

## GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS



<b>Company Name</b>	TMS Fashion (H.K.) Limited	<b>Date</b>	22 March 2010
<b>Unit (if applicable)</b>			
<b>Address</b>	Unit 1001-1002 Nanyang Plaza 57 Hung To Road, Kwun Tong, Kowloon Hong Kong, PRC	<b>Membership date</b>	2005
<b>Country</b>		<b>Number of employees</b>	550
<b>Contact name</b>	Joerg Kornblum	<b>Sector</b>	Garment and Apparel Sourcing Industry
<b>Contact Position</b>	Chief Financial Officer		
<b>Contact telephone no.</b>	+852 2959 4300		

### About 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 the 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 Statement of Support

The TMS Group is a committed Global and Corporate Citizen. By accepting such a responsibility the TMS Group fully understands and embraces the tremendous and inherent corporate social responsibilities demanded of global enterprises. As a member of the United Nation's Global Compact, we have strived to embody each of the Global Compact's Ten Principles within our business policies and practices. The TMS Group board is unwavering in the implementation and sustainability of these goals and principles. These combined principles embody the TMS Group's core values and corporate culture.

**Joerg Kornblum**

**Position**

**Chief Financial Officer**

### PRINCIPLE 1 BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

#### Human Rights: Our Commitment

The TMS Group fully supports and respects the protection of human rights and dignity. This is not merely a business decision, but a moral obligation as a corporate and global citizen.

#### Processes and Systems

Through the implementation of internal TMS Group Social Audit program combined with the Business Social Compliance Initiative (BSCI) Standards, we ensure all members of our supply chain network adhere to:

- (1) providing a safe and healthy work place,
- (2) by guaranteeing freedom of association,
- (3) by ensuring non-discrimination in personnel practices,
- (4) by ensuring that they do not use directly or indirectly forced labor or child labor, and
- (5) by providing access to basic health care needs

### **Actions implemented in the last year / planned for next year**

We have continuously and rigorously deployed the use of surveillance audits, in conjunction with supplier education and training programs. The combination of these two with a mentorship approach has proven successful.

Furthermore, the TMS Group continues to train and develop its internal social compliance teams, with 100% of our staff certified as SA800 auditors, and 50 % certified as SA 8000 Lead Auditors. We strive to maintain the highest skill levels for our team. Moreover, TMS conducts continuous factory refresher training delivered by our global

### **Measurable Results or Outcomes**

Two-thirds of the supply base successfully passes their BSCI initial or renewal audits on the first attempt. Follow-up surveillance audits yield a 98% compliance rate of maintaining BSCI standards. We continue to progress towards 90% achievement for initial BSCI auditing.

## **PRINCIPLE 2 BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES**

### **Human Rights: Our Commitment**

The TMS Group reiterates it's fully supportive for the protection and enforcement of human rights. This extends to our suppliers and our employees. TMS Groups employees who are in constant contact with our supply base are made aware of their required adherence to the TMS Group policies, and Global Compact Principles, as part of their initial employment agreement and thru refresher training.

### **Processes and Systems**

Our TMS Group Business Standards are executed with all suppliers/factories within our network, prior to commencing any business relationship. This is coupled with an internal social audit process, and supplier commitment for adherence to the BSCI Code of Conduct.

### **Actions implemented in the last year / planned for next year**

The TMS Group Compliance and BSCI audit standards have been implemented. Continued supplier training and education are conducted on a quarterly basis.

### **Measurable Results or Outcomes**

Through the combination of monitoring, training and education, adherence to established standards will be maintained.

## **PRINCIPLE 3 BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING**

### **Labor Rights : Our Commitment**

The TMS Group's commitment, and policies against anti-labor practices are clearly stated in our Business Standards, internal audit processes with suppliers, and the adopted BSCI Code of Conduct, that all suppliers must sign and adhere too.

### **Processes and Systems**

The TMS Group Compliance and BSCI audit standards are implemented.

### **Actions implemented in the last year / planned for next year**

Our actions are part of a continuous process and executed under the TMS Groups Compliance Program. Continuations of unannounced audits, training and education, supported by collaborative relationships with our suppliers have ensured there are no violations or abuses in this area.

### **Measurable Results or Outcomes**

Zero instances of infractions in these areas from our suppliers.

## **PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR**

### **Labor Rights: Our Commitment**

The TMS Group's commitment, and policies against forced labor practices are clearly stated in our Business Standards, internal audit processes with suppliers, and the adopted BSCI Code of Conduct, that all suppliers must sign and adhere to.

### **Processes and Systems**

The TMS Group Compliance and BSCI audit standards are implemented.

### **Actions implemented in the last year / planned for next year**

Our actions are part of a continuous process and executed under the TMS Groups Compliance Program. Continuations of unannounced audits, training and education, supported by collaborative relationships with our suppliers have ensured there are no violations or abuses in this area.

### **Measurable Results or Outcomes**

Zero instances of infractions in these areas from our suppliers.

## **PRINCIPLE 5 BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOR**

### **Labor Rights: Our Commitment**

The TMS Group's commitment, and policies against child labor practices are clearly stated in our Business Standards, internal audit processes with suppliers, and the adopted BSCI Code of Conduct, that all suppliers must sign and adhere to.

### **Processes and Systems**

The TMS Group Compliance and BSCI audit standards are implemented as part of a two – tier approach. Tier two of the process includes collaboration with customers for their own or extended 3<sup>rd</sup> party audits and verifications. This ensures integrity and transparency to all stakeholders.

### **Actions implemented in the last year / planned for next year**

Our actions are part of a continuous process and executed under the TMS Groups Compliance Program. Continuations of unannounced audits, training and education, supported by collaborative relationships with our suppliers have ensured there are no violations or abuses in this area.

### **Measurable Results or Outcomes**

Zero instances of infractions in these areas from our suppliers. TMS Group and its customer base exercises a "zero tolerance" policy for this type of labor rights violation.

## **PRINCIPLE 6 BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION**

### **Labor Rights: Our Commitment**

The TMS Group's commitment, and policies against discriminatory employment practices based upon, race, gender, or religion are clearly stated in our Business Standards, internal audit processes with suppliers, and the adopted BSCI Code of Conduct, that all suppliers must sign and adhere to.

### **Processes and Systems**

This is an integral part of our Business Standards with all suppliers.

### **Actions implemented in the last year / planned for next year**

Our actions are part of a continuous process and executed under the TMS Groups Compliance Program. Continuations of unannounced audits, training and education, supported by collaborative relationships with our suppliers have ensured there are no violations or abuses in this area.

### **Measurable Results or Outcomes**

Zero instances of infractions in these areas from our suppliers.

## **PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**

### **Environment: Our Commitment**

The TMS Group is committed and proactive in partnering with suppliers to implement measures to improve their environmental sustainability.

### **Processes and Systems**

TMS Group internal and BSCI audit verification processes require suppliers to provide environmental risk assessments and minimizing measures.

### **Actions implemented in the last year / planned for next year**

Continue to develop semi-annual supplier training, education and environmental management practices that support environmental friendly policies, with a target of 75% participation from the global supply base.

### **Measurable Results or Outcomes**

This is part of a 3 year comprehensive training and education program for the implementation of best practices to support sustainability. Year 1 targets 75% of the supply base, year 2 targets 90%, and year 3 will have 100% participation in the education and collaboration program.

## **PRINCIPLE 8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY**

### **Environment : Our Commitment**

The TMS Group firmly believes in promoting greater environmental awareness and responsibility with our employees and suppliers.

### **Processes and Systems**

In 2009 the TMS Group initiated the "Green Campaign" within all regional office locations. Education and training is provided regarding the concepts of "Think globally, act locally" for environmental conscienceless in the workplace and home.

### **Actions implemented in the last year / planned for next year**

Employee education and training is provided regarding the concepts of "Think globally, act locally" for creating environmental consciousness and practices in the workplace and at home.

### **Measurable Results or Outcomes**

100 percent participation by all TMG Group regional teams for 2010.

## **PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES**

### **Environment: Our Commitment**

The TMS Group strongly encourages it's suppliers to seek and implement innovative technologies that minimize the operational impact on the environment and reduce carbon footprints.

## **Processes and Systems**

Deployed through education and awareness training, coupled with identification of resources. Also, leverage upon BSCI environmental requirements to establish baseline standards.

### **Actions implemented in the last year / planned for next year**

Develop pilot deployment plan with suppliers 2010-2011

### **Measurable Results or Outcomes**

Initial 10% supplier participation in pilot plan.

## **PRINCIPLE 10 BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY**

### **Anti-Corruption: Our Commitment**

The TMS Group's commitment, and policies against all forms of corruption are clearly stated in every aspect of the organization beginning with employment terms for new-hires, and is extended to our Business Standards, internal audit processes with suppliers, and the adopted BSCI Code of Conduct, that all suppliers must sign and adhere to.

## **Processes and Systems**

The TMS Group Compliance and BSCI audit standards are implemented.

### **Actions implemented in the last year / planned for next year**

Our actions are part of a continuous process and executed under The TMS Groups Compliance Program. Continuations of unannounced audits, training and education, supported by collaborative relationships with our suppliers have ensured there are no violations or abuses in this area.

### **Measurable Results or Outcomes**

Zero instances of infractions in these areas from our employees or suppliers.

## **Communication of COP to Stakeholders**

TMS Group will communicate this progress through established formal and informal communication processes to all stakeholders and ensure the widest dissemination.