time-bound implementation plans with suppliers and business partners including potential suppliers to achieve full compliance to the TG SSRP and remedy past or ongoing harms if required.

12) **Labelling, Marking and Packaging Material Requirements**

Suppliers and business partners shall comply with all applicable labelling laws and regulations in their country/region of operation and with Top Glove labelling requirements.

13) **Quality Assurance**

Top Glove encourages suppliers and business partners to establish a quality assurance system to ensure they meet the quality and safety requirements as well as documentation and reporting requirements under applicable laws and Top Glove standards.

Supplier and business partners shall continually strive towards improving the quality of their product and services and explore new technologies or practices to increase production, delivery efficiencies or reduce costs while meeting Top Glove's specifications and quality requirements.
14) **Product Safety, Information and Disclosure**

Suppliers and business partners shall disclose material characteristic, health and safety information of the products that are supplied to Top Glove. Products supplied shall be in compliance with the relevant trading standards and legislation.
Pillar 3: GOVERNANCE

Top Glove interacts with relevant stakeholders on a regular basis be it directly or indirectly through its own operations or those of its suppliers and business partners. Information, communication and consultation processes shall be in place to afford opportunities for feedback and suggestions related to fulfilment of Top Glove commitments.

1) Business integrity

Suppliers and business partners are required to uphold to a high ethical standard, adopt honesty, integrity and transparency in business dealings.

2) Anti-bribery & Anti-corruption

Top Glove has zero tolerance to bribery and corruption. The principles are outlined in its Anti-Bribery & Anti-Corruption Policy. Top Glove embeds commitments into the group decision-making processes, systems, performance metrics, and core business units. Suppliers and business partners are prohibited from participating in or tolerating any forms of corruption, bribery, extortion, or embezzlement. Suppliers and business partners are required to adhere to the Top Glove’s Anti-Bribery & Anti-Corruption Policy.

3) Money Laundering

Top Glove does not tolerate and engage in money laundering. Suppliers and business partners shall comply with the applicable national and/or international accounting and banking standards and processes, as well as law with respect to money laundering, fraud and other illegal financial activities.

4) Traceability

Top Glove shall work closely with its suppliers, business partners and Non-Governmental Organization to map its supply chains and overlay it with maps of environmental and social risks zones. Such traceability provides a means to identify critical areas with high conservation value and high carbon stock as well as social issues and conflicts. The resulting map provides the basis for purchasing decisions by the Top Glove and the development of action plans together with its suppliers and business partners whenever necessary.

Top Glove targets to achieve this mapping for at least 80% of natural rubber purchased volumes by 2025.

5) Data protection

Suppliers and business partners are required to implement appropriate safeguards to protect confidential information and/or intellectual property of their business partners, as well as personal data and/or personal information including but not limited to individual’s privacy.
6) **Grievance mechanism & whistleblowing procedure**

Suppliers and business partners are encouraged to have proper grievance mechanism and whistleblowing measures to allow its employees to raise grievance or report wrongdoings in good faith without fear of reprisal. The measures shall be clearly communicated to their employees and issues raised have to be attended and recorded.

7) **Antitrust**

Suppliers and business partners shall act in compliance with antitrust or competition laws and regulations concerning practices such as monopolizations, improper trade restrictions cartels, bid, rigging, unfair business practices or abuse of dominant positions.

8) **Conflict of Interest**

Suppliers and business partners shall ensure there is no interest whether direct or indirect, which would conflict in any manner with the performance of its services.

9) **Best Practices**

Top Glove, suppliers and business partners shall continually strive to improve its practices to ensure sustainability in its sourcing and procurement activities.