

ORIENTAL

CSR Report 2010



Foreword



We are happy to present our CSR report for 2010. It presents an overview of how we have worked to ensure that we have a positive impact on the world around us and live up to our corporate social responsibility working in a developing country. Responsible behavior is one of the key values of Oriental.

On a global level we work to support the principles of the United Nations' Global Compact. On a European level we work with the common standards defined by BSCI. On a local level we work with Chinese suppliers to make a difference.

We remain committed supporters of the principles listed in the United Nations' Global Compact. This covers a number of issues from combating corruption to ensuring social fairness when doing business. We are proud to share these goals with business, governments, civil society and the United Nations.

As a member of BSCI we are committed to ensuring that more and more of our suppliers are able to live up to the very detailed standards defining how to ensure workers fair treatment and how to document that all activities are following national and international regulations.

Our commitment to support the principles of United Nations' Global Compact and the standards defined by BSCI is primarily visible in our daily interaction with our suppliers where we prioritize to allocate the resources needed to continually push for improvements among our suppliers and to provide them with the needed support for this endeavor.

Oriental is committed to make a positive impact on the society around us and continues to prioritizing business partners sharing the same vision.

Owners of Oriental

Henrik Poulsen, Kurt Larsen and Henrik Riis Jensen

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About Oriental

Oriental is a Danish garment company that for more than 15 years has assisted retail customers in Europe, North America and Australia in getting their latest fashion collection produced in China and India.

We have our own design and sourcing department to continually inspire our customers with new designs following the upcoming fashion trends that will impact the market. They also work closely together with our customers to make their designs come to life.

Our customer support function ensures that all orders are progressing as expected and that customers' are assisted during the development process. They also making sure that the cooperation with our supplier factories is running smoothly.

Our garment technicians ensure that practical and cost efficient techniques are used when the designs are being transformed into marketable garments.

The entire production process is monitored by our quality team that is present during production of our garments and who sign off all goods before they are handed over to the forwarder arranged by our shipping department.

Our focus is on creating maximum value for our customers and treating every customer individually. The longer we work together with a customer the better we are able to tailor our services to that specific customers' needs in terms of both design preferences and preferred procedures.

We believe in the value of high business ethics which is our guiding principle for relations with both customers and suppliers.

Our main offices are in Denmark ([Hoerning](#) near Aarhus) and in China ([Suzhou](#) near Shanghai).



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:

- ◆ Honesty
- ◆ Responsibility
- ◆ Continued improvement

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

CSR Structure

Our office in Suzhou (China) is our operational headquarters where we manage our supply chain throughout China. It is on this basis that we also manage all CSR activities from here.

This year we have realigned our organizational structure in order to increase customer focus and strengthen accountability at levels. One of the changes has been to put CSR activities and Quality management under the same management.

It is our team of quality controllers that visit the production units in various parts of China every day. This puts them in a situation where they are able to help in monitoring progress in CSR conditions on a daily basis. The link between CSR and product quality ensures that our CSR activities have maximum impact throughout our supply chain.

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

Our CSR advisor visits every factory twice a month. We support our suppliers to understand and implement BSCI. We also help them to give training to the workers about first aid and fire fighting. In addition we maintain a close dialogue with our suppliers in order to support the continuous development.

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.

The Business Social Compliance Initiative (BSCI)

As a member of the European organization [BSCI](http://www.bsci-eu.org) 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

United Nations' Global Compact

Oriental does also participant in the Danish network of Global Compact Companies. Same for BSCL.

As a participant 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

- Principle 01: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 02: Make sure that they are not complicit in human rights abuses.
- Principle 03: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 04: The elimination of all forms of forced and compulsory.
- Principle 05: The effective abolition of child labor.
- Principle 06: The elimination of discrimination in respect of employment and occupation.
- Principle 07: Businesses should support a precautionary approach to environmental Challenges.
- Principle 08: Undertake initiatives to promote greater environmental responsibility.
- Principle 09: 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.

Oriental has been presented with a certificate of support of promoting 10 principles for a better world. The certificate was presented by Mads Øvlisen (member of the board of Global Compact) at a Global Compact network meeting in Denmark June 1.

BSCI activities at Our Suppliers -Supporting our Suppliers

Global Compact's principles are clearly reflected in BSCI standards. This includes the protection of human rights, freedom of association, the elimination of all forms of forced work, abolition of child labor and elimination of discrimination in respect of employment and occupation.

This means that working to promote BSCI requirements is practical way to promote the principles of United Nations' Global Compact.

Oriental does never cooperate with any company that does not respect the human rights. Neither do any of our suppliers use forced labor of child workers. However, often companies in developing countries have too limited administrative capacity to document this sufficiently. This is one reason that Oriental spends resources on developing suppliers' administrative capacity.

Below are some examples on how we work with factories to make sure that they protect their employees sufficiently.

BSCI Training

Our CSR adviser visits suppliers gives presentation and training to management of the suppliers.

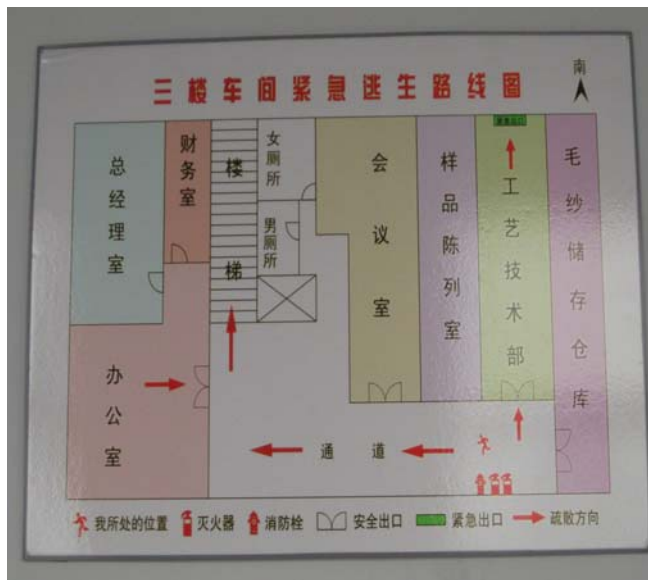


Professional first aid instructors gave training to all workers of the factory. In this training sessions worker are informed about most common possible issues that can happen at a work place .

First-Aid Training at factory



The aim of this first aid training is to prepare workers to handle emergency situation and they can give basic first aid to effected workers.



Recently installed fire alarm

Evacuation Map

Escape map is posted on the wall and integrated in the fire & evacuation drills everyone can see it clearly.



Workers are trained for an emergency situation with fire and smoke. Fire drills are regularly carried out. All workers take an active part in it and learn how to use the fire extinguishers.

Fire & Evacuation Drill



Personal Protective Equipment



Safety First

All workers engaged in risk related work are equipped with personal protective equipment.



Healthy & Safety Regulations are posted on the wall

Healthy and safety instructions & precautions are explained to all workers and posted in the production halls.

Progress on BSCI Development in 2009 and 2010

Oriental has been a member of BSCI since 2007. First step was creating awareness about the meaning of corporate social responsibility and the requirements listed by BSCI. Second step was prioritizing the support of our biggest suppliers and help them improve their ability to follow the requirements and maintain documentation of this.

In 2009 an external auditing company verified that our biggest supplier now followed all requirements defined by BSCI and we could continue assisting other suppliers in reaching the same goal. Now we have 5 suppliers that we work with to help them live up to all the BSCI requirements. Four of the suppliers are from China and one is from India. (figure. 2)

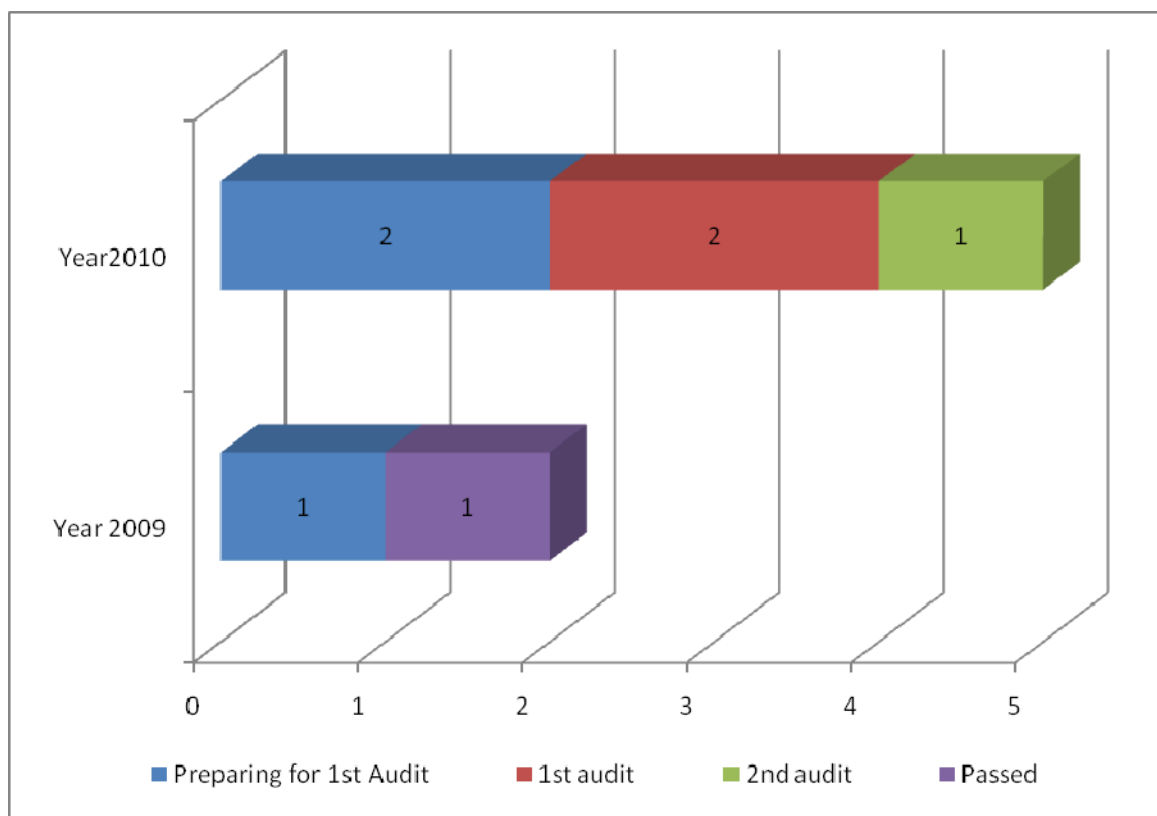


Figure 1

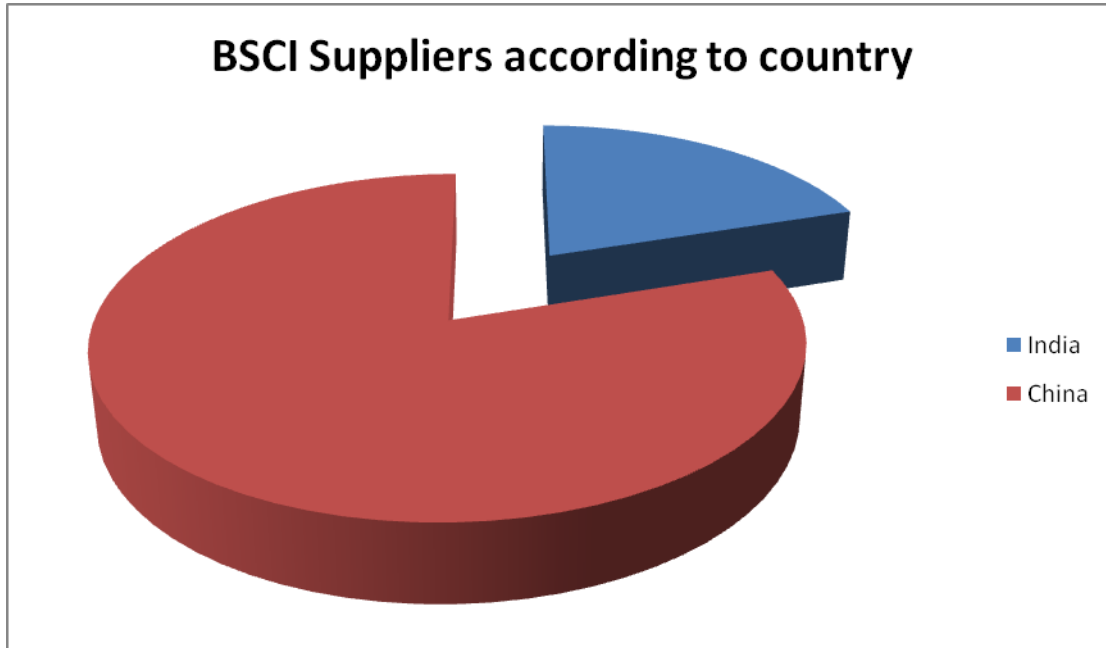
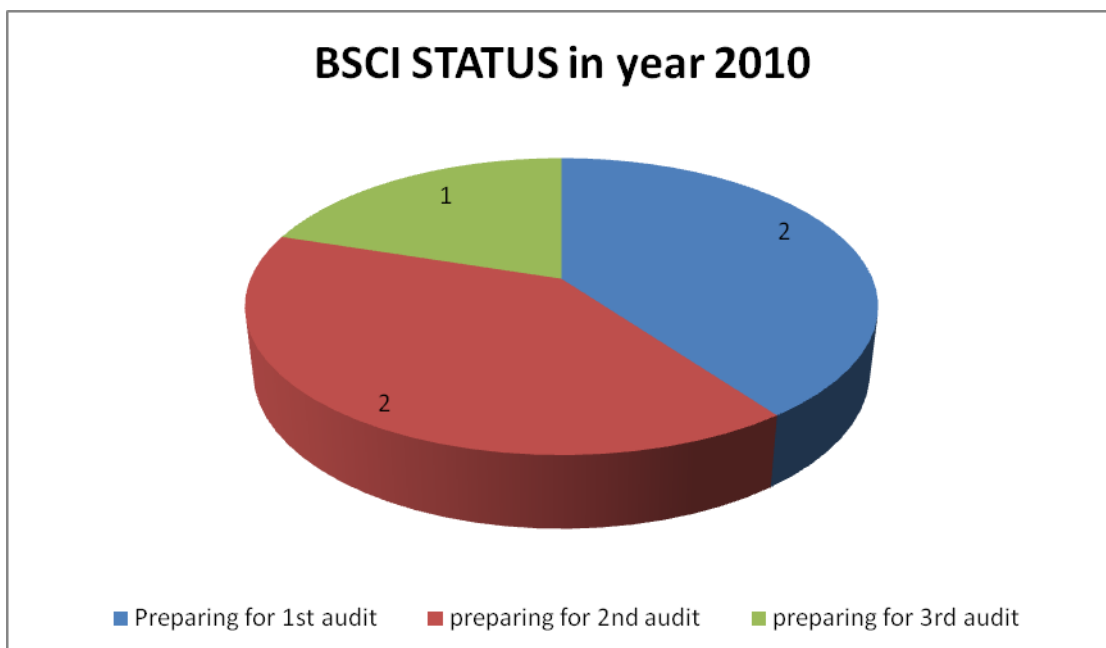


Figure 2

Our efforts in implementing BSCI in 2010

We are in process of BSCI certification at 5 different suppliers. 2 of them are preparing for 1st audit. Two suppliers already have 1st audit and working on improvements suggested by SGS.



Supplier 1: Heavy knit garments manufacture

Status:

In process of preparation for 2nd Audit.

We have recently 1st audit by SGS on 24th May. SGS has suggested improvement in different areas. We are continuously working on Corrective Action Plan. Some of the important areas included in CAP (Corrective Action Plan) are as under.

Main focus areas for CAP

- Occupational Health and Safety Training
- Drinking water test report
- Suggestion/Complain box
- Fire and Emergency exit signs in ware house
- Social Insurance for all workers
- Annual Leave record for workers
- Standard Operating Procedure (SOP) for using the boiler
- Annual Inspection Safety Certificate for cargo lift

Plan date for 2nd Audit:

We are planning to have 2nd audit in October 2010.

Supplier 2: Woven fashion garments manufacture

Status:

Preparing for 1st audit,

Planned date for 1st audit = 2 week of October

We are working with one of our Chinese supplier for woven garments. We are supporting them to improve their CSR practice and guiding them about different CSR activities.

Some of the major areas for CSR improvement

- Canteen Sanitary License
- Health and Safety Training
- Fire & Evacuation Drill
- Suggestion/Complain box
- Attendance Records / Clock Cards
- Improvement in Health and Safety at work
- Building Construct Safety Certificate and Fire Prevention Certificate

Planned date of Audit

We are planning to have internal Audit in August and then we will go for 1st Audit in November by SGS.

Chemical Testing - A critical issue for garment sourcing

Product development is one of the services we offer our customers. This means forecasting fashion trends and developing ideas for future fashion collections. Every season we have new developments in color, design and hand-feel. This is only possible due to the use of chemicals.



However, some chemicals are harmful to our health and the environment. This is why it is absolutely necessary to have a responsible approach to handling chemicals. Consumers must at all time be protected from chemicals.

We strictly follow the European regulations for chemicals in textiles and accessories in order to make sure that all our suppliers have the updated requirements, so they know what to avoid during the production process. We even require garment wash after production to further reduce any potential risk.

We follow up on our requirements every week where we test selected garments for content of chemicals. This includes AZO dyes, allergenic disperse dyes, metal contents, DMF, PVC and various other harmful chemicals.

When we learn from the media that chemicals have been identified in competitors' products we do a special test to follow up on this.

It is the internationally recognized testing laboratories of SGS and ITS, those are responsible for all our testing activities.

We care about Environment

Oriental gives lot of importance to environmental issues. We integrates environmental procedure and progress in our supply chain as an essential element of responsible management.



We prefer the suppliers who plans and operates facilities in compliance with applicable international environmental laws and regulations. We also encourage research and development related to environmental-control technologies and more efficient utilization of natural resources, materials and energy. We always try to educate and motivates our suppliers and employees to conduct their jobs in an environmentally responsible and safe manner.

- **Responsible Buying:** Oriental prefers using the textile suppliers that are using environmental friendly chemical, process and using waste water treatment to reduce the waste and impact chemicals on environment.
- **Waste Disposal Procedures and Waste Recycling:** We work collaboratively with our supply chain to reduce the amount of waste generated from product consumption and we are handing over all paper waste generated in our office to recycling company.
- **Recycled Paper:** We have started using recycled paper for our catalogs and brochure.

CSR Plans for the coming year 2011

- ◆ Getting 2/3 of our suppliers BSCI certified
- ◆ Reduce energy consumption by using better sources of Energy
- ◆ Work with textile companies using waste water treatment to reduce the effect of chemical on environment
- ◆ First aid training for all office staff
- ◆ Support Danish awareness rising campaign in December of the Millennium Development Goals (MDGs)
- ◆ Donate old Computers to Red Cross for Charity schools

Address info

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