



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

DISCLOSURE QUESTIONNAIRE

Company Name: Community Services Group
 Date Submitted: 11/21/2019

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Other		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Other Disclosures	Yes	No
		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration		✓
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts	✓	
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells	✓	
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: Community Services Group

UPDATED AS OF: 11/21/2019

DISCLOSURE QUESTIONNAIRE CATEGORY	Company has reduced or minimized taxes through the use of corporate shells or structural means
ISSUE DATE	2008 - Present
TOPIC	Use of Delaware shell to receive investment proceeds and conduct inter-company loans
SUMMARY OF ISSUE	<p>Community Services Group (CSG), which is registered in and primarily operates in the state of Pennsylvania, formed CSG of Delaware in 2008 when a managed care company in which CSG was an original investor was sold to a national managed care company. CSG's investment proceeds were received by CSG of Delaware to avoid Pennsylvania state income tax and maximize funds available to support the mission of CSG. This structure had no effect on federal income tax paid by the group, positive or negative.</p> <p>Since then, the funds have been used as a \$3 million line of credit to loan to CSG for operations and capital projects. The only source of income to CSG of Delaware since the initial transaction has been interest income paid by CSG, with an interest rate set at Fulton Prime + 0.25% with a floor of 4.25%. The interest income CSG pays to CSG of Delaware is a tax deductible business expense, just as any other interest income paid to lenders, and thus reduces the company's state income tax paid in Pennsylvania.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>The total amount received by CSG of Delaware in 2008/2009 was \$3.335 million, and over the last five years, the amount outstanding on the line of credit has varied from a high of \$2.9 million to a low of just over \$2 million.</p> <p>The group's overall effective tax rate for the fiscal year ended 06/30/2018 was 27.55%.</p>
RELATED INCIDENTS	No



DISCLOSURE QUESTIONNAIRE CATEGORY	Company employs individuals on zero-hour contracts
ISSUE DATE	2008 - Present
TOPIC	Use of zero scheduled hour arrangement for employees
SUMMARY OF ISSUE	<p>Community Services Group (CSG) utilizes zero scheduled hours arrangement with some employees to provide flexibility to the employee as well as to fill up available hours at the facilities. A Zero Scheduled Hours employee is one whose hours and schedule are variable and determined on a week-by-week basis. This arrangement is voluntary and is utilized by staff members that work full time outside CSG and want to provide coverage on weekends and evenings or someone who needs a significant amount of work schedule flexibility (e.g. college students). CSG does not have a policy that identifies the number of days in advance that hours should be offered to zero scheduled hour staff. When there is a need to fill available hours, managers and coverage coordinators contact zero scheduled hour employees to ascertain their interest in working. Employees are contacted based on their preference for sites and their skills and experience. Employees who have a record of accepting hours may be contacted first.</p> <p>The zero scheduled hours staff is employed mostly in CSG's Intellectual and Developmental Disability (IDD) Services and Mental Health Services, where the attrition rate for FY 18-19 was 35.9% and 41.5% respectively.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	21.8% of CSG's staff is on zero scheduled hours arrangement
IMPACT ON STAKEHOLDER(S)	<p>The contract provides flexibility for CSG's zero scheduled hours employees. Zero scheduled hour employees are hired and managed under the same employment policies and procedures as full or part-time employee. Zero Scheduled Hours employees are eligible to participate in statutorily mandated benefits such as workers compensation and unemployment compensation insurance, but are generally not eligible for CSG's other benefit programs.</p> <p>CSG's policies and procedures for hiring are based on regulatory requirements and CSG standards for verification of education, credentials, background checks, etc. as appropriate by position. Like all employees, Zero scheduled hours employees are checked at hire and monthly against federal and state exclusion databases.</p> <p>Due to regulatory policies and CSG practices, CSG require that in most Centers of Excellence, zero scheduled hour employees work a minimum of 30 hours within 3 months based on availability of hours. For CSG's Direct Support Professionals working in the IDD Center of Excellence, zero schedule hours employees are required to work 15 hours per month. If this minimum requirement is not met, the zero scheduled hour employees are given the option of meeting the requirement or separating employment. Zero hour employees worked on average 32.09 hours on a biweekly basis in the in FY18-19.</p>



IMPLEMENTED MGT PRACTICES

CSG generally does not prohibit employees from engaging in other paid employment, so long as the other employment does not interfere with the expectations of CSG, does not negatively affect work performance, and is not a conflict of interest. Zero scheduled hour staff can also identify periods of time when they are not available to work and will not meet the minimum hours requirement. Managers then work with the employee when they are available. In addition, Zero scheduled hour staff cannot be compelled to work - the manager calls and asks if they are available to come to work, and if not, they call the next reserve. Company cannot terminate the employee without proper cause.

The requirements of the zero scheduled hours arrangement (including the minimum hours requirements) are noted in the employee handbook and discussed with the employee during the hiring process. Zero scheduled hours employees are able to participate in the same training programs as other employees. If zero scheduled hours staff wishes to work for additional hours than what is offered to them, they can contact their immediate managers, Program Directors and coverage coordinators (wherever applicable) to inquire about available hours. Zero scheduled hours employees are invited to apply for and transfer into a position with regularly scheduled hours.

Zero scheduled hour employees are included with all other employees in CSG's Employee Engagement survey administered by DecisionWise. That last survey was administered in January 2018 and the next one is scheduled for January 2020. In 2018, the overall CSG engagement rate was 83%, with Intellectual and Developmental Disability services having an engagement rate of 82% and Mental Health Services having an engagement rate of 87%. This survey did not include the employee category. Like all employees, zero scheduled hours staff is included in program reviews and staff meetings where they can raise questions and concerns, as well as address any issue with their supervisor, Employee Relations and Compliance teams or use other resources available to all staff.