



United Nations Global Compact: A working strategy for implementing Business Social Compliance Initiative (BSCI). The key is a partnership in respecting human dignity, managing risk and maximizing the opportunities in the supply chain by taking a proactive and ethical approach.

The TMS Group

The TMS Group has established itself as one of the leading sourcing organizations for apparel and fashion accessories in Asia. With offices in the United States, Hong Kong, China, India, Bangladesh and Indonesia, the thriving group delivers fashionable products and services at highest quality level to customers worldwide.

The TMS Group is a preferred supplier with a number of well-known and fashionable international apparel brands. The TMS Group global customer-base markets products in five continents and more than 40 countries, in virtually every corner of the globe.

The TMS Group partnered with all key customers in implementing the BSCI with all of its suppliers. The pilot venture commenced in late 2006, and the formal launch was in November 2007. All participants are strongly committed to social responsibility as an integral element to long-term business success. BSCI is not a just a social, ethical, or business driven set of values and ideals. It is also a moral responsibility inherent for any corporate citizen, and that ultimately must respect human dignity.

BSCI has a wide ranging and comprehensive approach to the introduction, implementation, and sustained achievement of Corporate Social Responsibility (CSR). The TMS Group exercises its role thru a partnership and mentoring approach with its suppliers on a global basis.

The key agent within the collaboration between committed suppliers and The TMS Group is the internal global compliance philosophies that focus on supplier education, coaching and achieved compliance. This approach is enhanced by audits in standards and policies in the following areas: employee rights, compensation, work place environment, economics, and eco/environment sustainability.

Through this aspect of supplier education, the power of the commonly referred to “WIIFM Principle” is unleashed with suppliers. The “WIIFM” or “What’s in it for me” principle demonstrates to suppliers the measurable advantages of BSCI in the core areas of:

- Optimizes working conditions
- Increases productivity

- Higher product quality
- Higher satisfaction for workers and consumers
- Obtaining a “preferred supplier status”

The combined success of this approach is reflected in the BSCI Self Assessment and Code Declarations for 100% of existing and new suppliers.

The performance of the supply chain is one of the main CSR concerns that TMS Group and key customers manage and measures across their businesses with all of suppliers. The key is that as partners we must lead by example, and we are ethical, transparent and accountable in our daily work, and pass this philosophy to our supply base as a requirement.

The TMS Group Strategy

Taking the “lead by example” approach, we utilize the combined framework of Global Compact/BSCI to create a partnership aligned with clear and measurable global standards that are addressed in a pro-active way with suppliers. This developed strategy to implementing BSCI is part of an over-all 3 tier Corporate Social Responsibility philosophy that addresses 3 core areas:

(A) Protection: Human rights, reputation and liability risk Management.

(B) Builders: Enhance corporate reputation, Strengthen efficiency for quality/cost/cycle time.

(C) Innovation: New supplier certifications, products or expanding capacity and skills within existing suppliers and recertification.

The Main Drivers:

The main drivers that support the TMS Group philosophy are the fundamental universal drivers such as the UN Universal Declaration of Human Rights, the International Labor Organization Conventions and parallel certifications such as SA8000. They focus on the importance of proactively managing and removing sources of human rights/dignity risk. This covers social, environmental or ethical risk factors. They are a critical part of the program and integrated into the internal and informal audit processes, and supplier education curriculum.

Taking Action Step by Step and Getting Results:

Since the formal launch in November 2007, the TMS Group compliance and key customer compliance programs have implemented the following framework for delivery and attainment of BSCI standards:

- (A) TMS Group initial screening, follow-up audits, and curriculum development for suppliers.
- (B) TMS Corrective Action Plan training and support with factory management.
- (C) BSCI self-assessments.
- (D) BSCI initial audits, and follow-up audits.
- (E) On-site unannounced inspections.
- (F) Supplier forums on compliance and country legislative changes.
- (G) Re-certification and continuing education.

For “high-risk” areas that are identified as being in danger of not meeting or failing to maintain the TMS Group or BSCI standards, the approach is even more proactive. Further actions include bi-weekly on-site assessments, or training being conducted to identify to what extent suppliers in these areas are meeting the standards and prompt corrective action (short/long term) to address any shortfalls.

Obtaining and Sustaining results:

Within 9 months of the formal launching for the BSCI implementations, The TMS Group achieved 67% of all suppliers compliant by either BSCI and/or SA8000 standards. 33% are progressing towards satisfactory compliance, with an anticipated 90% target for full compliance by January 2009.



Activity	ALL COUNTRIES		
Active Suppliers with key customers	70	90%	
Pending key customer confirmation	8	10%	
Total Suppliers	78	100.00%	
BSCI Audit / SA-8000	ALL COUNTRIES		
PASS BSCI OR SA-8000	38	67%	
BSCI Re-Audit	19	33%	
TOTAL BSCI + SA-8000	57	100.00%	73%
Pending BSCI Initial Audit	21		27%

September 30, 2008 TMS Fashion (H.K) Ltd.

Developing Skills:

The TMS Group, in collaboration with key customers continues to develop its internal Compliance Team, with year 2009 requirements for advanced SA8000 Auditor Certification for all compliance officers, along with continuing education curriculum.

Why is it CSR?

The TMS Group supply chain activities respect human dignity and combine education-based strategies that proactively addresses risk to human rights, and reputation. In some instances the BSCI and TMS Group social requirements go beyond current legislative requirements. BSCI is uniquely tailored to meet the particular relationships with suppliers. Respecting human dignity, while continuing to deliver business results to all stakeholders is achievable and sustainable.