

- Statement of continued support by the Chief Executive Officer
- Statement of the company's chief executive (CEO or equivalent) expressing continued support for the Global Compact and renewing the company's ongoing commitment to the initiative and its principles.

The TMS Group is a long standing member of the United Nations Global Compact, and fully embraces its policies and principles.

The TMS organization remains committed to aligning operations, strategies and our complete supplier network with the ten universally accepted principals in the core areas of human rights, labor, environment and anti-corruption.

In 2015 TMS Group became a 100% subsidiary of Luen Thai Holdings Ltd. a public listed company at Hong Kong Stock Exchange (00311).

Our focus for the past years has been continuous improvement in the supply chain, which is a gradual and sustained progression toward achieving and maintaining total compliance. Continuous improvement plans are developed from long-term strategies which include suppliers' input, while simultaneously taking into consideration the reality of operational limitations, and economic parameters.

The Communication on Progress will highlight the actions and framework we have strengthened and maintained in our internal processes and throughout our supplier network. All of the combined efforts are consistent with upholding the United Nations Global Compact mission and charter.

Joerg Kornblum
Executive Vice President

Human Rights

- Assessment, policy and goals
- Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights

Human Rights: Our Commitment - Our social compliance program combined with our business standards (signed by all suppliers), and practices throughout every facet of the supply chain, ensures our suppliers and their workers' rights are protected. This protection addresses all aspect which are consistent with the Global Compact, applicable international laws, and the respective country's legal framework. The core theme and focus is preserving the respect for human dignity.

Principle 2 - Businesses should ensure 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 United Nations Global Compact principles. This is incorporated in their initial employment agreement and through annual refresher training.

- Implementation
- Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights

Processes and Systems:

The Business Social Compliance Initiative (BSCI) remains the cornerstone of our social accountability standard for the TMS Group, and all suppliers. Our internal program incorporates key elements, and best practices of BSCI, SA8000, and ILO codes of conduct. The combination of these standards ensures all members of our supply chain network are measured at the highest standards possible. This measurement includes a transparent system to review, verify and improve supplier performance in these following areas which we address annually:

- (1) Establishing and maintaining the highest levels of work place safety and health conditions
- (2) Supporting collective bargaining and labor unions
- (3) Non-discriminatory employment practices based upon universally accepted norms for human dignity
- (4) Zero tolerance with respect to child labor and forced labor practices
- (5) Providing access to adequate health care

Actions implemented in the last year / planned for next year

Our strategy for the entire TMS Group's social compliance programs includes continuous education and training, and verification with all suppliers.

For our supply chain partners, we continued to introduce and mandate their participation with Better Work organizations, in regions where appropriately available. This remains part of our of continuous improvement efforts. This improvement process is augmented by our own Group-wide unannounced surveillance audits process,> second and third tier suppliers remain included in the process.

Internally our compliance officers continue to attend further training and workshops to reach higher qualifications and even better knowledge.

Principle 2 - Businesses should ensure they are not complicit in human rights abuses

Processes and Systems:

As stated in each annual CoP, our TMS Group Business Standards are executed with 100% of suppliers/factories within our network, prior to commencing any business relationship. Furthermore, we have re-engaged suppliers with a follow-up annual signing/execution of these initial agreements. As with each annual revision, all aspects of changing Corporate and international standards are included. Consequently, these agreements (and the changes they capture and highlight) remain an integral part compliance program which consists of social compliance and verification audits.

Actions implemented in the last year / planned for next year

As we introduced in 2012 our quarterly supplier education and training via web based seminars remains as a key element of this process improvement and education for suppliers.

- Measurement of outcomes
- Description of how the company monitors and evaluates performance.

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights

Measurement of outcomes:

For calendar year 2015 and since our participation in the Global Compact, there have been zero reported issues within our supply chain - either informally or formally.

- Measurement of outcomes
- Description of how the company monitors and evaluates performance.

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights

Measurement of outcomes:

For calendar year 2015 and since our participation in the Global Compact, there have been zero reported issues within our supply chain - either informally or formally.

Principle 2 - Businesses should ensure they are not complicit in human rights abuses

Measurement of outcomes:

Directly attributable to education, training and surveillance audits, we have had zero cases of any actual or perceived human rights abuses within our supplier network.

Labour

- Assessment, policy and goals
- Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

Labor Rights: Our Commitment - This is a clear and continuing part of our commitment in the area of labor rights. Our annually renewed Business Standards, combined with our adoption of BSCI standards and principles ensures a legally binding commitment from our suppliers. Furthermore, independent 3rd party audits ensure transparency, and adherence on a moral and ethical level too.

Labor Rights: Our Commitment - The abolition of forced and compulsory labor is clearly delineated within our Business Standards, and renewed annually with all suppliers. Transparency is ensured by 3rd party audit verification and surveillance audits conducted by the TMS Group.

Labor Rights: Our Commitment - The upholding of zero tolerance for child labor practices is clearly delineated within our Business Standards which also incorporate the Global Compact's 10 principles.

Labor Rights: Our Commitment - The TMS Group has demonstrated a firm commitment, and put forth concrete and verifiable policies against discriminatory employment practices based upon, race, gender, creed or religion. The TMS believes in and subscribes to the elements contained in the Universal Declaration of Human Rights as defined by the United Nations General Assembly

- Implementation
- Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

Principle 3 - Businesses should uphold freedom of association & effective recognition of the right to collective bargaining

Processes and Systems:

The continued long-standing adoption of the BSCI standard and utilization of our TMS Compliance system serves for surveillance and verification of suppliers' actions.

Actions implemented in the last year / planned for next year

Our policies, programs and actions are aligned with a "continuous improvement" strategy

for our suppliers. The approach is three-fold and incorporates unannounced audits, training and education, combined with a mentoring approach with our suppliers. The collective efforts have yielded sustained results of zero infractions or abuses in these areas. Transparency for these issues is enhanced through accredited third party regulatory audits.

Principle 4 - The elimination of all forms of forced and compulsory labor

Processes and Systems:

The TMS Group continues to leverage upon its internal corporate social compliance program, renewal of corporate business standards annually with all suppliers, and the BSCI standards throughout all operational regions. The increased business with key brands and companies such as adidas and Calvin Klein (PvH) meant additional audits performed by those brands and their internal compliance teams reassured our progress and high standard of factory compliance.

Actions implemented in the last year / planned for next year

Continuous improvement and education remains our strategy for our suppliers. In previous years reporting , we have outlined the three-fold process with our suppliers. The collective efforts have yielded sustained results of zero infractions or abuses in these areas. Transparency for these issues is enhanced through accredited third party regulatory audits. In addition to that the experience and efforts of our shareholder Luen Thai Holdings Ltd. will further enhance our capability to deal with those tasks.

Principle 5 - The effective abolition of child labor

Processes and Systems:

Through transparent 3rd party audits, coupled with BSCI criteria for supply chain partners, and effective system exists.

Actions implemented in the last year / planned for next year

Our policies, programs and actions are aligned with a “continuous improvement” strategy for our suppliers. The approach is three-fold and incorporates unannounced audits, training and education, combined with a mentoring approach with our suppliers. The collective efforts have yielded sustained results of zero infractions or abuses in these areas. Transparency for these issues is enhanced through accredited third party regulatory audits.

Principle 6 - Eliminate discrimination in respect of employment and occupation

Processes and Systems:

Our corporate Business Standards are reviewed and revised annually, and 2015 was no exception. In order to ensure they remain consistent with changes in BSCI initiatives, international and local/regional law, a thorough review in conducted internally. The reviews and annual acknowledgments required by suppliers provide an added layer of

transparency and adherence. These reviews do not just address legal issues, but also look at moral and ethical standards.

- Measurement of outcomes
- Description of how the company monitors and evaluates performance.

The TMS Group uses internationally accepted criteria to validate the adherence of its supply partners. This includes but not limited to BSCI, SA 8000, and customer Codes of Conduct.

Environment

- Assessment, policy and goals
- Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

Principle 7 - Businesses should support a precautionary approach to environmental challenges

Environment: Our Commitment - The TMS Group continues to develop and seek partnerships with suppliers whom will promote Eco-friendly technologies and practices in their workplaces.

Principle 8 - Undertake initiatives to promote greater environmental responsibility

Environment: Our Commitment - As a conscientious, global corporate citizen, The TMS Group understands the requirement to seek out and promote environmentally "friendly" processes within every aspect of the supply chain.

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies

Environment: Our Commitment - As part of a continuous improvement strategy, The TMS Group drives collaborative efforts with key suppliers to enhance their understanding, and access to low cost, eco-friendly technology which have proven to reduce carbon footprints and operating costs.

- Implementation
- Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

Principle 7 - Businesses should support a precautionary approach to environmental challenges

Processes and Systems:

Our audit verification processes requires all suppliers to provide environmental risk assessments and minimizing measures, consistent with their local and national laws. These risk assessment meet or exceeds local laws and requires structured and verified processes to address these issues.

Actions implemented in the last year / planned for next year

For 2015, we again achieved all targets for supplier training for environmental safety and sustainability.

Principle 8 - Undertake initiatives to promote greater environmental responsibility

Processes and Systems:

In 2015 we continued to introduce new eco-friendly processes within our suppliers operations, also referring to measures Luen Thai Group had taken in their production facilities in Cambodia and Philippines.

Actions implemented in the last year / planned for next year

In 2015 we continued our challenges to our suppliers for development of plans for reduction of energy consumption and carbon footprints.

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies

Processes and Systems:

Continue to create supplier awareness and generate programs that promote the usage of alternatives to fossil fuel sources, and the reduction of energy consumption within supplier operations.

Actions implemented in the last year / planned for next year

In 2015, we continuously expanded the pilot program of alternative energy sources to include solar, wind and bio-fuel. Measurable results were achieved.

- Measurement of outcomes
- Description of how the company monitors and evaluates environmental performance.

Principle 7 - Businesses should support a precautionary approach to environmental challenges

Measurement of outcomes:

In 2015, for the seventh consecutive year, 100% of suppliers met or exceeded local environmental standards.

Principle 8 - Undertake initiatives to promote greater environmental responsibility

Measurement of outcomes:

In 2014 we reviewed our participants own developed “Green Campaigns” and aim to create an exchange of best practices among our supplier network. With this we will introduce a qualitative approach and proof of concept to reinforce the promotion of environmental responsibility.

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies

Measurement of outcomes:

In 2015, we continued collaborating with several key suppliers that introduced new production processes and chemical alternatives in both finishing and the laundry process of garment production cycles.

- Assessment, policy and goals
- Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery

Anti-Corruption: Our Commitment - The TMS Group has a zero tolerance policy towards all forms of corruption. Policies and regulations are clearly stated in our Business Standards executed by all suppliers. The combined versions cover all provisions set for in the adopted BSCI Code of Conduct.

- Implementation
- Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

Processes and Systems:

The TMS Group Compliance and BSCI audit standards are implemented and rigorously address this principle.

Actions implemented in the last year / planned for next year

Annually, our policies, programs and actions are reviewed and aligned with a “continuous improvement” strategy for our suppliers. This comprehensive approach continues to incorporate the cornerstone of unannounced audits, training and education, combined with a mentoring approach with our suppliers. The collective efforts have yielded sustained results of zero infractions or abuses in these areas. Transparency for these issues is enhanced through accredited third party regulatory audits.

- Measurement of outcomes
- Description of how the company monitors and evaluates anti-corruption performance.

Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery.

The year 2015 marked a long continuation of zero instances of infractions or allegations in these areas from our employees and suppliers. 100% of employees and suppliers have participated in training and education in this area, and acknowledged their role in eradicating corruption.