

CSR Report 2014



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2. MANAGING DIRECTOR STATEMENT

In our CSR report for 2014 we will give you an update on our continuous strive to improve all matters related to CSR in Oriental and within the suppliers we cooperate with. Responsible behaviour is one of the key values of Oriental.

On the global level, we support the UN Global Compact 10 principles, working for improvement of human rights, workers fair treatment, beneficial actions towards the environment and measures of anticorruption.

On the European level, we have been a member of the BSCI since 2008. We focus on improving our supply chain awareness and compliance to guidelines of the BSCI and are constantly improving the joint effort of all partners in our garment production.

On the national Chinese level, we participate as a full member of our local society and we cooperate with our Chinese employees and suppliers to make a difference, now and in the future.

Managing Director Oriental China
Henrik Poulsen



3. ABOUT ORIENTAL GROUP

3.1 HISTORY

Oriental is a Danish founded garment company that has assisted retail customers in Europe in the designing and production of their fashion collections since 1994.

We operate our sales from offices in Aarhus, Denmark and Suzhou close to Shanghai in China. In 2011 we opened our first fully-owned manufacturing factory in China, besides our own factory we also work with sub-factories in China and India.

We strive to offer the best services for our clients at all levels: Our in-house design team creates designs that reflect the latest European fashion trends. They work closely with our customers to understand and support their design ideas. Our in-house technical team work to ensure that each design is transformed into a perfectly fitted product and work closely with our factories and other suppliers to achieve the best results. Our in-house sample room assures correct samples on time. Our merchandisers closely oversee all orders, ensuring clear and effective communication and our Quality Control team carefully monitors the entire production process, from fabric inspection to the loading and signing off of our finished garments by our Shipping department.

At Oriental, we tailor our services to according to each individual company's needs and offer the best value for our customers. The longer

we work together with a customer, the better we can meet their design preferences and production requirements. We strongly believe in the value of ethical business practices and use them as guiding principles in our relations with both our customers and suppliers.

3.2 Mission & Values

MISSION

Our mission is to make our customers more competitive in their respective markets. We do this through providing cost effective production options at the agreed quality level combined with value added know-how and customer specific services.

VALUES

Our core values impact all activities at 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
- Constant improvement



4. CSR APPROACH & ORGANIZATIONAL STRUCTURE

Corporate Social Responsibility is a global issue that needs a joint global effort. Oriental is committed to being a responsible Corporate Citizen and Corporate Social Responsibility is firmly rooted in our business approach and values. Our CSR activities are examples of how we impact the world around us in a positive way.

- All of our CSR activities related to our supply chains in China and India are managed from our office in Suzhou, China.
- All CSR activities, fall under the responsibilities of our Finance, HR and CSR

Manager who reports directly to Oriental China's Managing Director.

5. CSR ACTIVITIES



5.1 UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact tackles human rights, labour conditions, the impact on the environment and ethical business practices. Their ten principles are universally recognised. We at Oriental aim to embrace support and follow this framework of core values within our sphere of influence.

10 Principles of the UN Global Compact

	Human Rights	Principle 1: Businesses should support and respect internationally proclaimed human rights; and Principle 2: ensure that they are not complicit in human rights abuses.
	Labour	Principle 3: Businesses should uphold the freedom of association and recognize effectively the right to collective bargaining; Principle 4: eliminate all forms of forced and compulsory labour; Principle 5: effectively abolish child labour; and Principle 6: eliminate discrimination in respect of employment and occupation.
	Environment	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.
	Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

5.2 BSCI – BUSINESS SOCIAL COMPLIANCE INITIATIVE



As a member of the European organisation BSCI since 2008, we are dedicated to improving social compliance across our supply chain in line with the BSCI Code of Conduct to ensure our suppliers take social responsibility seriously. We do this through a comprehensive monitoring and QC system.

The BSCI Code of Conduct is built on the most important international labour standards protecting workers' rights taken from the International Labour Organisation (ILO) Conventions, the OECD guidelines for multinational enterprises and the UN Global Compact and other important declarations.

GOALS OF BSCI CODE OF CONDUCT



freedom of association and the right to collective bargaining are respected



no discrimination is practised



child labour is prohibited



legal minimum and/or industry standards wages are paid



working hours are compliant with national laws and do not exceed 48 hours regular + 12 hours overtime



there is no forced labour and disciplinary measures



the workplace is safe and healthy



the environment is respected



there is a policy for social accountability



there is an anti-bribery and anti-corruption policy

6. Other CSR related activities

6.1 Supply chain

To strengthen and streamline the management of our supply chain and ensure all of our suppliers are doing business with the highest levels of honesty, integrity, consideration and respect, we have developed our own Oriental Supplier Manual. In the manual, amongst others, it states that the supplier must follow the Ten Principles of the United Nations Global Compact, the BSCI Code of Conduct and the European REACH legislation related to garments. We ask all suppliers and employees to read, acknowledge and sign this manual and consider the principles as they carry out their daily responsibilities.

- Our QC team regularly visit our supplier factories to inspect them and our Audit personnel conduct regular evaluations and appraisals to determine their strengths and weaknesses.
- Supplier CSR Risk Assessment process:



- For suppliers that do not meet CSR requirements, Oriental offers advice and guidelines to improve their business practices in accordance with international principles.
- We also carry out third party audits performed by internationally recognised institutions Intertek, SGS and Bureau Veritas.



7. ORIENTAL STAFF

In oriental we acknowledge, that one of our main strengths is a dedicated and highly resourceful staff, we strive to support and advance them. We provide an employee handbook to make company policies transparent to all. We provide a daily lunch meal based on healthy and nutritious food. We are open to all ethnic groups. Oriental seeks to take action to provide equal employment opportunities to all qualified employees. We provide air-condition both in summer and winter to assure a comfortable work climate.

8. ENVIRONMENTAL IMPACT

8.1 CHEMICAL TESTING

The production of fabrics and accessories in the garment industry requires the use of chemicals, some of which can be harmful to our health and the environment. Thus it is absolutely necessary to take a responsible approach to handling chemicals.

- At Oriental we work in accordance with European REACH specifications and legislation and conduct random chemical testing validated by internationally recognised third party testing organisations such as Intertek, SGS and Bureau Veritas.
- We pay special attention to the selection of dyes and chemical auxiliaries and ensure that products are free of hazardous substances such as azo dyes, formaldehydes, pesticides and toxic heavy metals.
- We have updated our Supplier Manual to include the newest REACH specifications and our suppliers are instructed to meet these standards, we follow a detailed random testing of fabrics and accessories schedule.
- We renewed OEKO-TEX100 certification in 2014. We are proud to be able to provide our customers with this option to purchase OEKO-TEX100 products from us and thus avoiding the use of harmful substances in the garment production.



8.2 ENVIRONMENT



In Oriental we acknowledge the importance of environmental issues. We put constant focus on integrating environmental

friendly procedures and progress in within our own production and in our supply chain. We promote:

- **Responsible purchasing:** We only work with suppliers that use environmentally friendly chemicals and observe environmentally friendly processes, including how they dispose of wastewater.
- **Reuse and recycle:** We reuse and recycle wherever possible to minimise our waste. We purchased a cutter to minimise fabric waste and use both sides of paper when we print. We collect cartons, papers, PET bottles, aluminium cans and fabric and send them to be recycled.
- **We strive to use the minimum of electricity,** so therefore we have changed all our office light to LED lights, so we use 50 % less electricity now.
- **We strive to run a punctual production** so we can send garments by sea freight and there by keep the CO2 emission at the lowest possible level.
- **Clean work environment:** Oriental ensures a clean, hygienic working environment for all employees.

9. ANTI CORUPTION

In Oriental we do not engage in business relations with customers or suppliers, where corruption, bribe or personal relations and gifts are necessary to drive business. No employee is allowed to take bribe, we have zero tolerance to fraud, bribe and theft and if such is detected it will lead to immediate termination of the employment. The anti-Corruption guidelines have been incorporated in our management guidelines.

10. CSR RESULTS 2014

Through a rigorous and constant focus on our CSR work, we have managed to achieve our goals for our CSR work in 2014:

- 3 of our sub-suppliers gained BSCI certification for the first time in 2014, 1 of our sub-suppliers had a re-audit in 2014.
- 73 % of our production is produced in BSCI certified facilities in 2014 and we are getting close to our 2015 goal to have minimum 75% of our production produced in BSCI certified facilities.
- We have increased our in house fabric and accessories purchasing significantly, this enable us to focus on fewer sub suppliers. We have therefore gained increased knowledge about our supply chain.
- We had our Oekotex 100 certificate renewed.
- We executed a thoroughly random testing program of fabrics and accessories that verified that our production live up to customer requirements and EU legislation.



11. CSR GOALS 2015

- We project that 2 of our sub-suppliers will gain BSCI certification by the end of 2015.
- We project that 4 our sub suppliers will be re-audited for BSCI in 2015.
- We project to reach our 2015 goal to have minimum 75% of our production produced in BSCI certified facilities.
- We will continue and further strengthen our random testing program of fabrics and accessories in order to live up to customer requirements and EU legislation. By this systematic testing, we will further strengthen our supply chain.
- We project to upgrade our IT system, which will facilitate the daily workflow in the office
- We will continue to lead by example at Oriental and incorporate socially and environmentally responsible business practices both in-house and across our supply chain.



CONTACTS

Henrik Riis Jensen
Oriental Denmark
Mosevej 20A
8240 Risskov
Denmark
Mail: henrik@ori.dk

Henrik Poulsen
Oriental China
No. 687 Binhe Road
215011, SND, Suzhou, Jiangsu
P.R. China
Mail: henrik@oriental-sz.com.cn