

Cintas Vendor Compliance Program and Report
August 2008 *[FINAL]*

1. Corporate Commitments

Cintas is proud of our continuing commitments to lead the uniform industry in global responsible-sourcing practices. We established our formal Vendor Code of Conduct more than a dozen years ago, which is the cornerstone of what we believe is one of the first and most stringent programs within the American uniform industry. The Code of Conduct establishes our expectations of suppliers as they manufacture apparel for Cintas. As conditions change, we continue to improve and strengthen the program to ensure that products are manufactured as responsibly as possible, helping meet the expectations of our customers, shareholders, employee-partners and communities.

We require annual independent audits of apparel contractors – believed to be the first such requirement in our industry – as one way to confirm compliance. We require that contractors and suppliers formally adopt and endorse our Vendor Code of Conduct as a formal commitment that they will operate in a socially responsible manner. We also engage in an ongoing dialogue with our vendors to encourage them to go beyond simple compliance and pursue best practice operations.

A key element of the program is our pre-screening protocol for potential suppliers, which preemptively identifies corrections or improvements that must be made to be even considered as a Cintas apparel supplier. We continue to be the first, and only, company in our industry to publish an annual report on supplier compliance to document for all stakeholders our commitments to, and successes in, responsible manufacturing.

Last year, we noted our continued focus on sustainable improvement by working with suppliers, trade associations and other organizations so that exemplary compliance becomes standardized within our supply chain. We continue to offer social responsibility training modules for key suppliers and contractors to further improve consistency in workplace compliance.

As part of this report, we have included short testimonies from suppliers' employees regarding their perspectives on responsible manufacturing at the local level. We hope that these testimonies provide insight and encouragement to other suppliers and their employees, as we seek to promote audit compliance as one step in a continuous improvement management tool.

2. Vendor Code of Conduct Program Summary

Cintas not only manufactures some of its own apparel, but also purchases goods each year from qualified suppliers and vendors. In some situations, the Company contracts directly with suppliers for the manufacture of apparel that is unique to Cintas. To continue as an approved apparel contractor for unique goods, Cintas requires adoption of Cintas' Vendor Code of Conduct. Contractors meeting the program's criteria also are required to participate in an annual audit of supplier facilities by independent third-party firms that are well-experienced and practiced in the guidelines of the Fair Labor Association (FLA), Worldwide Responsible Apparel Production (WRAP), Social Accountability SA8000, International Labor Organization (ILO), C-TPAT protocol that protects against the shipment of contraband, and the laws of the countries in which facilities are located.

For fiscal year 2008, 89 apparel contractors met Cintas' requisite criteria, consistent with ongoing efforts to reduce the number of contractors utilized by Cintas to improve manufacturing and monitoring efficiencies. All apparel contractors demonstrated adoption of Cintas' Vendor Code of Conduct, and all participated in annual audits by independent compliance verification firms for Cintas, as well as independent audits conducted on behalf of vendors' other customers.

In addition to these unique apparel contractors, Cintas purchases stock items from general suppliers that are the same products available to any other general customer. For these vendor-stock suppliers, we require adoption of Cintas' Vendor Code of Conduct and request a Statement of Audit, which is proof that the supplier has successfully completed an independent compliance audit of its operations within the prior 12 months. This provision was made for situations in which Cintas might purchase only a limited amount of product from a given vendor each year, usually representing a minute fraction of the suppliers' overall business, making the realities and economics of repetitive third-party audits cost-prohibitive to the supplier. For this purpose, Cintas recognizes qualified third-party audits conducted under standards consistent with local laws and ILO conventions.

In all cases, whether apparel contractors or vendor-stock suppliers, adoption of Cintas' Vendor Code of Conduct and successful completion of an independent compliance audit are required on an annual basis.

3. Audit Summary and Findings

Independent firms commissioned by Cintas use a standardized 310-point audit guideline, so that consistent evaluations can be made of all facilities. In some aspects, Cintas' Vendor Code of Conduct and audit guidelines require social compliance standards that are more stringent than local laws; for example, setting the minimum working age in any supplier facility at 16, even if local laws permit a younger age. The Company has long believed that such guidelines are good not only for the long-term protection of shareholder value, but also are consistent with the ethical commitments that form our core values.

The 89 apparel contractors that manufactured products for Cintas operated 135 facilities in 22 countries, all of which were audited by independent firms during the fiscal year.

In fiscal year 2008, and for the first time in several years, no vendor relationships were terminated based on audit findings. In the past four years, Cintas has terminated 13 supplier relationships – four due to the audit process and nine because of failure to adopt Cintas' Vendor Code of Conduct.

Of the facilities audited in fiscal year 2008, 16 percent received exemplary reviews with no corrective actions identified, compared with 24 percent in fiscal year 2007. In part, this reflects the continued enhancements we have implemented in the audit process as changes in the social responsibility field have been identified.

Comprehensive audits at the remaining 114 supplier facilities identified at least one required corrective action to ensure continued approved-vendor status with Cintas. These facilities were required to file a "Corrective Action Plan" that details schedules for the completion of items defined by the auditors. At fiscal year-end, 54 percent of these 114 facilities were in the process of completing improvements or were awaiting verification with auditors that the needed changes were completed satisfactorily.

The most prevalent corrective actions noted during this year's audits related to ensuring that necessary emergency safeguards are properly located throughout the facilities, and that there is a rigorous documentation process to ensure that they are appropriately mounted, adequately marked and routinely tested.

Since 2005, audits have revealed significant improvement in compliance in important areas, such as:

- 71 percent improvement in compliance related to “urgent business needs” plans, as they determine the proper application of overtime for employees;
- 57 percent improvement in proper procedures and documentation for facility fire drills;
- 50 percent improvement in the proper development, documentation, communication, testing and verification of facility evacuation plans; and
- 43 percent improvement in proper placement, signage, testing and documentation of fire extinguishers.

As noted in last year’s report, added focus was placed on priority compliance areas involving trade and customs protections. While auditors found significant improvement related to visitor control and employee identification procedures, an increased number of corrective actions required improvement in the areas of drug interdiction policies, background check procedures for shipping and packing personnel and access restrictions to finished-goods storage areas.

Closing

Cintas is proud to have the most rigorous and documented audit program in the American uniform industry. We continue to encourage other companies in our industry to adopt vendor compliance, verification and reporting programs that are as stringent and well-defined. By encouraging other companies to adopt comparable compliance and auditing requirements throughout our respective supply chains, Cintas believes that we can help advance responsible manufacturing practices around the world. Similarly, we encourage customers to incorporate appropriate requirements in their bidder evaluation processes so that such responsible sourcing commitments will become a universal standard of doing business.

Employee Testimonies

In prior reports, we featured the testimonies of owners and managers at various vendor companies as they have recognized the numerous benefits of a strong compliance program. Many reported a wide range of improvements in employee morale and retention and in their ability to hire the most qualified individuals in their communities. *“Now everyone is so in-tune with the process that it has improved the overall safety and productivity in the plant,”* said one facility manager in last year’s report.

This year, we highlight the testimonies of individual employees, as they too see the benefits of their employers’ responsible manufacturing commitments.



Samwel

Samwel, a textile worker in Africa, said that his company’s participation in the compliance and audit program *“contributes to the improved condition of [employees’] health care, since areas touching on hygiene and sanitation in the company are being thoroughly checked into by the auditing.”* He also said that the program improves dialogue between employees and management, noting that *“it creates awareness, besides enlightening the workers to know exactly what they deserve in terms of their salary, basic overtime calculation and their health allowance allocation, as indicated on their pay slips. Auditing and compliance in the company creates room for workers to know and get acquainted with their basic fundamental rights at the work place.”*

Samwel’s colleague John agreed: *“The compliance group is a very vital organ in our company as far as general affairs of the workers is concerned.”* By ensuring that the proper wages and overtime are calculated properly, John said his company’s program *“uplifts the living standard of the workers,”* thereby *“creating transparency between the workers and management.”*



John

In the Far East, Jiang said that “*regular wage and overtime wages are more secured*” since her employer began participating in standardized compliance audits several years ago. She also said that employees feel like they are treated with more respect, and that there is “*better health care applied to all operators.*”

And many other vendors’ employees echoed similar perspectives:

- Rita, who works in a vendor’s facility in Africa, said that her company’s compliance efforts not only “*improve the working conditions,*” but also “*make sure workers are treated well.*”
- Alamgir, who works in an apparel facility in the Pacific Rim, noted: “*I am ensured to work in a healthy environment which is free from discrimination, abuse and harassment. I have my freedom of association through which I can express my needs and demands.*”



Jiang



Rita

- Another textile worker in Africa, Nicholus, added that his company’s compliance program “*reminds our management to continue handling workers properly while they provide uniforms, safe working places and a healthy environment for us.*”
- And lastly, Masadur, who works for an apparel company in the Pacific Rim, highlighted the other benefits created by an overall commitment to responsible manufacturing, saying that there is “*adequate dining hall space provided for the workers to take lunch during break time,*” and because of an on-site day care facility, “*we can work tension-free, keeping our children in the Child Care Center.*”



Nasima

In addition to the direct benefit to employees and their workplace environment, several workers noted the broader economic advantages for their communities and families. In the Pacific Rim, apparel worker Nasima noted that “*social compliance is a method for obtaining the optimum in respect of the performance of a factory.*” Such facilities “*will fetch better result[s] as far as production is concerned.*”

Stella, a textile worker in Africa, wrote that, in addition to improved working conditions because of the constant inspections, she had seen improvements in local economic development and “*job security due to increased orders.*”

Samwel also appreciated the economic benefits of social compliance. “*Upon the successful completion of the auditing and, whereas, the company meets its compliance requirements, there is a flow of orders, thereby creating a consistency of work to the workers, thus reducing lay-offs.*”

Finally, Nicholus added that his company’s audit program “*also provides for us orders while help[ing] us to have work for our families and our nation.*”



Nicholus