

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS



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| Company Name | TMS Fashion (H.K.) Limited | Date | 15 March 2011 |
| Unit (if applicable) | | | |
| Address | Unit 1001-1002 Nanyang Plaza 57 Hung To Road, Kwun Tong, Kowloon Hong Kong, PRC | Membership date | 2005 |
| Country | | Number of employees | 550 |
| Contact name | Joerg Kornblum | Sector | Garment and Apparel Sourcing Industry |
| Contact Position | Chief Financial Officer | | |
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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. This commitment extends to every aspect of our business. 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 the core values of:

- (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 employs training and development for its social compliance officers. For 2010, 100% of our compliance officers are certified as SA8000 auditors, and 75 % have achieved SA 8000 Lead Auditor status. The goal is 100% for 2011. Typically, this type of training and education is reserved for global 3rd party audit agencies. However, we have elevated the standards, and strive to maintain the highest skill levels and current refresher training for our teams. Moreover, TMS conducts continuous factory education and training delivered for our suppliers through extensive partnerships with global 3rd party organization such as SGS, and Intertek Services.

For 2011, TMS will extend audits and certifications for authorized sub-contracted suppliers.

Measurable Results or Outcomes

For calendar year 2010, 75% of the supply base successfully passed their BSCI initial or renewal audits on the first attempt. Follow-up surveillance audits continue to yield a 98% compliance rate of maintaining BSCI standards. For calendar year 2011, the TMS Group will continue to progress towards 90% achievement for initial BSCI auditing, and similar for sub-contracted suppliers.

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

Human Rights: Our Commitment

The TMS Group supports and upholds to the fullest extent the protection and enforcement of human rights. This extends to our suppliers and our employees. TMS Group employees who are in constant contact with our suppliers 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 100% of suppliers/factories within our network, prior to commencing any business relationship. This is coupled with an internal social audit process, and a written supplier management commitment for adherence to the BSCI Code of Conduct, and the associated principles.

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, with zero "critical issues" identified within the supply base. There have been zero cases prior to participation in the Global Compact, and since our affiliation in 2005.

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. There have been zero cases prior to participation in the Global Compact, and since our affiliation in 2005.

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 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. There have been zero cases prior to participation in the Global Compact, and since our affiliation in 2005.

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 too.

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 3rd 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. There have been zero cases prior to participation in the Global Compact, and since our affiliation in 2005.

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 TMS Group Business Standards, which are executed with all suppliers, before business is commenced. These standards are also reviewed annually commencing in 2010 to reflect significant changes in business and social compliance policies and procedures.

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. There have been zero cases prior to participation in the Global Compact, and since our affiliation in 2005.

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

For 2011, TMS will 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

100% of suppliers met or exceeded local environmental standards and introduced Eco-friendly policies and programs which reduce carbon footprints and sustain natural resources.

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 2010 the TMS Group continued the momentum of the "Green Campaign" within all regional office locations. For 2011, continued education and awareness will be 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

An overall reduction by 25% of wasteful energy consumption and carbon footprint impact.

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

Environment: Our Commitment

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

Processes and Systems

Create supplier awareness for the usage of alternatives to fossil fuel sources, and the reduction of their overall carbon footprint.

Actions implemented in the last year / planned for next year

The implementation of this program was postponed from 2010 until 2011. Develop pilot deployment plan with suppliers 2011-2012.

Measurable Results or Outcomes

Initial target of 10% supplier participation in pilot plan, on a global basis.

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. There have been zero cases prior to participation in the Global Compact, and since our affiliation in 2005.

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.