

# Oriental CSR Report 2009



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**ORIENTAL**

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Oriental is designing and producing clothes for retail customers in Europe, North America and Australia.

The past 15 years, we have successfully provided our customers with a wide range of garments in line with upcoming trends.

We believe in high quality, competitive price, prompt delivery and responsible production.

Our headquarters is located in Hoerning, Denmark. The majority of our 50 employees are based in our offices in Suzhou and Qingdao, China.



Get more information from our website  
[www.madebyoriental.com](http://www.madebyoriental.com)





## **Mission**

We make our customers more competitive on their respective markets.  
We do this through cost effective production options combined with value adding  
know-how and customer specific services.

## Values - Cornerstones for Our Business

Our core values impact all activities in Oriental and define the way we do business. These values are the foundation for our strategic development, our daily decision making process as well as our interaction with employees, business partners and the wider society.

Our 3 core values are:



Our Corporate Social Responsibility activities are examples on how we through our values aim to positively impact the world around us.

### Owners' Commitment

Together with our customers we share a commitment to take our social responsibility seriously and continually work to improve our performance in this matter.

In Oriental we know that our decisions impact the surrounding community. This is why we do not only consider our own interests when we make decisions.

- We consider the interests of our staff and colleagues
- We consider the interests of our business partners
- We consider the interests of the local community

We consider our involvement in Global Compact an important way to support our principles in a global context.

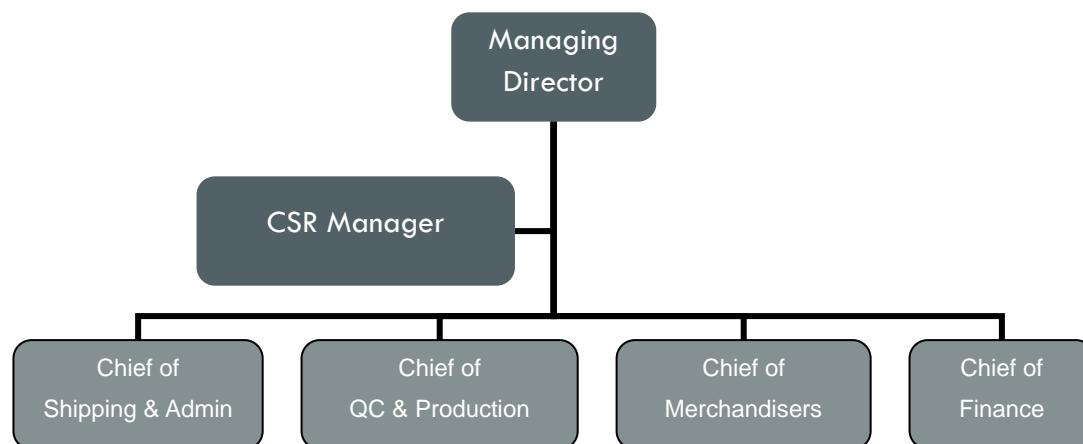
— Owners and Managing Directors, Oriental  
Henrik Poulsen, Kurt Larsen and Henrik Riis Jensen

## CSR Structure

Our office in Suzhou, China is our operational headquarters for our CSR activities since this ensures close contact to our supplier network, where the practical work is taking place.

The CSR Manager is referring directly to the Managing Director in order to strengthen the position and ensure coordination with other business activities. The CSR manager is supported by Chinese staff that inspects factories, conduct initial audits and advice factories on how to improve various standards in the most practical way.

External auditing is carried out by Intertek (ITS) and SGS.





## International CSR Framework

In order to maximize the impact of our initiatives within CSR, we have joined a European and a global framework. This allows us to combine our company values with a structured and cooperative approach in line with well-described international standards.

We joined BSCI in 2007 and became a member of UN Global Compact in 2008.

### **The Business Social Compliance Initiative (BSCI)**

As a member of the European organization BSCI we are dedicated to constantly work to improve social compliance in our supply chain. This is supported by a comprehensive monitoring and qualification system covering a wide range of elements in line with international standards for social corporate responsibility.

We have committed us to make sure that 2/3 of our suppliers/volume are audited by third party within 3 years of membership.

During 2008 we assisted our biggest supplier in implementing and documenting all BSCI requirements. This was verified by the international qualification and testing company Intertek. We are currently assisting 3 additional suppliers in following and documenting the BSCI requirements.

All Oriental suppliers have to follow the Code of Conduct developed by BSCI.



Learn more about BSCI at  
[www.bsci-eu.com](http://www.bsci-eu.com)

## United Nations' Global Compact

As a member of United Nations' Global Compact we fully respect the Ten Principles relating to central issues like human rights, employees' rights, respect for the environment and work to counter corruption.

Corporate Social Responsibility is a global issue that needs a joined global effort in order to involve all related parties. Oriental wishes to be a part of this global effort.



Learn more about Global Compact at  
[www.unglobalcompact.org](http://www.unglobalcompact.org)

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

It is characteristic for all our CSR activities that our focus is on constant improvement through practical cooperation projects with our suppliers. We seek to make a difference and create improvements where we go.



# Progress Report:

## The Road to Responsible Production

The general reputation of Asian garment factories is notorious when it comes to conditions of workers. This clearly makes it a challenge to operate in the region with respect for international labor standards. However, we have always made it a point to make sure that we are true to our core values and constantly push to promote the principles of Global Compact.

In 2007 we initiated a more systematic strategy to push for progress towards better compliance with the Global Compact principles by making an effort to implement the requirements defined by BSCI.

On this basis we have developed Oriental's Supplier Program that aims to provide our suppliers with the motivation, know-how and administrative support that is needed for improving social compliance.

- We explain the significance of social corporate responsibility
- We promote the importance of laws and standards
- We communicate in the language of the supplier
- We share best practices and know-how
- We share the administrative burden
- We share compliance costs
- We invite them to training seminars
- We evaluate compliance
- We organize third party certification

### A case story

Here is the story about one of our suppliers located in the Yangtze River Delta in China and how we assisted him in meeting BSCI requirements.

The supplier was already approved by Oriental so we knew that there was no forced labor, discrimination, child labor, mistreatment of employees or other serious misconducts.

However, the administrative capacity of the factory is very limited. As a result they needed assistance to set up a system documenting their actions and advice on items to improve. This included:

- Working hours documentation
- Approval documents
- First aid kits
- Safety equipment
- Etc.

## Phase 1 Awareness-Raising

Our first step was to create awareness of the need for BSCI improvements and initiate a dialogue with our suppliers.

There were open discussions and exchange of ideas regarding the global trend of CSR production, the benefits and challenges.

This was followed by training seminars and a road map for the implementation.



Management from both Oriental and suppliers were present in a EU-sponsored CSR seminar in Shanghai in 2007, where Oriental made a presentation about the need for CSR

## Phase 2 Setup of BSCI Management Structure

With the support of Oriental, our supplier soon set up the BSC management structure to implement the BSCI improvement.

A BSCI manager was appointed and leaders from different departments were selected responsible for dealing with BSCI issues within their respective department.



BSCI Management Structure



First Aid and Fire Fighting

## Phase 3 Improvements Made by Carrying out Series of Measures

After the BSCI management team was set up, it started working immediately. Both Oriental and the factory made significant efforts to prepare for the initial audit set in May, 2008.

With careful planning and implementation, improvements took place in a lot of areas.

### **Working hours were recorded and salaries were sufficiently paid without delay**

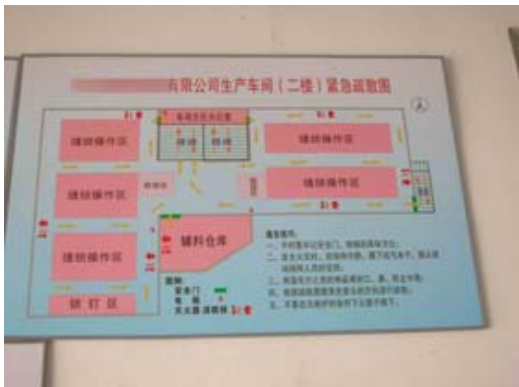
- An attendance policy was made and communicated to all employees
- An electronic time-record system was installed
- Salaries were calculated and paid according to local laws



Punching machine at the entrance

### Working places were made safer

Evacuation plans were placed both in the production areas and the dormitory.



*Evacuation plan in the production area*

Sufficient fire extinguishers and emergency lights were installed. All the emergency exits were clearly marked.



*Cutting Room*

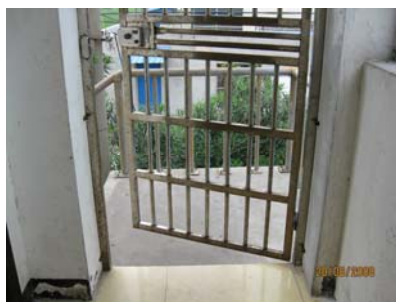


*Fire extinguishers and signs*

All cutting workers were trained to use gloves in order to protect the hands while cutting fabrics.



All doors with +10 users were refitted to outwards.



Fire alarm system was installed and evacuation drill was carried on a regular basis. All employees in the factory were included.



*Fire alarm*



*Evacuation drill*



### Employees' heaths were ensured

Medical boxes were placed both in the offices and the production areas with free medicine ensuring employee's treatment in time.



Air conditioners were installed in the dormitory for extra comfort.



*Air-con in the dormitory*



*Comfortable dormitory*

The dining room was clean and all the cooks hold healthy certificates.



*Dining room*



*Cook's health certificate*

The following photos were taken from our first-aid training course held in 2008.



*Coaching and practicing*

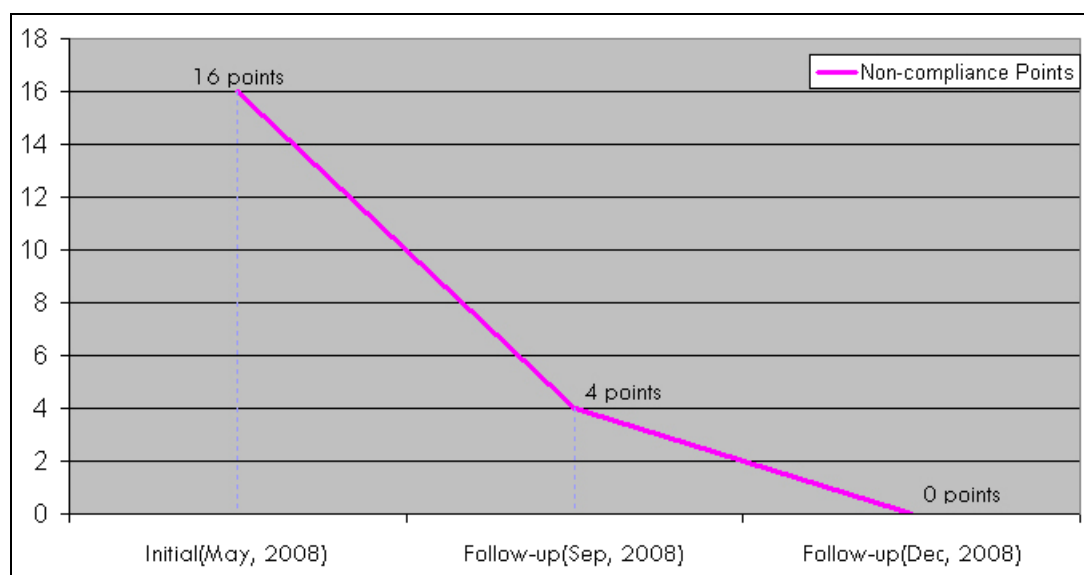
Besides, all young workers (16-18 years) get free health check annually as part of the special protection they get at young workers.

## Phase 4 Together With ITS to Identify Chances for Further Development

When preparation was finished, Oriental applied to Intertek for external audit. An external audit is an important tool for BSCI improvement in our suppliers' factories. This ensures that we actual reach the goals we have set up.

### The Road to Responsible Production

May, 2008	Initial	16
September, 2008	Follow-up	4
December, 2008	Follow-up	0



During the past year 2008-2009, there are lots of events took place in Oriental.

CSR Achievements in 2008-2009	
Concrete actions	10 principles of Global Compact
<p><i>Oriental Supplier Manual underlines social compliance and chemical regulations</i></p> <p>The manual is signed by all suppliers in order to underline that suppliers are required to ensure social compliance in accordance with our Code of Conduct.</p>	<p>Support and respect the protection of internationally proclaimed human rights.</p> <p>Work against corruption in all its forms, including extortion and bribery.</p> <p>Prevent complicity in human rights abuses.</p> <p>Uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Eliminate of all forms of forced and compulsory labor</p> <p>Abolition of child labor</p> <p>Elimination of discrimination in respect of employment and occupation</p>
<p><i>Strengthened requirements for new suppliers</i></p> <p>Suppliers are only accepted as suppliers after inspection of premises and dialogue on understanding of social requirements.</p>	
<p><i>Audit of social compliance</i></p> <p>Intertek verified that our main supplier in China follows BSCI requirements. This was the result of a close cooperation between Oriental and the supplier.</p>	
<p><i>Improvement of social compliance</i></p> <p>One of our suppliers has got approval by ITS in line with BSCI requirements. 3 more suppliers are scheduled to get audited within 2009.</p>	
<p><i>Awareness rising for social compliance</i></p> <p>Suppliers were invited to seminars explaining the importance of social compliance.</p>	
<p><i>Awareness rising for human rights</i></p> <p>Co-sponsoring a page in the Financial Times for creating awareness about the Human Rights Convention's 60<sup>th</sup> anniversary.</p>	<p>Support and respect the protection of internationally proclaimed human rights.</p>
<p><i>Support for Red Cross activities</i></p> <p>Oriental and employees donated a substantial amount to Chinese Red Cross, and donated blood and used equipment for the victims in earthquake hit parts of China.</p>	

<p><i>Employee Manual and Health insurance</i></p> <p>Employee Manual was issued to clarify rights and responsibilities for employees in the company.</p> <p>Health insurance provided to Oriental employees for affordable health treatment.</p>	<p>Support and respect the protection of internationally proclaimed human rights.</p> <p>Work against corruption in all its forms, including extortion and bribery.</p> <p>Uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Elimination of discrimination in respect of employment and occupation</p>
<p><i>Awareness rising on chemicals</i></p> <p>All Chinese staff was trained in the potential risks of chemicals in garment production. Suppliers were informed as well.</p>	<p>Initiatives to promote greater environmental responsibility and support a precautionary approach to environmental challenges.</p>





### CSR Plans for the coming year 2010

- Support additional Chinese suppliers in following BSCI requirements and audit progress.
- Get 2/3 of our suppliers audited by third party according to BSCI requirements by the end of 2010.
- Develop an environment policy for reducing the environmental impact of our daily business operations in our company.



