



Global Compact Communication on Progress Report (COP)

2008-2009

Company Name: El-Zay Ready Wear Manufacturing Company

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Company Address:

Russaifeh Main Street/ Awajan.

Zarqa/ Jordan.

P.O. BOX 3151 Amman 11181 Jordan

Contact Information:

Name: Ms. Etaf Al-Hmaideen

Title: Compliance Officer

Tel. No.: +962 5 3740200

Email Address: ehmaideen@elzay.com



El-Zay Statement of Continued Support

El-Zay Ready Wear Manufacturing Company considers that Global Compact principles almost represent the most valued topics arising over the whole world and increases the companies and individual sense of responsibility regarding social, economic and environmental aspects.

In the garments manufacturing sector, El-Zay do believe that compliance is as much of importance as other managerial and operational functions within the organization.

Compliance regarding the social, production and security aspects is nowadays being of an important requirement for any buyer who is planning to conduct business with any garment supplier or manufacturer.

Hence, being compliant is the only surviving way to move forward in this crazy world of manufacturing.

At El-Zay, we do our best to conduct our business according to our self declared code of conduct and as per our buyers' codes of conduct which respect the rules and regulations in the areas of the Global Compact and are consistent with them.

In addition, we will continue supporting the Global Compact and renewing our commitment to the initiative and its' principles.

Mohammed Ekedat
Chief Operating Officer



El-Zay Company; Reality & Ambition:

El-Zay Ready Wear Manufacturing Company was established in 1992 as a public shareholding company that is operated by Jordanian staff with a help of an Italian team at that time.

It started manufacturing as per the Italian manufacturing system regarding design and quality and produced garments basically for the Italian market. This is in addition to its own brand name of El-Zay produced for local market.

During those past years, the company has been operating its business with buyers from the European and American markets. As a result of this accretion in business, the company had to provide the necessary workforce and assets which are needed to satisfy the operational, managerial and productivity needs.

The opportunity of getting business to El-Zay is heavily dependent on sharing the buyers the same interest of compliance especially for those buyers from outside Jordan. This goes besides the quality and prices of the garments produced which at the end make the expected profit for the company and keep on the good reputation among all stakeholders.

It is appreciated that the higher management of El-Zay done great effort to have the company declared as a Qualified Industrial Zone while it is a single company located in a residential area.

This allowed it to take advantage of the facilitations provided by the Jordan government through the Free Trade Agreement (FTA) held between the governments of Jordan and America and increased the company opportunity to widen its business relationships & increase its exports to the American Market.

While there is an opportunity for El-Zay to get more business, there is a great competition arises on the regional level.

This refers to the low prices buyers might get from other manufacturers which the company cannot offer, because it provides its customers with medium to high quality garments produced at high operational cost caused by the inflation occurred in the Jordan market.

Despite of all the challenges faced by the garment sector in Jordan; El-Zay will continue its way to success in getting more business through its reputation & distinguish collection provided to its customers.



HUMAN RIGHTS

Principle One: Businesses should support and respect the protection of internationally proclaimed human rights.

"El-Zay Ready Wear Manufacturing Company complies with laws and regulations in conducting its business in the field of human rights proclaimed locally and internationally. In addition, the company provides safe and healthy work environment in the workplace through our Health & Safety section which in turn follows many procedures that guarantee applying the safety requirements as stated in the Jordan Labor Law".

Our human rights management system is applied in the company through certain policies and procedures which guarantee that human rights are respected and protected. In addition, we are operating with buyers that already do not have negative implications for human rights and have their own code of conduct that respect the human rights and other Global Compact principles.

Worker safety and health is of an importance as well as other management interests. Being safe and healthy is valuable for worker as well as for the company. Being safe and working in a safe environment means more production and reliable products.

Following down some activities/policies taken into account in the human rights fields that reflects the company social responsibility which seeks to enlarge them in future.

To make our newly employed workers aware of the rules and regulations applied in the company they are introduced to the company rules and regulations by handing them the company handbook in which they can find general duties and rights as being a member in El-Zay team.

We do believe in the social life of the worker in which he should pass sufficient time with his family as well as his social relationships in his community. So, we do operate within legal limitations regarding daily working hours and weekly working days. We provide at least one day off in every seven-day working period. In this way, we guarantee that workers do not work above their capacities and abilities. If overtime required, then it is executed as per the legal limitations too.

Accordingly, employees are paid at least the minimum total compensation as stated in the Jordan Labor Law. Payment includes all mandated wages and benefits.

On this occasion, it is worthy to mention that the garment sector has been excluded from the Ministry of Labor (MOL) latest decision launched at the beginning of the year 2009 raising the minimum wage from JD 110 to JD 150 and despite of this, our higher management decided to raise the newly employed workers to JD 150 as it believes that cost of living is increasing in Jordan and it needs the Jordanian workers to commit to work in this manufacturing sector.



It was not an easy decision to bear, especially in the last period as our company as other exporting companies faced problems with the outside markets since the global economic crisis occurred.

As mandated by law, employees are registered in the Social Security which allows workers to gain a constant salary after retirement or being unable to execute a job for humanity and healthy causes.

The percentage deducted for social security is %16.5; the company bears %11 and the worker bears only 5.5%.

Also, the company provides its employees with free transportation. The management believes that this kind of service is being one of the conditions that job seekers are looking for. On the other hand, it gives employees a kind of psychological comfort as transportation forms a sort of burden especially if the employee moves from one station to another to reach his home.

In addition to the Health Insurance applied optional for workers, the company has its own clinic in which all workers may take use of the medical treatment provided by its staff.

The company closing decision was put onto discussion table as many buyers directed their purchasing orders to other competition markets and so our business was affected negatively. But the strategy was aiming to have the company still in the competition market and must be operating.

The effect of crippling the closing decision is that having more than 600 workers working in the company and surviving more than 600 families.

The company is honoring its employees by arranging a Ramadan Breakfast for them on yearly basis as much as possible. Also, the company arranges trips for workers to variant locations in Jordan where applicable.

Such outdoor activities help workers belonging to their company, be more faithful to their workplace and feel the respect & interest the company shows to the employees.

The company encourages its employees to study and be certified through facilitating their leave from the work as appropriate. In addition, it provides the under-graduate students the opportunity to have their training within its premise.

On the other hand, the company deals with the Vocational Training Center which provides the company with qualified sewing operators as per its needs.

Facilitating the way in front of workers push them to success in their work and give them the assertion to continue their progress which might affect the company positively in the future.

Furthermore, the company helps in employment of trained youth students so that give them the chance to experience the work and find a job vacancy applicable for them.

The company corporate with different Non-Governmental Organizations in Jordan, such as the Jordan River Foundation (JRF), Lothan Youth Achievement Center (LoYAC), INJAZ Organization & other different charities. The company helps those



organizations through participating in performing their activities for the Jordanian Youth. Such corporation activities increase the company social responsibility towards its community and give a hand whenever it is possible.

For example, the company let its employees participate in INJAZ voluntary program in the public schools in which they teach students non-mandatory subjects which enhance the students' leadership, problem-solving, communication and bring them closer to the business markets. On the other hand, the company hosts students in its premise to accompany employees while performing their work in the Job Shadowing Program.

Through the Jordan River Foundation (JRF), the company participated in "Madrasati Initiative" which is launched under the patronage of her majesty; Queen Rania. The aim of this initiative is to improve the education conditions in general & provide public schools with its needs such as building maintenance issues, libraries, computers and others.

Our corporation with Lothan Youth Achievement Center (LoYAC) started on the year 2009 which considered the second operating year for LoYAC. Training of the Jordanian Youth is given the most priority. They are trying to find out communication channels between the students from high school/university levels and factories/companies from different sectors. It is a chance for the students to have real experience with business markets and develop their skills in many areas. In the year of 2009 we hosted one candidate to experience the work nature in the production floor. The student feedback was positive and the overall evaluation was satisfactory.

In the year of 2010 we are planning to host more students in different working areas and working with the LoYAC committee to fulfill this program and promote our plans for their training so that having this program worthy for all parties.

In the field of health and safety, there are internal trainings executed on regular basis through the Health & Safety Section for employees. Trainings cover variant issues and we trying to cover all of workers especially those working in areas have more probability to act as a hazard area such as the cutting area in which different cutting tools are being used.

The company provides the safety guards on machineries used & maintain them as much as possible. Such safety guards are the needle and eye guards on sewing machines, safety border on pressing machines...etc.

In addition, the company provides the safety protective equipments where needed, such as the metal gloves for the cutting operation, mask & glasses needed for the dry clean operation.

Work injuries account in 2009 is 19 while it was 15 in the year 2008. Hence, giving indication that workplace safety needs to work on and still need to pay more attention on raising the worker safety awareness to reduce accidents as much as possible.



In addition, the supervisory staff takes into account the worker ability toward performing the job required paying attention to the safety conditions needed. If the worker is not qualified for the job required and the job might be dangerous for him then, the supervisor moves him to another working area where is applicable for his safety from the beginning.

Also, the company is in contact with the Civil Defense Directorate to perform safety training for fire fighting and first aid services. It is done on regular basis to keep workers aware of the procedures that should be taken when an emergency event occurs and do the necessary actions needed for sudden events.



Principle Two: Businesses should make sure they are not complicit in human rights abuse.

"El-Zay Ready Wear Manufacturing Company provides work environment that is free from any kind of harassment or abuse in any form..."

The company does not contribute to any form of harassment or abuse for any worker through its Internal Regulations so that guarantee that no any employee; either at the managerial, supervisory or working level would behave badly with other working staff members.

Employment, for example, is carried out on the basis of ability to do the job and the qualifications needed. The applicants are treated with equal opportunity to be interviewed and employed.

In addition, the company has developed its own security system that is applied by its security employees in different areas of operations; access control, shipping and others.

If any problem arises between workers, the security employees call the intended parties leaving the workplace to discuss the issue with them respectfully and listen to them giving them the most attention.

From the security procedures that help in this field is the identification badges required to be worn by workers, visitors, vendors and customers. So this enables them to make control on people movements and easily identify strangers not belonging to the working team. Hence, keep workers safe from any expected personal danger from outside the company.



LABOUR

Principle Three: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

"El-Zay Ready Wear Manufacturing Company respects employees' right to exercise their lawful rights of free association including either joining or not joining any association."

All personnel in the company are entitled to form and join trade unions for the protection of individual and collective interests.

The company does not interfere in workers' decision to join any union. Hence, the workers are dealt with no discrimination against those who joined a union.

On the other hand, the company follows the open door policy in which workers can talk and discuss their issues with the management freely. The union is not involved unless it becomes very complicated to solve the issue between the company and the workers.

For the garment sector, there is "The General Trade Union of Workers in Textile, Garment & Clothing" which most of workers are belonging to. The union endeavors to interact with the local community such as supporting different kind of charities and work for the environment safety...etc those are communicated with the management and the management commits to them and does its best to fulfill what is applicable to corporate with the union.

Communications of workers with the union has no any restriction from the company and if there is any issue the company is willing to solve it with the union as soon as possible for the advantage of both the workers and the company.

For example, there was a communication regarding the salary increases. The issue rose by workers to the union about the cost of living and salary increases which the company has communicated with the union and got it solved.

Up to the reporting date, the percentage of the workers joining the union is 18% of the total workforce currently working in the company (87 workers).



Principle Four: Businesses should uphold the elimination of all forms of forced and compulsory labor.

"El-Zay Ready Wear Manufacturing Company does not use forced labors or involuntary labors. Hiring is based on application submitted by labors will."

The company policy in recruiting is to have all applications filled and submitted by workers will. The worker who is found applicable for the job available is then, chosen and trained on performing the work.

We provide the worker with an appointment letter indicates clearly the job position, description and salary. It is considered open employment contract period in which the worker can end it up by his own will whenever he needs without even a penalty conditions but should give a notice one month prior termination.

For foreigner workers, we have a contract signed with them in two copies approving working period and all conditions/ rights for workers as well as for the company.

Regarding overtime work; that is needed for production to overcome uncontrolled delays for deliveries, the company has its own procedure to make sure that the worker will work extra hours by his own will. Hence, workers do sign on the over time working hours announced for that period.

The company helps in combating forced and compulsory labor at least by not having this kind of labor within its workforce.



Principle Five: Businesses should uphold the effective abolition of child labor.

"El-Zay Ready Wear Manufacturing Company does not hire any employee under the age of 18 according to the Jordan Labor Law."

The legally mandated age for working as per the Jordan Labor Law is the eighteen years old. Working under this age; 16 or 17, is conditioned by working for 6 hours per day and in a working place free from danger.

The company makes sure that any applicant is not younger than eighteen years through examining the identification card of him which is then kept in his own personal file in the Personnel Administration Department.

The company corporate with the Vocational Training Centers (VTCs) which they intern can provide the company with the needed Jordanian workforce. Such centers, can supply our production lines with sewing operators. They are mostly under the age of eighteen but we are dealing with them as trainees as stated in Jordan Labor Law and we allocate them in the suitable working place at which they can take the needed experience.

After their graduation from the center, they will have the opportunity to have a job at our premise.

As previously mentioned regarding the minimum wages and as a way that company can help in abolition of child labor, it keens to pay the workers at least the minimum wage mandated by the Ministry of Labor (MOL) and monthly incentives based on their efficiencies so that keeps the worker satisfied and pleased. As a result, the worker will not have to send his children to work in any place.



Principle Six: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

"El-Zay Ready Wear Manufacturing Company believes in necessity of providing safeguards against discrimination. This includes discrimination on basis of religion, gender, color... etc. any hired employee will be purely evaluated on basis of fit to job under question."

The company does employ who is qualified for the job position required. The candidate is given the chance to train on the job responsibility for a period extends to three months. If the candidate approved the capability and efficiency needed, then he is directly hired in that job position.

The company opens the door to women to apply for any job suitable for them and they are selected as per the aforementioned policy. They are given all their mandated rights, for example the maternity leave is considered to them in full as per the law.

The latest workforce breakdown in early 2010 shows that 53% is males and 47% is females. During some periods in 2008 & 2009, the percentage of the females used to be around that mentioned above, which reflects that the women are given their chance to experience the work any time with no restrictions.

For managerial positions, the percentage of female employees' reaches 23% which is considered satisfied for the vacancies available at the company right now.

On the other hand, the company has an incentive system designed for the production workers as they are considered the main block in the company structure. Workers in the operation level are evaluated and rewarded for their effort, especially that our manufacturing sector is heavily dependent on human effort; sewing machine operators are the driven force for our manufacturing.

Hence, the incentive system is based on the production units per the effective time used in production and it encourages workers to utilize their time to have more production and then get the incentive amount stated with no discrimination.

For salaries, the company follows a job salary scale and job promotions that is designed based on the job ranks/positions classifications. Hence, no consideration is taken to gender in this area.

As per our knowledge, there has no any discrimination events occurred during the company years of operation.



ENVIRONMENT

Principle Seven: Businesses should support a precautionary approach to environmental challenges.

"El-Zav Ready Wear Manufacturing Company commits to support precautionary approach taken to identify potential harm operations/areas considered in the environmental field inside and outside the facility."

The compliance office did a brief study for the risks and hazards that might exist within the company regarding health and safety subject which included operations' environmental impacts focusing on the work environment inside the company.

As a result of that assessment, we found no significant effect of our operations on the outside environment and workplace environment except fabric dust which affects the worker and it is solved via vacuum provided on machines.

From other side, the Ministry of Environment carries out regular inspection audits for health and safety in which it consider all areas of health and safety. If there is any concern in their reports, the company action them as soon as possible. No any concerns, results from the company processes, indicated in their reports regarding the outside environment.

Basically, the textile manufacturing has less impact on the outside environment as its' waste and production residues are mainly confined to fabric remnants, cartons used for packaging and papers.

In our system, the waste is collected on daily basis through the personnel responsible for cleaning and allocated in one place outside the company from which the cleaning containers related to our area municipality can catch it regularly.

On the other hand, the company participates in activities related to safety and environment organized by the Jordanian Occupational Safety & Health Institute (OSHI) and it welcomes the corporation with such organizations from inside and outside Jordan.



Principle Eight: Businesses should undertake initiatives to promote greater environmental responsibility.

"El-Zay Ready Wear Manufacturing Company commits to undertake activities in order to promote greater responsibility towards the environment as much as possible."

The company has its safety committee that is responsible to manage and follow up on health and safety issues inside the premise. The health and safety supervisor arranges for meetings and takes follow up actions for issues raised by the committee and employees at the workplace. The environment is one of the interests that are taken into account either inside or outside the premise.

As one activity the company doing is that in some cases, it gets rid of extra cartons through certain parties who in-turn takes benefit of them such as using them for packaging or recycling. This action helps reduces the amount of waste that is being treated through burning which is a common practice used to apply in dumpsites. Hence, reduces environmental pollution.

Transportation buses owned by the company are one of the causes that affect the environment negatively through their emissions.

Till the first three months of the year 2009, the production employees were starting their work one hour prior the management employees. Re-scheduling the working hours for production staff and management staff to be the same, helped to reduce fuel emissions; carbon dioxide gas which affects the environment negatively.

Even that our transportation buses effect is minimal compared to the huge number of vehicles operating on roads, but we believe it did help positively. On the other hand, this decision affected the company expenses positively as the fuel consumption has been reduced.



Principle Nine: Businesses should encourage the development and diffusion of environmentally friendly technologies.

"El-Zay Ready Wear Manufacturing Company complies with environmental rules and regulations to its operations and commits to use environmentally friendly technology where applicable."

As our industry is a transformation industry for fabrics as main raw material, then it has no significant environmental effect such as other factories that dealing with chemicals or cement...etc. Those are in need to be more aware to evaluate their machinery outcomes from environmental aspect than other manufacturing sectors.

Any way, the maintenance department has changed the operating boilers needed for steam generation required for operations from oil driven boilers to gas ones. The effect is very positive as they are free from smoke. This results in less environmental pollution and contaminant emissions.

In addition, the number of boilers needed to cover company operations needs reduced from four boilers to only one. This has another positive effect regarding the energy consumptions and costs which helped making control on the company expenses.

As per the point aforementioned regarding recycling cartons and other papers, it is also considered one of managerial instructions to be applied regularly as much as possible.



ANTI-CORRUPTION

Principle Ten: Businesses should work against corruption in all its forms, including extortion and bribery.

"El-Zay Ready Wear Manufacturing Company maintains facility secure procedures to guard against any introduction of illegal shipments or unauthorized people within its borders and work against corruption in all its forms including extortion and bribery.

In addition, it complies with applicable Jordan customs law and regulations."

This principle has been included in the approach which the company has adopted as security procedures and monitored through the company Internal Audit Office as illustrated below.

The company has its own procedures covering all areas as per the requirements of the Customs and Trade Partnership Against Terrorism (C-TPAT). These areas are physical access control, containers, personnel, process, physical, information technology and security training and threat awareness.

This approach gave the company the chance to enhance its secure working environment. The C-TPAT system is applied through intended personnel in the company besides the security staff available at the workplace. In addition it is monitored by the Compliance Office at the site.

Security Training of employees is carried out periodically. Employees are trained on the company security procedures explaining how to keep shipments safe from tampering and deal with threat awareness... etc. Such trainings raise workers' awareness and help towards product safety and integrity.

The company has an internal auditor who keeps on monitoring all documents and payments and ensures that no tampering occurs and/or illegal deal executed through the company team members.

In general, our employees are satisfied and content with their wages and benefits so that having a fence from a corruption behavior, but on the other hand, human behavior cannot be judged on and taken for guaranteed.

As per our knowledge, no cases have been occurred, but if found then, they will be dealt with very strictly with no abuse or discrimination.