

FY 2010 Cintas Vendor Compliance Program & Report

1. Corporate Commitment

Since the establishment of the formal Cintas Vendor Code of Conduct back in the mid-90's, our program has remained on the leading edge of social compliance within the uniform and industrial laundry industry. In 2010, Cintas made several important changes to our compliance program including the addition of the Foreign Corrupt Practices Act (FCPA), which now requires companies to verify that the vendors within their supply chain are not providing anything of value or payment of money to any government officials. While this has been an important element of the Cintas Code of Ethics, the FCPA update has encouraged Cintas to expand the scope beyond our own partners and include this element for all our suppliers.

We continued with the emphasis on the pre-screening of potential suppliers by adding a special page to our web site where all potential suppliers can go to get all of the required documents and guidelines for doing business with Cintas. This information is located on our [Vendor Compliance](#) page for further review.

In addition, we improved our supply chain security in 2010 by making the C-TPAT program more robust with additional emphasis on facility and transportation security. Training was enhanced this year with facility visits to improve partners' sensitivity to the security opportunities and issues facing our supply chain. Guidelines were provided along with on site assistance to the suppliers to help them build internal systems that would ensure sustained programs. We feel this training and monitoring approach will build a better system than simply auditing suppliers for compliance to our strict standards.

We also added field operatives to our compliance team this year to provide a new level of coverage and training to our suppliers in all aspects of our program. These field operatives visit our supplier factories every week in a continual rotation to ensure every supplier is reviewed every six to eight weeks. All of the field operatives as well as our office partners in the Vendor Compliance Department went achieved IRCA (International Register of Certified Auditors) training certification to improve the consistency of supplier reviews and follow-up.

With the enhancement and addition of these key areas, the Cintas Vendor Compliance program continues to evolve into one of the more robust programs in our industry.

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, Cintas contracts directly with suppliers for the manufacturing of apparel that is unique to the company. To continue as an approved apparel contractor for unique goods, Cintas requires adoption of the the company's Vendor Code of Conduct. Contractors meeting the program's criteria are also required to participate in an annual assessment 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 the facilities are located.

For fiscal year 2010, 84 apparel contractors met Cintas' requisite criteria, five more than last year, due to new facilities meeting the Cintas' criteria for annual assessments. All apparel contractors' demonstrated adoption of Cintas' Vendor Code of Conduct and all participated in annual assessments by independent compliance verification firms on behalf of Cintas.

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. We also require adoption of Cintas' Vendor Code of Conduct for these vendor-stock suppliers and request a Statement of Audit, which is proof that the supplier has successfully completed an independent compliance audit of its operations within a 12 month period. If a vendor-stock supplier cannot complete a Statement of audit, the supplier is required to conduct a self-assessment. 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 small 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 assessment are required on an annual basis.

3. Assessment Summary and Findings

Independent firms commissioned by Cintas use a standardized 310-point assessment guideline, so that consistent evaluations can be made of all facilities. In some aspects, Cintas' Vendor Code of Conduct and assessment 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 shareholders value, but also are consistent with the ethical commitments that form our core values.

The 84 apparel contractors that manufactured products for Cintas operated 179 facilities in 21 countries, 135 of which were audited by independent firms during FY 2010. As a continuous program to reward vendors excellence in compliance, the inspection schedule for four facilities was extended beyond the normal 12-month cycle, based on the facilities' exceptional assessment results in recent years. As part of another effort to strengthen international assessment standards, satisfactory results from recent WRAP audits for 35 facilities were accepted as demonstration of compliance. At the conclusion of FY 2010, assessments at five facilities were still pending completion.

In FY 2010, there were no vendors terminated based on assessment findings. In the past six years, Cintas has terminated 14 supplier relationships-five due to the assessment process and nine because of unwillingness to adopt Cintas' Vendor Code of Conduct.

Of the facilities assessed in FY 2010, 19 percent received exemplary reviews with no corrective actions identified, three percent higher than findings in fiscal year 2009.

Comprehensive assessments at the remaining 109 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, necessary improvement had been completed and verified at 84 percent of these 109 facilities. The remaining facilities were in the process of completing all of the required improvements or were awaiting verification that the needed changes were completed satisfactorily.

The most prevalent corrective actions noted during this year's assessments related to ensuring the proper emergency lights are available and working, fire drills are conducted on an annual basis, and fire extinguishers are inspected, adequately marked and in the proper locations at each facility. The percentage of these corrective actions found in this area, based on the total FY findings, decreased by two percent. This is due to both the improved compliance of these health -safety issues by the facilities as well as the past scrutiny of the auditors during previous year's assessments. Assessments have revealed an improvement in the past year, such areas as:

- Evacuation routes and proper emergency exits
- Proper food preparation, storage and certifications
- Proper fork lift safety, equipment and certifications

Assessments reveal elevated compliance related to the "urgent business need" plans in FY 2010, compared to FY 2009. The auditors have increased the scrutiny of minimum wage, over time compensation and hours worked, assisting in the compliance of these corrective actions.

In addition, as a result of our compliance program addition of the CTPAT and shipment security program, a significant focus of our auditors and facilities has been placed on the security issues of the facilities, employees, shipments and customs-security issues. Assessments this year reveal:

- An increase in the proper enforcement and documentation of an illegal cargo policy
- An increase in the use of the proper seals when transporting product
- An increase in the proper enforcement, training and documentation of drug interaction policy

Closing

Cintas is proud to have the most rigorous and documented social compliance assessments program in our industry, and 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 our competitors and other companies in our industry to adopt comparable and auditing requirements throughout our respective supply chains, we believe that we can help advance responsible manufacturing practices around the world. Similarly, we continue to encourage customers to incorporate appropriate requirements in their bidder evaluation processes so that responsible sourcing commitments will become a universal standard of doing business.

We also encourage others in our industry- both apparel purchasers and apparel manufactures-to join us in renewing commitments to community goodwill and development around the world. Our combined economic activity can provide resources to meet our communities' health and welfare needs today, as well as expanded opportunities for generations tomorrow. With our partnerships with responsible suppliers around the world, we are excited about the opportunities ahead.

Sidebar to 2010 Code of Conduct Report

The magnitude 7 earthquake that devastated Haiti and the Port-au-Prince area on January 12, 2010 was the worst disaster in 200 years in the Caribbean, killing more than 230,000 people and injuring 300,000 more. As a result, another 600,000 people left the area to live in less effected areas of Haiti. The breakdown of the Port-au-Prince infrastructure and the lack of funding and government organizational skills for a situation as great as this created significant challenges to the government as well as the private sector and the businesses and factories in the area.

Our supplier in Haiti was very fortunate in that the factory received only minor damage. The factory stayed in touch with all their employees and let them know that the factory would be back up and running as quickly as possible. The factory's owners also provided financial resources to their partners so they could provide food and shelter for their families. In addition, they distributed cases of water, rice, and beans so that all their employees would have access to clean water and food.



After only two weeks the factory reopened their doors and we were pleasantly surprised that 90 percent of their employees were there ready to get back to work and rebuild their lives.

The balance of the year was very difficult as many lost family members, friends, and all of

their worldly possessions. The factory worked hard not only to help their employees rebuild their lives, but to restore their spirit. Below are some examples of what this factory did to make that happen.



Women's Health Care...

A new class was started to assist the women of the factory in understanding the importance of proper health care for them and their families. This new group meets the first Monday of every month with



guest speakers that provide valuable information regarding HIV, pregnancy, nursing, family planning, and how to care for newborn babies. Once each month, a gynecologist comes to the factory and offers free examinations to the women. In addition, participants are offered daily prenatal vitamins and folic acid at no cost.

As an added benefit to joining these classes this year, the factory has offered to pay for hospital delivery for

all the pregnant participants, which improves both the mother and her child's chances at survival as most deliveries in Haiti are still performed at home. The added care and conditions afforded by a hospital under the supervision of a doctor are much superior to home deliveries.

School Scholarships...

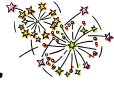
Based on the age group of the worker's children, different topics were chosen ranging from drawing a



picture of a new palace for Haiti to what can Haiti do to better prepare for natural disasters. Every child who enters the contest is given an award which could be school supplies and backpacks. This year the top 22 winners from all age groups were given school scholarships, books, uniforms, shoes, and school supplies.



Raffles...



Depending on the holiday, these have become a regular event as the plant provides seasonal items depending on which holiday they are celebrating. Prizes range from household and personal items such as blenders, irons, watches, and purses to perishables such as rice, cooking oil, spaghetti, or meats.



Wall Design Contest...

This year, the factory renovated and expanded the cafeteria and while the new space was appreciated by all, it needed a special touch. The



factory organized a contest and received 72 submissions for the wall design. All the entries were judged and voted on by the

entire factory and the top ten were honored with monetary prizes with the top five had their designs painted on the wall by a professional artist.



Factory Soccer Tournament...

2010 was the first year for the soccer tournament. Each section of the factory organized their teams to play in the single elimination tournament. All the games were





played at the factory and by far this was the most popular event of the year. It was a pleasant distraction from the events of 2010 and promoted teamwork and friendly competition among the employees. Each player on the winning team received a medal and championship t-shirt and the section collected the championship cup to keep for one year until the tournament is held in the new year.

...and at years end...



Christmas 2010 was indeed a very special time for celebration at our Haitian factory. This year over 350 children of the employees ages four to six years old attended the celebration with activities including fishing booths, coloring stations, and punching balloons.



There was a DJ and a dancing competition and what Christmas celebration would be complete without Santa who presented gifts to all the children in attendance. The celebration included breakfast and lunch for the children.



In Conclusion...

After a devastating start to 2010, the resiliency and tenacity of our facility in Haiti shows how special that relationship has become over the years. It was not easy for the owners or the employee to overcome. But because this factory was determined to overcome the situation, they knew that this was the right thing to do to support the partners who have supported them for many years and to start production as soon as possible which is a great example of leadership through example and started the healing process for at least this small cross section of the Haitian population.