

CS GARMENT, INC.

we make shirts



UN Global Compact Communication on Progress 2012

April 2013



MESSAGE

I am pleased to confirm that CS Garment, Inc. will continuously support and commit to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

We are also committed to share this advocacy with our stakeholders using our primary channels of communication.

Yours sincerely

Claus Sudhoff

President and CEO



CS Garment, Inc.



ABOUT THE COMPANY

CS Garment, Inc. manufactures high end quality mens woven shirts for export and has been in existence for more than two decades (23 years).

Founded in 1989 by Mr. Claus Sudhoff and began its operation in 1990.

In 1995, it became the first garment firm in Southeast Asia to be ISO 9002 Certified (currently ISO 9001:2008)

Passed the Social Audit conducted by TUV Rheinland on AVE Sector Model for Social Responsibility and SA8000:2008 certified since December 2011.

Company subscribed to the principles of United Nation's Global Compact (UNGC) since June 2002

Principle 1. Business should support and respect the protection of internationally proclaimed Human Rights.

CS Garment, Inc. has very high respect for human rights and aligned its policies and programs with the principles of UN Global Compact. Aside from the UN Global Compact and Code of Conduct, CSGI add more value to its social advocacy thru a social audit called SA8000 (Social Accountability)

SA 8000 Certification

- CSGI received the [SA8000:2008](#) certification since 27 December 2011, upon the audit conducted by TUV Rheinland on the following principles:
 1. Prohibition of Child Labour
 2. Prohibition of Forced and Compulsory Labour
 3. Health and Safety in the Workplace
 4. Freedom of Association and Right to Collective Bargaining
 5. No Discrimination
 6. No Corporal punishment, mental, physical or verbal abuse
 7. Working Hours in compliance with applicable laws and industry standards
 8. Compensation at least equal to legal or industry minimum level
 9. Management Systems
- CSGI SA8000 Management System is the company's commitment to manufacture and deliver high quality products in accordance with the recognized set of standards based on the concept of environmental and social accountability.
- The company passed the [SA8000 semi-annual surveillance audits](#) conducted last [March and September 2012](#).

PROMOTION OF SAFETY AND HEALTH IN THE WORKPLACE

User Friendly Machinery and Equipment

- Sewing machine work height are adjustable and with automatic thread trimming and light foot lifting for the comfort of the user.
- Special machines like buttonhole, button attach, and embroidery are easy to operate since they are all automated. It also applies to the automatic spreading machine with fabric cutting that is programmable to the required length of the markers.
- All machine have safety devices like emergency stop button switches, eye protector, and pulley guards which protect moving and powered machine components. It has safety signs and markings to protect the user from accident.
- Machine lubrication is non-flammable, combustibile and not hazardous.

Accredited Safety Officer

- The company sent additional employees to undergo Basic Occupational Safety and Health (BOSH) training program.
- It tackles management of safety and health such as job safety, health control and services, emergency preparedness, hazard identification, accident/incident investigation, accident analysis, etc.

There were no incident of major accident involving machinery/ equipment in previous years up to present.

Annual Work Environment Measurement (WEM)

- Last April 2012, the Occupational Safety and Health Center (OSHC) conducted WEM in the company. The objective of this test is to ensure that the level of dust, noise, illumination and general ventilation in the workplace is within industry standard parameters and does not pose a threat to the health and safety of all concerned.
- Generally, the company passed the WEM, although there are some areas that needs improvement in terms of illumination.
- Next WEM is scheduled on 2nd quarter of 2013.

Tetanus Toxoid Vaccine

- On February and August 2012, employees in all ages were injected with the 2nd and 3rd dosage of Tetanus Toxoid vaccine by our company doctor. The vaccine will free them from tetanus infection or other related diseases.
- This activity was done in collaboration with The Provincial Health Office of General Emilio Aguinaldo Memorial Hospital in Trece Martirez City, who provided 250 vials for our employees.

Fasting Blood Sugar (FBS) Screening

- On 27 March 2012, the Company doctor conducted the yearly free FBS screening to employees. The test will help determine who among the employees have high sugar levels and has potential for diabetes.
- Employees diagnosed with high sugar levels are advised by the company doctor to have proper diet and medication, if needed.

CONTINUOUS ADVOCACY OF FAMILY PLANNING / WELFARE PROGRAM IN THE WORKPLACE

Since 1995 up to present, CS Garment, Inc. has implemented the family welfare program in the workplace. The initiative has earned several appreciation and recognition from government and non-government agencies and became the benchmark of other companies.

- Proper birth spacing of the children to give the mother enough time to recuperate.
- It does not prevent a couple from having many children, it only encourages them to make sure they are ready to have a child to be able to provide him/her with a bright future.
- The program also teaches our employees to be responsible parents by giving/spending quality time with their children.
- Contraceptives like pills and condoms are freely given to employees.
- The Clinic staff continue to provide information and education regarding the family planning/welfare program.
- The company physician and nurse are regularly monitoring the program to ensure that employees and their families are in good health and condition.

Employees practicing family planning/welfare program are more productive, healthy and with happy outlook in life.

Maternal Care

- As part of the Family Welfare Program, pregnant employees are taken care of, thus, 100% gave birth to healthy babies.
- Pregnant employees are not assigned to heavy work loads and prolong standing position.
- Risk assessment is also conducted to identify potential hazard to pregnant employees within the company premises.
- Counseling by company doctor and/or nurse.

Paternal Leave

- The company takes care not only for female but also for male employees when it comes to family matter. Male employees whose spouse/partners gave birth are given seven (7) days paid leaves when their wife gives birth as mandated by law.
- We allow leave extensions to take care of the spouse and newly born child.

Breastfeeding Policy

- Company recognizes the importance of breastfeeding for both mother and baby. Likewise supports the advocacy of Republic Act 10028 or the Expanded Breastfeeding Promotion Act of 2009.
- CS Garment, Inc. has a lactation room to enable breastfeeding mothers to breastfeed their babies while at work. Facility includes clean, private area with table and comfortable chair, hand washing facilities, safe container for milk and refrigerator.

Magna Carta of Women

- CS Garment, Inc. has always been in compliance with the rule of the Department of Labor especially Section 21 (B) of the implementing Rules and Regulations of Republic Act 9710, otherwise known as “Magna Carta of Women”.
- Any female employee who has undergone surgery caused by gynecological disorders shall be given a leave entitlement of two (2) months with full pay based on her gross monthly compensation.
- Regardless of age and civil status, she will be entitled to this special leave, provided she has complied all the requirements set by the law.

Principle 2. Business should make sure they are not complicit in Human Rights abuses.

Progressive Management

- Humane treatment to employees is an important tool of CS Garment, Inc. to ensure harmony and cooperation in the workplace. Management team is aware that the employees are not only gifted with reasons and intelligence but at the same time, they are endowed with feelings. We, in CS Garment, Inc. upholds harmonious industrial relations and promotes true care and concern for each other. This is evident in the company's record for the past 20 years having zero incident or zero case of complaints of maltreatment, fights or exchange of blows amongst its employees, middle- management and the top management.
- Handling issues in the workplace is a responsibility of all levels of management. Ideal way to handle complaints is to prevent things from happening especially the one that give rise to the problem or issue. Company allows the involvement of employees to cooperate and partake in problem-solving and not to become part of the problem. Regular meetings are conducted where important concerns and details are noted for management action.

Suggestion Box

- Suggestion or complaint box provides a confidential means for all employees to report non conformance with company policy or standards to the management and/or workers representative. This device is also used as a way to address employee concerns, if face to face/ oral communication is not possible/available in certain conditions and for any other reason.

Committee on Decorum and Investigation (C O D I)

- In response to Rep. Act 7877- known as Anti-Sexual Harassment Act of 1005, the Company organized a **Committee On Decorum and Investigation (CODI)** which focuses on Sexual Harassment and Violence against Women.
- It recognizes the value of women in our society especially their role in nation-building and guarantees full respect for human rights of every individual.
- The committee is created to maintain sound work environment free of sexual harassment and all forms of sexual intimidation and exploitation. In keeping with these commitment, the top management in cooperation of those in the supervisory level, committee members and rank and file employees are bound to help in the prevention of sexual harassment and any form of intimidations and exploitations.
- CODI function is to receive complaints, conduct further investigation and submit corresponding recommendations for submission to Advisory Board subject for appropriate action.
- "**Retaliation Clause**" is written in the policy wherein any person whom a complaint of sexual harassment is filed cannot discipline or change the work assignment of the complainant or intentionally pressure or threaten the same otherwise the violator will commit the retaliatory acts under Article 248 (f) of the Labor Code.

There were no incident of complaint regarding violation of this article 7877 from year 2008-2012.

Principle 3. Business should uphold the freedom of association and the effective recognition of the Right to Collective Bargaining.

Labor-Management Council

The Company respects the right of all personnel to form, join, and organize responsible and matured employee organization of their choice. In the absence of trade union, our company have a Labor-Management Council (LMC) which enhances more the harmonious relationship between labor and management. Representatives of workers and any personnel engaged in organizing workers are not subjected to discrimination, harassment, intimidation, or retaliation for reason of their being a member of an organization.

- Every two years, employees are conducting the voting of LMC Committee Members. Every section and department had their own representative to thresh-out the need of each and every employees.
- The committee has a fund wherein team members in financial need can borrow money provided they have to pay it within a period of six (6) months.
- SA8000 Workers Representative is elected from among the LMC committee members to participate in workplace dialogue and management review.

The presence of LMC encourages a collaborative behavior among various levels of the organization. The philosophy is that greater cooperation between labor and management on matters of mutual interest and concern will create a more satisfying and productive workplace. We can proudly say that the company's LMC has been very cooperative and understanding through the years especially during the times of global financial crisis up to present.

Principle 4. Elimination of all forms of Forced and Compulsory Labour.

Recruitment and Hiring

- The company does not engage in or support the use of forced or compulsory labor as defined in ILO Convention 29.
- The company does not withhold any part of the personnel's salary, benefits, property, or documents in order to force such personnel to continue working in the company.
- Personnel have the right to leave workplace premises after completing the standard workday and are free to terminate their employment, provided that they give reasonable notice to their employer.
- The company does not engage in or support trafficking in human beings.

Regular Review of Personnel Policy Manual

- A committee composed of Personnel Manager and Department Heads are annually reviewing the Company Policy Manual. The committee members are very particular in compliance to the labor law, the content of the personnel policy manual is 100% compliant to the mandate of the government and the rules of the company itself.
- Personnel Policy Manual defines the hours of work and rest days. Computation of basic pay, overtime, holiday pay etc. together with all the benefits and compensation were also checked and reviewed if correct.
- Every new Company Policy/Rule is discussed thoroughly to verify if it is in accordance with national law.
- New Government Rulings, Policy and Wage are also discussed by the committee for immediate implementation, if needed.

Principle 5. Effective abolition of Child Labor.

Child -friendly firm

- CS Garment, Inc. received three recognition as Child-friendly Firm. The company was cited as Child-friendly firm due to various programs for the benefits of the children not only of its employees but also the children in the community.
- We have joined advocacy like child-labor free company, we have donated various good and items for the children and also sponsored programs benefiting the street children in the community. Some of the child-friendly activities are through the collaborative efforts of CSGI employees, management and the GO's and NGO's.
- Proud to say that around 30 new companies have consulted CS Garment, Inc. because they like to set-up and start Child-friendly program to their respective companies.
- The child-friendly programs we have cooperated, has helped thousands of children inside and outside our community.

Remediation of Children

- To align our Administrative & Personnel Policies with SA8000, we have revised Policy #001 "Recruitment and Hiring" to include the "Remediation of Children" clause. The new policy is aimed as corrective action in case a "child" which fits the definition of child labor is found working in the company. If this happens, the parents/guardian will be called to discuss the rights of the child for education and to find ways to let him be in school. If in case there is a member of the child's family that is willing, able, and qualified to work, he/she can be considered as replacement for the child. If the child reaches the age of 18 and he/she still likes to work in the company, he/she will be given priority for employment.

Strict and Fair Hiring Procedure

- Even in placing advertisements, we made sure that 18 years above are posted. We hire only those 18 years and above and those who have finished secondary high school to do non-hazardous production work. HR Staff requires for original birth certificates for age verification. As a general policy, young looking applicants are subject for further verification. Submitted copies of school diplomas are sent to their respective schools to check if they really graduated secondary school and to know the correct age. Enclosed with our verification letter is a blank form and a return envelope with ready stamps so that school officials can promptly send their response. Random background check was conducted and out of 30 applicants, we have 8 young girls who were refused admittance and request to apply after they reach their 18 years old. Rigid interview is conducted by HR staff for suspected young workers
- Accepting On-the Job trainees from various Vocational Schools and University were also screened properly. A written letter from the university Dean or Superintendent must clearly indicate the age of the students who will undergo the practical training in the company and the training hours are also required so that the student-trainees will be placed in a job that are non-hazardous in nature.

Informative Materials cum Awareness Tools

- Informative materials regarding prohibition in the use of child-labor are posted at designated areas of the factory. (eg. posters from ILO that child must be taken care of and has the right to play). Posting of promotional materials visible to all confirms company commitment to combat child-labor. The materials are visible not only to employees but also to the stakeholders and visitors who frequents the office.

Principle 6. Elimination of Discrimination in employment and occupation.

Provision of Equal Employment Opportunities (EEO)

- CS Garment, Inc. has aligned its policies with SA8000 not to engage in, or support discrimination in hiring, remuneration, training, promotion, termination, etc.
- Hiring was done on the basis of their skills and ability to do the job rather than their personal characteristics such as sexual orientation, religion, gender, nationality, ethnic origin, political belief etc. This rule on discrimination is written in our Personnel Policy Manual # 001 under Recruitment and Hiring.
- Company also hires physically challenged individual. They are given opportunity to work in the factory. We have gained their loyalty and it can be justified by their length of service with CSGI.
- Consideration is also given to old employees and those who just recuperated from serious illness (e.g. cancer).
- For vacant positions, preference is given to the present most qualified personnel either through promotion or lateral transfer rather than hiring new applicants.

Principle 7. Business should support a precautionary approach to Environmental Challenges.

Accreditation of Pollution Control Officer (PCO)

- In addition to the company's existing Pollution Control Officer, we have sent another team member to undergo Basic and Refresher Course for Pollution Control Officers on March 2013. This is to refresh, update and ensure the Company's compliance to environmental laws.

Hazard and Risk Prevention

- Checking of building facilities in preparation for any calamities (e.g. flood, typhoon, fire, etc.).
- Fire Safety and evacuation drill conducted twice a year.
- Hazard and risk assessment are also done to identify potential hazard, health or environmental risk so that appropriate corrective/preventive action could be done to correct the problem.

Principle 8. Business should undertake initiatives to promote Environmental Responsibility.

Solid Waste Management

- Reduction of scrap fabrics thru the use of CAD system in pattern/marker making. Other scrap fabrics are donated to garment schools who can reuse them in their sewing lessons
- Recycle of scrap fabrics thru sewing /converting them into other usable items such as shorts, bags, pot-holder, etc.
- Reuse of Cartons and Boxes – as suggested by our VP/GM which was accepted by our buyers, they return back to CSGI the used boxes and cartons to be reused for the next orders. They are happy with the suggestion because they were able to help protect the environment and also save on cost.
- Reuse of paper, cardboard, plastic polybags, sacks, etc.
- Reuse of Plastic Cone for Threads – Negotiation is ongoing so that we can return them back to the suppliers for re-use.
- Scrap/garbage is segregated according to its kind such as fabrics, papers, corrugated boards, plastics, wood, metal, etc.
- Residual waste/scrap is disposed thru a Philippine Economic Zone Authority (PEZA) Accredited Waste Hauler who will further sort them either to be sold for recycling, or disposed at the Metro Clark dumpsite. Burning of garbage is strictly not allowed .
- Treatment of hazardous waste such as busted flourescent lights/bulbs by a PEZA accredited treaters/haulers before disposal.
- Old batteries and used oil are donated to “Bantay Kalikasan” a Project of ABS-CBN Foundation, Inc., for proper handling and disposal in an environmentally safe manner.

Water Quality Management

- Waste water are connected to a water treatment facility managed by Philippine Economic Zone Authority (PEZA) before it is disposed in the main bodies of water such as a river or ocean.
- Water analysis such as Biochemical Oxygen Demand (BOD), Oil and Grease, Total Suspended Solids, Total Coliform and Chemical Oxygen Demand (COD) are conducted twice a year to ensure that waste water generated by the company is within acceptable level and not harmful to the environment.
- Latest water test conducted on March 2013 and passed all criteria.

Coastal Cleaning and Coral Reef reforestation

- CS Garment, Inc. actively participated in the yearly International Coastal Cleaning and Coral Reef-Reforestation activity held in different locations of the municipalities of Rosario. The activity was chaired by the local municipality, supported by PEZA in collaboration with the Department of Environment and Natural Resources (DENR). Last 22 September 2011, several locators of the Ecozone participated in the Coastal Cleaning activity where CS Garment, Inc. also participated and sponsored a coral reef to become shelter for the marine life at the sea of Rosario.

Tree-Planting Activity

- Last 24 September 2011, tree-planting activity was held at the municipality of General Trias where 1,000 mahogany trees were successfully planted. The collective effort of the locators in the ecozone including CS Garment, Inc. made the nationwide tree-planting activity a big achievement.

Earth Hour

- We support the worldwide switching off all the lights for an hour to lower the worlds energy consumption and help protect the planet. Participation of team members at home is also encouraged.

Principle 9. Business should encourage the development and diffusion of Environmentally Friendly Technologies.

Energy savings, User-friendly machinery, tools and equipment

- Installed Evaporative Air Conditioner unit on April 2013 as a substitute for regular air conditioner. These new units are more environment friendly since it only uses water as a cooling agent instead of Freon. It is also more energy efficient because it consumes significantly lesser electricity than conventional aircon units.
- New sewing machines now uses a servo motor which are more energy efficient because it only runs when the pedal is pressed compared to a clutch motor which runs continuously even if you are not stepping on the pedal. It also does not generate hazardous waste such as used oil and does not require changing the oil.
- Pattern and marker making is done by computer aided design (CAD) software which optimizes paper and fabrics consumption, thereby reducing waste/scrap materials.
- Steam boilers has no emission because the company is using portable electric boiler.
- Energy saving compact florescent lamp (CFL) is being used to replace incandescent bulbs, while electronic ballast are used for florescent lightings instead of the regular ballast
- New printers purchased are equipped with continuous ink supply system (CISS), which are more energy efficient , economical and could also reduce waste such empty cartridges.

Compliance to material testing on Oeko- Tex Standard 100

- Dealing with European buyers entails a lot of compliance to their requirements. One of this is the Oeko-Tex Standard 100, world's eco label for textiles. Materials and accessories used in our shirts have been tested to the defined criteria of Oeko-Tex 100. It provides a guarantee that product poses no perceivable health risk to end- consumers or any human beings. We make sure that all our suppliers are delivering to us materials that pass Oeko-Tex standards. The idea of Oeko-Tex Standard means creating a quality product that is universally valid as this guarantees the consumers or buyers that the products or materials used are ecologically harmless.
- Using materials and accessories like fabrics, threads, buttons, interlinings and others that are tested and considered as environment-friendly proved the company's initiative to address environment-related issues. This is also our chance to raise awareness to other companies within the supply chain to meet the ecological standards required to compete globally. We intend to continue giving satisfaction to our customers by providing them not only quality but user-friendly and environment-friendly products.

Principle 10. Business should work against Corruption in all its forms, including Extortion and Bribery.

Integrity Initiative

- On 05 December 2011, Mr. Claus Sudhoff, President and CEO of CS Garment, Inc., has signed an Integrity Pledge, a commitment to ethical business practices and good corporate governance. Said program was spearheaded by the European Chamber of Commerce of the Philippines
- The participation of Mr. Sudhoff, as President and CEO of CS Garment Inc. in the Integrity Initiative is a way to create key measures and control activities intended to ensure transparency, integrity and ethical business practice amongst the garment sector. The company aims at becoming a big player in cultivating a culture of integrity not only in the country but also in the global world.
- The pledge stated the prohibition of bribery in any form in all activities. It ensures that any charitable contributions, business gifts, and sponsorships are transparent and will not be a purpose of influencing others into improper exercise of their functions, duties and judgment. The pledge also promotes integrity pacts to other businesses and with government agencies in following the right procedures of government laws.

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