

CPI A/S

Ethical Codex

The objective of CPI A/S's Ethical Codex is to contribute to the promotion of responsible production principles throughout the world. The aim is to ensure that subcontractors and suppliers who produce clothes for CPI A/S pay attention to the environment and labour rights.

CPI A/S supports the 10 principles of the UN as they are expressed in the UN initiative for sustainable development, Global Compact. We have joined Global Compact in order to contribute to the promotion of the efforts which are being made to ensure socially responsible production in connection with production outsourcing.

Global Compact embraces 10 principles within the following areas:

Human rights

- The company should support and respect the protection of human rights
- The company must make sure that it is not complicit in human rights abuses

Labour rights

- The company should uphold freedom of association and recognise the right to collective bargaining
- The company should support the abolition of child labour
- The company should support the abolition of all forms of forced labour
- The company should eliminate discrimination in respect of employment and occupation

Environment

- The company should exercise caution with respect to environmental challenges
- The company should take initiatives to promote greater environmental responsibility
- The company should encourage the development and spreading of environmentally friendly technologies

Anti-corruption

- The company should work against corruption in all its forms, including extortion and bribery

CPI A/S encourages all its suppliers to join and spread the knowledge of Global Compact.

CPI A/S's Ethical Codex expresses the company's position in these four major areas, and compliance with our Ethical Codex is an important part of the contract between CPI A/S and its suppliers.

CPI A/S is also a member of **BSCI** (Business Social Compliance Initiative), which is the leading CSR management concept in Europe in the textile field. The BSCI code of conduct is reproduced in its entirety in this document, and its provisions are to be regarded as minimum requirements.

We are constantly running pilot projects at each of our supplier companies in order to further improve labour conditions. We also measure the effect of our improvements on production efficiency, errors, loyalty, absence due to illness and job satisfaction. We would like our suppliers to agree with us that these initiatives are important and create value for the supplier.

It is important for CPI A/S that the employees participating in the production of CPI A/S's products are treated with dignity and respect.

Area of application

CPI A/S complies with the **BSCI Code of Conduct, Annex A**, and we require our suppliers to do the same. Our suppliers must ensure that their own suppliers also comply with the **BSCI Code of Conduct**, which means informing their suppliers of the contents of the code and obtaining their signature to the effect that they have read, understood and accepted our **Ethical Codex** and the **BSCI Code of Conduct**. CPI A/S must always be informed if the production is carried out by a subcontractor.

Supplements to the BSCI Code of Conduct

CPI has formulated the following supplementary provisions to the **BSCI Code of Conduct**.

1. WORKING CONDITIONS

Child labour

CPI A/S encourages its suppliers to treat employees aged between 15 and 18 years as a particularly vulnerable group who should be treated accordingly, and must therefore never perform dangerous work. The supplier is responsible at all times for being able to document the age of his entire workforce.

Responsible child labour

If an audit establishes that there are children under the age of 15 working in production, measures must be taken together with CPI A/S to support these children. They must not be thrown out of the factory to a fate which may be worse than working in the factory. Losing the income of these young people would be disastrous for their entire family, and it may therefore be possible to employ an adult family member while letting the child participate in lighter work in the afternoon, provided that he or she returns back to school.

The ILO rules provide that children from the age of 12 in developing countries may be employed on a part-time basis (no more than three hours per day) for lighter work, provided that they continue to attend school. It is lack of education which keeps young people in lifelong poverty.

Forced labour

Guards may only be used for normal security purposes in order to protect the employees and the company's property.

If fines are used as a disciplinary measure, the fines imposed must be based on objective criteria known by the employees. Any fines imposed must not reduce the net wages within a given wage period to such an extent that they are less than the minimum wage laid down by local legislation.

Discrimination

Employees must not be discriminated against on the basis of opinions or personal background, including race, religion, age, national origin, sexual orientation or gender. Female employees may not be required to undertake pregnancy tests. Nobody may be required to undertake HIV/AIDS tests.

Occupational health and safety

It must be ensured that all employees have a safe and healthy working environment.

At a minimum, the following must be ensured:

- That the facilities are in accordance with local legislation on health, safety, environment and working conditions
- That the facilities provide adequate lighting and ventilation of the workplace
- That the employees are familiar with the safety procedures – including emergency and evacuation plans. The emergency and evacuation procedures must be tested at least once a year in an exercise involving both management and employees.
- That fire-fighting equipment, fire alarms and extinguishers are installed, maintained and inspected in accordance with local regulations.
- That trafficked areas and exits are accessible at all times.
- That all types of safety equipment used are systematically tested and checked.
- That the employer takes the necessary measures to prevent accidents at work and work-related illness.
- That waste is kept in fire-proof containers and removed regularly.
- That all dangerous materials and inflammable liquids are marked, kept, used and disposed of in accordance with the rules currently in force, and handled only by personnel who are properly trained and protected.
- That all electronic equipment and cabling is installed and maintained correctly to prevent injury to employees.

Food

If there is a canteen, it must be clean, hygienic and well lit. Food must be handled safely and hygienically by employees who have received proper training in kitchen hygiene. The food must meet universally recognised nutritional requirements.

2. ENVIRONMENT

Suppliers must:

- Observe the limit values in Oeko-Tex Standard 100 (Annex B), which is CPI A/S's minimum requirements in relation to the environment.

Suppliers must strive to:

- Reduce waste and emissions to air, ground and water
- Handle chemicals in an environmentally safe manner
- Handle, keep and dispose of waste which is dangerous to the environment in an environmentally correct manner
- Contribute to the recycling of materials and products
- Implement environmentally sound technologies

3. GENERAL TERMS

Test and audit

Suppliers must physically test the products in accordance with Annex C. CPI A/S will conduct similar random checks when the goods arrive in Denmark.

As a member of BSCI, CPI A/S will be included in the BSCI audit programme, and regular checks for compliance with the **BSCI Code of Conduct** will be carried out at all CPI A/S suppliers.

SYSTAIN or another recognised agency will be in charge of the day-to-day CSR training activities. CPI A/S will pay for CSR training and all audit-related expenses if the supplier passes the audit without comments.

Non-performance

If circumstances are found which are not in accordance with the **BSCI Code of Conduct**, an action plan must be established by CPI A/S, SYSTAIN and the supplier. An appropriate deadline will be set by which matters must be rectified. The supplier must pay all expenses incurred as a result of non-compliance with the **BSCI Code of Conduct**.

The supplier must grant CPI A/S and designated inspectors:

- access to inspection in the form of unannounced visits
- access to all relevant information required in order to check compliance with the Code of Conduct, e.g. wage slips and time sheets etc.
- access to confidential interviews with randomly selected employees during inspection visits

This point is of major importance to CPI A/S. If access is not granted, CPI A/S' Ethical Codex will be deemed **not** to have been observed, and the partnership will be terminated without the above notice to improve conditions being given.

Documentation

The supplier is responsible for keeping all necessary material which may document compliance with the **BSCI Code of Conduct**.

Annex A Code of Conduct

Annex B Oeko-Tex Standard 100, limit values

Annex C Physical test

CPI A/S

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Statement

*"We the undersigned acknowledge that the **CPI Ethical Codex** and the **BSCI Code of Conduct** are accepted as important parts of the partnership between CPI A/S and ourselves."*

Bangladesh, 2008

Supplier's name