

# Innovate for a Better World

Nike FY05-06 Corporate Responsibility Report



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### About this report:

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# Letter from Mark Parker, CEO

# We see corporate responsibility as a catalyst for growth and innovation.

This report covers a crucial period, and not just for Nike. Specifically, we saw heightened attention worldwide on corporate responsibility and the key challenges of climate change, poverty and equity. Simultaneously, we began to transform our vision of Nike's role in contributing to positive change in communities around the world.

The opportunity is greater than ever for corporate responsibility principles and practices to deliver business returns and become a driver of growth, to build deeper consumer and community connections, and to create positive social and environmental impact in the world. We have made tremendous progress over the past two years in more deeply integrating corporate responsibility into our business model. We see corporate responsibility as a catalyst for growth and innovation, an integral part of how we can use the power of our brand, the energy and passion of our people, and the scale of our business to create meaningful change.

This expanded mindset evolved from an intense review of how corporate responsibility operated at Nike — its leadership, teams, accountabilities and skill sets. We initiated this review immediately following the release of our last Corporate Responsibility Report in April 2005.

Among the many things we learned were two significant truths.

First, as a result of the organizational and strategic changes made in FY05-06, corporate responsibility at Nike has grown beyond its role as a tool to define, discover and address compliance issues, or to manage risk and reputation. Today, corporate responsibility no longer exists on the periphery as a check on our business, but is assuming its rightful role as a source of innovation within our business. Corporate responsibility is no longer a staff function at Nike. It's a design function, a sourcing function, a consumer experience function, part of how we operate.

Second, we know that incremental progress isn't good enough. Nike is competitive. We don't want to get better, we want to win. If real change is to occur in our supply chain and contract factories, in the communities in which we operate and in the broader world we influence, then small steps will always fall short of our potential. Big goals are needed to realize big achievements. So we've set a series of strategic business targets for ourselves that are aggressive but achievable by FY11.

We continue to focus our efforts in three areas:

- 1 Improving working conditions in our contract factories through a holistic, integrated business approach to our supply chain.
- 2 Minimizing our global environmental footprint through sustainable product innovation and supply chain innovation — both in our direct operations and our contract factories.
- 3 Using the power of our brand to give excluded youth around the world greater access to the benefits of sport.

We have focused our efforts in each area:

Bringing about systemic change for footwear, apparel and equipment manufacturing workers remains our primary focus. Through integration with our lean manufacturing business strategy, we believe we can achieve significant positive change for workers.

By FY11 we aim to:

- Eliminate excessive overtime in contract factories – one of the most serious ongoing compliance issues factories face.
- Implement tailored human resources management systems in contract factories, which will include management training on workers' rights, women's rights, and freedom of association and collective bargaining.
- Encourage other brands to join us in partnering. Our aim is that by FY11, 30 percent of our supply chain be monitored in partnership with other brands and through multi-stakeholder collaboration.
- Transition 90 percent of our footwear lines to lean manufacturing processes.

We are firmly committed to addressing environmental challenges in the world today, both in how we manage our footprint and in the design of our products. Over the past two years, we exceeded our CO2 emissions reduction target through the World Wildlife Fund's Climate Savers program. We eliminated F-gases across all Nike products following 14 years of research and development in our Nike Air cushioning system. And we defined our environmental footprint – for our direct operations and our contract factories. By FY11 we expect to:

- Make our Nike brand facilities climate neutral; all Nike, Inc. facilities are targeted to be climate neutral by 2015.

In our products, we continue to pursue waste reduction and sustainable design through Nike innovation. We have embedded our "Considered Design" ethos across our design organization and set aggressive targets for footwear. By FY11 we expect to:

- Meet targets for waste reduction in product design and packaging, use of volatile organic compounds, and the increased use of environmentally preferred materials in all Nike footwear. We are targeting all Nike footwear and apparel product to meet these standards by 2015.

Our designers are focused on creating products that will exceed our targets. As Nike innovation proves what's possible in sustainable product design, we'll raise our standards.

We believe passionately in the power of sport to change a young person's life. Nike invested more than \$100 million in product and cash donations over the past two years in community-based sport initiatives. We're targeting a minimum investment of and additional \$315 million in community programs through FY11.

This is the journey we're on.

Our company is complex. We have multiple brands, categories and product types. Our supply chain builds and delivers more than 50,000 different product types per year. Our footprint impacts millions of people directly and indirectly each year. Our operations touch thousands of smaller businesses within multiple industries, all part of an established global trading system dependent on a host of other partners, and all governed by the framework of a publicly traded company. This complexity will only increase as we grow toward our projected \$23 billion in revenue by FY11.

To meet these challenges, we will leverage our business model, our products, our natural strengths and our voice to be a vehicle for change. We believe that design and innovation can deliver the most valuable solutions. We believe that entrepreneurship is the best source for sustainable solutions. We believe that now is the time to seek and create radical collaborations between global businesses, social entrepreneurs and activists, governments, non-governmental organizations, and civil society. Everybody has part of the answer.

I hope you'll join us, through healthy debate, innovative collaborations and multi-stakeholder partnerships.

Thank you,



Mark Parker



# 2 Global Corporate Responsibility Strategy

# Corporate Responsibility must evolve:

We are challenging  
our assumptions,  
evolving our  
perspective, building  
a new approach.

We learned a tremendous amount in FY05-06 and those lessons are the basis for our reporting and our future. Corporate responsibility must evolve from being seen as an unwanted cost to being recognized as an intrinsic part of a healthy business model, an investment that creates competitive advantage and helps a company achieve profitable, sustainable growth.

For that to happen, we saw we needed to transition our corporate responsibility efforts beyond the standard risk and reputation management approach usually taken, beyond the work of an isolated function within the business model. We realized that effective strategies are ones that embrace the whole enterprise. Responsibly competitive outcomes result from holistic approaches and business processes that extend from factory workers to consumers, from sources of raw materials to communities where we can influence social and environmental change, from our workplace to the world we all share.

Being half green, or somewhat responsible, is not good enough.


An environmentally friendly product made under poor labor conditions is a hollow success. A product made under good conditions but that is bad for our planet is a missed opportunity. We don't believe in tradeoffs. We do believe — passionately so — in innovating to create new and better solutions. We know a better shoe sacrifices nothing, except what didn't belong there to begin with. The same can be said for corporate responsibility. It shouldn't be about business tradeoffs, managing problems and mitigating risks. It should be about harnessing innovation to create something new and better.

This is what we've been up to at Nike: challenging our assumptions, evolving our perspective, building a new approach, considering how we can harness the power of our business to influence social and environmental change and the power of that change to help our business grow.

This report shares the story of this significant shift, much of which was triggered by the release of our FY04 Corporate Responsibility Report. Following that report, we began an intensive large-scale review of our strategies and long-range goals. Consulting with senior leaders throughout the company, we asked ourselves critical questions:

 *Where did Nike want to go with corporate responsibility?*

 *What did being a responsible business mean to us, to our company's culture, to our employees and consumers, to our business partners and our brand?*

 *Where did we think corporate responsibility as a movement was heading, and what role did we want to play within that movement?*

We based our review on four essential premises:

### 1 Leverage market forces and open-source approaches to problem solving.

The marketplace is a powerful driver of change. Faced with significant, global challenges, we are all part of a complex interwoven ecosystem in which no single organization can achieve systemic change alone. Partnership, collaboration and open-source approaches that lead to sustainable market-based solutions can generate system change.

### 2 Create the business case.

To generate market-based solutions, the business case is critical. When you show the tangible return on investment from responsible business practices, you open up the ability for market forces to drive change. Creating the business case requires a deep understanding of business growth and innovation strategies and finding ways to integrate corporate responsibility into those strategies.

### 3 Seek root causes, then prototype new models, rather than bandaging the symptoms.

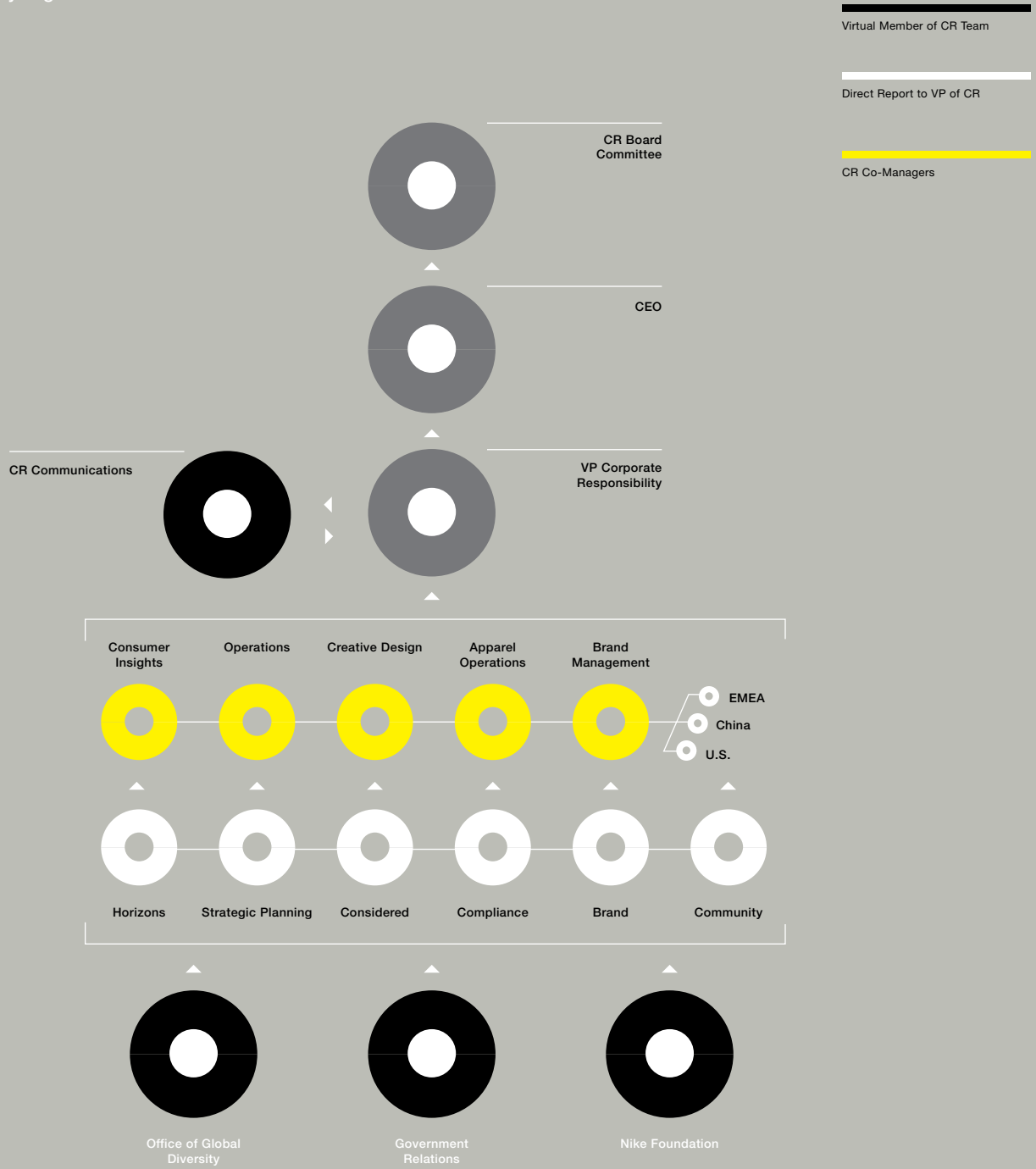
Are we trying to solve an issue or build systemic change? It's a fundamental question we began asking ourselves in FY04. Solving an issue often means firefighting, dealing with a localized problem. Building systemic change forces us to look at the overall system and identify the root causes, which often are buried far from where the problem surfaced — in another country, another department, another business. Peeling back to the root cause — and then understanding how to address it — is a key to systemic change. Invariably, when you address the root cause, you change the whole landscape.

### 4 Listen, partner and embrace transparency.

External stakeholders play a key role. Multi-stakeholder partnerships will only increase in importance as we learn to work together to address issues. In corporate responsibility of the future, unusual alliances and partnerships will emerge, coupling non-governmental organizations with new industry partners, leveraging the core competencies of each. Transparency will build its own business case, beyond a means of reputation management. Transparency is the first step toward open-source approaches to problem solving.



**Chart 1**  
 Corporate Responsibility Organization  
 FY05-06



# From business cost to business case:

Our review led to a significant evolution in how we frame, define and approach corporate responsibility.

In FY05 we set new priorities, goals and programs. In FY06 we implemented a redesigned, more fully integrated approach. Because of this shift, you will notice related changes in our targets, types of data, focus areas and terminology. All of these reflect our current strategy and organization. As a result, this report does not easily compare with our FY04 report in a side-by-side review. Instead, it is best read as a strategy and reporting document that outlines our journey and performance over the past two years.

Changes we implemented during the past two years are unleashing energy and momentum within Nike. Yet our long-term goals have not changed. We are firmly committed to:

- 1 Improving working conditions in our contract factories through a holistic, integrated business approach to our supply chain;
- 2 Minimizing our global environmental footprint through sustainable product innovation and supply chain innovation - both in our direct operations and our contract factories; and
- 3 Using the power of our brand to give excluded youth around the world greater access to the benefits of sport.

What has changed is our approach to these long-term goals. Here's what we've done:

#### Deepened business integration.

Our first and most important task was to deepen the integration of responsible practice into the business and decision-making processes. Nike is a matrix organization, in which most teams have more than one manager. We leveraged this structure and reorganized the various corporate responsibility functions to be managed jointly by our formal Corporate Responsibility team and leaders across the Nike business – from strategic planning to product creation, manufacturing through to marketing.

#### Ensured a leadership voice.

As part of our Corporate Responsibility team reorganization, we have a more formalized approach to governance and accountability. The team reports into Nike, Inc.'s CEO with the vice president of Corporate Responsibility sitting at Nike's senior leadership table, attending strategic reviews and meetings, and giving responsible business practice a greater voice with more ability to influence the company's strategic direction.

**Ensured holistic approaches.**

We broke down walls that existed even within the Corporate Responsibility team – between compliance, community and environment. These used to be distinct functions within the team. To be successful, we believe we need to take a holistic approach to issues and opportunities. We could only do that by working together.

**Delivered innovation-driven solutions.**

We have aligned our corporate responsibility goals to the company's innovation and growth agenda. We are looking for levers in different places in the company, such as design. We analyzed our work and realized that most of our efforts were focused where problems appeared. Once we started analyzing root causes and system dynamics, we began to see how moving our work upstream — to design and innovation, research and development, planning and strategy — was the equivalent of creating prototypes, rather than retrofits. Now we focus on designing the problem out at the source, not where it appears in the supply chain.

As a consequence, we began to deliver sustainably designed product to market. We tested new approaches to community investment programming that move beyond philanthropy and more into sustainable ventures.

In compliance, we are less focused on violations and more focused on supply chain efficiency, in which we design out the root causes of systemic issues in the business pipeline. In the past, if a certain solvent created environment concerns in a contracted factory we provided protective equipment for workers and focused on safe material handling and storage. Today we challenge designers to eliminate the ingredient from our product lines. The result: a healthier factory, safer workers, and better product for consumers and our planet.

**Began to measure qualitative impact.**

A critical task in these last two years was to focus on impact and develop a systematic approach to measure it. We're still working hard at this. How do we know if a worker's experience on the contract factory floor has improved, or if our community investments helped improve a young person's life? We're not sure anyone has cornered the market in assessing real, qualitative social impact. We are grappling with those challenges now. In FY07-08, we will continue working with key stakeholders to determine the best measures. We aim to have a simple set of agreed upon indicators that form a baseline and then to measure in sample areas around the world.







**Described the vision clearly.**

In our last report we talked about the difficulty of setting global targets. Since then we've set ourselves targets through to FY11. These have been approved by our business leadership team and by the Corporate Responsibility Committee of the Nike Boards of Directors. Throughout this report, you'll find milestones we've set, impacts we hope to achieve and how we hope to measure them. We also note where we still have work to do.

**Increased understanding our footprint.**

Understanding Nike's global footprint and prioritizing areas where we have the greatest environmental and social impact is essential for building a robust business case for corporate responsibility and prioritizing our efforts.

Part of how we assess where we should focus is dictated by our size and place in the world. Some vital stats for Nike that shape our perspective:

-  Our FY06 revenues were approximately \$15 billion. We are the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities.
-  We produce approximately 50,000 product styles per year.
-  We sell products in more than 160 countries.
-  We have approximately 28,000 employees worldwide.
-  Almost 800,000 workers are employed in contracted factories around the world making Nike-branded product.
-  Our operations (owned and not directly owned) contribute to approximately 1.36 million tonnes of CO<sub>2</sub> annually.
-  Nike is one of the top 50 brands in the world.

### Looking to the future.

In addition to assessing our footprint, we also strive to identify and understand the broader environmental and social trends that have potential for long-term impact on our business and where our business may have a long-term impact on the issue.

Climate change, for example, is a primary area of concern.

We also are concerned about economic, societal and other factors that lead to youth exclusion in communities around the world.

Emerging health trends, such as obesity, are another area of concern.

Broadly assessing internal and external factors helps us prioritize and focus on areas where we can bring about the most change and best support the long-term growth of our business.

### Deliver a return on investment.

A key measure of any successful business is return on investment, or ROI. ROI measures whether the end result exceeds the effort or resources expended to get there. ROI helps a company understand whether it is using its human, financial and other resources in the best way possible. We are embracing ROI thinking to help us build our business case for corporate responsibility and measure the broader impact of our work. We call this ROI<sup>2</sup>, creating an exponential return from integrating corporate responsibility into our business.

While not a straight financial formula, ROI<sup>2</sup> is proving to be a powerful concept for our team and our business partners. This approach forces us to focus on the business impact of our corporate responsibility strategy, creating greater clarity on how responsible business practices can be a source of growth and innovation.

### ROI<sup>2</sup>

*ROI<sup>2</sup> is Nike's measure of creating an exponential return from integrating corporate responsibility into our business. Take waste, for example. In FY05-06 we carefully documented and measured the amount of waste generated across our entire supply chain. In one year, the cost of waste across footwear alone was estimated at \$844 million.*

*Everyone is involved in initiatives to reduce our waste across the supply chain: from designers to chief financial officer to business partners. Less waste is better for margins and better for the environment.*

*By using design to reduce our waste, we're tapping one of our greatest resources - innovation - and fueling other insights and successes.*

*This provides the backdrop to our evolution and to the targets we've set for the next five years.*

# Targets:

Chart 2  
Corporate Responsibility Targets

Nike is made up of many smaller business units as well as functions, regions, distinct profit and loss centers, etc. Our overarching goal is that we begin to see each and every business unit incorporating corporate responsibility goals into their growth strategies, business scorecards and team accountabilities. Success will be measured by the extent to which businesses meet their milestones for corporate responsibility as well as business growth.

GOAL	TOPIC	INDICATOR DESCRIPTION	FY11 TARGET	FY15 TARGET	FY20 TARGET
Bring about systemic change for workers in the footwear, apparel and equipment industries.	Human Resources	Tailored human resources management program in contract factories	Tailored human resources management program implemented in all focus contract factories	—	—
	Freedom of Association	Implement Freedom of Association educational program in contract factories	Freedom of association educational program implemented in all focus contract factories	—	—
	Worker Empowerment	Survey contract factory workers on empowerment/ satisfaction	100 percent of workers in focus factories surveyed	—	—
	Collaboration	Develop multi-brand collaboration in contract factories	30 percent of supply chain collaborated (shared auditing and capacity building)	—	—
	Excessive Overtime	Eliminate excessive overtime in contract factories	Zero excessive overtime identified in contract factories	—	—
Create sustainable products and business models.	Considered Design Index: Overall	Overall index score	100 percent of footwear product reaches baseline standards	100 percent of apparel product reaches baseline standards	100 percent of product reaches baseline standards
	Considered Design Index: Waste	Footwear waste	Achieve 17 percent reduction from FY07 baseline (in grams/pair) (equates to 155 grams/pair in 2011)	—	—
		Apparel waste	Target will be announced in FY09	—	—
		Packaging and point-of-purchase waste	Achieve a 30 percent reduction	—	—
	Considered Design Index: Volatile Organic Compounds	Volatile organic compounds in footwear	Maintain current volatile organic compounds grams/pair amount (represents 95 percent reduction from a 1998 baseline)	—	—
		Volatile organic compounds in equipment	Target to be announced in FY09	—	—
	Considered Design Index: Environmentally Preferred Materials	Environmentally preferred materials used in footwear product	Increase use of environmentally preferred materials by 22 percent (from average score of 69 in 2007 to 84 in FY11)	Review and reformulate top 10 materials platforms	—
		Environmentally preferred materials used in apparel product	Target will be announced in FY09	—	—
		Environmentally preferred materials used in equipment product	Target will be announced in FY10	—	—
	Climate Change	Climate neutral facilities and business travel	Nike brand facilities and business travel climate neutral	Nike, Inc. facilities and business travel are climate neutral	—
		Inbound logistics CO <sub>2</sub> emissions footprint	—	—	Deliver 30 percent absolute reduction from 2003 baseline
		Footwear manufacturing CO <sub>2</sub> emissions footprint	Goals to be announced by January FY08	—	—
Let Me Play. Unleashing potential through sport.	Contributions	Nike total contributions (cash, product, in-kind)	Nike invests an additional \$315 million dollars into programs worldwide	—	—
	Let Me Play	Social Impact	Nike will set targets and metrics around programs for excluded youth around the world by January FY08	—	—

## **Targets:**

**These goals are ambitious. They're challenges we've set for ourselves to take us beyond our current performance and into the way we see corporate responsibility of the future: focused on root causes and requiring a unified approach deeply embedded in every part of the business. We will share our progress and what we've learned from this journey in future reports.**



# 3

## Workers in Contract Factories

**Key Targets by FY11:**

- ▶ **Eliminate excessive overtime in our contract factories.**
- ▶ **Implement tailored human resource management systems and educational training for workers in our focus factories.**
- ▶ **Implement Freedom of Association Educational Program in 100 percent of focus factories.**
- ▶ **Lead multi-brand collaboration on compliance issues in 30 percent of our supply chain.**

When we look at our overall footprint in the world, the needs of the almost 800,000 workers in our contract supply chain overshadow any other direct constituency.

We estimate that 80 percent of these workers are women aged 18 to 24, many of whom are the first women in their families to work in the formal economy. They have the potential to be significant agents of change within their families and their communities, both today and in the future. Yet they are typically poorly educated, living against a precarious backdrop of poverty and insecurity, within emerging economies, all of which leaves them particularly vulnerable to infringement of their rights.

Consequently we believe the most fundamental impact we can have in the world today is to impact positively the working conditions in our global supply chain and the industry as a whole.

The challenge we have set for ourselves is to play a role in bringing about positive systemic change for workers' rights within our supply chain and the industry at large.

Nike's evolving approach to tackling working conditions within our supply chain mirrors the evolution within a broader change movement. With the benefit of hindsight, we now define a number of different generations of approaches that evolved within Nike and are mirrored in the broader labor discussion.



We see the evolution of our approach in terms of generations. In Generation I we set standards. In Generation II we developed tools and methods to monitor those standards. Each generation was a stepping stone to the next and delivered vital learning and experience for all stakeholders.

Both generations held promise of change that, to date, has been only partially realized. While we see on-the-ground improvements — examples of best practice and enduring work in the industry that changes conditions on a daily basis for workers — the promised systemic change has not yet occurred. Across the industry we continue to see systemic issues affecting workers’ rights.

This insight led to our FY04 report, a watershed for us. We consolidated and shared our data. Industry data solidified our assessment that Generations I and II were not yielding the anticipated systemic change. This signaled the evolution of our Generation III approach, which we have implemented during the past two years.

Generation III is what we call responsible competitiveness. While monitoring continues to be a cornerstone of our approach, we are taking a broader, more holistic look at our supply chain, focusing on

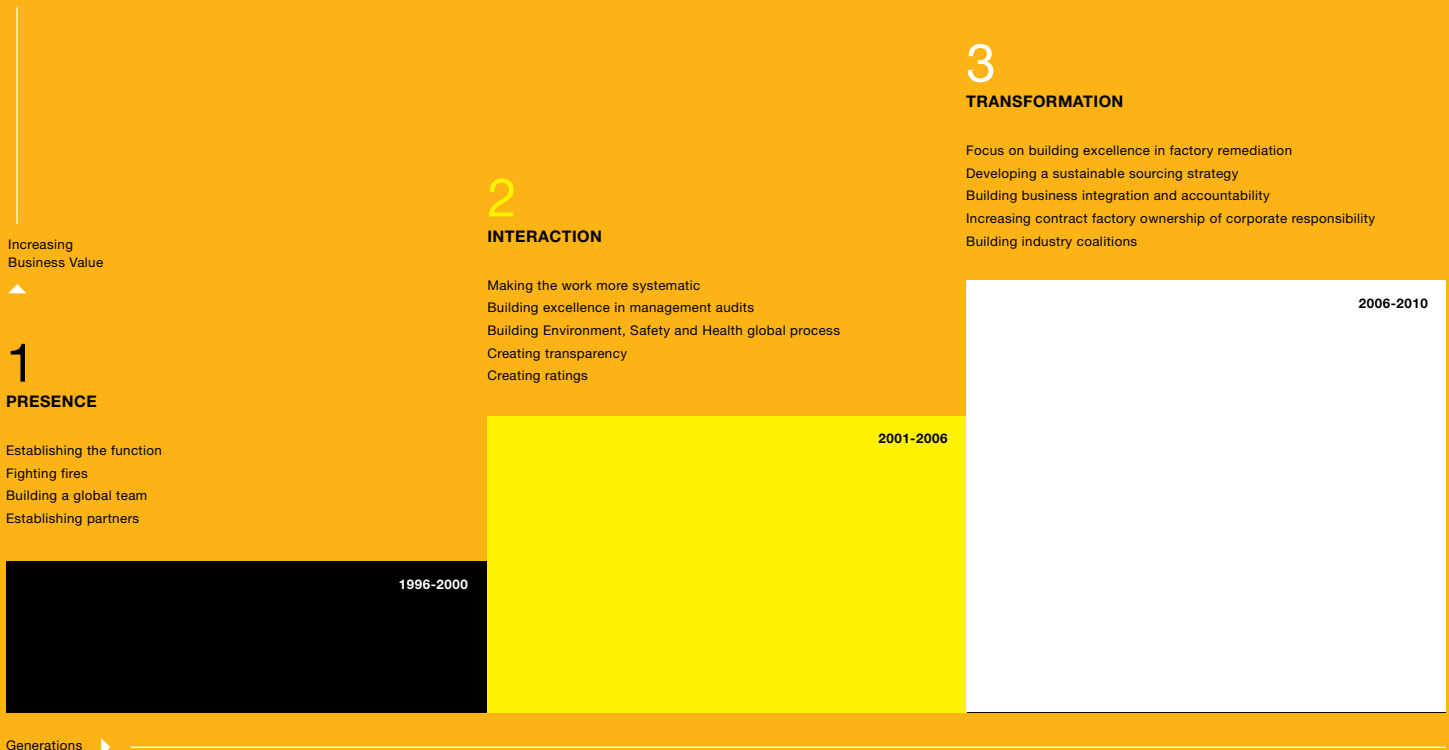
root cause identification and solutions that will drive systemic change. This evolution in our approach is the result of key learnings, some of which we outlined in our FY04 report. First, we know that monitoring by itself is not the answer. Monitoring sheds light on the issues, but not show how to solve them. It gave us a look back at incidents, but didn’t inform us of real-time system failures. Traditional monitoring audits the symptoms, not the causes.

Comprehensive monitoring in and of itself will not result in sustainable improvements for workers.

Second, secrecy around contract factory locations in supply chains — an inherited wisdom within the industry that locations are competitive information — led to a lack of cooperation between buyers and was responsible for massive wasted resources across the industry. The brands risked becoming caught in a never-ending cycle: placing all resources into monitoring supply chains would not allow them to focus resources on systemic change approaches.

We’d all be too busy monitoring the issues to actually solve the problems.

**Chart 3**  
Compliance Generations at Nike



To counter that situation and enable greater cooperation and collaboration, we broke ranks with the industry model and disclosed our contract factory locations. Some have since joined us in publicly or privately sharing their locations. We are seeing successes as a result of collaboration – shared information, shared best practices, leveraged resources and more effective coverage of supply chains within our industry. By FY11 we expect to leverage multi-brand collaboration in 30 percent of our contract factories to share best practices and maximize resources.

We continue to advocate for transparency and encourage all companies in our industry to disclose publicly their supply chains. We have realized no competitive disadvantage from bringing greater transparency to our supply chain. In fact, many of our suppliers have welcomed it for leading to streamlining and harmonization of monitoring approaches, reducing the burden on them, and allowing partners to collectively focus resources and energy on more than just policing.

Monitoring is a cornerstone of Generation III and will continue to deliver extremely useful information. Monitoring fuels our ability to assess contract factory performance and to consider their performance as part of the overall assessment that Nike buyers use in establishing and evaluating business partnerships.

In Generation III we have shifted our approach to monitoring, and shifted resources to enable us to focus on root causes and permanent systemic change. Based on the hundreds of monitoring events we detailed in our FY04 report, in FY05-06 we documented the work done to focus on five major areas where non-compliance occurs within the apparel, equipment and footwear industries:

- ☉ Absence of freedom of association and collective bargaining
- ☉ Harassment and abuse of workers
- ☉ Excessive overtime work hours
- ☉ Inaccurate or nonpayment of wages
- ☉ Environment, health and safety issues

Our responsible competitiveness approach to tackling these problems is based on the belief that:

- 1 We need to go beyond the issue and understand the root cause.
- 2 We need to aim for systemic change, not just the resolution of incidents.
- 3 We need to foster systemic change by building responsible competitiveness into our entire business model and enabling a win-win for workers' rights and for growth and profitability across our supply chain.

Our transition to Generation III is still in progress. We have achieved a great deal already, but impacts will be slower and sometimes more difficult to document. We believe that more work is needed to quantify direct workplace improvements. Systemic change takes time. We believe that no one – in our industry, trade unions or non-governmental organizations – has yet found a way to demonstrate measurable impact from our collective work with enough evidence, enough scale, enough neutrality or enough transparency to prove large-scale systemic change.

Most of us have become experts in seeking out and documenting the bad, but few have described the vision of success that meets the interests of all parties.

In the past, good performance meant the absence of bad. We are now focusing our efforts on determining and describing what we think good looks like. From this, we are able to model efforts on bringing about measurable change.

#### **Generation III**

##### **From policing and firefighting to coaching and capacity building.**

*We are building the skill sets and strategies to address corporate responsibility issues at the point of origin rather than where they surface. Coaching means sharing the knowledge we've gained and guiding and encouraging the way forward, not softening our approach or relaxing our standards. Experience, dialogue and partnership with stakeholders give us a roadmap for how to approach these issues.*

##### **From informing business units to engaging them.**

*Business units are seen as partners in the conversation, accountable for driving change. Rather than highlighting what was wrong in our business units and handling issues in terms of risk and reputation management, we are engaging the business and integrating compliance policy and process into business practices and performance measures.*

##### **From a focus on issues to a focus on systems and root causes.**

*We now focus on understanding root causes, creating approaches to drive systemic change across the supply chain rather than solely monitoring the appearance of those issues.*

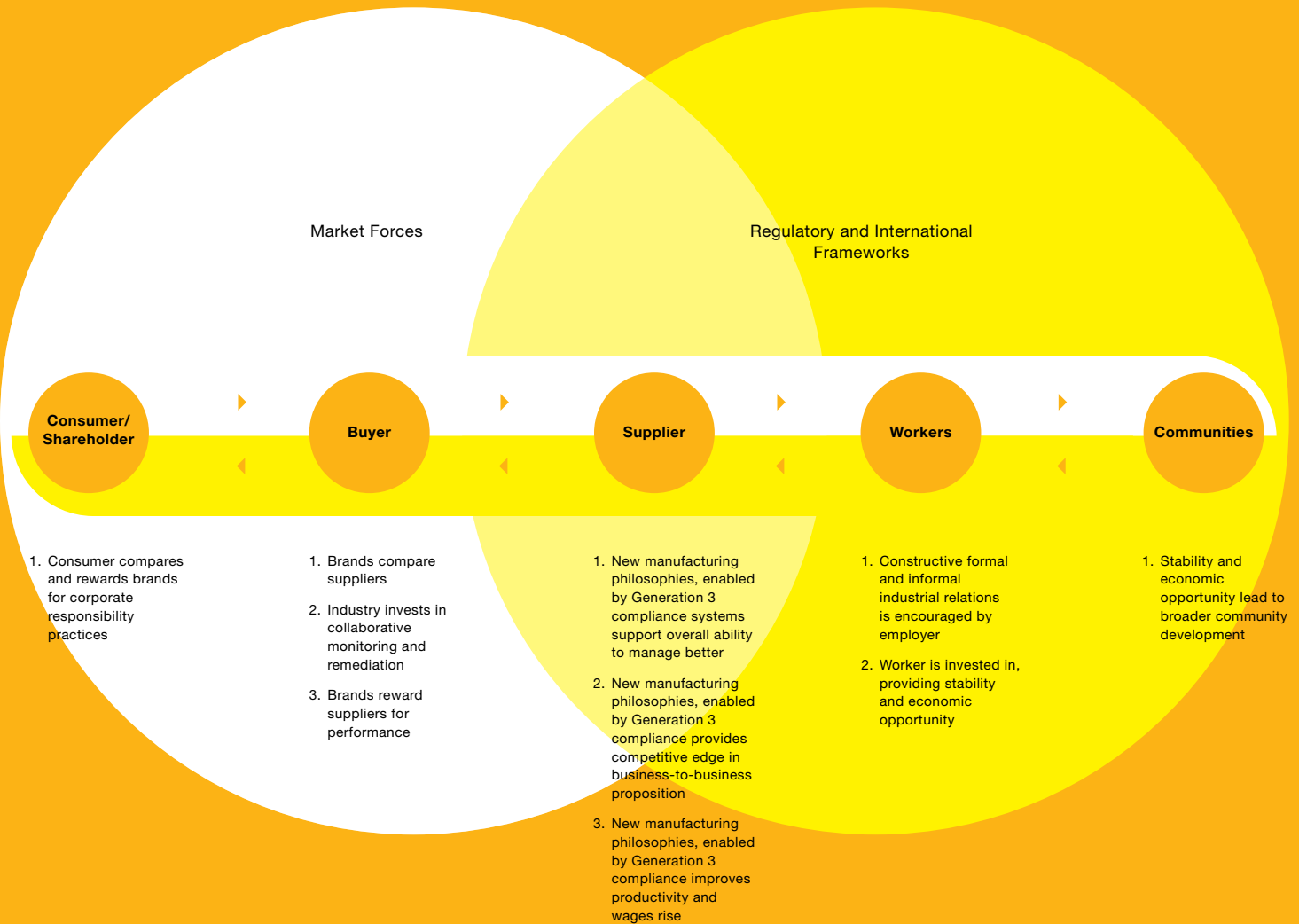
# This is what we believe **good** looks like for our supply chain.

Chart 4  
Nike Supply Chain Vision



# This is what we believe **good** looks like for the industry.

Chart 5  
Industry Supply Chain Vision



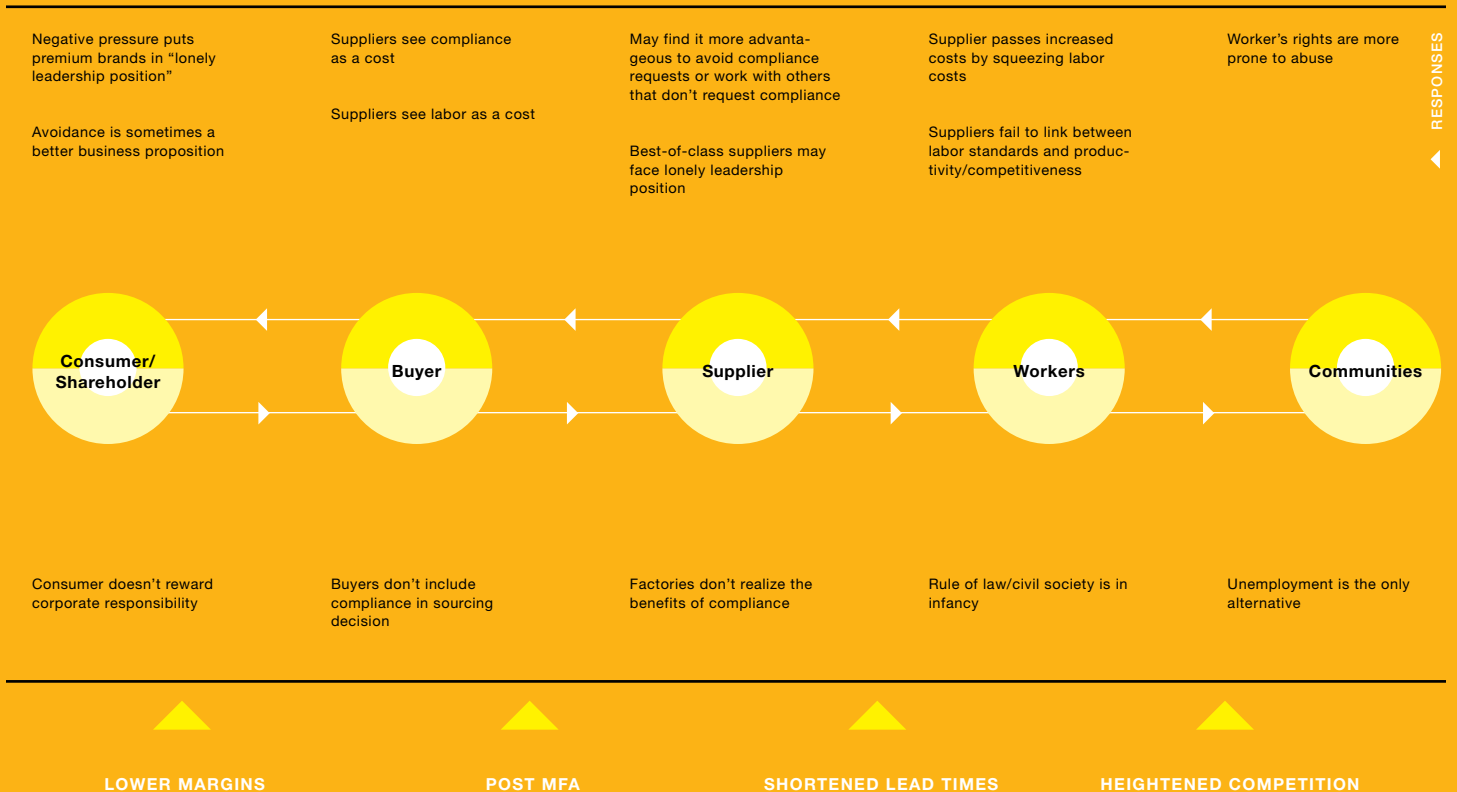
# Root Causes of Non-Compliance:

Within this gloomy but often-realistic picture of our industry, we see three core areas in which key drivers of non-compliance emerge:

- 🕒 National and international socio-political-economic conditions
- 🕒 Factory management
- 🕒 Buyers

We developed our own vision of good for our supply chain and our industry. We also have a vision of bad – the combination of factors that can lead to a worst-case scenario. This helps identify where the root causes of non-compliance lie.

Chart 6  
Worst-Case Scenario



### National and international socio-political economic conditions

Our research and experience demonstrate that where there is poor enforcement of rule of law, low purchasing parity, poor transparency and weak civil society, contract factories show a greater risk of non-compliance. Independent research reflects this as well.

On the other hand, where International Labor Organization Conventions have been ratified and are being enforced, and where civil society is vibrant and government is open, the risk decreases. We believe these linkages – between good governance, open societies and their impact on working conditions – are keys to creating the environment for improvements on the factory floor.

The very nature of the traditional model for our industry means the majority of suppliers operate in emerging economies. Emerging economies frequently display the socio-political economic conditions we now know have the potential to inhibit good working conditions. Some argue that we shouldn't source in such countries. Others argue that by sourcing there we can wield some influence. Still others argue that by sourcing from such countries we help stimulate change, evidenced by the correlation between economic growth (to which our industry contributes) and the strengthening of social and political reform movements.

We think the answer is much more nuanced, probably a mix of all positions. We strongly believe in the power of change from the inside, through engagement and economic growth. There are countries, however, that we don't source from because of issues including enforcement of law and government infrastructure. We have developed our own country risk assessment tool, based on indicators from the [World Bank](#) and other such organizations as part of our new source approval process to help identify appropriate countries in which to work.

When in a country, Nike's ability to influence government policy or investment strategies is varied. We can be a force for change when we work with others, sometimes in unexpected alliances, and strategically engage and use our voice. We seek to do so where we can. Usually the most effective tool is one or a combination of the levers below:

- 🕒 Industry collaboration

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- 🕒 Multi-stakeholder initiatives

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- 🕒 A strong voice from national and international civil society

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- 🕒 Incentives through international trade agreements

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- 🕒 Consumer interest

### Factory management

Over the past 40 years, the apparel, footwear and equipment industries have remained fairly low tech, leveraging low-skilled labor in emerging markets. Increasingly, this model is being challenged to its core, given the evolving global marketplace and trading systems. One legacy of this model is that a majority of suppliers have immature local management systems, with poor human resources policies. In addition, due to traditional tariff and quota systems, many in the industry had a short-term view of relationships with buyers and, consequently, a short-term view of their relationships with workers.

We believe the predominant industry model of the past viewed workers as a commodity that were readily replaceable given the labor markets in emerging economies.

Today, that view is going through a fundamental shift in Nike's supply chain and business model.

External factors (including changing labor patterns, new risks, new costs, new market pressures, new competitive landscapes and new trade agreements) and internal drivers (including innovations, research and development, new business modeling and concepts of responsible competitiveness) are now helping Nike and our partners to radically rethink the traditional model.

Our core focus within apparel and footwear is to move toward fewer strong, long-term, strategic partnerships and a manufacturing model that drives efficiency and productivity and creates opportunities for workers. Called lean manufacturing, this model is discussed later in this chapter. We think that done well, with the right systems in place, the new models can alter – for the good – the way workers are treated and compensated.

### Buyer

Since FY05 Nike has focused significant energy on understanding the impact of our business processes and purchasing practices on non-compliance on the contract factory floor. That work has been revelatory, a key pillar of our Generation III strategy. Through this work, we have been able to identify the drivers of non-compliance and demonstrate how addressing them both improves working conditions and has the potential to improve our business. It shifts the dialogue from that of trade-offs to win-wins, or, as we say, return on investment<sup>2</sup>-squared, or ROI<sup>2</sup> (see discussion on page 9).

For example, in examining the root causes of excessive overtime, (serious widespread issue in the industry) we found these issues in our own supply chain: poor application of laws, flawed factory management approaches and upstream practices that may have had unintended consequences at the contract factory.

This analysis helped us understand how often these buyer-related causes drive pressure on workers to put in excessive overtime and allowed us to shift our dialogue with contract factories from policing to one of solutions and business excellence. Investing in workplaces in which workers rights are central to the business proposition often leads to greater ROI to the business.

Overall, because of our work to understand root causes of non-compliance, the conversation both within Nike and with our factory partners has fundamentally changed. Today we see that compliance on the factory floor is a barometer for business excellence both within Nike and for our factory partners. This then becomes a business discussion rather than a question of compliance or policing, changing the nature of the dialogue considerably.

Because of this shift, we continue to evolve our approach to building Nike business accountability and visibility into compliance. Whereas before we focused only on ratings of our contract factories, today we also track the measures identified as ROI2 (drivers of business excellence and compliance) using a balanced scorecard that places corporate responsibility compliance alongside other important measures such as quality, planning and costing.

Chart 7  
Footwear Sample Scorecard



Notes

This scorecard is for illustrative purposes only and does not reflect current scores. These targets are owned and driven by a cross-functional team of performance influencers inside the company. Compliance is now a part of this integrated team, supporting business improvements as part of its mandate is a significant shift in focus, expertise and energy.

Footwear Quality

A combination of factory inspections to measure finished product quality; engineering audits to measure product, tooling and chemical process quality; and problems found with finished product.

Delivery/Planning

Measures what percentage of product was delivered on time. A combination of several factors including how well the factory meets its delivery plans, how well these delivery plans were communicated and how successfully the factories met the consumer need dates.

NOS

The percentage of shoes built on Lean lines, as defined by the Nike's Lean Enterprise team.

CR – Compliance

A monthly snapshot of the distribution of Compliance ratings throughout the footwear factory base.

Product Readiness

Measures what percentage of products are on time for the reported season.

Costing

Measures how well factories are delivering, on average, against Nike's target freight on board (FOB). FOB is Nike's way of referring to the price we pay the factory for a product.

# Our Vision of Success:

Key to our working toward systemic change as the definition of success is recognizing where Nike has direct control over change as opposed to the ability only to influence change.

Our vision of success takes account of the role of each stakeholder. Our definition of success is deliberately holistic, one that seeks to define whole system success.

## Government

*Influence, no control (Nike)*

Invest in strong decent work programs and robust labor inspectorates, with clear rule of law around decent work.

Encourage responsible competitiveness within policies at national, regional and international levels.

## Industry

*Influence, no control (Nike)*

Industry moves, with stakeholders, to a single industry code.

Industry moves, with stakeholders, to cooperative and collaborative monitoring programs, and an open source approach to investing in systems with factories.

## Civil Society

*Influence, no control (Nike)*

Civil society builds the capacity of local workers to own their voice and to build networks and organizations, including trade unions that lead to constructive industrial relations, and a strong and open dialogue in communities and across stakeholder groups.

## Consumer

*Influence, no control*

As brands move toward more transparency around their commitment to corporate responsibility goals the consumer will be better able to make more informed choices on a broad range of products.

## Factory Management

*Significant influence, no control*

Workers are recognized as craftspeople, not commodities. Compensation and worker treatment reflects this shift.

Management understands the benefits of building strong human resource management systems that support the factory's journey to effective implementation of lean enterprise.

Waste is minimized and leveraged as a source of income and innovation for the manufacturer.

## Buyer (Nike)

*Control*

Upstream business processes enable compliance in the factory.

Rules of the game are clear and adhered to. Business units make compliance one of their guiding principles and are accountable for compliance and incentivized around it.

An internal marketplace builds up where business is flowing to best-of-class suppliers because of their price, quality, on-time delivery and corporate responsibility.



# Business Strategy:

## Supply chain footprint

As of FY06, Nike's three main product engines - footwear, apparel and equipment - used almost 700 contract factories in 52 countries to manufacture all Nike products. Through annual reviews of Nike's supply chain needs, we may add or change contract factories based on product sourcing requirements, changing business and fashion trends, and/or general factory performance. Should a factory be dropped from the supply chain and not receive an order for more than 12 months, it must go through the new source approval process we require of all new contract factories that join our supply chain.

Although the workforce profile varies by country and region, the vast majority of the almost 800,000 workers in Nike contract factories are women who are 18 and above. This is the first job for many of these workers, requiring low skills. In many cases, it is also their first introduction to the formal workforce. Even as the industry matures, many of the manufacturing roles remain entry level and require low skill sets. Others require broader skill sets as we continue to implement lean manufacturing principles throughout our supply chain.

At the end of FY06, footwear contract manufacturers in China, Vietnam, Indonesia and Thailand manufactured 35 percent, 29 percent, 21 percent and 13 percent of total Nike-brand footwear, respectively. The vast majority of Nike-brand apparel was manufactured outside of the United States by independent contract manufacturers in 49 countries. Most of this apparel production occurred in China, Malaysia, Thailand and Turkey.

## Contract factory disclosure

As part of our FY04 reporting, Nike became the first company in our industry to expand transparency by publishing online the names and addresses of all contract factories making Nike-brand product.\*

We have updated this list and have published all contract factories currently approved to manufacture Nike-brand products as of February 28, 2007, including those that are inactive. We plan to update the [factory disclosure list](#) at least once each year.

## Chart 8

**Contract Factories and Contract Factory Employees**  
(as of May 31, 2006)

Contract Factories by Global Region/Operating Segment				
Region	Global	Apparel	Equipment	Footwear
Americas*	126	85	30	11
EMEA	81	59	18	4
N Asia	285	138	108	39
S Asia	195	155	21	19
<b>Total</b>	<b>687</b>	<b>437</b>	<b>177</b>	<b>73</b>

\* Includes the United States

Total Contract Factory Employees by Global Region/Operating Segment				
Region	Global	Apparel	Equipment	Footwear
Americas*	49,734	30,692	8,620	10,422
EMEA	29,858	25,766	3,287	805
N Asia	422,255	122,236	57,552	242,467
S Asia	270,254	165,539	14,246	90,469
<b>Total</b>	<b>772,101</b>	<b>344,233</b>	<b>83,705</b>	<b>344,163</b>

\* Includes the United States

\*Due to confidentiality agreements there are a small percentage of subcontract factories for which Nike is not permitted to disclose names and locations.


### Lean manufacturing

In the last two years, we've begun to explore the impact of lean manufacturing. Lean is an approach to manufacturing most often associated with the automotive industry. It's a philosophy of delivering the most value to the customer while consuming the fewest resources. Techniques concentrate on the product's end-to-end value stream rather than traditional functions and organizations. It focuses on the goal of creating the highest-quality product while eliminating all types of waste, including lost time and material.


In traditional manufacturing environments, workers typically are trained on one task, and represent one step in the process. In a lean environment, workers produce in teams, where they are cross-trained in different skill sets and are more empowered to manage the production process and immediately address quality and other issues.

Historically, the footwear and apparel industries have operated a "push" system, focused on economies of scale, with large batches and long assembly lines. This system relies on labor-intensive manufacturing processes that incentivize manufacturing in low-cost countries. But this model doesn't translate directly to the new environment, where customers increasingly demand greater variety, more frequent deliveries and smaller order quantities, all at a lower cost.


Lean differs from traditional manufacturing by incorporating new, key elements:

-  Focusing on each product and its value stream rather than organizations, functions, assets and technologies


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-  Asking which activities are waste and which create value

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-  Enhancing the value and eliminating the waste to optimize the whole

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-  Empowering the workforce

Taking Nike's global supply chain into a lean manufacturing model takes time, partnership, investment and a tolerance for experimentation and failure.

Our goal is to have 90 percent of our footwear production come from lean lines by the end of FY11. We have key milestones to get there. By the end of FY07, roughly 40 percent of our Nike-brand footwear will be produced on lean lines. We also have begun implementing lean manufacturing techniques with key factory partners in apparel production. So far 18 of our contract factories – comprising nearly half the volume of our worldwide apparel production – have begun lean training and another six are set to follow in FY08. It will take time to realize the long-term benefits that will come with full implementation of lean. We believe lean holds great promise for worker empowerment and the ability to build a higher-skilled, higher-paid workforce. A good pointer to this can be found in documentation on lean manufacturing systems and in the Massachusetts Institute of Technology's "[Tale of Two Factories](#)" which documents two Nike suppliers, one traditional and one lean.

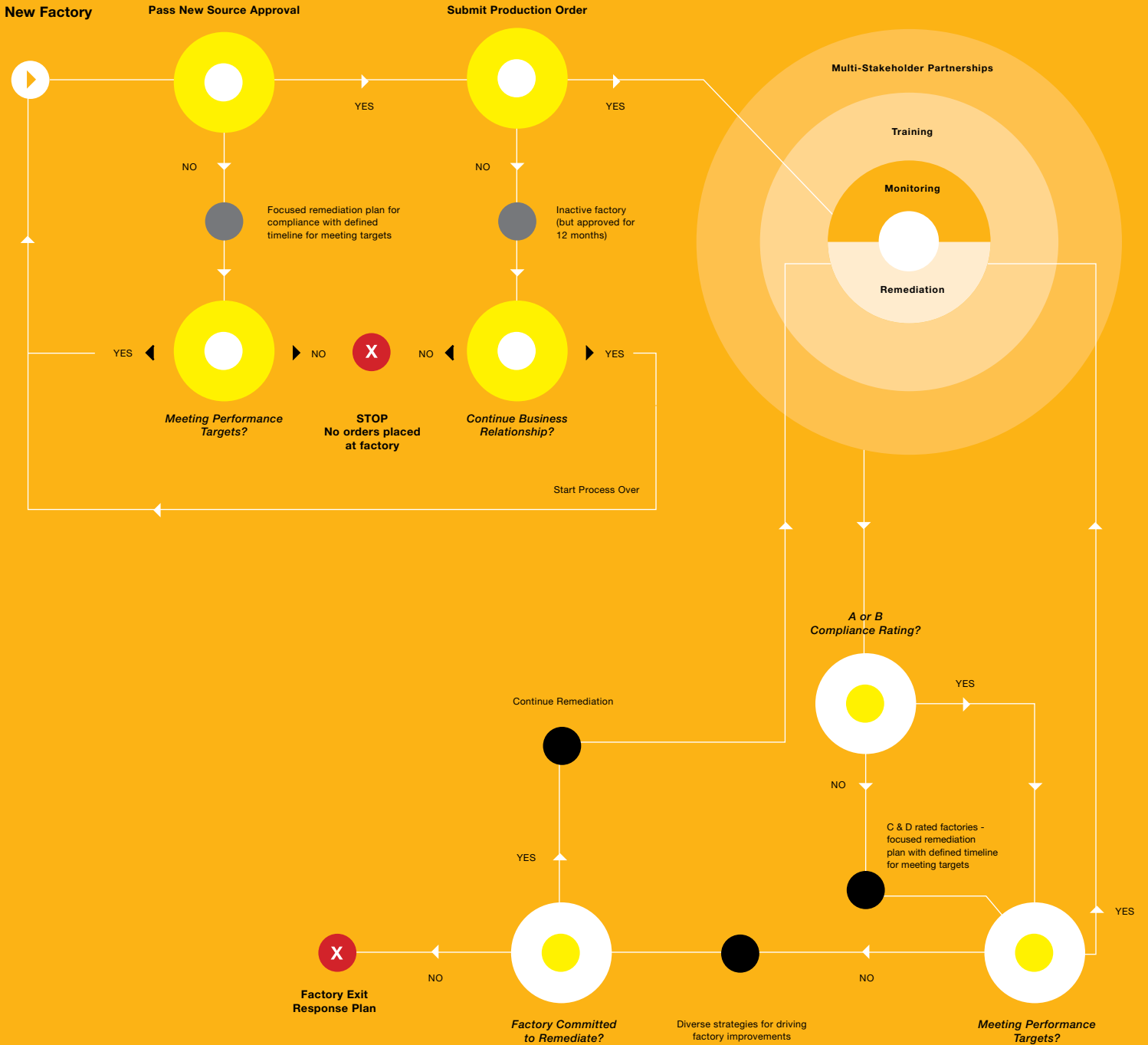
### Policies, processes

We described the compliance life cycle of our work in our FY04 report. Against the backdrop of our focus on Nike's upstream business processes, we have also refined our corporate responsibility policies and processes across the entire product life cycle. This next section documents the shifts, progress and challenges across that life cycle.

### The compliance life cycle

In FY04 we documented the compliance life cycle that begins when a factory came on board Nike's supply chain. In the subsequent years we have both refined that part of the process (we call it the downstream process) and added visibility into processes upstream in Nike's own business model. In the future we anticipate being able to document how responsible competitiveness is woven into both upstream and downstream strategies, policies, processes and programs.

Chart 9  
The Contract Factory Compliance Life cycle



# Weaving Responsible Competitiveness into Nike's Supply Chain Operations:

We discuss our processes and policies in contract manufacturing and highlight the increasing work being done to build responsible competitiveness policies and programs within Nike's own commercialization processes.

## Adding new factories to our supply chain base

When we make decisions whether to add a contract manufacturer into our supply chain, we consider the entire compliance life cycle, beginning with a proposal for a new country or new source. Once we approve a contractor, it becomes our partner in internal and external capacity building, monitoring and remediation. Monitoring and remediation result in our compliance ratings, which we consider as part of our business evaluation and decision-making processes through the balanced scorecard.

Our compliance team, the business unit and contract manufacturers all play key roles in the success and failure of this life cycle, which depends on our ability to execute and measure our strategy and our ability to react with real-time information.

## Sourcing and new source approval process

As we noted in our FY04 Report, the first step in our supply chain life cycle is the decision to source product at a particular factory. Our new source approval process includes compliance by conducting a pre-sourcing labor audit and an environmental, health and safety assessment that requires the factory to meet minimum standards. Once we bring a new factory on board, it is subject to our ongoing monitoring process. A more detailed description of this process can be found in our FY04 Report.

In FY06, Nike approved 81 new contract factories for the Nike brand, down from 83 in FY05 and 122 in FY04. Of the new contract factories, 11 were in the Americas, six in EMEA, 44 in Northern Asia and 20 in Southern Asia.

The majority of new contract factories are located in Asia. Apparel was the most active, with 56 new factories, including local production and agents and licensees, as well as the global product division. Footwear factory additions have been modest, at 17, reflecting the historically more stable nature of the sourcing base in that sector of our business. We approved another eight factories in footwear.

In FY07, we began redesigning our approval process to better coordinate both compliance and business needs and to focus our pre-sourcing audit on keeping the lowest-rated contract factories out of our supply chain. As part of the redesign, we also clarified the factors to assess when considering sourcing in a new country. We now look at a broad spectrum of issues including infrastructure, legal (rule of law), human rights, economic and political environments.

In FY05-06 Nike and several contract factories opened their doors to research teams from the Sloan School of Management at the Massachusetts Institute of Technology. Among various topics, the teams sought to understand the range of working conditions found in Nike contract factories. A working paper from this study suggests that at the macro level, country characteristics – such as labor standards

and the local government's ability to enforce them – are among key determinants of working conditions.

According to the research, the nationality of factory ownership is not correlated with working conditions. While the research validates much of Nike's long-term sourcing strategies and principles, we recognize the opportunity to further study this area. To see a full version of the MIT studies, please go to:

 [Beyond Corporate Codes of Conduct: Work Organization and Labor Standards in Two Mexican Factories](#)

 [Does Monitoring Improve Labor Standards?: Lessons from Nike](#)

### Monitoring and factory remediation

Nike's monitoring program has two main parts: Management Audit Verification (MAV) and Environment, Safety and Health (ESH) audits.

To see our MAV and ESH audit tools, please [click here](#).

The MAV is a labor assessment tool designed to audit performance through root-cause analysis in five key areas: hours of work, wages, benefits, grievance systems and freedom of association. The audit focuses on the factory's people management systems and practices and is performed by Nike's compliance staff. We use the Code Leadership Standards related to management subjects (M-CLS) or local labor laws as benchmarks, whichever are stricter. Our first version of the MAV tool does not directly address freedom of association, as we sought additional external expertise in developing this aspect of the audit process. Future versions will include this essential area. The Code Leadership Standards (CLS) expand on Nike's [Code of Conduct](#) and cover 51 standards, 13 for management and 38 for environment, safety and health.

ESH audits provide a baseline assessment of non-compliance incidents and management system performance. The audit focuses on environment, health and safety and is organized according to each key area and the supporting ESH subjects. The benchmarks for this audit are based on the Code Leadership Standards related to ESH subjects (ESH-CLS).

Given our Generation III approach, we now prioritize monitoring by focusing on key contract partners, of which there are approximately 130. We focus our oversight and capacity-building efforts on the 20 percent of suppliers that account for 80 percent of the long-term, strategic impact to Nike. We rate each factory using five primary risk factors:

-  The country in which the factory is located
-  Factory worker population
-  The type of factory operation
-  Manufacturing process
-  Past compliance performance history

Due to the inherent differences between ESH and labor, we apply different filters depending on the type of manufacturing process and strategic partnership and/or worker population.

Strategic planners and senior managers within manufacturing, operations and corporate responsibility developed and now contribute corporate responsibility scores to existing balanced scorecards that record corporate responsibility performance alongside other business-pertinent issues including quality, price and delivery.

We spent FY06 building capacity at key contract factories and using our root-cause analysis tools to gain a better understanding of the drivers of non-compliance. We also convened a global team to build the Generation III labor oversight tools. Contract manufacturers conducted Safety, Health, Attitude, People and Environment (SHAPE) assessments while Nike staff focused on conducting in-depth ESH and MAV audits. In addition, we are disclosing our [ESH](#), [SHAPE](#) and [MAV](#) audit tools with the publishing of this report with the hope that this will stimulate dialogue, input and collaboration. Generation III strategy changes our monitoring coverage. Our monitoring focuses in on fewer contract factories with more thorough audits. We are also building brand collaboration and partnerships with organizations such as the Fair Labor Association (FLA) to achieve more complete coverage of our contract factory base and the industry as a whole.

We provide a complete list of our finished goods contractors to the FLA each year for audits as part of the association's independent external monitoring visits. Our participation in this monitoring provides additional expertise gained through collaboration in a pilot project on joint monitoring and remediation. We also have sought to expand the scale of collaboration by sharing information with other brands in the industry. This work is easiest where brands have joined us in transparency. But identifying shared contract factories is only the first step. More fruitful results will come from sharing differences in code application standards, audit tools and audit methodologies, through which we all gain confidence in the quality of factory performance information.

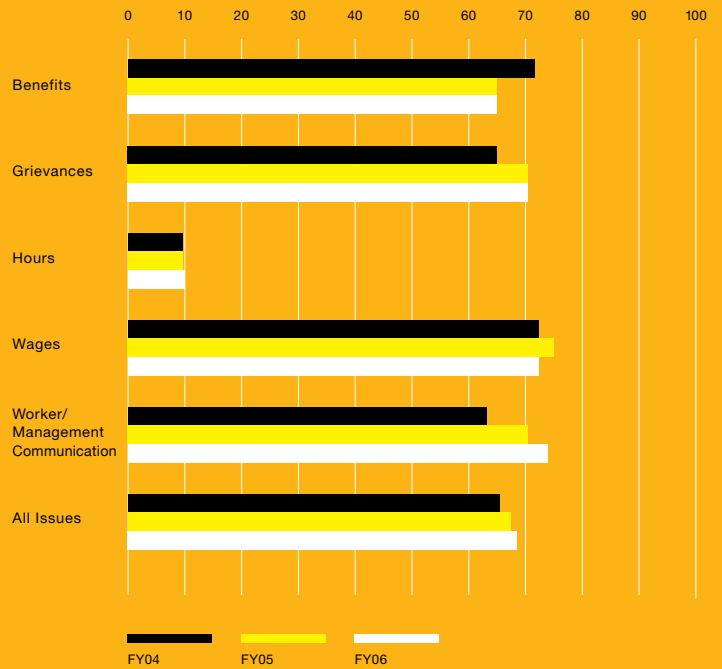
# Monitoring Results:

In the last three years, Nike conducted 810 M-audits in contract factories around the world. Initially, M-audits were designed to find incidents of non-compliance against our Management Code Leadership Standards which identified more than 80 individual non-compliance issues. While the audit helped identify non-compliance issues against our standards, it did not focus on finding root causes of those issues.

Beginning in FY06, we decided to focus our audit resources on finding root causes of the non-compliance issues that have the greatest impact on workers, including work hours, wages/benefits, grievance systems and freedom of association. We believe identifying root causes will enable us to identify, along with the contract factories, areas where we can together build capacity and expertise, focused in the areas best suited for sustainable remediation.

In FY06 we implemented a new Management Audit verification tool, the MAV Audit. Forty-two were completed through FY06.

**Chart 10**  
% Management Audit Compliance Score



**Chart 11**  
% Non-Compliance Management Audit Findings



\* Overwhelming verbal, not physical findings.

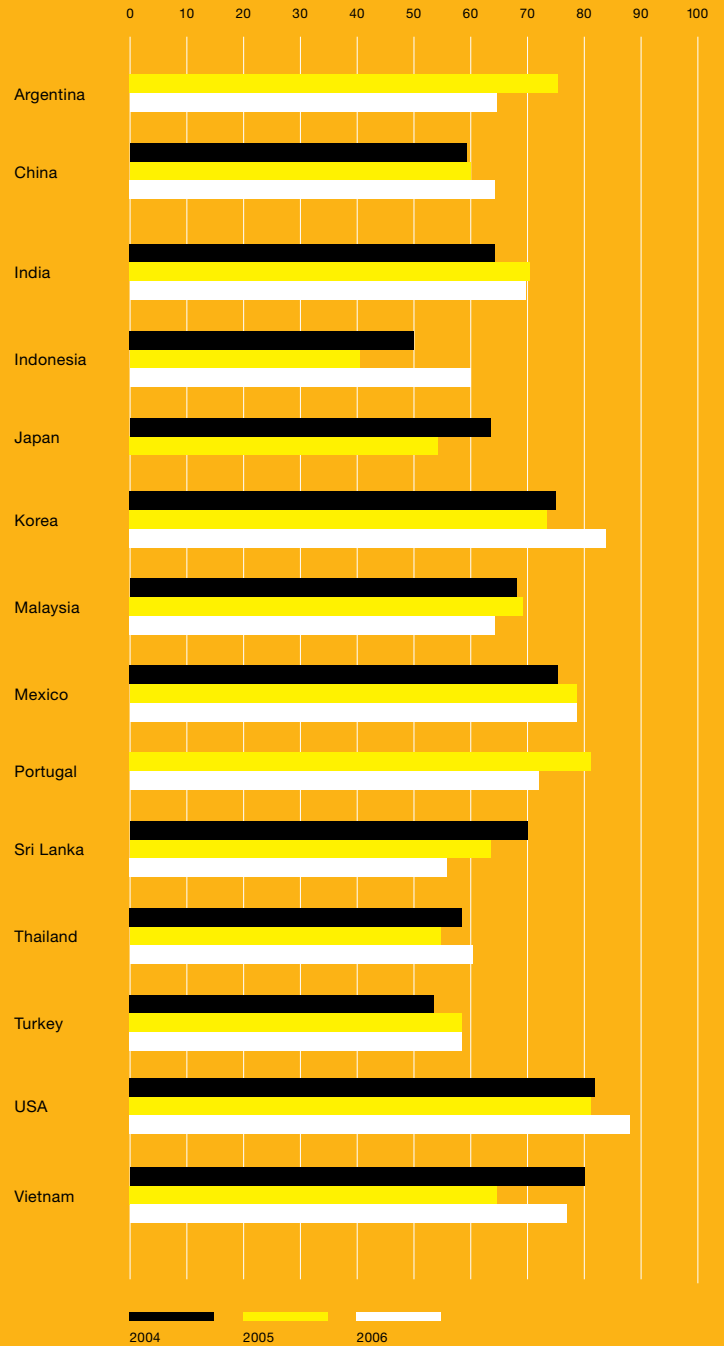
# Monitoring Results:

## Management Audit Verification (MAV) Audits

Of 42 MAV audits completed in FY06, seven contract factories received an A rating and 13 contract factories received a D rating, the lowest rating we assign to a factory. Ignorance of the law or the Nike standard is a primary driver of non-compliance. The second-leading issue was a lack of systems to manage people and processes.

By assessing factory performance through a root-cause approach, we are better able to identify upstream contributors to problems and drive remediation efforts at the source. Our work in FY05-06 went deep into two topics – wages and hours – and closely examined root causes.

**Chart 12**  
% Management Audit Results by Top Production Countries



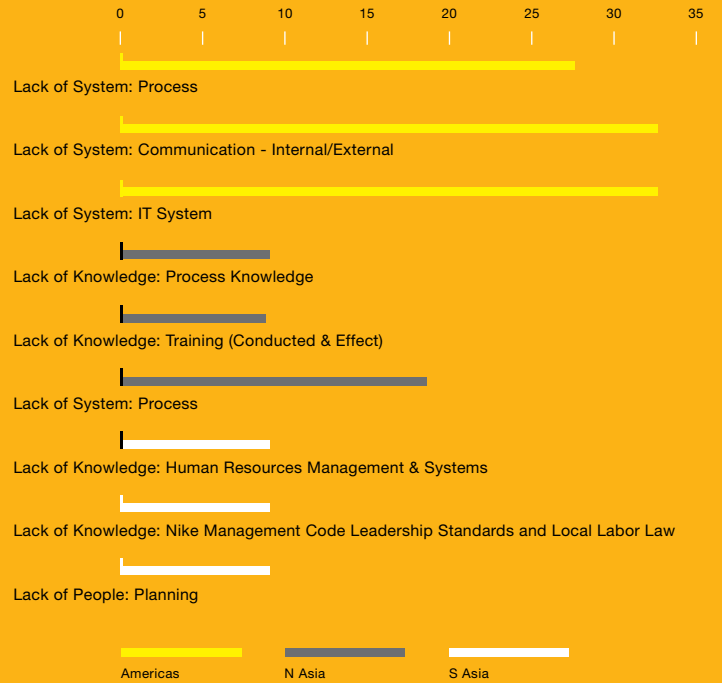
# Monitoring Results:

## Management Audit Verification

With two years of MAV audits we now have a better in-depth understanding of non-compliance. We better understand upstream drivers, critical for a balanced sourcing approach. This approach is crucial in elevating contract factories from a D rating and preventing contract factories from falling into D status. These audits have helped us improve our work with contract factories, elevating their human resources systems so they can better manage compliance. The MAV and subsequent work ahead will continue to rely on keen measurement and adequate assessment tools.

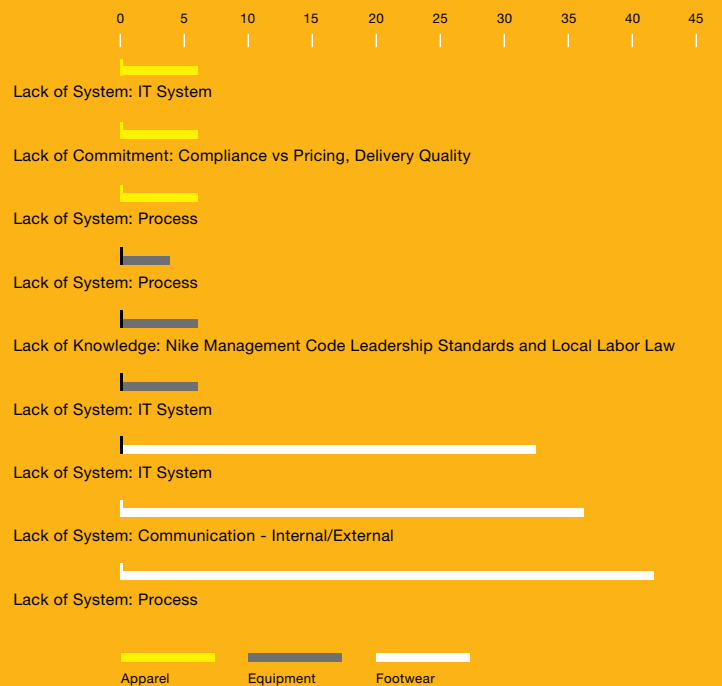
**Chart 13**

% Management Audit Verification (MAV) Results FY05-06  
Top 3 Issues By Region



**Chart 14**

% Management Audit Verification (MAV) Results FY05-06  
Top 3 Issues by Product Engine





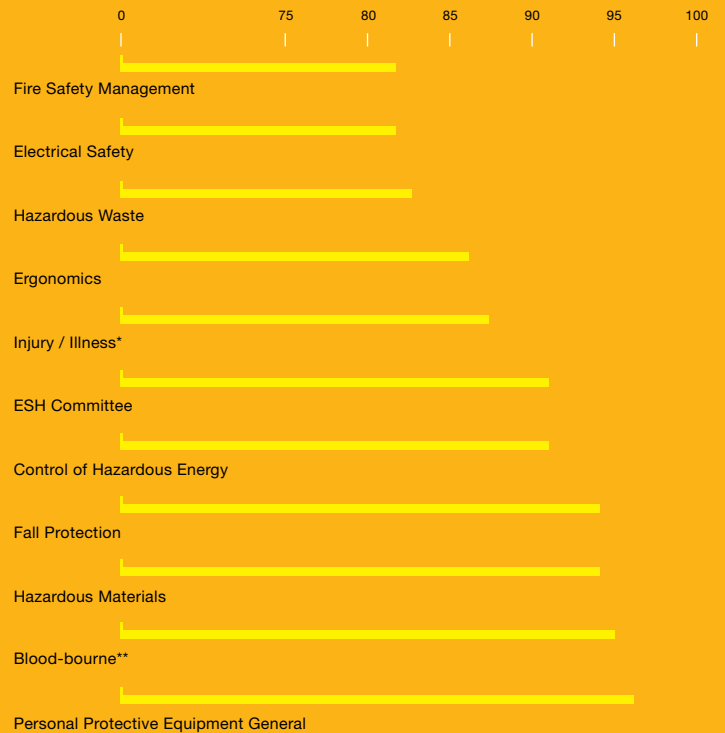
# Environment, Safety and Health (ESH):

In FY05, we began collecting baseline data on more than 650 contract factories in 52 countries, conducting 65 audits and 15 in-depth root cause assessments. The results told us the greatest ESH issues are in specific factory types (footwear, vertical apparel and inflatable facilities which make products such as basketballs, volleyballs and soccer balls) and the majority of those contract factories are in 10 countries – Bangladesh, Brazil, China, Honduras, India, Indonesia, Mexico, Thailand, Turkey and Vietnam. We then used factory type and country filters to focus our ESH efforts on about 70 contract factories that employ about half of the contract factory workers around the world.

Chemical exposure, worker protection, fire safety and maintenance-related safety are the most significant ESH issues in contract factories. We focus on the key drivers of non-compliance-related findings and how to build factory capacity to manage these issues. We use a risk-based approach to focus our efforts on factory type, factory population and geographic filters.

Both upstream and downstream factors impact ESH issues. While we strive to solve potential problems through the choices we make in the design process, we do not fully control the factory environment. To that end, we are working to improve worker health in contract factories through auditing and analysis, training and factory capacity building, integrating factory management systems, and reducing solvents.

**Chart 15**  
% ESH Audit Results, FY05-06  
Top Non-Compliance Issues



#### Notes

\* Injury & Illness: Incident reporting; injury and illness management

\*\* Blood-bourne: Risk of occupational exposure to bloodborne pathogens

We partnered with outside environmental, safety and health consultants to conduct the assessments. The project identified four key drivers of non-compliance: chemicals, worker protection, fire safety and maintenance-related safety. Understanding these drivers has helped us focus our efforts and measure and build factory capacity to manage these issues.

Overall, we found that the factory-level understanding and performance of ESH came within industry standards in their respective countries. While understanding was generally high, performance against the Nike ESH Code Leadership Standards was, on average, less than 60 percent compliant.

Equipment contract factories typically demonstrated poorer standards of ESH understanding and performance than footwear and apparel. Also, many of the equipment processes require chemical use and related manufacturing techniques not required in footwear and apparel. ESH management representatives at the contract equipment factories were generally less knowledgeable of Nike ESH requirements and the ESH risks associated with certain practices and materials.

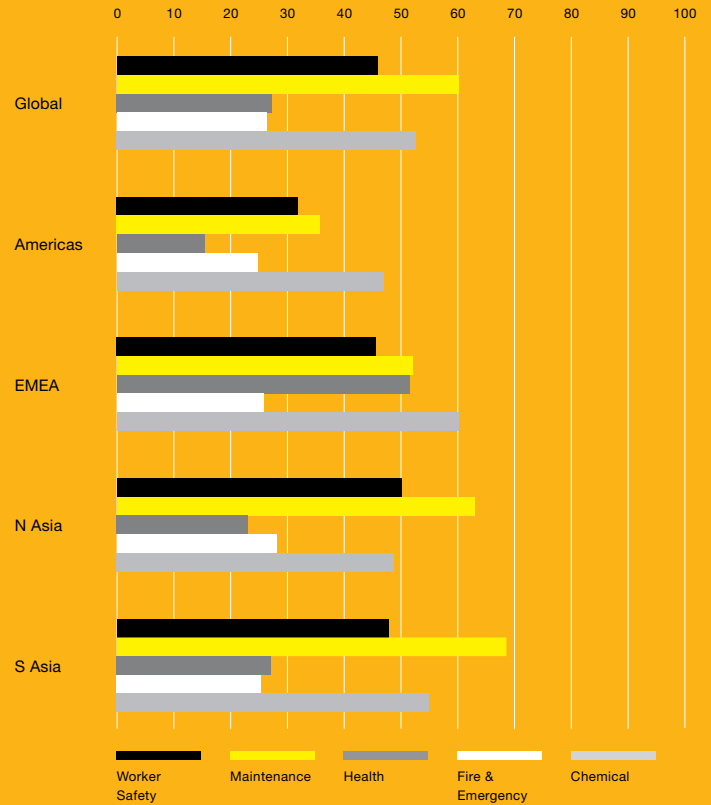
We found that solvent-related risks were dominant in footwear and equipment and that water/wastewater management and related dye house exposure risks were dominant in apparel.

Building on that work, in FY06 we designated contract factories to receive baseline ESH audits. To date we have conducted similar audits in the 97 contract factories with the greatest potential. Initial audit results indicate generally better performance among contract footwear factories than equipment and apparel. We believe this is because our ESH and engineering staff have invested considerable amount of attention in contract footwear factories. As we move into FY08 we will increasingly focus on equipment and apparel.

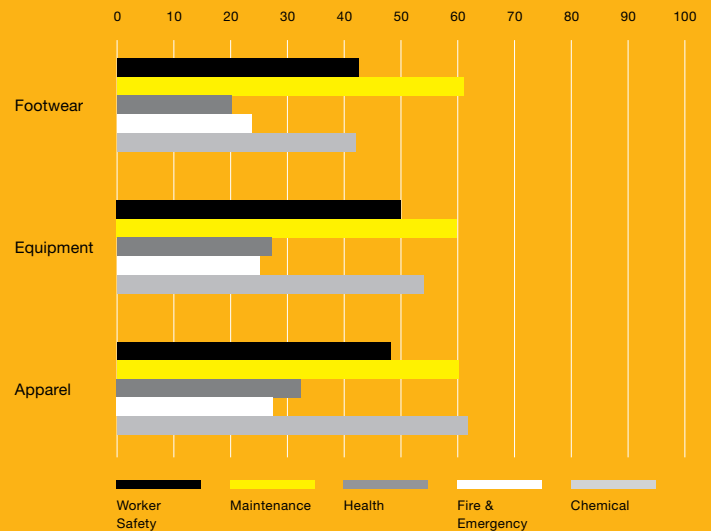
**ESH looking ahead**

ESH audits provide baseline assessment of both non-compliance incidents and management system performance. Along with these audits, we are looking at targeted programs and projects that can drive a deeper understanding of issues and their solutions. Among these are projects that evaluate hazardous waste disposal, targeted evaluation of industrial hygiene to quantify opportunities for improvement of processes or chemistries, and projects to measure the return on investment for contract factories with regard to ESH issues.

**Chart 16**  
% ESH Audit Scores by Region, FY05-06



**Chart 17**  
% ESH Audit Scores by Business Unit, FY05-06



# Overall Compliance Results— Factory Ratings:

As we shared in our FY04 report, we must first be able to assess the extent to which a contract factory is compliant with our code and local laws before integrating either incentives or sanctions into our sourcing and production.

We have developed a grading system to facilitate this process. We assign a letter grade at the field level that is reviewed by the regional director. This grade reflects all of our relevant information about a factory's compliance performance, taking account of the number and nature of non-compliance issues discovered by various forms of monitoring and oversight as well as the factory's progress in resolving items identified for remediation.

We take these ratings seriously. We aim to see contract factories with a C or D compliance rating move to a higher rating. When a C or D-rated supplier is not making adequate progress in meeting its remediation targets within a set timeline, we elevate these concerns as a part of reassessing our business relationship.

## *The Ratings Process*

*No rating system is perfect. As we noted in our FY04 report, some inconsistency remains in our ratings. Today we better understand both the assignment of ratings and the leverage those ratings have with sourcing decision makers. We have made incremental steps in improving rating consistency and measurement, including developing criteria that are aligned with evaluating systems performance. In FY08 we will work to merge ESH and human resources management evaluations into our overall factory performance assessments.*

*We developed our ESH rating system using a topical weighting scheme based on internal research. Our ratings capture 38 code leadership standards in six summarized categories reflecting the highest level of inherent risks in the supply chain: chemical management, worker protection, maintenance safety, fire/emergency action, health and ESH support. This breakdown helps us evaluate a factory's progress against the greatest ESH risks. Before assigning a final rating, we analyze the ratings and undergo a series of checks and balances.*

*We developed the M-rating system by identifying minor, serious and critical issues based on Nike's Management Code Leadership Standards, which includes age verification, employee training, forced labor, freedom of association, harassment and abuse, hours of work, leave policies, licensee-agent, migrant employees, non-discrimination, security, wages and women's rights. We typically assign standards based on risk, severity and frequency.*

*We updated our ratings criteria and no longer apply the percentage of past due Master Action Plan items as an indication of compliance performance. Our focus on serious, material issues and the factory's commitment to long-term improvement helps us evaluate a factory's progress against management issues/risks. In FY08, we will update the M-ratings criteria further into a common framework that can better measure system versus incident-based compliance and improves awareness of real-time risk.*

# Compliance Rating Criteria:

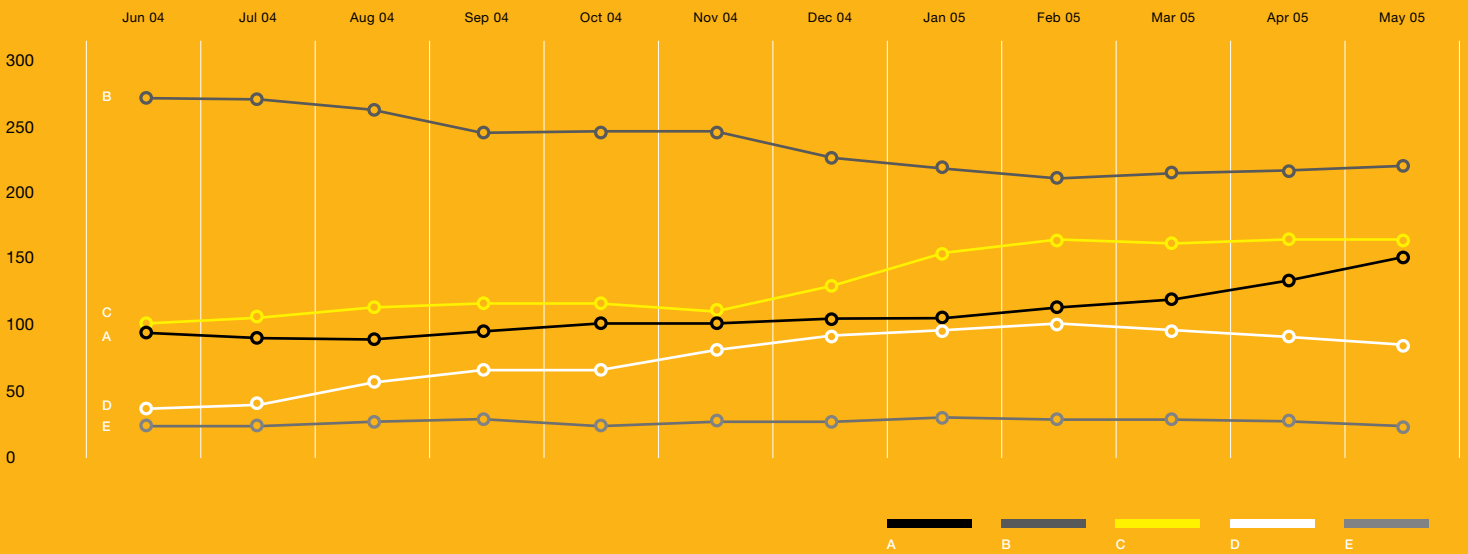
We conduct both Environment, Safety and Health (ESH) and Management audits and assign letter grades to contract factories, based on their performance against standard measures.

**Chart 18**  
Compliance Rating Criteria

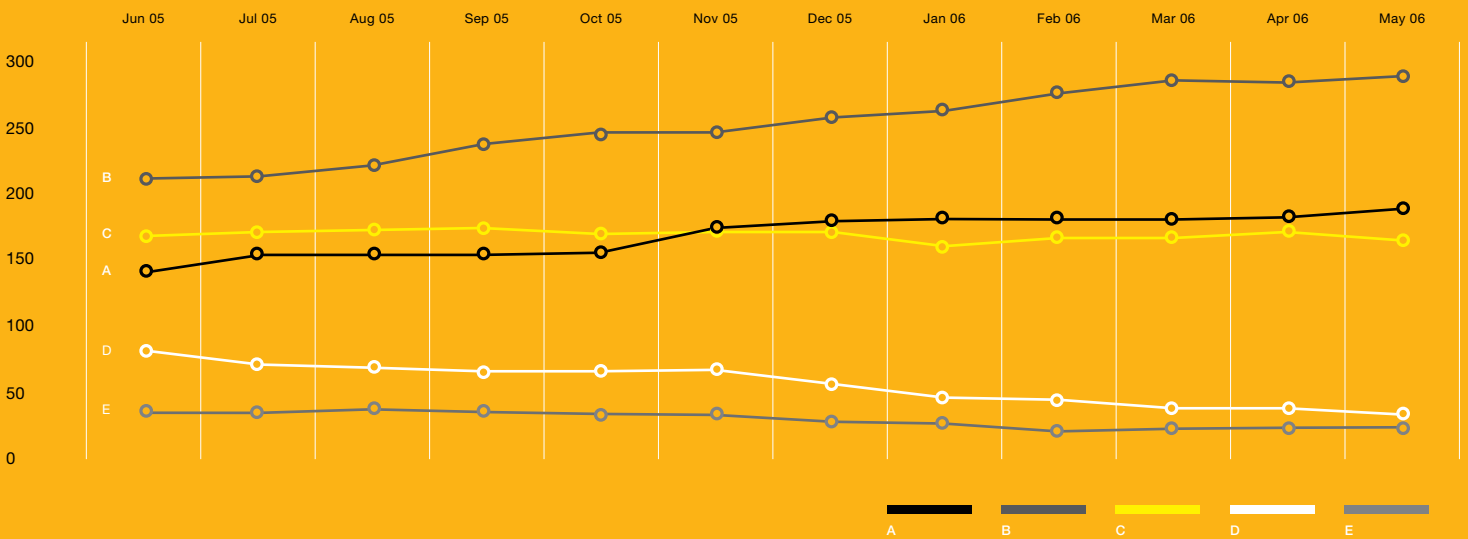
Grade	Environment, Safety and Health	Management
<b>A</b>	<ul style="list-style-type: none"> <li>Fully compliant</li> <li>Demonstrates best practice</li> <li>Considered a leader</li> </ul>	<ul style="list-style-type: none"> <li>Isolated violations of M standards found, but none considered serious or critical.</li> <li>No more than five minor issues outstanding on the Master Action Plan (MAP).</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>Mostly compliant</li> <li>Minor system failures are found.</li> <li>Factory is making progress.</li> </ul>	<ul style="list-style-type: none"> <li>Isolated violations of M standards found, but none considered serious or critical.</li> <li>More than five minor issues on the MAP, but none serious or critical.</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>Non-compliant</li> <li>Serious system failures</li> <li>Factory is making no progress</li> </ul>	<ul style="list-style-type: none"> <li>Factory does not provide basic terms of employment (contracts, documented training on terms, equal pay, discriminatory employment screening).</li> <li>More than 10 percent of employees work between 60 and 72 hours each week.</li> <li>More than 10 percent of employees exceed annual legal limits.</li> <li>More than 10 percent of employees work seven or more consecutive days without a break.</li> <li>Factory violates local migrant labor laws.</li> <li>Non-income related benefits fall short of legal provisions.</li> <li>Some evidence of verbal or psychological harassment or abuse.</li> <li>One or more serious issues on MAP, but none considered critical.</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Non-compliant</li> <li>Demonstrates general disregard for Nike Codes and Standards</li> <li>Unwilling or unable to drive important change</li> <li>Deliberately misleads auditors</li> <li>Audit shows critical systemic and repeated problems</li> </ul>	<ul style="list-style-type: none"> <li>Management refuses or continues to demonstrate unwillingness to comply with Nike Standards.</li> <li>Management provides false information (statements, documents or demonstrates coaching).</li> <li>Factory fails to provide verifiable timekeeping system to accurately record work hours.</li> <li>Factory fails to pay legally mandated minimum wage.</li> <li>More than 10 percent of employees work more than 72 hours each week.</li> <li>More than 10 percent of employees exceed daily work hour limits.</li> <li>More than 10 percent of employees work 14 or more consecutive days without a break.</li> <li>Factory requires pregnancy testing as condition of employment.</li> <li>Factory uses workers under the minimum legal age.</li> <li>Factory uses bonded, indentured or prison labor.</li> <li>Factory uses force to compel illegal work hours.</li> <li>Audit finds confirmed evidence of physical or sexual abuse.</li> <li>Factory management denies access to authorized compliance inspectors.</li> <li>Factory denies freedom of association for workers, including demotion or dismissal of workers seeking to exercise their rights.</li> <li>Factory provides no benefits tied to security (workers' compensation, medical coverage, social security, retirement funds).</li> <li>Factory outsources to unauthorized facilities or issues homework to employees.</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>Not enough current information to measure compliance performance.</li> </ul>	<ul style="list-style-type: none"> <li>Not enough current information to measure compliance performance.</li> </ul>

# Compliance Ratings:

**Chart 19**  
Factory Rating Trends FY05



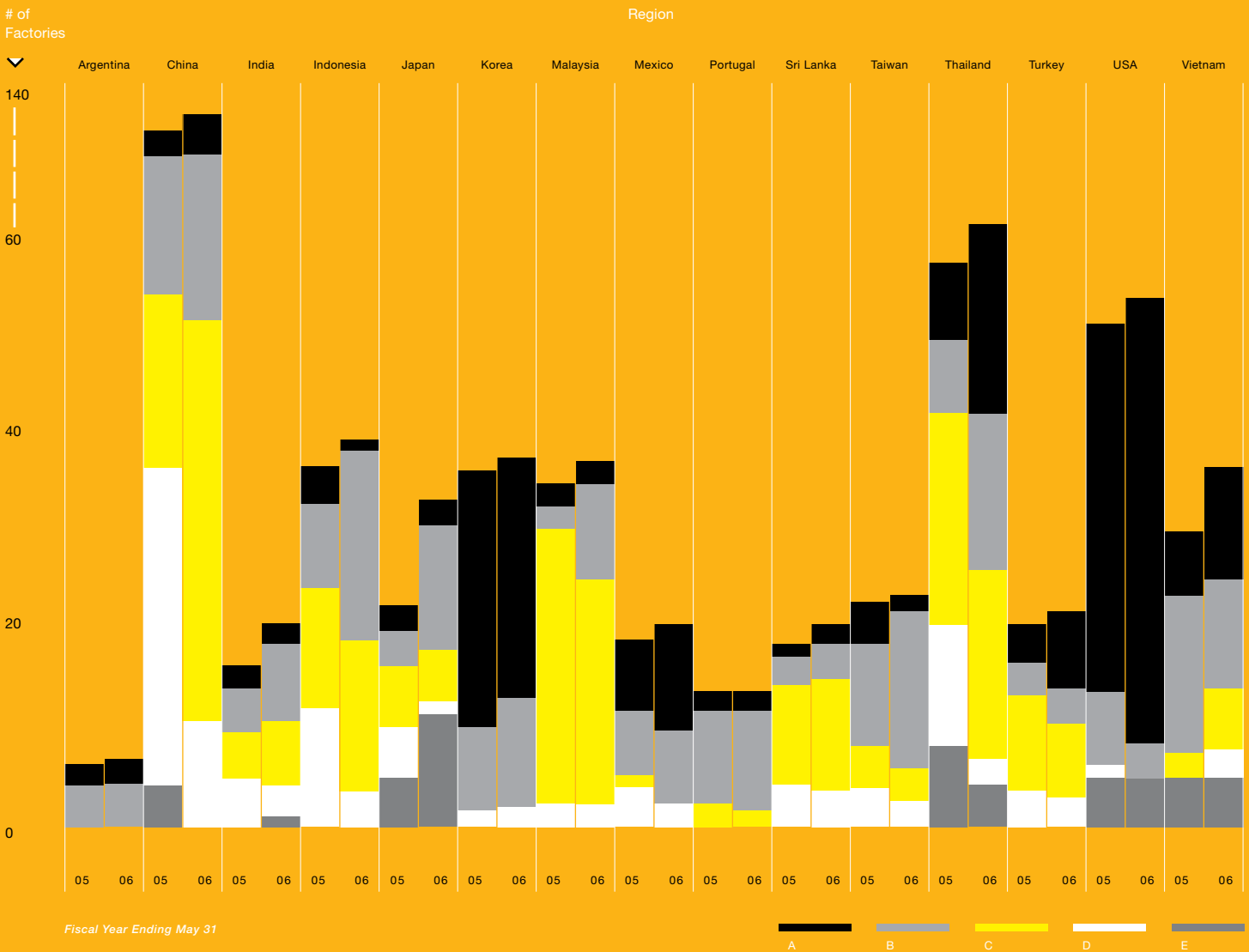
**Chart 20**  
Factory Rating Trends FY06



# Compliance Ratings:

Compliance ratings help us measure how contract manufacturers are performing against key benchmarks such as our Code Leadership Standards and local labor laws. We have found that contract manufacturers often respond to our audit results and remediation plans with quick fixes that can lead to rating fluctuation. Such fluctuations have made it challenging for us to recommend holding, ceasing or increasing production orders. We believe that changing our ratings criteria from focusing on incidents to systems will reflect the pace of sustained change at a factory more accurately and improve our ability to integrate compliance performance into production planning. We have made significant strides toward this end with ESH audits in FY06-07 and expect to begin refining the MAV audits FY08.

**Chart 21**  
Factory Rating Trends by Top Production Countries, FY05-FY06

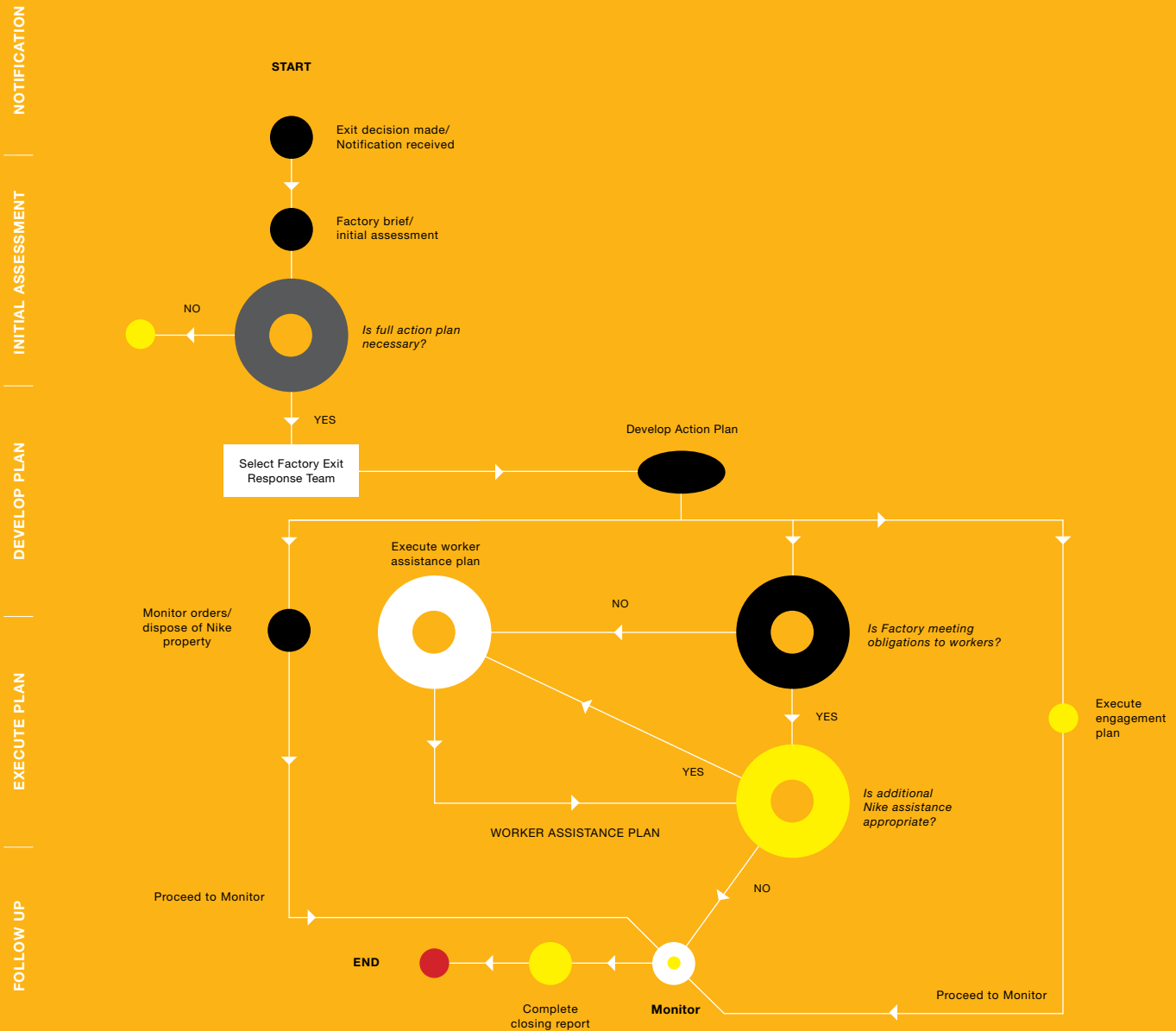


# Factory Exits:

On the other end of the supply chain life cycle is the process of significantly reducing or ceasing orders to a factory. Such changes can come about for a variety of business reasons, such as the factory going out of business, Nike reducing or ceasing orders due to changing consumer demand, or where the factory fails to meet production or compliance requirements. No matter the reason, we are well aware that a reduction in orders or exiting a factory can impact workers at that factory and the surrounding community significantly.

FERT refers to Factory Exit Response Team and is an integrated team comprised of Compliance, Communications, the Business Unit, Sourcing, Government Relations and others as needed.

Chart 22  
Factory Exit Process



We developed a standard exit process in FY04 based on our experience in departing the Doson, Indonesia, footwear factory.

In FY07, we refined our process to incorporate additional insight and to outline our exit response more clearly. The first step is to ensure that the compliance team and Nike business leaders are notified of a potential factory exit or significant reduction in orders.

The affected business unit then prepares a factory brief, providing key information including the extent of Nike's production in the factory and the number of potentially impacted workers. Based on that information, we assess whether to develop a full action plan. In some cases — such as where we are not currently sourcing at that factory based on seasonality or the factory has other major buyers and there will be little or no impact on workers — a Nike response may not be necessary or appropriate.


When necessary, we assemble an integrated response team composed of representatives from compliance, the applicable business unit sourcing team, communications, government relations and other relevant departments to develop a full action plan.

A critical element of this planning process is estimating the likely impact on workers, based on the factory's requirements under local law as well as any additional requirements under a collective bargaining agreement. We consider the factory's likelihood to meet its obligations fully, combined with macroeconomic elements such as government assistance through unemployment compensation and health benefits and the likelihood of worker reemployment in similar or better jobs.


While ongoing stakeholder engagement informs our strategy, in cases where we elect to reduce or cease orders, our first obligation for formal notification is to our business partner, the contract factory. We are hopeful that providing sufficient notice to factory management gives them time to secure orders from other buyers with minimal disruption to their business. We recognize that this is not likely possible in all situations. In some instances, factory management must take the lead in applying good industrial relations practices and work directly with worker representatives to mitigate negative impacts of our decisions.

Once factory management has been notified of our decision, we may also engage other stakeholders such as government, local trade unions and non-governmental organizations as well as members of the global community. In cases where we believe the factory will uphold its obligations, we focus on informing other stakeholders of the rationale for our decision. In other cases, where we are prepared to provide additional assistance to affected workers, we rely heavily on the expertise of stakeholders to develop relevant and effective programs.


Our basic operating principles regarding assistance to workers are:

-  We stand in support of workers receiving all of their legal entitlements.

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-  We will not pay severance or unpaid wages in lieu of the factory owner. We will seek to influence the factory to fulfill its severance and other obligations under applicable law.

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-  We will determine what additional support, if any, to provide in light of the circumstances of each case.



# The Challenge of Managing Responsible Transitions:

While our factory exit process provides a template action plan, this aspect of the production life cycle contains many exceptions and unique circumstances. As we seek to mitigate negative impacts on workers, we consider engagement and collaboration with other stakeholders critical to our success. We had a number of examples of this work in FY05-06.

## Outside the parameters: Hermosa

In May 2005, the owner of the Hermosa plant in El Salvador unilaterally closed the factory's doors, leaving its employees without final compensation. The issue was brought to Nike's attention through a third-party complaint to the Fair Labor Association in December 2005. Hermosa last supplied product to Nike as a subcontractor to another factory in spring 2003, giving us no direct visibility of the factory's performance at the time of its closure.

Hermosa did not meet our litmus test for engaging in worker assistance: We had not sourced directly from the factory for two years and when we had sourced from Hermosa, Nike product as an overall percentage of volume for the factory was relatively low.

This closure, however, represented an opportunity for several brands to work together to influence the government's response to an improper closure, and, through the Fair Labor Association, engage with other local stakeholders to determine collective approaches to address the pressing needs of workers who faced unemployment.

In December 2006 the FLA created an emergency fund to provide workers assistance in meeting basic needs around food, housing and medical care, while seeking alternate employment and fulfillment of their legal and economic rights under the law. Nike contributed to this fund. Although the fund was an unprecedented course of action by the industry — workers, non-governmental organizations and trade unions that supported the campaign were disappointed by its size. To promote learning from this experience and improve collaborative action by brands in addressing a factory closure, Maquila Solidarity Network has undertaken an assessment of the emergency fund process. We look forward to reading its report.

## A turning point: Saga

Nike's difficult decision in November 2006 to cease placing orders of hand-stitched soccer balls with Saga Sports in Pakistan presented a very different set of challenges. We were Saga's dominant buyer. Furthermore, our decision to leave and our very public explanation of the compliance challenges we identified there were perceived as a threat to the entire regional industry.

While our decision to end our relationship with Saga was one we had to make on our own, we have continually engaged with local and global stakeholders to determine the best course of action for mitigating impacts on workers, and long-term options for strengthening the industry.

From a stakeholder engagement perspective, we have been greatly encouraged by what we see. The Government of Pakistan has taken a leadership role in evaluating the competitiveness of the industry and is a strong supporter of the review process led by the International Labor Organization. We engaged local organizations to assess the needs of workers most likely to be affected by this decision and developed assistance plans based on their input.

Even with a strong multi-stakeholder effort, challenges remain. It is not yet clear what steps are required for a traditional, hand-stitched industry to remain competitive in a market increasingly shifting toward machine-stitched balls. It's not even clear if such a path is viable. As we explore options for paid training programs for workers, we have to consider what jobs we are preparing them to do, work in a new industry or work in a more technically challenging soccer ball industry.

Key learnings from each case have influenced the protocols we use in our new country approval process, new source approval process and factory exit process. In addition, they have influenced our contract manufacturing processes and sourcing strategies.

#### Refining the process: Multi-Fibre Arrangement (MFA) Forum Responsible Transitions Working Group

As we evaluate our options for improving our factory exit process, we see areas for improvement, including:

- Evaluating the full cost of entering new contract factories, so that we consider the impact of exits when making new sourcing decisions, including greater evaluation of a factory's financial health before bringing it into the supply chain.
- Continuing to adhere to the established factory exit process, providing contract factories with the notice they need to make good business decisions in the absence of Nike orders.

At this stage we have more questions than answers. We recognize that more dialogue with stakeholders is needed to define good processes for mitigating worker impacts. To meet that goal, we are sponsoring the efforts of the Multi-Fibre Arrangement Forum's Responsible Transitions Committee, which is working to better define responsibilities and options for each stakeholder engaged in factory exits.

## Major Issues:

The areas of focus we identified in our FY04 Corporate Responsibility Report continue to drive much of our work today.

> By FY11 we aim to have the Freedom of Association educational program implemented in 100 percent of our focus factories.

### Freedom of Association (FOA)

Protecting the rights of workers to freely associate and collectively bargain remains a persistent and fundamental compliance challenge in the industry. We shared three components of our approach to strengthening industrial relations in our FY04 report: encouraging worker-management dialogue, sharing best practices to improve factory grievance systems and directly intervening where specific freedom of association issues arise. Although we have undertaken some specific actions over the past two years, we feel that much more needs to be done in this area.

Among various freedom of association initiatives, we participated in the Fair Labor Association's Central American Project, to counter the prevalent practice of blacklisting in Central America, particularly within Economic Processing Zones. The project attempted to address blacklisting by developing and providing training to factory management and government officials on human resources policies and practices around hiring, termination, disciplinary measures and grievance procedures.

In Vietnam, we are participating in the International Labor Organization's Factory Improvement Program alongside trade unions and factory management. The program is being implemented in collaboration with the Vietnam Chamber of Commerce and Industry in 12 contract factories around Ho Chi Minh City. It consists of seven training modules which, among other things, are designed to strengthen collaboration and worker-management communication.

In China, we continue to work with the Xiaochen Hotline Program to provide training on China labor laws, improved worker-management communication and more effective grievance systems. In 2007 we will focus on building these principles and promoting workers' access to the hotline.

More recently, we worked with SITEMEX, the trade union representing workers at MEXMODE in Mexico, and factory management to reach an innovative agreement to bring in an outside consultant to evaluate the factory's human resources management practices and make recommendations for increased productivity.

Despite these efforts, significant challenges remain. Many challenges are beyond our ability to impact significantly, but we continue to address when possible. These issues include:

• The complex and varied legal framework for freedom of association from country to country.

• The varying degrees of effectiveness, transparency and good governance within union representation, and a need for local unions to build capacity to be effective and constructive partners with management.

• The need to educate contract factories – to varying degrees – on the role of freedom of association and collective bargaining.

To address these issues, we have now adopted a work plan that includes several important new steps:

#### 1 Clarify.

We are developing a deeper and more clearly defined Nike position on Freedom of Association and the broader topic of worker-management dialogue over conditions of work and worker grievances. For example, like others, we continue to grapple with the challenge of promoting free association in countries where legal or political constraints prohibit or limit such rights of workers, which is the case in several countries where our product is manufactured.

#### 2 Train.

We have not done enough to systematically map legal requirements around free association in our key sourcing countries and train our compliance staff. We have started identifying key stakeholders, but have not yet integrated them into an overall understanding of the legal and broader worker association landscape. To address this gap we plan to develop country-specific profiles. These profiles will capture a summary of key legal requirements, concerns raised by trade unions and others regarding the country's practices, information on specific freedom of association issues within the Nike supply chain and a list of principle stakeholders. Based on this work and input from stakeholders, we plan to develop more systematic training for our compliance staff and identify mechanisms for delivering training to factories to facilitate good industrial relations.

#### 3 Build.

We plan to consult and work with stakeholders to include best practices around grievance systems and worker-management communication as part of our human resource management initiative. We plan to review and revise our MAV audit tool to improve the way we measure the effectiveness of worker management communication, including worker grievance processes and the ability of workers to exercise free association rights and collective bargaining within our contract factory base.

# Excessive overtime:

By FY11 we aim to eliminate overtime identified in all contract factories.

In our FY04 report, we identified excessive overtime hours – hours worked beyond the limits of country rule of law or Nike’s Code of Conduct, whichever is more strict – as one of the most pressing and pervasive issues in Nike contract factories and in the industry at large.

The new audit tool we developed to identify root causes, the MAV, confirms what we suspected.

Late design changes and poor forecasting by buyers pressure factory management who may already have done a poor job of production planning or have accepted orders beyond their capacity as a means of managing risk in a fluctuating market. The pressure on contract factories is compounded by unexpected events such as power shortages or late material arrivals.

The pressure on the factory to deliver product on time often seems to outweigh concerns about legal compliance, code compliance and general good work practices. A negative reinforcing loop may occur: Excessive overtime can result in decreased quality or productivity, promoting further excess hours to meet production targets. Many in local industry also are able to circumvent or ignore legal compliance standards, which may reflect a more generalized lack of clarity about or enforcement of the law.

## Upstream focus

While we cannot control all of the factors that lead to excessive overtime, we are determined to better manage the variables driven by our business processes.

In June 2005, we launched an Excessive Overtime Taskforce chaired by our CEO. The taskforce includes business leaders from each of our three product engines and senior leadership in corporate responsibility, including those focused on strategic planning, research and compliance. Tasked with examining the entire business cycle as it relates to overtime, the group identified several key areas where there is opportunity to provide benefit to both Nike and the contract factories’ efforts to control excessive overtime.

The goals identified were:

-  Increase productivity per product style – Fewer lines generate greater profitability, decreasing the complexity within the supply chain and potentially increasing the profitability.

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-  Expect process discipline – Expect people and teams throughout the system adhere to the process.

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-  Consolidate materials – Consolidating the use of materials eases pressure on the supply chain through less complexity and less volume of diverse materials.

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-  Increase on-time commercialization – Hand off from the designer to factory must take place within our agreed upon time frame so that added pressure to deliver to market on time is not placed on the factory.

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-  Increase forecast accuracy – If product forecasts are significantly off, this can cause significant and sudden increases or decreases in orders.

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-  Reduce samples – The need for sales samples in the traditional business model places significant pressure on the supply chain. Samples frequently are asked for with much shorter deadlines and in small quantities. Reducing samples will not only positively impact the factory floor, but also significantly reduce the amount of waste generated in the overall supply chain.

Each goal is significant and complex. Certainly the Corporate Responsibility team alone is not able to bring about change on deep and widespread process improvement across the global supply chain. The goals demand significant process, cultural and behavioral change throughout the business.

Based on the task force's work, the Corporate Responsibility team is updating the balanced scorecard to include direct correlations between business processes and resulting excessive overtime on the factory floor.

This scorecard will provide an important check on Nike's delivered in full, on-time metric for evaluating business performance. We aim to achieve a balance between meeting expectations to remain competitive in the marketplace, while protecting the worker's right to a safe workplace, where there are reasonable hours of work that meet Nike's Code of Leadership Standards.

#### Eliminating excessive overtime: the business case for the factory

Ultimately, we aim to see contract factories take responsibility for compliance and better productivity. To accomplish this, we help them implement better business practices and well-developed human resources practices and factory management systems.

One of our leading suppliers in Turkey explained that it committed resources to address excessive overtime following Nike's D rating for the factory due to non-compliance in this area. In its words, "We were paying more money for a negative performance evaluation. Something had to change."

In general, the true cost of excessive overtime still goes unmeasured within most contract factories in the industry. Building the links between traditional areas of measurement in contract factories, such as quality and delivery, and the human element – turnover rates, costs of recruiting and training, time lost due to incidents and accidents – are crucial in establishing a business case for eliminating excessive overtime.

Without a clear business case, contract factories have a difficult time embracing investments in human resource management systems. External market pressures are simply too overwhelming and the rule of law generally too weak to create a level playing field at the regulatory level.

#### Looking ahead

Eliminating excessive overtime will require a cultural shift, both within Nike and our contract factory base. The keys to unlocking that change are similar:


- Measuring the right data to evaluate the business impact of our practices, upstream and on the factory floor.
- Creating incentives that reward the right behavior.

# Wages:


Our ultimate goal is that equity runs across supply chains from start to finish and workers at every stage of a supply chain are rewarded with locally relevant fair, competitive wages.

We have two distinct approaches to wages:


- 1 To monitor that workers are paid wages owed them for the hours worked, at the rates agreed to, with base compensation at a level that reflects minimum wage or above and includes a number of benefits that are defined by factory, collective bargaining processes or country legislation. This is documented in our [Code of Conduct](#) and is a core component of our factory grading.
- 2 To explore and support the building of human capital (worker skills) coupled with increasing factory productivity as mechanisms that positively impact worker compensation levels while also assuring a competitive business model for factory, country and buyer. This is addressed through our targets for the next five years, namely to:

-  Provide tailored human resources management training and systems to all of our focus contract factories.

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-  Roll out lean manufacturing across all of our focus contract factories.

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-  Introduce freedom of association and collective bargaining training to all of our focus contract factories.

We believe that a responsibly competitive industry that invests in its workforce will result in sustainable, locally relevant wage increases for workers over the long term. We do not endorse artificial wage targets or increases based on arbitrary living wage definitions. Minimum wages should be determined by negotiations with workers and management and through public policy. As part of our lean manufacturing strategies, we are committed to educating managers and workers in our contract factories about freedom of association and collective bargaining, as well as helping factories implement strong human resources management systems and practices.

## Across the industry

In an average garment, labor costs represent about 15 to 20 percent of the total per-unit price paid to the factory, with materials contributing approximately 60 percent of the product's on-board cost. In footwear, the average labor costs are 10 percent of the total per-unit price.

In the traditional business model of the apparel and footwear industry, where the key driver has been lowering the landed cost of goods, stakeholders have rightly expressed concern that a market-driven downward pressure on price can undermine efforts to improve working conditions. They're specifically concerned that downward pressures on pricing can be a factor in maintaining wages at artificially low levels.

Although a small fraction of the total cost of a product, wages have traditionally been one of the only parts of the manufacturing process with elasticity. Across the industry, we see contract factories closing, often blaming lower wages in other countries. For those that stay open, negotiations between management and worker representatives are often tough, with little room for bargaining in such a price-sensitive market.

In the past, tariffs and quotas created sourcing necessities based not on consumer demands but that could be accommodated because of the slower pace of change within the marketplace. Quotas and tariffs also created impacts to the unit price of goods – sometimes hidden, sometimes visible – and producers reacted by hunting to find the best freight on board (FOB) price in a very fragmented market.

Tariffs and quotas have been dismantled, allowing for more long-term partnerships with contract factories. Consumer expectations have changed. They expect more, sooner and with increasing customization. New markets emerge as economies develop. Success in the new global marketplace is based increasingly on time to market and product quality. This is changing the dynamic

## On the factory floor: Measuring the true value of labor

The starting point for many contract factories remains basic compliance with local wage laws, including appropriate payment for overtime work. In FY05-06, Nike secured nearly \$1 million in back wages owed to factory workers, most of them in Asia. In some cases the unpaid wages reflected a lack of commitment to ethical behavior by contract factories. In many other cases they reflected poor systems for tracking wage payments or poor understanding of local law.

For nearly all contract factories, even those that manage their payroll appropriately, the true value of labor is highly underestimated. We believe that shifting the view of the workforce from cost to investment is a crucial component of supplier ownership of corporate responsibility and is a requirement for shifting the wages debate.

Some Nike contract factories manufacturing today reflect an ROI2 model: investing in workers and watching their investment reap returns

in efficiency and quality gains. So far, these contract factories number far too few across the industry, but increasing numbers of contract factories in our supply chain are shifting to new models, in part because they are rethinking their approach to manufacturing.

In the past five years, our footwear team has developed lean manufacturing processes with key suppliers. Lean manufacturing empowers and develops the workers' skill sets so that they can perform multiple tasks, facilitates the efficiency of the manufacturing process, and encourages workers to identify problems and solutions, positively impacting quality.

Greater efficiency and higher quality is related to productivity and profitability gains, all of which make a factory and its trained work force more competitive. We believe lean manufacturing has the potential to result in wage gains for workers as their skill sets and productivity improve and as the factory invests more in workers' development and retention.


As lean manufacturing creates productivity gains, many factors will influence the ultimate benefit to workers and how any profitability improvement is shared or reinvested across the supply chain. For example, a productivity gain may be offset by a long-term increase in fuel prices or raw materials, affecting both the factory and the buyer. Consumer demands may require that gains be reinvested in product improvements or retail prices. By the same token, a factory may need to reinvest gains in worker retention to keep the factory competitive.

It's unclear today how lean manufacturing will affect workers' wages. Measuring these impacts is challenging, and we are still exploring how to best quantify gains for workers through lean manufacturing.


A factory may be unwilling to share with us how all of their gains from lean manufacturing are being shared or reinvested. Because contract factories are separate companies, we do not have visibility to all aspects of their operations and financial business model. However, we are seeing gains to contract factories and to Nike from our initial work with lean manufacturing, and we believe the long-term savings can be significant for both factory and buyer. For fiscal 2007, Nike expects to see a \$0.15 cost reduction for each pair of shoes produced on lines that have been lean for at least 12 months. We are reinvesting these gains into our growth strategies. We believe contract factories are reinvesting

their initial gains into the investments required to implement lean manufacturing and the human resource management systems required to make lean manufacturing effective. We believe that the ultimate savings from lean manufacturing could be more than double the savings we've experienced so far. This would certainly be significant when applied to our current footwear production of more than 225 million pairs a year.


In FY08 we are committed to continuing work in this area, including:

-  Evaluating current wage levels at selected contract factories, including those implementing lean manufacturing, and determining the impact of productivity on labor rates.

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-  Building a set of measures for factories to use in developing human resources management systems to properly value their investments in labor.

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-  Identifying case studies and sharing them with a broader set of contract factories to promote ROI<sup>2</sup>.



# Hazardous waste:

We have broadened our perspective on our responsibility to include the environmental footprint of manufacturers, impacting both workers in contract factories and the environment. Specifically, we are tracking the final disposition of hazardous waste. In recent years we have come to understand that we needed to identify the compliance and technical capabilities of contract facilities to treat and dispose of the approximately 5 million kilograms of hazardous waste generated by Nike contract facilities.

In mid-2004 we joined [CHWMEG](#), a nonprofit trade association comprised of manufacturing and other industrial companies interested in efficiently managing the waste management aspects of their environmental stewardship programs. CHWMEG conducts comprehensive, independent reviews of commercial facilities that treat, store, dispose, recycle or transport waste based on a standard protocol and conducted by independent, experienced environmental firms. CHWMEG member companies share the cost of the facility review reports that are of interest to each member.

Since joining CHWMEG, we have invested in six such reviews at strategically selected sites, primarily based upon volume of hazardous waste generated, three in China, two in Thailand and one in Vietnam. These six facilities collectively receive more than 45 percent of the global volume of hazardous wastes generated by Nike contract factories and 65 percent of the global volume of our footwear wastes.

By the end of FY07 we aim to have completed audits at 10 facilities around the world, capturing 65 percent of the global volume of hazardous wastes generated and 90 percent of the footwear hazardous waste. We also aim to conduct facility reviews at key disposal facilities in Indonesia, Brazil, Mexico and Turkey.

Results to date have increased our awareness and knowledge regarding hazardous waste treatment service providers. We now are able to drive factory remediation and influence contract manufacturers' disposal facility selection process. Together with contract partners, we ultimately hope to reduce the risks associated with regulatory fines, clean up actions and brand image concerns, while improving working conditions. For more detail on our efforts around hazardous waste, [read](#) our Considered Design and the Environment section.

**Helping to improve contract factory conditions and enhance protection of worker's rights continues to be one of Nike's most important corporate responsibility efforts. It is the combined efforts of corporations, government, trade unions and non-governmental organizations that will bring about systemic change.**

**Key Targets by FY11:**

- ▶ **All Nike footwear will meet or exceed standards set in our sustainability index.**
- ▶ **All Nike brand facilities and business travel will be climate neutral.**
- ▶ **Seventeen percent reduction in footwear waste.**
- ▶ **Thirty percent reduction in packaging and point of purchase waste.**

In our FY04 report we shared our thinking and our company-wide drive toward incorporating environmental sustainability into our business practices and our product design. We said that based on our footprint across our entire supply chain we saw a number of key focus areas for Nike:

- 1 Reduce waste generated across our entire supply chain.
- 2 Reduce our CO2 emissions.
- 3 Use chemistry and design innovation to eliminate toxins and waste.
- 4 Design ourselves into an ultimate, aspirational goal of creating closed-loop products and business models (products that can be reused or recycled).

Nike creates approximately 50,000 product styles each year. Although our business strategy includes producing fewer product styles, our volume and sales are projected to grow. That level of production traditionally creates a great deal of waste and requires a considerable amount of chemistry throughout the life cycle of products – from design through manufacturing and shipping to the consumer and on to the landfill or second-hand market.

We see three choices:

- 1 Continue with business as usual, ignoring the impact.
- 2 Address waste and impact of chemistry where we see them occur.
- 3 Influence the beginning of the process.

The first is not an option. The second will only produce incremental improvements. The final choice is where we see real potential for impact and system change.

Gathering and reporting data in this area helps us understand better the impacts of our business. It helps us understand the links between our core processes and end products and the steps between that deliver opportunity for real innovation in eliminating waste, changing the chemicals used in products and, in some cases, challenging notions of the need for chemicals at all.

Sometimes the results are easy to come by, as we found in creating a use for scrap footwear material in Nike Grind which has gone on to resurface 210 playing fields. Other times we know the result we're aiming for, but finding a feasible solution that doesn't compromise on performance can take years of trial and error and significant resources with many missteps along the way. That was our experience when we fully eliminated F-gases across all Nike products in 2006 after 14 years.

Both examples demonstrate more than the value of eliminating waste. They show how tackling problems can result in tangible business benefits. These innovations came from asking tough questions and committing resources to solving problems.

As we've worked through the transition period of FY05-06, we've reached a number of significant milestones that lay the foundation for achieving our overall targets.

### Better design for a better world

One of our biggest accomplishments has been the measurement of Nike's waste footprint and the broader footprint of our entire supply chain. We can now create a baseline against which we can establish targets and begin to measure the real impact. We can now define what success looks like.

Our approach to improve product sustainability by focusing on design has evolved. Part of that evolution was the development of our key design ethos, with goals to fuel constant improvements in our design and production processes that lessen our impact on the environment and society, using sustainability as a source of innovation and a way to inspire new thinking and deliver tangible results. This cuts across our entire business, encompassing what we do and how we do it, touching nearly every department and staff member.

We call this our Considered Design, inspired by a line of products bearing the same name that we launched in the spring of 2005 incorporating principles of both premium design and environmental sustainability.

Embedding the sustainable approach is a significant step. We pulled together a Considered innovation team to provide the inspiration and tools to drive the design philosophy deep into our product categories. The team is made up of chemists, biologists, material specialists and designers with the mission to go beyond incremental change and design Nike into a future state. While this work is still in early stages, we see enormous opportunity for innovation that can benefit our business and society.

### Design for innovation

In its place at the beginning of the supply chain, the design function offers tremendous opportunity to design out issues and design in innovation. When problems are solved at the design stage you begin to solve them for the whole supply chain. For Nike designers, that means they are constantly challenging themselves to design products that improve athlete performance, whether for an Olympic gold medalist or the casual Sunday morning runner.

Now, in addition to innovation in performance and aesthetic, Nike challenges its designers to create product that also delivers sustainable design.

When creating product we consider both traditional criteria — performance, price and aesthetics — as well as the environmental impact of our decisions, including product concept, manufacturing, material sourcing and packaging. We focus on waste, chemistry and materials to develop new products or improve the way we make products.

We have adopted sustainable design guidelines, trained footwear designers and reviewed the application of those principles in quarterly meetings alongside traditional criteria. Together, through these steps, we have put responsibility for sustainability in the hands of designers who are intimately connected with the product from its inception.

Nike's debut of a sustainable product line — the Considered line — targeted the leading-edge consumer. The hallmark of this design philosophy is the Considered Boot: a single shoe lace woven between the leather parts of the upper conforms to the size and shape of the foot; stitching secures the upper to the sole, eliminating adhesives and providing both environmental and performance benefits; and cross-stitching across the external seams gives robust structural support to the shape of the shoe. The Considered Boot was recognized with the 2005 Industrial Designer's Society of America's Gold Industrial Design Excellence Award. We have developed and will continue releasing sustainable products through the Fall and Holiday 2007 seasons, including a line of backpacks and messenger bags and a new range of outdoor footwear and apparel that incorporate both environmentally preferred materials and fully sustainable design elements.

But our goal is not to deliver a few, niche product lines. Our goal is to embed the considered design across all product lines. By FY11, we anticipate all Nike-branded footwear will meet our threshold standards. By FY20, we anticipate all Nike-branded products will meet these threshold standards. We also expect to continuously raise the bar on the standards, continuously pushing ourselves to innovate more.

As we focus on design and its impact on product and waste, we continue to gain insights and feedback from consumers, including their evolving attitudes toward sustainability and purchasing habits.

### Premium re-defined

In FY04 we saw few signals that sustainability would alter consumer attitudes or purchasing behavior. Today, we see change. Retailers have a strong interest in helping to tell the Nike story around sustainable design and we are focused on giving consumers and interested stakeholders greater information. This information includes both the attributes and the challenges of product, including its environmental, labor and community footprint. We are building information systems and web-based tools to capture accurate, real-time information that will help us with this dialogue.

We believe sustainability will become mainstream by demonstrating success and growth for Nike and beyond. As sustainability becomes a differentiator for brands and a source of competitive advantage, we think it is crucial that the consumer has accurate, complete information on not just the delivery of "green" products, but the extent to which the company is committed to greening its entire supply chain.

A great product would be one that doesn't produce waste at any stage of its lifecycle. That holy-grail product would serve its useful purpose to consumers, delivering a top-performing product that produced no waste in its development and results in no waste at the end of its useful life. That product does not exist today. But that doesn't stop us from tackling waste and use of chemicals from the start and putting our innovation skills to use.

## **FY05-06**

### **Performance:**

**In its role at the beginning of the supply chain, the design function offers tremendous opportunity to design out issues and design in innovation.**

# Summary of Goals and Results: Environment

We measure success by looking at the results of the programs we've invested in to incorporate sustainable materials into product design and to eliminate waste and toxins.

GOAL (FY04 Corporate Responsibility Report)	FY05-06 STATUS / NEW GOAL	FY07-11 PLAN
<b>Sustainable materials</b>		
Incorporate a minimum of 5 percent organic cotton in all cotton materials by 2010.	Progress on goal. Through FY06, 52 percent of all cotton-containing garments contain a minimum of 5 percent organic cotton.	Continue progress against stated goal.
Increase use of environmentally preferred rubber to 60 percent of all rubber used.	Used environmentally preferred rubber in more than 50 percent all footwear in FY06.	Continue to develop additional environmentally preferred materials and increase their use (including rubber).
<b>Chemistry</b>		
Evaluate our business processes in FY06 and develop a workable tracking method (for ink systems in apparel factories) to minimize polyvinyl chloride (PVC) usage.	No significant movement toward this objective during FY05-06. This is still cost prohibitive in some apparel applications and in others no reasonable alternative has been presented.	Work with ink suppliers and printers in our supply base to determine whether and how we can reduce/eliminate all PVC use.
<b>Waste</b>		
Continue to drive waste-elimination efforts.	Conducted comprehensive waste mapping exercise in FY06. Results helped us to identify our largest waste streams and further develop our waste elimination goals.	Complete the waste strategy based on mapping and begin implementing strategy. Prioritize waste elimination targets.
<b>Water</b>		
Develop a strategy on our environmental footprint with respect to water.	Maintained program and experienced improvements in results. In FY05-06 we expanded the number of suppliers covered in the apparel program to 282.	Continue to work with our supply chain to minimize the impact of water use for production of our products.
<b>Climate change</b>		
Offer nitrogen Nike Air cushioning solutions across the whole of our product ranges by June 30, 2006.	Eliminated all SF6/PFP by June 2006. Climate change-neutral nitrogen is now used in all Nike Air products.	Goal achieved. New goals set.
<b>Business processes</b>		
Integrate sustainable design thinking into the business.	Established the sustainable product innovation team and began educating designers on sustainable design guidelines in FY05-06.	Finalize corporate-wide targets for sustainable design. Implement new education tools and processes.
<b>Packaging</b>		
Develop a strategy to address both packaging efficiency and reduction.	Assessed our packaging footprint as part of a company-wide waste mapping exercise in FY06.	Complete the packaging strategy plan and begin implementing it.

# Issue Breakdown: Materials

As part of the production of our products, we face a number of challenges, ranging from use of materials to handling waste. For each, we have developed and applied an appropriate approach and continue to seek ways to limit use of materials and handle them safely and, where possible, eliminate their use throughout production.

## Sustainable materials

Expanding our use of environmentally preferred materials as new technologies become commercially viable will allow us to integrate these materials into our products. These materials have added environmental benefits that do not compromise the aesthetic, quality and performance that our consumers expect from Nike products. This allows us to leverage our purchase volumes with our suppliers, making environmentally preferred material options more cost effective. It also encourages our suppliers to develop more sustainable materials since they know there will be a market.

## Recycled polyester

Recycled polyester is a fiber derived from reprocessed, post-industrial and/or post-consumer polyester waste materials such as plastic bottles, consumer textile products, uniforms and textile scraps. We have begun using recycled polyester in many of products in our All Conditions Gear outdoor line as well as various active apparel items.

## Leather

Nike is the one of the world's largest users of white leather. Waste from cutting leather constitutes one of our largest footwear solid waste streams. Recognizing our impact in the athletic footwear industry, we collaborated with tanners and other footwear brands and retailers to found the Leather Working Group (LWG) in 2006. The LWG developed a protocol to assess the environmental compliance and stewardship practices of leather tanneries, and to promote best practices in the industry. By assessing tanners against this protocol, we will be able to identify those that meet our threshold for environmentally preferred leather suppliers. The protocol was peer reviewed in 2006 and will be launched in FY07. The LWG is facilitated by [BLC Leather Tech](#).

# Issue Breakdown: Materials

## Organic cotton

Nike's long-term goal for organic cotton is for every cotton-containing apparel product to contain at least 5 percent organic cotton by 2011. We are currently on track to achieve this ambitious goal. Fifty-two percent of our cotton-containing products produced in FY06 contained a minimum of 5 percent organic cotton.

## Other materials

### Polyvinyl chloride (PVC)

Known as vinyl, PVC has become ubiquitous in the past 50 years, used in everything from packaging to flooring, toys, pipes, medical supplies, cars and sports equipment. Durable and inexpensive to make, PVC was the plastic of choice until recently. Over the last several years, PVC has received considerable attention because of a range of environmental issues related to its manufacturing and disposal.

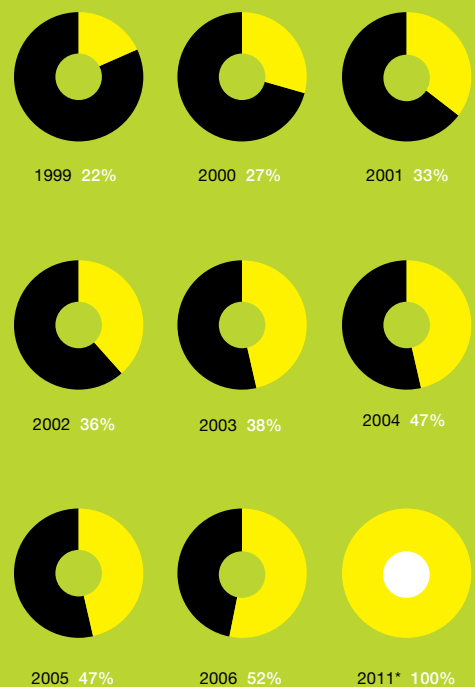
In the late 1990s, we – controversially at the time – announced our policy to remove PVC from our product lines. Removing PVC has required great cooperation in our supply chain and discipline from our design and production teams. Nike has made real progress in this aim. Virtually all of Nike-branded product is now PVC free. At the end of FY06, a few remaining product types still use PVC with performance, difficulty of use and price being the primary obstacles in the implementation of suitable alternatives. We continue to work our supply chain and with ink suppliers and printers to find and implement attractive and durable alternatives to PVC.

Chart 23

### Organic Cotton Use

Garments Containing a Minimum of 5% Organic Cotton

Percentage of total cotton garment volume



\*FY11 Target: 100%

Source: Nike Data Management System



# Issue Breakdown: VOCs

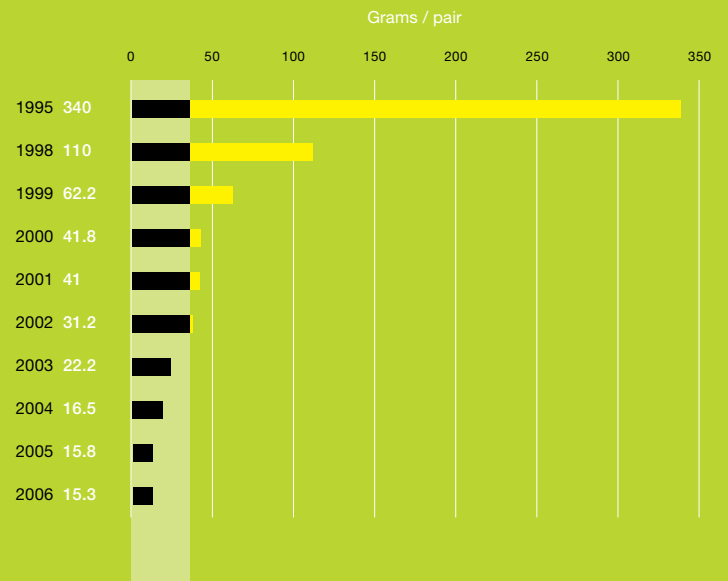
## Volatile organic compounds reduction.

In our FY04 report, we discussed our long-term effort to reduce volatile organic compounds (VOCs). Use of petroleum-derived solvents in manufacturing creates a potential negative impact on worker conditions and often requires the use of expensive and uncomfortable personal protective equipment (PPE). The release of VOCs also has an undesirable environmental impact.

VOCs are a byproduct of manufacturing processes, not our products. Therefore, as we continue to move upstream in tackling these issues to design, we are hopeful that our efforts will enable further VOC reductions. As illustrated in the chart below, we continue to reduce VOC usage across the business, from an average of 340 grams per pair of shoes in 1995 to 15.3 grams per pair — a 95 percent reduction overall — through FY06. Through this effort we also have helped to promote safer environmental practice as an industry standard for footwear manufacturing. Looking forward, we are working with equipment manufacturers to reduce VOCs further. Again, we believe this aim will be more successful with a multi-brand approach.

**Chart 24**

Volatile Organic Compounds (VOCs) Solvent Usage



Baseline in 1995 Estimated from Chemical Usage Records

1995 goal to reach 90% reduction achieved in 2002.

Source: Self-reported data from contract factories

# Issue Breakdown: Chemistry

## Environmentally preferred chemistry

Our product sustainability efforts are an example of upstream focus: striving to eliminate or minimize toxins through healthier chemistry, tackling the issue at the source and using innovation rather than solely relying on compliance where the issue is manifested.

Linking product chemistry to the findings of our field-based environmental, safety and health (ESH) teams is designed to systematically reduce the use of toxic chemicals in the manufacturing process.

In addition to the work that intersects with environment, safety and health, we are also evaluating chemicals and material platforms as a way to develop additional environmentally preferred materials. Our systematic evaluation is based on both defining the hazards of chemicals and evaluating the risk posed by those chemicals. This process allows us to prioritize the chemicals for elimination or substitution. We will work closely with chemical suppliers as we evaluate our material platforms.

## Environmentally preferred rubber

Rubber that we use to make the outsoles of various footwear products creates another significant material waste stream. Beginning in 1988 we assessed the chemicals we used in rubber formulation against a core set of human health and environmental criteria. Using this protocol, by 2002, we integrated more benign accelerators and vegetable oils and modified the processing to create new, environmentally preferred rubber that contains 96 percent fewer toxins by weight than the original formulations. We expanded the work by creating a different formulation in 2005. We achieved this dramatic reduction without compromising performance or cost, which both compare to the old formulations.

We are working to establish a consortium of companies to develop other environmentally preferred material platforms. In our FY04 Report, we noted the use of environmentally preferred rubber in about 3 percent of our footwear models. We projected that within a year we would use the new formulation in about 60 percent of our models. At the close of FY06, we had more than 50 percent of footwear models containing some of the improved rubber. Across the Nike brand, this change has allowed for the elimination of at least 3,000 metric tons of toxic materials every year.

## Restricted substances

As we shared in FY04, and in an effort to guide our suppliers in the production of safe and legally compliant product, we have implemented a number of restricted substances lists. These lists detail substances restricted or prohibited in Nike-brand footwear, apparel and equipment. The lists are based on the most stringent worldwide legislation, with an eye on legislative trends and stakeholder concerns. In addition to the lists of substances, we also communicate test requirements and methods to our suppliers.

Through our restricted substances portfolio, we aim to educate suppliers that may not have detailed chemistry or legislative insight on how to protect consumers, workers, the environment and our brand, and to ensure the safe importation of Nike product to any market in the world.

Currently the following areas are covered by these lists:

-  Finished product (RSL)
-  Manufacturing (MRSL)
-  Packaging (PRSL)
-  Electronics (RoHS)

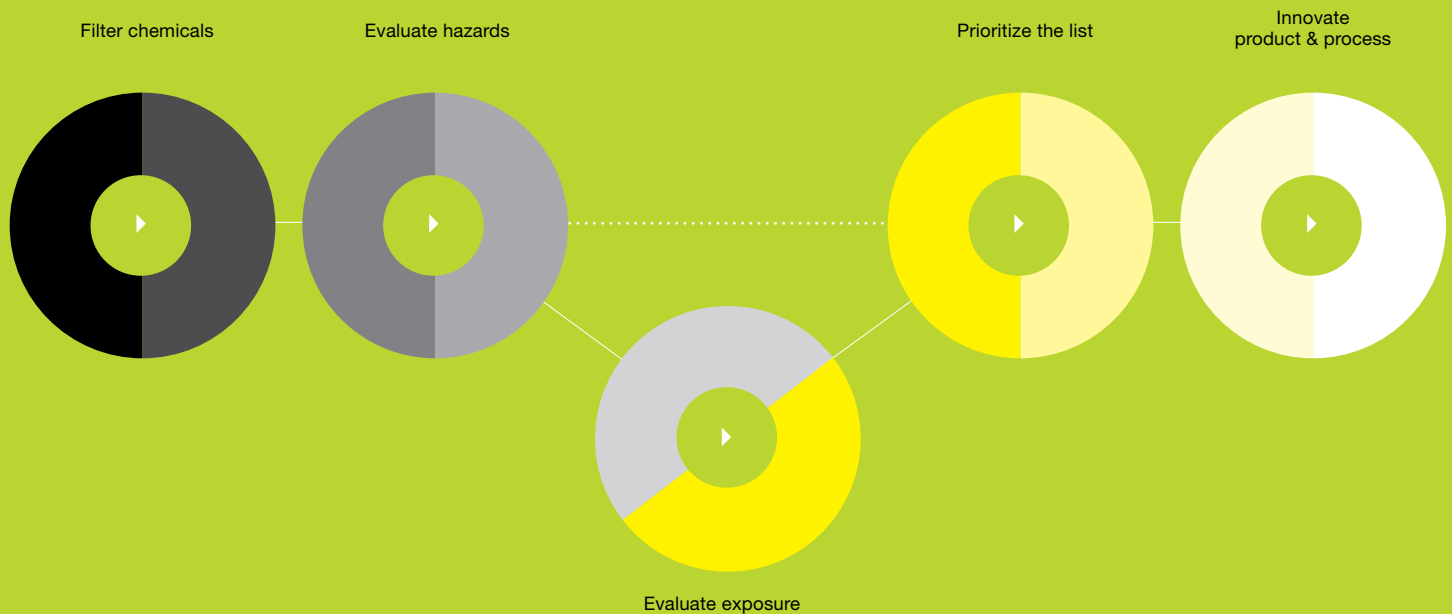
We routinely shares our lists with others in the industry and participants in industry working groups such as [AFIRM](#) (Apparel and Footwear International RSL Management) to help track restricted substances and to share best practices for avoiding non-compliant product. AFIRM also presents restricted substance list concerns to suppliers through joint training programs.

# Issue Breakdown: Healthier Chemistry

The next phase of Nike's chemical and product stewardship involves a broader look at toxins. This phase takes Nike beyond regulatory compliance (RSL) and seeks to improve our products by proactively targeting, removing or replacing chemicals that, while not legislated, fit the scientific definition of a toxin.

This long-term project requires us to work closely with the scientific community, stakeholders, our supply chain and other wholesalers and retailers. We've taken voluntary steps beyond regulatory compliance in the past but what sets this effort apart is its comprehensive approach. Since our FY04 report, we have taken our healthier chemistry approach through peer review by a number of toxicologists in the E.U. and U.S. As a result, we have updated our toxic categories and have added exposure evaluation. We are currently working with industry experts, consultants and universities to create tools for our program that also may be useful to others with similar programs. As discussed above, evaluation of exposure allows us to prioritize chemicals for elimination or substitution.

Chart 25  
Healthier Chemistry Approach




# Issue Breakdown: Waste Elimination

Waste is created at every step of a supply chain. It's pervasive. Usually no one person, group or division in the company has a clear view of its quantity, its cost/value or its impact. In FY06, we undertook an exercise to understand the full impact of our physical waste across our entire company, the inevitable outcome of transforming raw materials into products and delivering those products to consumers.


We performed a waste mapping study by gathering information from more than 100 people from different areas of the business, where grassroots efforts were already being employed to reduce and recycle waste. We started by creating a broad, ambitious definition of waste as any product or material purchased anywhere in the supply chain that does not ultimately end up in the consumer's closet. This definition includes non-product waste (such as packaging), manufacturing waste (such as scrap material in contract factories) and product waste (such as samples). By reducing this waste, we believe we can considerably reduce our impact on the environment while realizing significant cost savings.

Some results from this study were especially startling. For example, we found that retail packaging contributed more waste than all of product manufacturing. In fact, nearly 75 percent of all waste came from parts of the supply chain outside of the factory. When measured by weight, we found that more than 40 percent of the materials and products that we buy met our broad definition of waste.


Product has four sources of waste:

-  Marketing determines the amount of products we put into the marketplace.


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-  Design choices determine the type of waste that will be created and, to some extent, the amount of scrap waste generated by the contract factory that is manufacturing the product.

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-  Manufacturing inefficiencies add waste by not fully using materials.

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-  Marketplace demands for packaging and advertising materials that communicate about the product are destined to become waste from their inception.

Our focus on eliminating solid waste is two-fold:

**Reduction:** a long-term process that can reduce waste from any point in the supply chain, with return-on-investment analysis helping to pinpoint the areas we should prioritize. Every dollar spent reducing waste correlates directly to money saved by Nike and brings better value to our consumers.

**Reuse/Recycling:** improving waste management overall to decrease its ultimate environmental impact. Our goal is to first focus on creating innovative reuse and recycling options for the waste that currently goes to landfill or is otherwise disposed. Better options include recycling the materials back into other Nike products or their components, selling the materials into a commodity market or creating licensed markets to use waste materials in other non-Nike products.

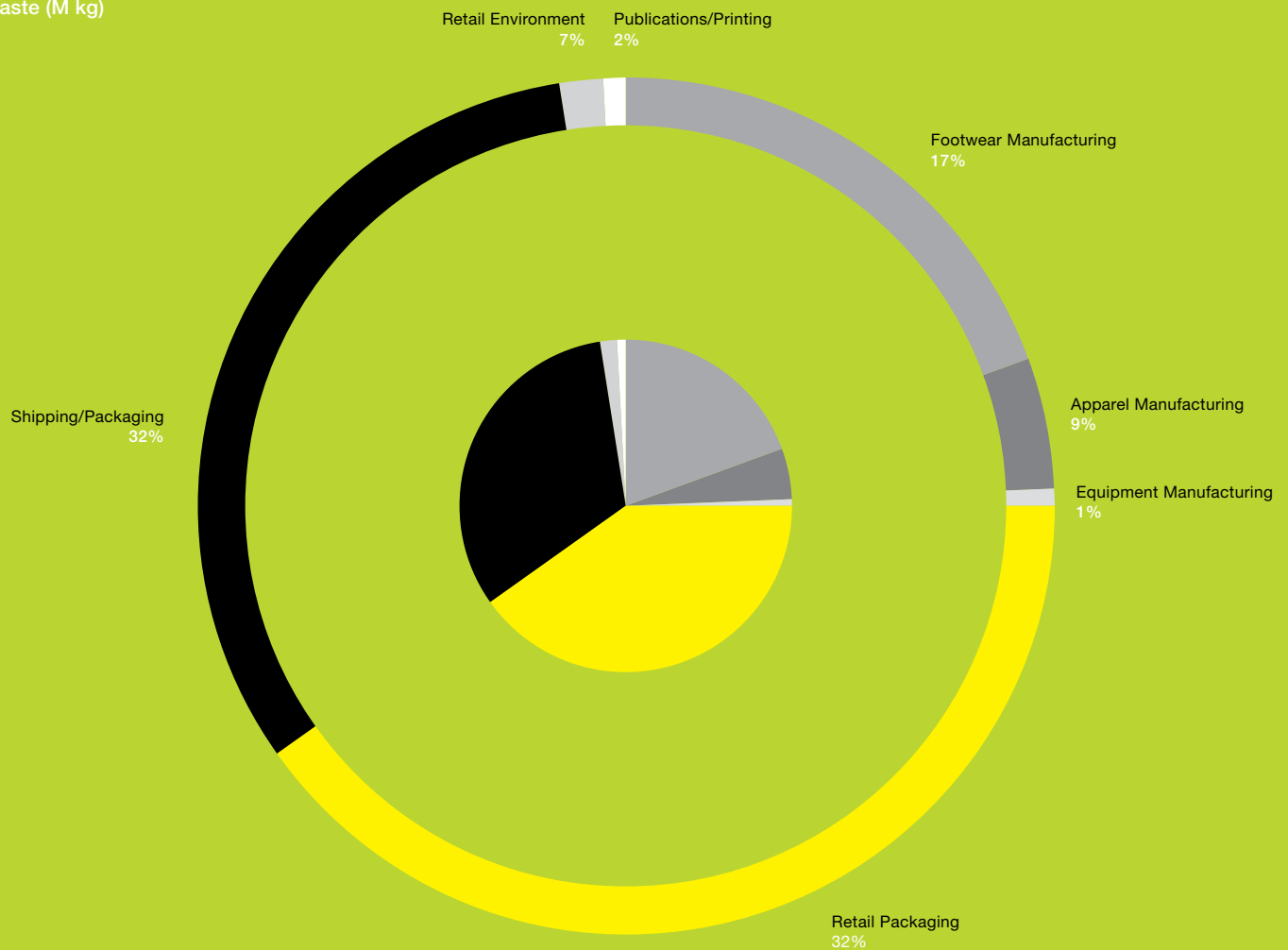
## *Nike Principles on Managing Waste*

- *Manage business by reducing or eliminating waste.*
- *Deliver operational efficiencies by reducing our creation of waste throughout the supply chain.*
- *Acting as a source of innovation by creating new products and partnerships where waste is reused, reduced or product is recycled.*
- *Support the brand by leveraging key opportunities both in product category and in new market segments to deliver sustainable and innovative product.*

# Issue Breakdown: Solid Waste

Our goal is to take the now company-wide view of waste and manage a strategy for reducing and recycling that can ultimately lead to economic savings, less wasteful and more efficient product, and new business enterprises. We have a tremendous opportunity to eliminate waste, and can address this by simplifying product designs, limiting materials, limiting needs for physical sample creation, employing digital methods for design and development, eliminating packaging waste, reusing tooling in the product creation process, editing product lines, and reducing product styles.

Chart 26  
Solid Waste (M kg)



**Footwear:** Manufacturing represents product raw materials. Based on measured data. \*See Chart 28 for more detail. **Apparel:** Manufacturing represents product raw materials. Based on factored data. **Equipment:** Manufacturing represents product raw materials. Based on factored data. **Packaging:** Includes retail and shipping materials. Based on factored data. **Point of Purchase:** Includes retail fixtures and promotional materials. Based on factored data. **Publications/Printing:** Includes catalogs and office paper. Based on measured data.

**Measured data** is waste that has been weighed. **Factored data** represents a waste sample being weighed and then scaled up based on production or procurement records.

# Issue Breakdown: Waste & Opportunity

## Waste as a business opportunity

One way to improve waste recycling is to create new markets for what would otherwise be waste materials. We are creating a sustained business model that will recycle materials into new markets that previously would be incinerated or sent to landfill.

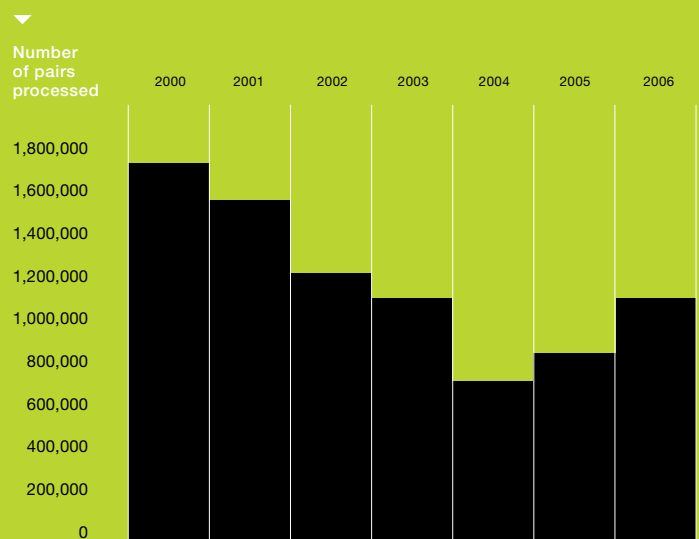
We are applying skills from across the company, including Nike's logistics expertise, to help the financial stability of these markets and are researching new applications for recycled materials.

In FY06 we established a business model to stabilize the market for granulated rubber from footwear manufacturing. The model resulted in more than 1.2 million kilograms of rubber going into useful products rather than the local market where we had no oversight of its ultimate use. In FY07, we are continuing to work with our suppliers.

Nike's Reuse-A-Shoe program is the company's primary mechanism for recovering product. Reuse-A-Shoe, established in 1993, recycles unusable athletic footwear material into Nike Grind material (made up of both post-consumer shoes collected as well as manufacturing scrap) used to create sport surfaces and other products, from running tracks to basketball courts.

Since the program began, we have processed more than 18 million pairs of used, counterfeit and defective shoes, helping to establish more than 210 sport surfaces in communities around the world. In FY06 we added a new recycling facility in Belgium. While unique in the footwear industry, today Reuse-A-Shoe barely scratches the surface of opportunity. The 18 million recycled shoes represents a small percentage of the shoes we have produced in the same period.

**Chart 27**  
Footwear Recovered Product (Nike Reuse-A-Shoe)



### Note

Pairs processed includes defective returns, counterfeits and post-consumer shoes. We have not collected the data in a segregated manner.

Source: Reuse-A-Shoe Production Summary Report

# Issue Breakdown: Manufacturing

If you walked through a contract factory making Nike shoes in 1996, you would have noticed enormous piles of waste. At that time, for every pair of shoes made, the equivalent material for an additional shoe was thrown away. This was obviously not a sustainable process, both in terms of cost and in dealing with the excess material.

In 1996, we took the first steps to reduce this waste at the factory floor level by measuring it and increasing its visibility within the company. Our initial report led to ongoing monthly measurement of more than 40 waste materials from each contracted footwear factory. Since that time we have improved the accuracy and reliability of our measures and they continue to provide critical information that helps us reduce and manage the remaining waste streams.

Following from our early efforts to measure waste, we developed a Nike Environmental Engineering (E2) organization with people based in each of our six major production countries in Asia and a program director located in China to provide oversight and reporting for waste programs at each factory. Our E2 staff analyzed the most wasteful processes in making footwear and helped factories develop new processes and material formulations that reduce the amount of waste created. They also helped develop in-plant recycling efforts so that formerly wasted materials could be used in other components of the shoe. For example, the waste from making the cushioning foam (mid-sole) of the shoe is now reprocessed to make the foot bed (insole).

Because Asian footwear manufacturing countries had limited infrastructure to manage waste reliably, we saw an opportunity to help develop sound waste management systems. In 2000, we began developing waste management centers near clusters of factories that would provide efficiency and critical mass for recycling wastes that could not be reduced or reused in the factories. We helped create these centers as well as processes for the factories to supply waste to them.

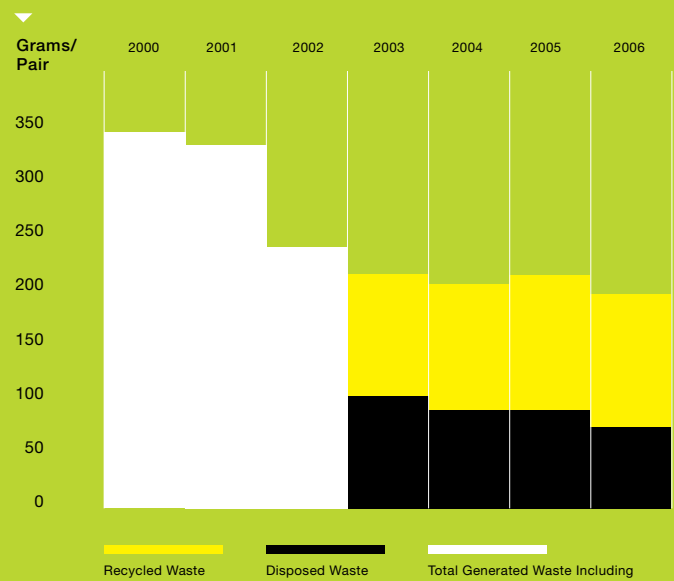
In FY06, five waste management centers were operating in four countries and served more than 85 percent of Nike-contracted footwear factories in Asia. These centers have helped create the infrastructure to manage recycled and reclaimed materials such as closed-loop materials, in which the original raw material vendor receives their waste materials from the shoe-making process and recycles them back into new materials for use in new Nike shoes. We have worked with seven vendors to create more than 50 closed-loop materials including heel counters, toe boxes, strobels and lining.

The Waste Management Centers also process materials that cannot be reused in footwear manufacturing but can be used in other products, for example rubber waste from outsole production is used in synthetic grass football and soccer fields. In some cases, the centers are involved in local recycling initiatives.

The chart below shows the combined result of these activities. We have worked with factories to reduce waste from manufacturing, based on weight per shoe, by 45 percent since 1998. Of the remaining waste, 5 percent more was diverted from landfill and incineration in FY06 compared to FY03.

Our next challenge is to further reduce the remaining wastes through both improved manufacturing practices and by creating innovative product designs in which waste reduction is one of the primary design considerations.

**Chart 28**  
Total Footwear Solid Waste/Waste Management Methods



#### Note

We did not begin tracking the breakdown between recycled and disposed waste until FY03. Data includes footwear manufacturing raw materials and manufacturing process waste. FY00-02 data were estimated from the early attempts to create a reliable measurement system. The FY03-06 data presented has a higher level of confidence.

Source: Factory monthly self-reporting

# Issue Breakdown: Supply Chain

## Supply Chain

Nike, like most multinational corporations, has a complex supply chain geared to get product out on time and efficiently to thousands of retailers around the world. We work with global transport carriers and engage in constant dialogue with government, customs officials and industry bodies for the safe and timely transport of cargo from point A to point B. Product leaves factories and goes to distribution centers and is then sent out to retail sites.

Optimizing our logistics costs is a key priority. Process excellence across the supply chain has huge potential to minimize our impact on the environment (through reducing waste and energy use) as well as cost savings (energy costs, warehouse space, oil prices). We feel the impact of the increasing costs of oil and other natural resources, and see clearly the challenges that a carbon-constrained economy presents to the current operating model of most businesses.

Our U.S. supply chain team, for example, aspires to achieve zero waste. The team began reusing shipping cartons in distribution centers in 1999 and in FY06 reused about 14,000 cartons. It has also set aggressive goals to reduce its overall carbon footprint and is working closely with third-party logistics providers to find opportunities to optimize fuel consumption and accelerate the use of alternative fuels.



# Issue Breakdown: Water

## Water Quality

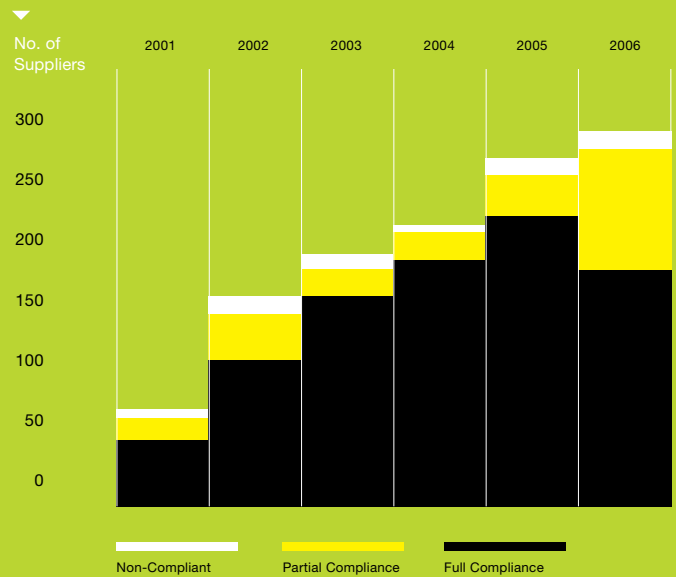
An estimated 20 gallons of water are used for every pound of textile produced. Use of this water and its discharge is the largest environmental impact of textile production. For these reasons, we direct vendors who supply to factories to comply with key criteria from our apparel water program. For FY05-06, this program was based upon guidelines developed through a working group managed by **Business for Social Responsibility** which set standards for pH, BOD, COD, TSS, color, foam and a number of metals. Nike's apparel water program directs them to meet the stricter of either their local or national regulations or Nike's program.

It is our understanding that we remain one of the few companies in the apparel industry to make this demand of its apparel vendors in addition to contracted factories. In doing so, our work – both directly and indirectly – positively impacts billions of gallons of apparel production waste water annually during dyeing and finishing, the sources of greatest impact. We encourage all brands to join us in this work. Together we can have greater leverage and impact on the industry.

As illustrated on the following page, the number of vendors participating in the program has grown from 258 to 282. The number of vendors in compliance with either their own local and national regulations or Nike's program also increased from 254 to 261.

Consistent with the approach we shared in our FY04 report, we continue to monitor contracted footwear suppliers against local wastewater standards. Most water use at these facilities is for domestic purposes, and every footwear factory has an on-site wastewater treatment plant or is connected to a centralized wastewater treatment facility.

**Chart 29**  
Apparel Tier 3 Compliance to Nike's  
Global Water Program



**Note**

Nike standards exceed or are compliant with local/national water quality, whichever is more stringent.

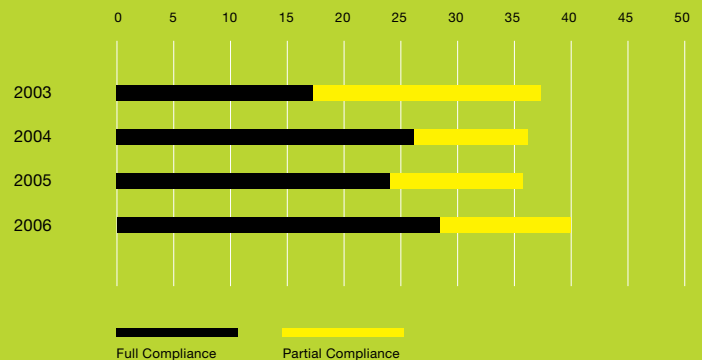
**Non Compliance:** Does not meet local wastewater discharge standards.

**Partial Compliance:** Does not meet all parameters for local wastewater discharge standards.

**Full Compliance:** Meets all parameters for local wastewater discharge standards.

Source: Wastewater samples submitted to Nike approved testing labs and reviewed by CH2M Hill

**Chart 30**  
Number of Contract Footwear Factories Compliance  
Standards with Local Wastewater Standards



**Note**

**Full Compliance:** Meets all parameters for local wastewater discharge standards.

**Partial Compliance:** Does not meet all parameters for local wastewater discharge standards. Represents 95% of production.

Source: Data self-reported by factories.

# Climate Change: Timeline

**1988**  
The World Meteorological Organization and the United Nations Environment Program establish the Intergovernmental Panel on Climate Change.

**1992**  
Nike first learns about the global warming potential of SF<sub>6</sub>, a gas contained in air-sole cushioning units. Early research and development efforts begin to find replacement solutions for the gas.

**1994**  
United Nations Framework Convention on Climate Change comes into effect. The framework formally recognizes the climate system as a shared resource whose stability can be affected by industrial and other emissions of carbon dioxide (CO<sub>2</sub>) and other types of greenhouse gases (GHG).

**1995**  
The IPCC's Second Climate Assessment is published, serving as the basis for negotiations on the Kyoto Protocol.

**1995**  
The viable gas alternatives to SF<sub>6</sub> all present global warming potential; Nike begins work on a replacement encapsulating film for its air -sole cushioning units.

**1997 (September)**  
Nike commits to fully phase SF<sub>6</sub> out of footwear and begins to transition some models to nitrogen.

**1997 (December)**  
Kyoto Protocol adopted. Countries ratifying the Protocol make commitments to reduce emissions of CO<sub>2</sub> and five other GHGs, or to engage in emissions trading to offset GHG production if they maintained or increase emissions of these gases.

**2001 (September)**  
The IPCC releases its Third Assessment, reaffirming that the global climate is changing in ways that cannot be accounted for by natural variability. Global mean temperatures continue to rise. The Assessment notes change in the composition of the planet's atmosphere in the prior three decades, the major cause being human action, primarily the use of fossil fuels.

**2001 (October)**  
Nike joins World Wildlife Fund Climate Savers program as a founding partner and sets CO<sub>2</sub> emissions reduction targets for owned operations and business travel.

**2003**  
Nike develops a baseline of its supply chain footprint, including inbound logistics and subcontracted manufacturing.

**2005 (February)**  
The Kyoto Protocol begins. The United States, accounting for the world's highest global GHG emissions - 21.2 percent - refuses to ratify the Protocol, claiming it would put the U.S. economy at a competitive disadvantage. China

Climate change is one of the most important issues facing the world today and we understand and accept our responsibility to bring about change in our direct footprint - through owned facilities - as well as to influence our broader manufacturing footprint.

We began focusing on the issues surrounding global warming in 1995. Even at that early stage, scientific studies warranted attention and concern. In the years since, we have increasingly focused on the impact we have through our business and throughout our entire manufacturing footprint.

We believe climate change is a risk to our business and that creative approaches to tackling our footprint will enable our growth.

and India, accounting for 18.5 and 4.1 percent of global GHG emissions, respectively, ratify the Protocol, but are not required to commit to GHG reductions.

**2006 (June)**  
Nike completes phase out of all F-gases in Nike-branded footwear.

**2006 (October)**  
Sir Nicholas Stern, Second Permanent Secretary of the British Treasury, releases the Stern Review of The Economics of Climate Change. Key findings include:

- The emissions intensity of economic activity needs to be at around one-quarter of current levels by mid-century, with total emissions at 20 percent of current levels before the end of the century.
- The cost of doing nothing could reach 20 percent of gross global product by mid-century, resulting in the worst economic depression in modern history.
- The cost of action to reduce GHG emissions and to stabilize atmospheric concentrations in the range of 500-550ppm without overshooting is likely to be in the order of 1 percent of gross global product. Therefore the costs of action are far outweighed by the benefits.
- Many of the technologies and changes needed to reduce emissions already exist. Some are already profitable and provide opportunities to visionary businesses; others require greater active policies to make them financially attractive.

**2007\* (February)**  
Nike is recognized for leadership in climate change from WWF-US. As a founding partner of the Climate Savers program, Nike attained its company-wide target, of reducing annual CO<sub>2</sub> emissions to 13 percent below 1998 levels by the end of 2005. Actual reductions were 18 percent.

**2007\* (February)**  
The IPCC releases its Fourth Assessment using the strongest language to date, stating that there is a greater than 90 percent certainty that human activities, led by burning fossil fuels, account for most of the warming in the previous 50 years. The Assessment warns that GHG emissions need to be reined in by 2020 if humanity is to avoid catastrophic climate change. The report also advises that regardless of what actions are taken, warmer temperatures and rises in sea levels can be expected well into the future.

**2007\* (May)**  
Nike sets new targets to address its CO<sub>2</sub> impact.

*\* These refer to activities in 2007 which are outside the report's timeline but reflect material activities.*

## Nike's Green House Gas Footprint (GHG): Past, Present and Future

Million tonnes CO <sub>2</sub> equivalents	FY97-98	FY03	FY05	Present	Targets
Nike owned and operated operations and business travel	0.13	0.09	0.10	Achieved 18 percent reduction from 1998 to 2005	Eliminate CO <sub>2</sub> footprint from Nike brand operations (offices, distribution centers, retail and travel) by 2011
Manufacturing and Logistics	0.77	1.11	1.25	Footwear manufacturing= 59.3% of total CO <sub>2</sub> footprint. Inbound logistics (factory to distribution centers) = 24.6%	Establish aggressive CO <sub>2</sub> reduction plan in footwear contract manufacturing by January 2008. Develop model for measuring outbound emissions (distribution center to retail) by January 2008. Recalibrate logistics emissions by May 2008. 30 percent absolute CO <sub>2</sub> reduction for Inbound logistics by 2020.
SF <sub>6</sub>	6.60	0.00	0.00	—	Eliminated as of June 2003
PFP	0.00	0.37	0.07	—	Eliminated as of June 2006
Total GHG footprint	7.50	1.57	1.43	Represents 80 percent reduction in total footprint to date from 1997	—

F-gases

A significant highlight of Nike’s climate story in the last two years was our complete elimination of greenhouse gases from Nike-brand footwear. Nike put 60 experts from more than 50 external organizations to work on various aspects of this complex project.

The F-gas transition and resulting barrier film technology project was one of Nike’s most difficult research and development challenges to date, including a number of unexpected technical challenges.

In our FY04 report we shared our successful transition of the vast majority of Nike Air technology to nitrogen, a benign gas, from sulfur hexafluoride (SF<sub>6</sub>), a greenhouse gas. The few remaining pressurized cushioning units used perfluoropropane (PFP), also a greenhouse gas, in order to meet the performance demands in high-performing models. By the end of FY06, we completely replaced even these units with nitrogen.

At its peak usage, in 1997, SF<sub>6</sub> alone represented the equivalent of 6.6 million metric tonnes. Today, Nike’s total greenhouse gas (GHG) emissions is about 1.36 million metric tonnes. The elimination of SF<sub>6</sub> alone represents a reduction of more than 80 percent of GHGs since 1997.

**Managing Environmental Impacts = Innovation**

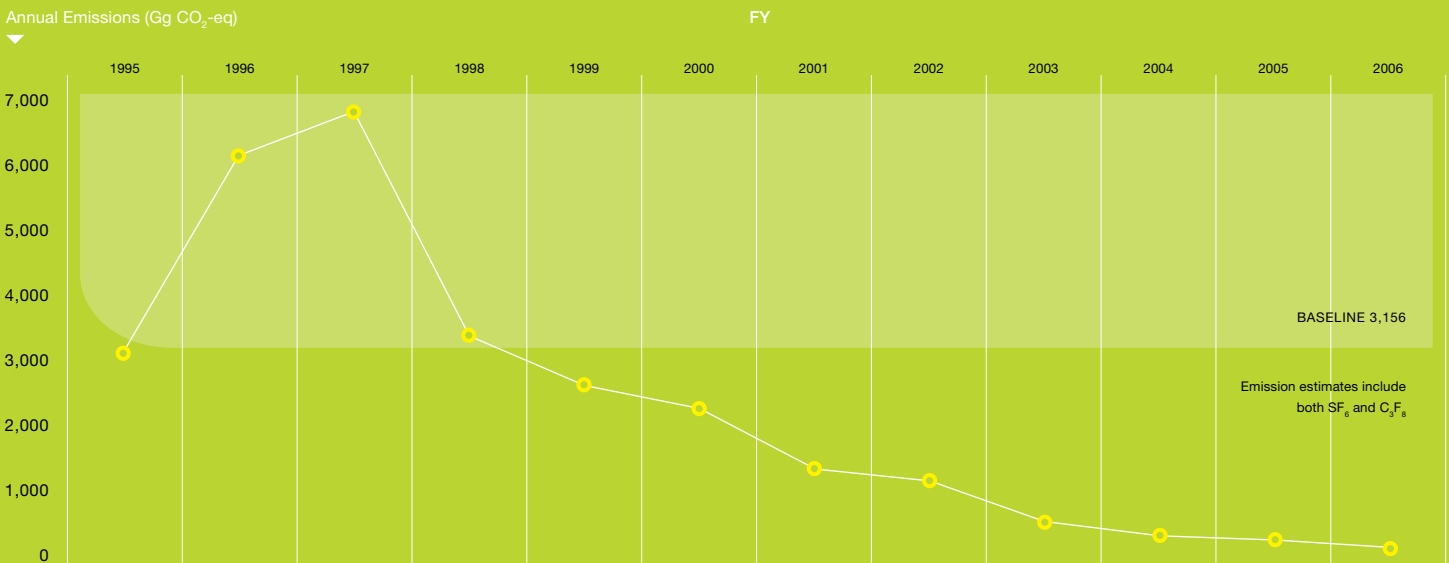
*The milestone of F-gas elimination represents one of Nike’s strongest examples of the push for sustainability delivering business innovation. While investigating solutions for the footwear models, we learned new techniques and developed a unique membrane technology for the air bladder itself.*

*Our work on eliminating perfluoropropane generated new strides in barrier and encapsulation technologies, and led to the breakthrough that allowed us to produce the full-length Air-Sole cushioning unit – the ultimate expression of Nike Air technology.*

*The first shoe to debut the new Nike Air technology – the Air Max 360 – represented the most significant innovation since we began incorporating pressurized cushioning into shoes in 1978. The Air Max 360 delivered a new running experience, fully cushioned by air. The technological advances that made the 360 possible were the result of 14 years of trials and testing, driven by the need to eliminate the use of F-gases.*

*The Air Max 360 was cited in coverage of the 2006 Corporate Achievement Award, one of the National Design Awards given each year by the Smithsonian’s Cooper-Hewitt National Design Museum to honor the best in American design.*

**Chart 31**  
SF<sub>6</sub>/PFP Elimination



**Note**

C<sub>3</sub>F<sub>8</sub> is also known as PFP. All data is based on calendar year. The phase out was complete in June 2006. Assume all gas is emitted in the year it is filled into product.  
1000 Gg = 1 million metric tons

Source: Calculation based on Nike purchase records and certified by Environmental Resources Trust.

**CO<sub>2</sub>**

Nike's total CO<sub>2</sub> footprint as of FY05 was 1.36 million metric tonnes.

Between 2001 and 2005 Nike's CO<sub>2</sub> reduction strategy was driven largely by the reduction commitments we set through participation in the World Wildlife Fund's Climate Savers program, which we joined as a founding partner in October 2001. The program provided us with an internal CO<sub>2</sub> emissions reduction target centered on two primary components: Nike-operated facilities (20,000 square feet or more) and business travel.

Our goals through this program included:

-  Reducing CO<sub>2</sub> emissions from business travel and Nike-owned and operated facilities (more than 20,000 square feet) and services to 13 percent below 1998 levels by the end of 2005.

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-  Creating baselines for Nike's major contracted footwear and clothing manufacturing facilities by the end of 2003 and determining an emissions reduction strategy for these facilities during 2005.

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-  Examining Nike's supply chain for opportunities to reduce greenhouse gas emissions from supply chain activities and determine, by 2005, a greenhouse gas reduction strategy for logistics.

By our December 31, 2005, target date, we not only successfully met the target to reduce CO<sub>2</sub> emissions 13 percent from a 1998 baseline, but achieved an 18 percent reduction, even while facilities grew 6 percent. Our final report, detailing efforts in this area and Carbon Disclosure Project response, can be found online at [www.cdproject.net](http://www.cdproject.net).

**Nike-owned facilities**

We see value in reducing energy use, both from environmental and cost-savings standpoints. We take the savings and plug them back into our efficiency efforts, maximizing our investment.

We have also made substantial investment in renewable energy. We have steadily increased our purchase of direct renewable energy and renewable energy credits since 2001 and as of the end of calendar year 2006 cover approximately 52 percent of the electricity used by major Nike facilities.

**Nike Facilities Model Good  
Energy Practice**

*In addition to managing environmental practices in products, we work to manage the impacts of our facilities. Highlights of those efforts include:*

- *The Ken Griffey, Jr. building at Nike's World Headquarters in Oregon received a Leadership in Energy and Environmental Design for Existing Buildings (LEED-EB) Gold Award from the U.S. Green Business Council.*
- *Nike's World Headquarters in Oregon was recognized by the U.S. Environmental Protection Agency as a top workplace for commuters for our alternative transportation program.*
- *Nike is purchasing renewable energy credits from Sterling Planet equivalent to 100 percent of the electricity consumption at its World Headquarters in Oregon.*
- *In addition to purchasing renewable energy credits, energy efficiency measures at the World Headquarters — including running landscaping vehicles on biodiesel — save the company more than \$500,000 and 9.3 million kilowatt hours each year.*
- *Nike's European distribution center in Laakdal, Belgium, installed six wind turbines, providing enough capacity to power the 2 million-square-foot facility. The project followed two years of partner and community dialogue and nine months of construction. Nike is the first company of its size in Belgium to operate solely on green energy that is produced on site.*
- *Nike's European Headquarters in Hilversum, The Netherlands, runs on 100 percent renewable energy.*

### Supply chain - logistics

With the successful elimination of F-gases from product (which accounted for more than 80 percent of our footprint) we have now turned our attention to another significant footprint: contracted manufacturing and logistics.

As part of our Climate Savers agreement, we partnered with the University of Delaware to develop an innovative model for measuring inbound emissions of product transportation from factory to first distribution facility. We are working to expand that model to also measure outbound shipments from distribution facility to retail. Once we are able to measure this we will recalibrate our CO<sub>2</sub> emissions footprint for logistics.

In the meantime we are exploring strategies around packaging, fuel economy and air freight. We aim to incorporate these while meeting on-time delivery requirements and the increasing flexibility demanded by our retailers. Solutions will require us to partner with our most progressive retailers and logistics suppliers and apply a portfolio of approaches to find ways to reduce emissions.

### Supply chain - manufacturing

Footwear contract manufacturing is the largest remaining part of our CO<sub>2</sub> footprint. Achieving reductions is a significant challenge considering even single-digit annual growth makes absolute reductions difficult. Nevertheless, we recognize it has to be done.

Roughly 60 percent of Nike footwear manufacturing is contracted in Vietnam and China where there are no formal commitments to CO<sub>2</sub> emission reductions. Some promising changes may help. For example, China has committed to ambitious energy efficiency targets including a target of 20 percent by 2010.

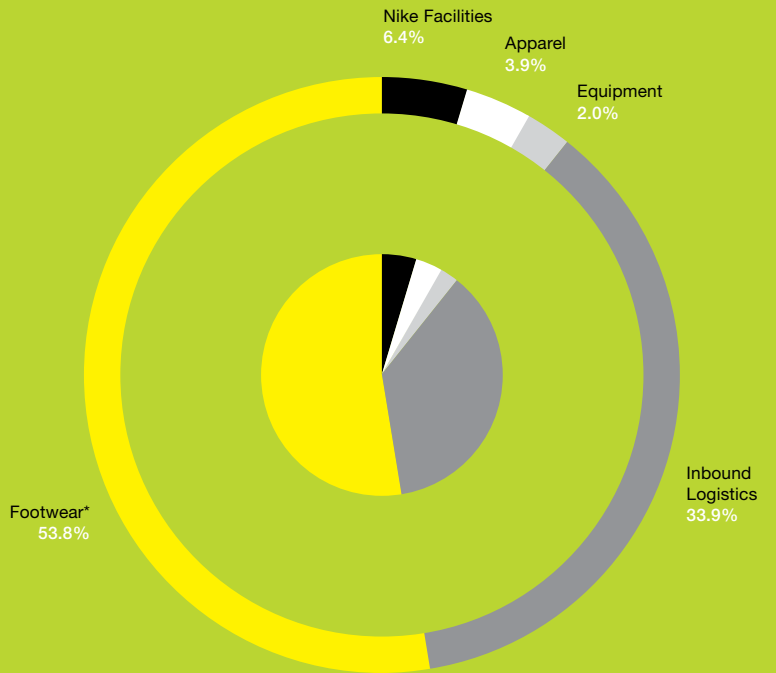
Solutions will require multi-sector collaboration and a significant amount of trial and error. Our immediate plans include detailed audits of key factory sites, noting which processes use the most energy and comparing lean manufacturing to conventional manufacturing. This link between our energy efforts and lean manufacturing is critical because we expect 40 percent of footwear production lines to be lean by FY07 and 90 percent by FY11. We plan to use this study to identify a portfolio of energy efficiency projects that will deliver the greatest returns in terms of both economics and emissions.

# Energy & CO<sub>2</sub>:

The charts illustrate Nike's most current estimated energy and CO<sub>2</sub> emissions footprints.

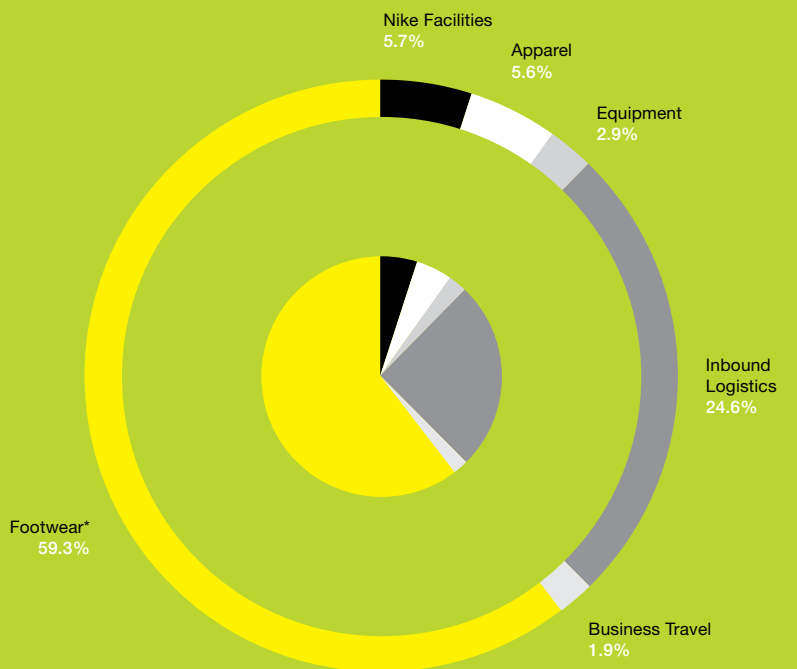
**Chart 32**  
2006 Energy Use  
Total: 14,136 Terra Joules

\*Footwear data is for FY06 (May 2005 - June 2006).  
All other data are for calendar year 2005.



**Chart 33**  
2006 CO<sub>2</sub> Emissions  
Total: 1.36 Million Tonnes CO<sub>2</sub>

\*Footwear data is for FY06 (May 2005 - June 2006).  
All other data are for calendar year 2005.



### New Goals

Nike is in the process of setting new targets that will further reduce our CO<sub>2</sub> emissions from the 1.36 million metric tonnes per year of FY06. This reduction takes into account our projected growth as a business. Our targets are as follows:

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Achieve climate neutrality among Nike brand facilities and business travel by FY11

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Achieve climate neutrality among Nike, Inc. facilities and business travel by FY15

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Set goals for footwear contract manufacturing by January 2008 (FY08)

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Create outbound logistics emissions model by January 2008 (FY08)

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- 

Achieve 30% absolute reduction in inbound logistics footprint from 2003 baseline by FY20

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Our commitment to CO<sub>2</sub> reduction will continue through expansion and addition of approaches. We will increase energy-efficiency projects in owned facilities and operations, including Nike retail. We will increase green power purchases. We will explore the carbon trading market. And we will continue to add new preferred suppliers to our Eco-Class travel program.

We are currently designing a new footwear distribution facility to consolidate our U.S.-based distribution activities and intend to incorporate the latest in advanced energy efficient technology and methods in this design.

Working with our footwear contract manufacturing partners and outside experts we will conduct due diligence on our footprint and establish stretch targets for reducing emissions. We anticipate achieving reductions first through energy efficiency projects and subsequently through process or product design changes (such as lean manufacturing) and ultimately through deployment of renewable energy sources where feasible.

Working with our shippers and carriers we will seek to reduce the footprint of moving product inbound from our contract factories to our distribution centers. Strategies include packaging innovation, fuel economy strategies and a focus on reducing air freight impacts.

### Carbon Trading

*While still a relatively new market, Nike purchased our first offsets for the CO<sub>2</sub> emissions from business travel in 2000. Since then, we have participated in the emerging voluntary market by procuring a total of 111,000 tonnes of CO<sub>2</sub> to offset almost half of the CO<sub>2</sub> emissions from our business travel during that period.*

*We now have an opportunity to sell carbon credits that will help to fund the further reductions in our greenhouse gas emissions footprint in our supply chain and in underserved or excluded communities. Our voluntary elimination of F-gases from Nike product qualify as tradable reductions on the retail CO<sub>2</sub> market. This project has been measured, verified and registered by Environmental Resources Trust, a leader in greenhouse gas project monitoring. We selected the 1995 baseline year to be Kyoto Protocol compliant for F-gases. Since our F-gas usage peaked in 1997, we essentially offset any years of the F-gas usage that were above the baseline level with reductions in later years that were below the baseline. The crediting period was voluntarily ended at the end of 2005, leaving Nike with an excess of 7.8 million tonnes of CO<sub>2</sub> equivalent reductions below the 1995 baseline. In 2006 we sold 100,000 tonnes of SF<sub>6</sub> voluntary emission reductions (VERs) to be used to provide solar energy to new schools and homes in New Orleans, Louisiana.*

*Based on the success of this initial project, we'll continue with further sales of SF<sub>6</sub> VERs and will use proceeds to initiate other projects in the manufacturing supply chain.*

*Details can be found at [www.ecoregistry.org/account/summaries/nike.html](http://www.ecoregistry.org/account/summaries/nike.html).*





5

# Let Me Play

Unleashing  
Potential  
through Sport

**Key Targets by FY11:**

- ▶ **Invest an additional \$315 million in community programs to provide youth with greater access to sport.**

We now align our Nike, Inc. community investment portfolio closely to our core business model and interests, and focus on leveraging sport as a tool for youth inclusion. In FY07, we will align all of this work under the banner of Let Me Play.

In our FY04 report, we shared how our advocacy around sport and individual rights of athletes have led us to focus our community investments in two key areas: supporting the right of young people to participate in physical activity and addressing the challenges of globalization, primarily as they impact young women and girls.

In FY05-06 we explored these notions further. We defined these focus areas more clearly and developed two core strategies, going deep in each of them.

Meanwhile the Nike Foundation, a distinct 501(c)(3) organization, drives advocacy for and investment in adolescent girls, catalyzing their ripple effect in breaking cycles of poverty in the developing world. We detail the Nike Foundation's work in a separate section of this report, but it's important to note that while efforts within Nike, Inc. and the Nike Foundation are focused on distinct areas of expertise and social change, they share common practices that leverage social innovation, including deploying Nike staff and brand resources. While both have a global scope, Nike, Inc. focuses primarily on emerging and developed markets that are key to the brand and the business, while the Nike Foundation operates in developing countries and areas of emerging markets stricken by poverty.

# Let Me Play

We believe that Nike's role is as a funder of innovation and advocacy to help spark real change on the ground and unleash human potential through sport.

As a global youth and sport brand, Nike has spent 30 years building relationships based on the role sport plays in people's lives. When we look at future global trends for both youth and sport, we see cause for concern.

Youth unemployment and exclusion is a global trend that is set to increase at an alarming pace. Today's young people live in a deeply complex world – on the one hand a world of great instability and fragmentation, on the other hand a world that is more connected and interdependent than ever before.

Meanwhile, we see a decline in youth participation in traditional sport and fitness activities, frequently due to cuts in infrastructure, curriculum and coaches. At the same time, we see dramatic increases in youth obesity and diabetes – both linked to diet and inactivity – with potentially devastating consequences for future generations. These are depressing scenarios.

As a company focused on young people, we considered how we could apply our core competencies to tackle some of the issues. We see clearly how sport brings health and fitness benefits. We also see further-reaching benefits, including building teamwork, leadership, self-esteem, inclusion and confidence. A growing number of examples demonstrate how sport can be used to address the world's most pressing challenges, as represented by the [Millennium Development Goals](#) that cover issues as diverse as gender equity and HIV/AIDS.

Although we recognize that sport by itself will not solve the world's challenges, we believe that sport and Nike's role as a funder of innovation and advocacy can help spark real change on the ground.

To do so, we focus on leveraging our core business competencies, including funding, research and development, innovation, marketing, employees, products and partners.

In the following section, you will find more details on the types of programming we are supporting around the world.

# Our Overall Commitment:

In FY05-06, Nike's worldwide cash and product contributions totaled about \$100 million to communities and charitable organizations, including the Nike Foundation. We have set a target of committing a minimum of \$56 million per year over the next five years into social capital investments after \$56 million per year (add) and a total of \$315 million (over the next 5 years).

We will also work to inspire domestic and international policy changes through Let Me Play.

We will work with others to establish targets that demonstrate social impact and anticipate setting additional targets with their input by the end of FY09. Along with these new processes, we hope to further elaborate on how we intend to leverage our financial targets to have the greatest possible impact.

**Chart 34**

Contributions, by Type (\$, millions), FY02-06

	FY02	FY03	FY04	FY05	FY06
Cash	10.2	14.4	16.2	22.5	22.0
Product/In-Kind	19.4	16.3	21.1	23.6	32.0
Total Contributions	29.6	30.7	37.3	46.1	54.0

**Chart 35**

Contributions, by Type (%), FY02-06

	FY02	FY03	FY04	FY05	FY06
Cash	34%	47%	43%	49%	41%
Product/In-Kind	66%	53%	57%	51%	59%
Total Contributions	100%	100%	100%	100%	100%

**Chart 36**

Contributions, by Geography (%), FY02-06

	FY02	FY03	FY04	FY05	FY06
Americas	1%	4%	2%	3%	2%
Asia	4%	8%	9%	7%	6%
EMEA	33%	27%	29%	34%	28%
Other International	0%	0%	0%	3%	8%
US*	62%	61%	60%	53%	56%
Total	100%	100%	100%	100%	100%

\*US includes global and subsidiaries

## Top Giving

### FY06 Top Organizations Supported

Mercy Corps  
 Gifts in Kind  
 CAF America  
 American Youth Football  
 World Vision  
 American Red Cross

### FY05 Top Organizations Supported


Lance Armstrong Foundation  
 Jordan Fundamentals  
 National Head Start  
 US Soccer Foundation  
 Mercy Corps  
 Gifts in Kind  
 World Vision

# Sport for Youth Inclusion:

## Approach


In the past, we disbursed funds, product donations and in-kind support through a traditional philanthropy model. Our approach was more reactive than proactive, providing checks rather than building partnerships and making one-time contributions to a wide variety of projects and organizations rather than building long-term work through focused strategies.

In FY05-06 we reviewed and refocused our social investment strategies in line with our broader strategic thinking about social change and how we can help bring about social change through innovation. We refined our approach during that period, giving us a clearer set of principles, which include:

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A belief in cross-sector collaboration and partnerships as the best model of viability and scalability

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A focus on bringing our core competencies and assets to the table in support of our partners

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A focus on building models that are not reliant on any one partner's support and can ultimately thrive after Nike's input

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Recognition of our role in supporting high-risk, innovative initiatives through seed funding

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Supporting our partners' need to access capacity building as part of how we enable self sufficiency and sustained models of social entrepreneurship

We work with various partners on this approach, each bringing specific expertise, including multi-laterals (such as United Nations agencies) and multi-nationals and multi-regionals (such as [Mercy Corps](#), [CARE](#) and the [King Baudoin Foundation](#)).


## The Case for Sport as a Tool for Youth Inclusion

Our partners and programming seek to remove barriers, enable access and create opportunities for sport to provide the pathway to social innovation and change. We draw upon a growing body of work in both the governmental and non-governmental sectors that reference sport for social change or development.


We support research and evaluation to build the body of evidence of sport as an effective tool for social change. Our commitment to sport for youth inclusion is grounded in our belief that access to sport and play is a fundamental right. This principle is also recognized by the United Nations Convention on the Rights of the Child.

# Let Me Play

The core principles guiding our Let Me Play efforts are:

-  Sport and physical activity are essential for any young person.


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-  When young people are excluded from sport, it is usually either overt discrimination or discrimination due to circumstance, such as poverty, natural disaster or conflict.

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-  When youth engage in sport, they are provided with opportunities to internalize values such as teamwork, discipline, leadership, tolerance and inclusion.

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-  Beyond individual empowerment and development, sport in a young person's life can become the pathway to addressing broader social issues that lead to societal change.

## Leveraging our Assets

We leverage company assets, including the power of our brand, to create social value. The assets we put to use include highly skilled employees, athletes and supply chain partners, as well as product design and communication capabilities.

Let Me Play provides:

-  Inspiration through employees, athletes and clubs.

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-  Facilities and products required to play.

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-  Opportunity for the acquisition of skills and education.

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-  Incubation through seed funding, organizational support, capacity building and the creation of robust multi-sector partnerships.

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-  Advocacy through events that demonstrate the power of sport and participation in the global sport for development movement.

We're now working to understand how we can be sure that we are bringing about real change where it matters most: at the individual level. We want to understand the full impact that sport can have, and why it has such an impact. To do so, we're examining how we leverage our assets (our people, brand, voice, money and product) to bring about the greatest change.

### Funding

For the five years prior to FY04 we had set and met a standard of contributing 3 percent of the prior fiscal year's pre-tax income in the form of cash grants and in-kind donations to charitable organizations around the world. That made us some friends, and got us onto the right lists.

But we had two issues with this formula. First, we believe that measuring a company's community success by the dollar amount it spends keeps companies locked in a traditional philanthropy model. Equally, we believe that the formula for budget allocation was too uncertain, too volatile and encouraged short-term transactions, rather than long-term commitments. Put simply, if you don't know how your budget might fluctuate from one year to the next, how can you commit to multi-year partnerships? This may work for a traditional philanthropy model but we found it wasn't working for our new model.

In FY05, with finance team, CEO and Board approval, we restructured our budget process and created a more gradual but sustained and transparent commitment, forecast over a rolling five-year period. We also began exploring how we could help develop best-of-class assessments on social impact. This is work in progress and we are partnering with others to create a global measurement and evaluation framework for our community investment work over the next three years.

As we continue to evolve our work beyond FY05-06, we are exploring how we can act more as a social venture capitalist, making strategic investments in organizations and looking to quantify ROI. We aim to provide initial funding that will help a promising idea get off the ground and inspire other investment by funders with more substantial resources. Nike may be a large brand, but like most companies, our resources pale in comparison to those available by governments and international development institutions.

### Partnerships

We believe collaboration is the best approach, and partner with leading global, national, regional and grassroots organizations to innovate and build momentum around the sport for youth inclusion movement.

These powerful networks are comprised of non-governmental organizations engaged in sport for youth inclusion, international development leaders on social issues and other players in our industry, sports federations and athletes. The networks deliver common frameworks and agreements that will make including youth access to sport something that more organizations can add to their toolkit in both developing and developed countries. By working with partners, we're able to fuel their innovation, leverage our core competencies and test concepts that can be scaled up by bringing other partners on board.

### Let Me Play: key focus issues

Channeling our social investment funds, business expertise and in-kind support into a global Let Me Play movement is one step. Additional focus is the next step.

In FY06 we determined the entry point for our involvement would be economic exclusion. Economic exclusion is one of the biggest drivers of inequity and exclusion. We see that for communities that are doubly excluded – economically as well as through gender, ethnic or cultural injustice or through disaster, disability, conflict or HIV/AIDS – exclusion is reinforced and magnified.

We are focusing our Let Me Play efforts to address these areas of exclusion. To do this, we invest in programs and projects that focus on specific populations to enable individuals to manage their own well-being and become forces for change in their lives and communities.

## Refugees

A good example of how we focus on key communities is our work with the [ninemillion.org](http://ninemillion.org) campaign. Perhaps the most significantly excluded in the world today is the refugee, especially young people in refugee camps, whose make-shift existence and fenced enclosures exclude them from any hope of normal development. Their plight is massive and lingers far too long.

There are an estimated 9 million refugee youth in the world. Nike is a founding partner of [ninemillion.org](http://ninemillion.org), an initiative led by UNHCR (the United Nations High Commissioner for Refugees) to help raise awareness and funds for sport and education programs for these children. The campaign aims to raise awareness of the plight of young refugees, to raise funds for education and sport programming in refugee camps, and to enable the UNHCR to develop its capacity to run similar campaigns as part of its strategy for long-term success.

In FY06, Nike employees donated thousands of hours to help develop and plan the awareness campaign, which launched on World Refugee Day, June 2006. Employees traveled to refugee camps to help deliver programming. They also gathered stories and creative assets to launch and sustain the year-long campaign, which included print and broadcast public service announcements, retail and partner information, and a campaign website.

In addition, the Nike Foundation announced a \$1 million challenge grant to support activities for girls in the camps to keep them on a formal path of learning and pave the way for economic livelihoods.

## Homeless World Cup

The Homeless World Cup is an annual tournament that brings together teams of homeless people from around the world. In 2006, 48 nations convened in South Africa for the fourth competition. The Homeless World Cup was established by Mel Young, an accomplished social entrepreneur who founded the Big Issue Scotland (a weekly paper sold by homeless people) and has led the International Network of Street Papers.

Nike has sponsored the [Homeless World Cup](#) since its inception in 2003. We provide cash and product support to this football tournament that brings together teams of homeless people. The tournament has become a first-class sporting event, delivering a mechanism where homeless people can change their life circumstances through the inspiration of sport and providing a model for local programs that build self esteem and community. More than 90 percent of players involved told researchers that the tournament had a strong impact on their lives.

In September 2006 the fourth Homeless World Cup took place in Capetown, South Africa, with teams from 48 countries participating. The increase in participation has been exceptional: in 2005, 5,400 homeless people from 27 countries participated; 18 countries took part in 2004.

A study of players was conducted a year after the Edinburgh 2005 Homeless World Cup. Research demonstrated that sport has enormous power to create real, lasting change:

 94% of players report they had a new motivation for life


 77% say they changed their lives significantly


 38% found regular employment

 40% improved their housing situation

 28% opted to develop their education

 62 players addressed drug or alcohol dependency

 12 players now make their living partly from football as coaches or players with professional or semi-professional teams

 16 countries run or plan to develop a national street league following the 2005 Homeless World Cup, rising from 12 set up after 2004 and five after 2003



### Excluded young women

Nike has supported the right of women to participate in sport for decades. In the early 1980s we petitioned the International Olympic Committee to allow women to compete in long-distance running.

We believe sport can be a powerful tool for empowering women and girls. Research suggests that participation in sport can have a significant impact on building self esteem and providing a social network that can help women overcome many of the challenges they face. Indeed, many women in positions of leadership around the world participated in youth sports, particularly team sports. This is also true for boys, but in societies where women are in positions of inequality, sport can contribute toward gender equity.

We recognize there are many places in the world where women and girls have no access to sport. We believe they need safe spaces to play, coaches who can be trusted and the reduction or elimination of cultural barriers to their participation in sports. We advocate for these rights, including in the U.S. where we support Title IX legislation which sets out gender-based funding balances in public schools.

We address gender issues through Let Me Play programs in countries where we do business, largely but not exclusively in more developed parts of the world.

For example, in 2004 Nike and the United Nations High Commissioner for Refugees (UNHCR) launched the Together for Girls partnership, combining UNHCR's expertise in providing services for refugees with Nike's experience inspiring young people through sport and physical activity.

Together for Girls educates more than 1,700 Somali girls in Kenya's Dadaab refugee camps (which house 110,000 Somali refugees), using sports programs as an inducement to participating in education. The program led to teaching girls how to make appropriate sports apparel, integrate more into camp life and take skills with them when they repatriate.

Four Nike designers worked with Somali girls to design culturally and religiously appropriate and comfortable apparel in which to play volleyball. The volunteers taught the girls how to create the clothing and volleyball has since become one of the most popular sports among girls in the camps.

### Inactive American youth

We have made considerable strides in building a U.S.-based program, known as NikeGO, that focuses on the benefits of physical activity and the lessons young people can learn from sport. NikeGO targets at-risk communities and helps get young people active. NikeGO PE (formerly called Nike PE2GO), is delivered in 85 schools in New York City, Chicago, Los Angeles, Memphis, Akron and Portland. In addition, we fund training for hundreds of additional teachers and volunteers on PE curriculum through SPARK (Sports, Play and Active Recreation for Kids).

In FY05-06 we expanded NikeGO Head Start. This program, a partnership with the National Head Start Association, brings developmentally appropriate physical activity programs to children aged 3 to 5. Programs currently operate in 42 locations in New York City, Chicago, Los Angeles, Memphis, Akron, Portland and Alaska. In FY07, we will expand NikeGO Head Start to 60 new locations.

As part of our approach to affecting systemic change across the U.S., we play a leading role in Shaping America's Youth (SAY), a public-private advocacy partnership addressing childhood physical activity and healthy eating. SAY supports obesity prevention programs across the country and gathers input for a national action plan to provide unified direction for efforts to improve nutrition and increase physical activity among children. In FY07, we will help present recommendations from SAY town meetings to congressional officials as a proposal for a national action plan to reverse the rate of childhood obesity.

# Using our voice to enable young people's voices and choices:

At the core of the Nike brand is passion for sport and the role it can play in life. Walk into any Nike office and you'll see, touch and hear that passion reiterated. It goes beyond a desire to compete. It's a belief – rooted in experience – that sport plays a critical role as a source of empowerment to help people reach their full potential.

In particular we see sport as a means of challenging racism, resolving conflict and building life skills for youth who face discrimination and economic inequality. Used to these ends, sport becomes a powerful tool for youth inclusion, ensuring they can fully participate in the social and economic opportunities in their communities.

Our business relies on people having the opportunity to participate in sport. The insights we gain in addressing this need help us build relationships with our consumers. The relationship is only meaningful, however, if we have an authentic impact on their lives and open doors to potential. This is where our community investment activity pays dividends to the company, to society and to individuals.

Part of how we do this is by using our voice carefully and strategically. We recognize the power of our brand, and our ability to communicate with young consumers. Occasionally, it becomes very clear that leveraging that voice in partnership with the community can be a powerful approach.

In South Africa we used the power of advertising to endorse safer sex around events for World AIDS Day. Studies show our message was seen and embraced by young South African men much more effectively than a government public service announcement.

In the United States, we honored a disabled athlete-activist with the annual Casey Martin Award. As a result, we can help change attitudes about athletes with disabilities.

# Product Donations:

We recognize that product donation programs present a number of challenges. These include wide geographic spread and desirability of the brand, which can lead to unintended consequences and adverse effects such as community division. For example, giving product to a program targeted only to girls or to elite players rather than to everyone in a school. Similarly because Nike product is attractive and can be seen as a status symbol to young people who have few possessions, it can prove a temptation too great to bear. In some instances, the result has been theft, creating an atmosphere of distrust and negativity.

We are reviewing methods for measuring the impact of product donations and to improve our practice in this area and challenge ourselves to find ways to bring experience gained from product donation into the business. We have an evaluation that will be complete in June 2007. Interim findings suggest that while our product donations can have extremely positive effects, they also can lead to divisiveness, exclusion and even displacement of local economic development efforts. These outcomes can occur if we replace items that otherwise would be purchased. We hired a global product donation director to bring greater oversight to our product donations to ensure that we are maximizing positive returns and minimizing those approaches that can unintentionally do more harm than good.

Two of the primary obstacles to our donations are customs duties and transport costs that together can total far more than the value of the product itself. We are searching for solutions and partnerships that will enable us to get needed product to more difficult-to-reach locations. This involves working closely with governments to communicate the social benefits of sport programs and the benefits that having access to product can provide in the implementation of these programs.

# Disaster Response:

Disasters – natural and manmade – can strike anywhere, at any time. They can be unexpected and brutal and have a devastating impact on communities and business operations. Our risk management activity at Nike includes plans to keep the business going in the face of disaster, from checking on employees and contract workers to ensuring supply chains continue to operate. We apply the same business expertise, including policies, strategies and processes, to our work with communities facing the daunting tasks of rescue, relief and recovery.

During FY05-06 we watched along with the world as extreme disasters hit, including the 2004 tsunami and Hurricane Katrina. We also saw devastation rock some of the regions where we have a significant business presence, such as the earthquake in Pakistan.

Traditionally, private-sector response during sudden-onset natural disasters has been to donate cash or product during the initial rescue and relief phases. While often considered an appropriate response, product can actually cause long-term structural harm by disrupting the markets that are the engine of long-term recovery.

For example, sending long-term supplies of rice to countries where there is already abundant production capacity may mean local farms never return to production. Sending well-meant but nonessential shipments of clothes and other items can be similarly damaging when they clog the disaster relief pipeline, meaning that essentials such as water, food and medicine cannot reach the scene.

What communities need most often is cash and willing expertise. Nike supplies both.

In the immediate aftermath of the tsunami, non-governmental organizations told us their most urgent need was cash. Together with our Foundation, Nike contributed a total of \$1 million to four international relief agencies: Mercy Corps, World Vision, International Federation of Red Cross and Red Crescent Societies, and Northwest Medical Teams.

In addition, we secured essential product for immediate donation and distribution to various relief organizations as they indicated they needed it and made warehouse space available across Southeast Asia for use by relief organizations for storing clothing, food supplies and medicine.

Nike employees also contributed to the effort, donating cash, time and product to relief agencies. Even Nike designers stepped in, creating the recycled-material Nike Slice.

When Hurricane Katrina struck the U.S., our immediate efforts focused on the needs of our affected employees and their families, as well as supporting the broader community need for relief and rebuilding. Nike support topped \$4 million in cash and product support for on-the-ground efforts in Louisiana and Mississippi, as well as the company's backyard communities when evacuee relocation began. Working with agencies, including the Bush-Clinton Katrina Relief Fund, we donated \$500,000 in sports equipment including soccer balls, footballs, baseballs and gloves, as well as shorts and shirts, to help hasten the ability for people and communities to get back to normal activity.

Following the devastating earthquake that struck Pakistan and Northern India in October 2005, we first worked to assure the safety of employees of our manufacturing partners, all of whom were accounted for. We then coordinated efforts with our aid agency partner Mercy Corps, our sourcing partner Matrix and our largest supplier in the area. Mercy Corps coordinated relief operations in the Seraan Valley which includes many areas accessible only by foot, requiring local scouts to deliver goods. As the harsh winter approached and many refugees had only tents to live in, Nike supplied needed products including socks and women's and children's clothing distributed directly in affected areas just days after the disaster struck.

In addition to cash, products and assistance with logistics, we believe we can play a role in the transition from disaster to redevelopment. Post-disaster analysis demonstrates inefficiencies and harm resulting from uncoordinated relief efforts. Often the long struggle for redevelopment is hindered by lasting impacts from initial missteps and is compounded by a lack of attention once the immediate danger has passed.

We are working with researchers and international non-governmental organizations to study new approaches to coordinated emergency response. As part of this study, we are exploring when and how sport can be used to both assess the extent of trauma experienced in a disaster zone and to help overcome that trauma and build resiliency. We are especially interested in the potential to use sport to study the impact of disasters on young people.

# Employee Engagement:

In addition to financial and product support, Nike leverages a very important and valuable commodity: our people. In FY05-06, employees volunteered more than 150,000 hours in their communities. This total has increased each year that we have tracked involvement.

Our employee engagement strategy has not changed significantly since our FY04 Corporate Responsibility Report. We are seeking opportunities to align employees and their skills more formally with our community investment strategy. We have identified many opportunities with existing initiatives and partner organizations that could greatly benefit from creative minds at Nike, including designers, marketing professionals and others.

In FY06, we tested this approach in several initiatives, including the Homeless World Cup, the Somali refugee community design project, our partnership with the Iroquois Nationals lacrosse team and our role as a founding partner in the UNHCR-led ninemillion.org campaign. We continue testing and plan to formalize an employee involvement program in the U.S. next year. We will continue to test this approach globally.

**Chart 37**

Employee Contributions and Nike Match, (\$, millions), FY02-06

	FY02	FY03	FY04	FY05	FY06
Employee contributions	\$1.8	\$2.3	\$2.5	\$3.2	\$2.6
Employee hours qualifying for match	51,165	67,212	71,017	75,955	81,169
Total company match	\$2.2	\$3.0	\$3.1	\$3.6	\$3.2



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# 6 Nike Foundation

# The Nike Foundation in 2005 began investing in adolescent girls as powerful agents of change in the developing world.

This focus emerged from the company's desire to support the world's developing countries, recognizing the benefits that both Nike's business and consumers derive from emerging economies. Funded by Nike, Inc. the Foundation leverages the brand's drive for innovation and positive change, and its ability to inspire both. We believe that when girls receive support and realize opportunity for their futures, they can become an unexpected and powerful force in transforming their families, communities and the world.

Though our mission is simple, the issues are not. Most of the 500 million girls in the developing world face intertwined social and economic barriers that can easily derail their life path. Home chores prevent her from attending primary school. Early marriage and childbirth come between her and secondary school. A lack of income renders her vulnerable to violence and HIV/AIDS, leaving her twice as likely to be HIV-positive as a boy her age. Her passage into womanhood can be marked by an irreversible lack of health, independence and security.

We focus on keeping girls on the course of learning, toward a goal of empowerment. Just one additional year of schooling – costing as little as \$100 – can increase her future income by 10 to 20 percent. We invest in smoothing that path, and in two powerful drivers along its way: job preparation and income generation. Girls who successfully navigate these transitions will improve their lives, and over time, those of their brothers and sisters, husbands and children, communities and nations.

## Going beyond grant giving

The Foundation has so far committed \$28 million in multi-year agreements. We distributed \$14.7 million of those funds in FY05-06, impacting 500,000 girls primarily in Ethiopia, Bangladesh, Kenya, India, China and Brazil. Our findings from these investments have seeded the Foundation's future. Through this work, we experienced the paucity of girl-focused programs on the ground. We've seen the need for rigorous and consistent measurement alongside capacity building to accommodate higher levels of investing. At all levels, we've found low awareness of the opportunity girls hold to break cycles of poverty. To convert the raw potential of girls to real change, we apply Nike assets, networks and knowledge to address all of these factors.

## Helping long-term change

We work with governments and non-governmental organizations, businesses and advocates, communities and individuals to fund the programs, tell the stories, demonstrate the success and build the case for investment in girls.

### FY05: Laying the groundwork

In our first grant cycle, we sought out successful models for girls, and the means to measure them. For example, we supported BRAC (the Bangladesh Rural Advancement Committee), one of the world's largest non-governmental organizations. With Nike Foundation support, a new hybrid program, called ELA Kendras, created 225 new safe spaces for girls in Bangladeshi rural areas, providing income generation training for approximately 30,000 girls. To date, 199,900 girls have enrolled and the program eventually aims to reach 240,000 girls across Bangladesh.

We also started our work with the International Center for Research on Women (ICRW) to apply a common measurement framework across the programs we fund to measure impact and evaluate cost effectiveness. Monitoring and evaluation efforts are central to our philosophy as a learning organization. These efforts continue to help assess the impact of our programs, document effective programs, and build the case for additional investment.

Alongside investments in Campaign for Female Education (CAMFED), Instituto Promundo, Program for Appropriate Technology in Health (PATH) and Population Council, these investments completed a portfolio comprised of those who had developed some of the best models addressing the unique challenges and opportunities for girls.

### FY06: Expanding our approach

Our second grant cycle expanded to include advocacy and building girl-focused capacity at two levels: grassroots and large scale.

To reach the grassroots, we sought out and supported six re-granting organizations that extended our reach to 92 community-based organizations. These partners – the Global Fund for Children, the Global Fund for Women, the Firelight Foundation, the Emerging Markets Foundation (EMpower), MamaCash and American Jewish World Service – support smaller, innovative organizations working at the community level. The Foundation's funding increased direct investment in programming targeted to adolescent girls.

In addition to supporting these grassroots organizations' work on the ground, we supported collaborative work and measurement methods. Today, they share best practices and enhance the impact of their individual and collective work through a network we have convened. We are hopeful this collaboration will spur program and organization growth. Someday, we hope to see these small but excellent programs grow in both breadth and depth, realizing exponential returns from investment that will allow them greater individual impact, as well as the ability to reach not hundreds of girls, but tens of thousands.

At the other end of the scale, we invested in larger infrastructures by funding and challenging bigger organizations – including Freedom

from Hunger, Mercy Corps, Save the Children, Catholic Relief Services, Millennium Promise, the Earth Institute at Columbia University, International Women's Health Coalition and others – to make focused investments that benefit girls and young women. With these partners, we are developing the criteria for best-practice girl programs, as well as methods for better supporting girls within broader, more traditional community programs.

Our work with the Massachusetts Institute of Technology, Abdul Latif Jameel Poverty Action Lab (MIT J-PAL) is helping us achieve this goal. MIT J-PAL is conducting rigorous, randomized research to document the impacts of various strategies to address the unique issues of adolescent girls in poverty. The most comprehensive of these efforts is a collaboration with Save the Children, and will investigate the interplay of basic skills training, safe spaces, community mobilization and livelihood preparation for 70,000 adolescent girls in western Bangladesh. Together, these projects will identify critical gaps in the evidence base and strengthen the case for investing in programs for adolescent girls.

In FY06, we used our convening power and communication expertise to influence the global visibility and resource allocation for adolescent girls' issues. In January 2006 and 2007, at the World Economic Forum in Davos, we co-hosted gatherings with the Women's Leaders Program that convened prominent global leaders to elevate the issue of adolescent girls and poverty onto the global agenda.

In May 2005, the Nike Foundation and the Global Business Coalition (GBC) on HIV/AIDS announced a unique partnership to develop strategies to reduce the burden of HIV/AIDS on girls, by identifying and galvanizing a committed group of companies from all sectors to engage in and advocate for action. The Healthy Women Healthy Economies Initiative hosted a four-day trip to Kenya in 2006 to provide GBC members the opportunity to discuss policy recommendations with government officials and visit successful girl-focused programs. Going forward, this initiative aims to support women and girls through increasing the accessibility and quality of education, health services and information, and economic opportunity.

As part of the Clinton Global Initiative in September 2005, we funded a \$1 million challenge grant to the Coalition for Adolescent Girls, alongside our partners ICRW and the United Nations Foundation. This multi-sector partnership's goal is to make girls central to the global discussions on poverty and development, through research, advocacy and mobilizing new allies. The gathering started with six organizations in 2006 and now comprises five UN Agencies, nine funders and 18 non-governmental organizations.


The Nike Foundation joined the Starbucks Foundation and Standard Charter Bank in supporting women and girl leaders in Africa through the Vital Voices Summit in Johannesburg in January 2007.



# FY07: Moving Forward


Our next grant cycle will continue to apply lessons learned from our first two years of work and will refocus and amplify our efforts to accelerate positive change for girls.

In FY07, the areas we will fund reflect the Foundation's theory of change: tackling the barriers girls face at life transitions and girls' economic empowerment. Each represents investment gaps we believe to be full of potential. They include:

- 


**The Power of Girl Networks** – Poverty breeds silence and isolation for girls. The energy of connection and a combined voice can break through, in cyberspace and real space.

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- 


**Microinsurance and Girls** – Girls are often a family's insurance policy in times of sickness or need. Innovative insurance for girls and their families allows them to remain students, not caregivers.

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- 


**Men and Boys: Seeking Leaders** – The attitude held by fathers, teachers and peers will accelerate or slow girls' progress. Cultural norms do change; these programs and individuals prove it.

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- 


**A Brain Trust of Practitioners** – Giving those who know what works for girls the forums and resources to share learnings and quicken the pace of change.

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**The Business of Chores** – Products and services that lighten girls' time burden of domestic work, while introducing sustainable commercial models for their communities.

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**She's an Economic Powerhouse** – Transforming an unpaid labor force into a growth engine, through job preparation for adolescent girls and livelihood opportunities for young women.

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- 

**Massive Scale for Girls** – Few large-scale, successful, girl-focused programs exist. We seek to make what's big even bigger, through linking infrastructures, increasing resources or informing policy.

We'll continue to seek creative, new solutions that address these gaps, and make direct, measurable impact on adolescent girls. We expect that impact to include the distribution of knowledge to other organizations, and the ability to be replicated or scaled. As we move into the future, we want to see exponential benefits from this funding, and seed best practice around the world – unleashing the potential of adolescent girls.

Nike has always believed in the power of one person to change their life, and inspire the lives of others. The Foundation is no different.



# 7 Diversity and Inclusion

**Key Targets by FY11:**

- ▶ **Leadership competencies and accountability**
- ▶ **Continuous learning**
- ▶ **Communications**
- ▶ **Work/life effectiveness**

Just as the direction and importance of corporate responsibility in the business model has evolved, so has our approach to diversity and inclusion. We are driven by the diversity of our employees, our communities and our consumers.

Our ability to lead in innovation and creativity hinges on our ability to attract and retain the best global talent. We firmly believe that diversity drives innovation, and that effectively managing diversity and creating an inclusive work environment results in high-performing teams and – ultimately – a competitive advantage.

To develop a unified vision of what diversity and inclusion means to our company and to our employees, we asked them what they thought.

Nike employees across the world from Beaverton, Oregon to Johannesburg, South Africa, have articulated a consistent, four-pronged business case for diversity:

- 1 Diversity drives recruitment of the most dynamic people.
- 2 Diversity enriches the creativity and innovation that shapes the brand.
- 3 Diversity grows competitive advantage.
- 4 Diversity heightens the stature and belief in the brand within the culturally nuanced consumer base.

Nike's Global Diversity and Inclusion vision is to see every team high-performing, diverse and inclusive.

To achieve this vision, our strategy is to:

- 🔗 Optimize who we are
- 🔗 Amplify creativity and efficiency
- 🔗 Develop world-class diverse and inclusive teams
- 🔗 Deliver revenue and value

Our strategy is based upon our intent to answer three core questions:

- 1 How do we attract the best talent in the world to work at Nike?
- 2 How do we retain the best talent?
- 3 How do we create a work environment that maximizes human potential?

Diversity and inclusion mean different things in different countries and to different people. How do we truly become a globally diverse and inclusive company? A core part of that requires reframing mental models and assumptions. We can achieve our goal of recruiting and retaining a best-in-class diverse workforce by investing in new approaches, policies and processes, demonstrating leadership, implementing new systems, and changing the way we behave.

Partnership with key external organizations to promote best-in-class work will enhance our ability to become strong internal partners within the business. We believe this strategy will create diverse and inclusive teams that enhance creativity and innovation and will enable more premium consumer experiences.

In FY05-06 Nike continued to explore how we take diversity and inclusion from a discussion to an institutionalized part of how we operate and grow our business.

We enhanced our systems and structures, including incorporating a consistent review of activity and progress within our regular business review cycles and implementing a global data management system that will help us gather, assess and report more accurate data across our business.

Overall in FY05-06 we believe that while we've made some gains, we are still tackling some of the big questions around attracting and retaining talent and creating the best work environment.

There are no quick fixes. Building a culture and an organization that institutionalizes respect for diversity and inclusion, and shows real results in terms of representation and employee feedback is a long-term challenge.

FY05-06's work can best be summed up as laying important foundation stones. FY07 and beyond will build upon that.

## Evolution

We documented in our last report that FY04 represented a milestone for Nike and its diversity and inclusion journey.

At the time of that report, we had just formed our Office of Global Diversity and were in our second year of a five-year Employer of Choice initiative, during which we'd developed diversity metrics focused on representation, hiring, promotion and retention of women globally, and people of color in the U.S. — two communities of employees that we felt were underrepresented in leadership roles.

As managers increased their awareness and understanding and we began to link diversity and innovation to the business case, the dialogue expanded from a compliance approach to a broader one of connecting deeper with diverse communities. We continue to evolve.

Significantly, at the end of FY06, we restructured and elevated the chief diversity role. By separating the diversity and inclusion function from human resources, we are now positioned to better integrate with corporate strategic planning. In November 2006, Nike appointed a new vice president of Global Diversity & Inclusion, with responsibility for leading Nike's diversity and inclusion strategy for business growth, leveraging the synergies of our workforce, workplace and marketplace. Our CEO has begun challenging the senior management team to identify actions to drive diversity and inclusion and to review results as part of quarterly business reviews.

Under the VP's leadership, Global Diversity & Inclusion will continue to be the catalyst for developing fair and consistent diversity and inclusion practices across Nike's business. The department is responsible for global strategy and policy development, leadership coaching and development, assessment and measurement, communications, and integrating with other units in the business, including supplier diversity, staffing and corporate responsibility, to leverage diversity and inclusion as a competitive advantage.

# Our Commitments: FY04

In our FY04 report, we said diversity could be a competitive advantage. We said we wanted to be recognized as an employer of choice. Through a cultural assessment survey of employees, we listened to their voices and shaped our priorities based on their feedback on the work environment, career advancement and diversity and inclusion.

In FY04's survey, employees told us their four priorities for workplace improvement. We listened and responded.

EMPLOYEE PRIORITIES	MILESTONES ACHIEVED
Management Accountability	Nike increased transparency and consistency of its corporate human resources planning process, established corporate diversity objectives and implemented semi-annual reviews.
Management Education	Nike implemented a comprehensive four-day management development curriculum and separate managers coaching skills training. Diversity and Inclusion are core messages throughout the trainings.
Career Development	Nike implemented several programs: an intensive leadership development program, a rotational program, a web-based system for employees to manage and track their professional development, and increased college and university outreach.
Flexibility and Work Life Effectiveness	Nike introduced a global work-life effectiveness policy to formalize existing practices and promote consistent application across businesses.

# Our Commitments: FY05-06

That assessment created the foundation for our long-term diversity and inclusion strategy and resulted in three major initiatives that we focused on in FY05-06.

## EMPLOYEE PRIORITIES

Build a business case for diversity and communicate leadership commitment.

Strengthen people management systems and processes.

Develop a global infrastructure.

## MILESTONES ACHIEVED

Established the business case for gender and racial diversity and how diversity drives innovation to fuel future growth, resulting in increased leadership commitment.

Established the global diversity mission, strategic plan, scorecard and definition of diversity.

Helped businesses determine and communicate their business-relevant diversity goals within their strategic plans. Progress is reviewed regularly by the Corporate Strategic Review Committee.

Demonstrated leadership commitment through increased communications, accountability, direct involvement and active support and discussions.

Revamped and improved the performance management system and provided training for employees and managers.

Established a global Matter of Respect policy, elevating a consistent set of global standards for acceptable behavior of employees beyond regulatory requirements.

Implemented an interactive course to help employees determine how well they are demonstrating their competencies to assist with the creation of an Individual Development Plan.

Implemented rotational programs in Global Brand Management and Global Human Resources, a U.S. Retail Development Program and an EMEA Management Development Program, all designed to increase the internal talent pipeline.

Advocated for U.S. leaders to mentor diverse employees. Implemented pilot programs.

Completed implementation of a global HR data management system.

Researched other opportunities for global consistencies and efficiencies, including global job codes (implementation in progress) and global talent management systems. Research continues.

# Performance:

## A story of modest change

We believe that the steps we have taken are a good start and have helped us considerably in improving the landscape for diversity and inclusion across our operations.

And in becoming a choice employer, we have begun making strides, including a jump in our ranking among Fortune's "Best Companies to Work For."

While we celebrate these successes as validation that we're going in the right direction, we recognize that we still have a ways to go. We're on a long journey.

## Diversity measures

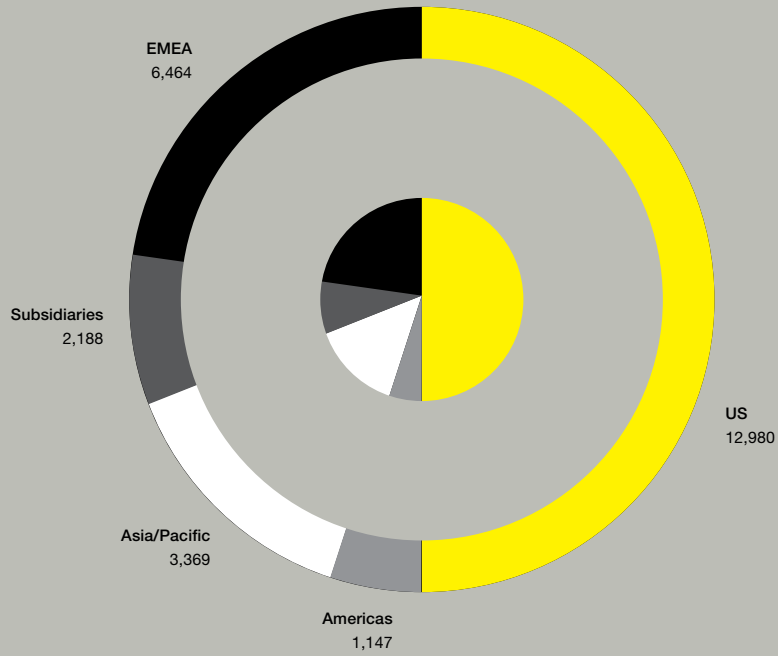
Worldwide, Nike Inc. had more than 28,000 employees on May 31, 2006. Below is a breakdown of these employees. We track and report on workforce representation to help us determine where we can improve, such as increasing outreach and enhancing internal developmental opportunities.

In the U.S., which accounts for about 50 percent of the Nike, Inc's global workforce, employees were basically evenly divided between men and women. This was a relatively small change from FY05.

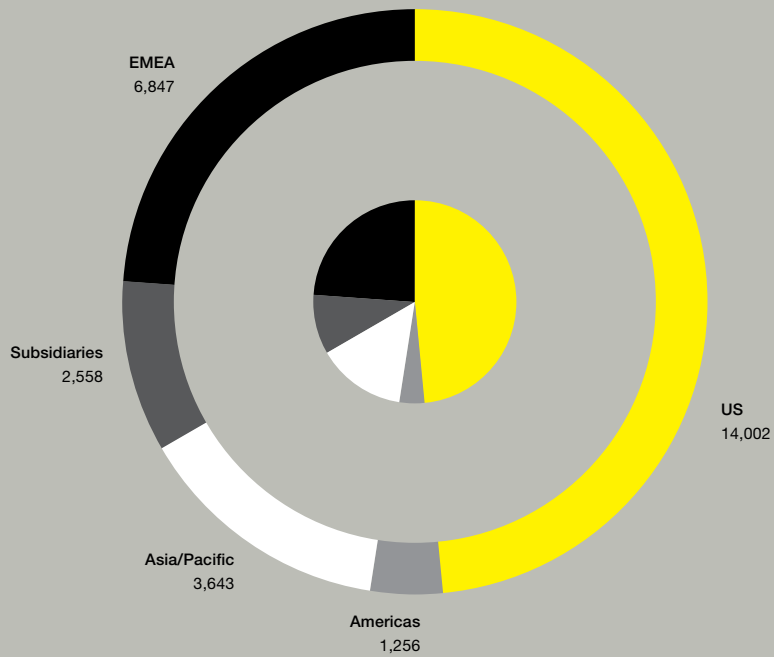
As we go deeper, we see there is less balance to the numbers by ethnicity, and less diverse representation higher up the management chain. We see this as a significant challenge, one that can not be met overnight.

We have just begun to collect comprehensive information on employee demographics by region, country and position. We are further along in the U.S. where we have been tracking data longer. Although the U.S. demographics are just one element of diversity at Nike, because they represent a significant challenge, we'll start here.

**Chart 38**  
FY05-06 Global Employee Data



FY05



FY06



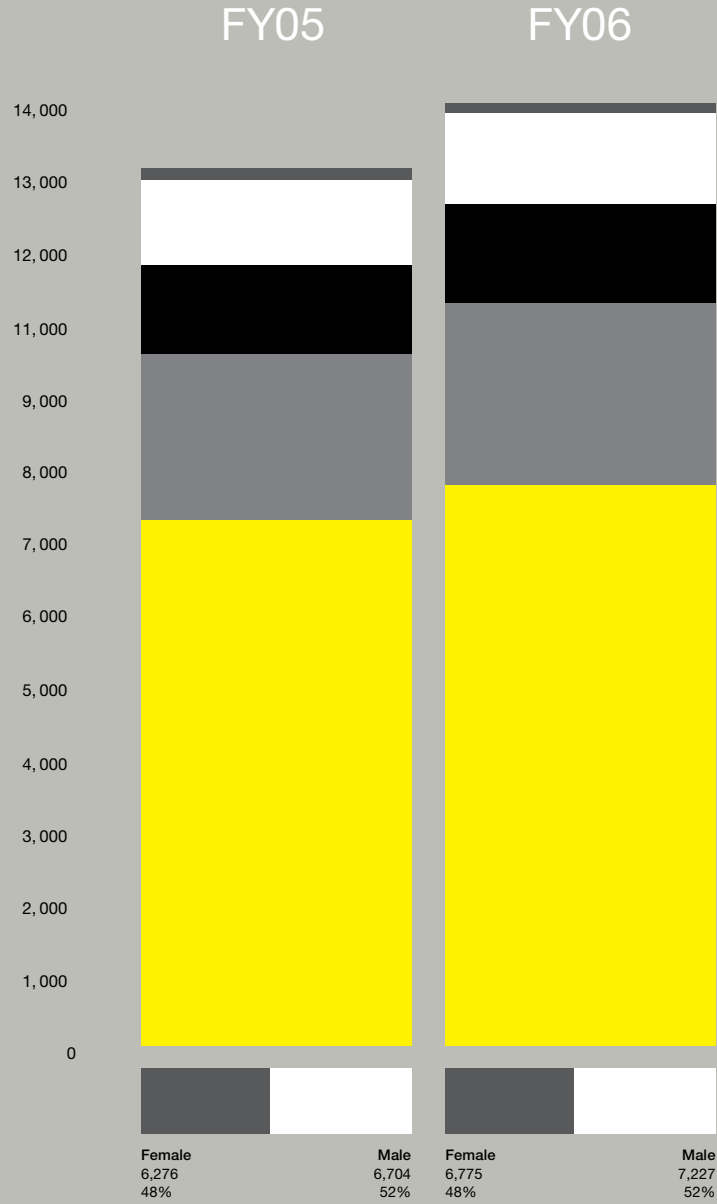
# One Set of Results: Demographics in the United States

We have seen no year-on-year change in gender balance at senior management levels. Women account for 29 percent of senior management. When expanding that pool to include managers and supervisors, the share of women occupying those positions rises to 40 percent, a slight decline from the previous year.

When reviewing the balance of ethnicities for the same two years in the U.S., we find a similar pattern: virtually no year-on-year movement, with Caucasians predominating (85 percent of senior management; 76 percent when the pool is expanded to include managers and supervisors). There have been no significant changes in the proportions represented by African-Americans, Hispanics, Asia and Pacific Islanders, and Native Americans.

**Chart 39**  
U.S. Employee Diversity Data

	FY05	FY06
American Indian	1%	1%
Asian/Pacific Islander	10%	9%
Hispanic	10%	11%
African American	19%	20%
Caucasian	60%	59%



**Chart 40**  
FY05-06 U.S. Management Breakdown by Gender/Ethnicity

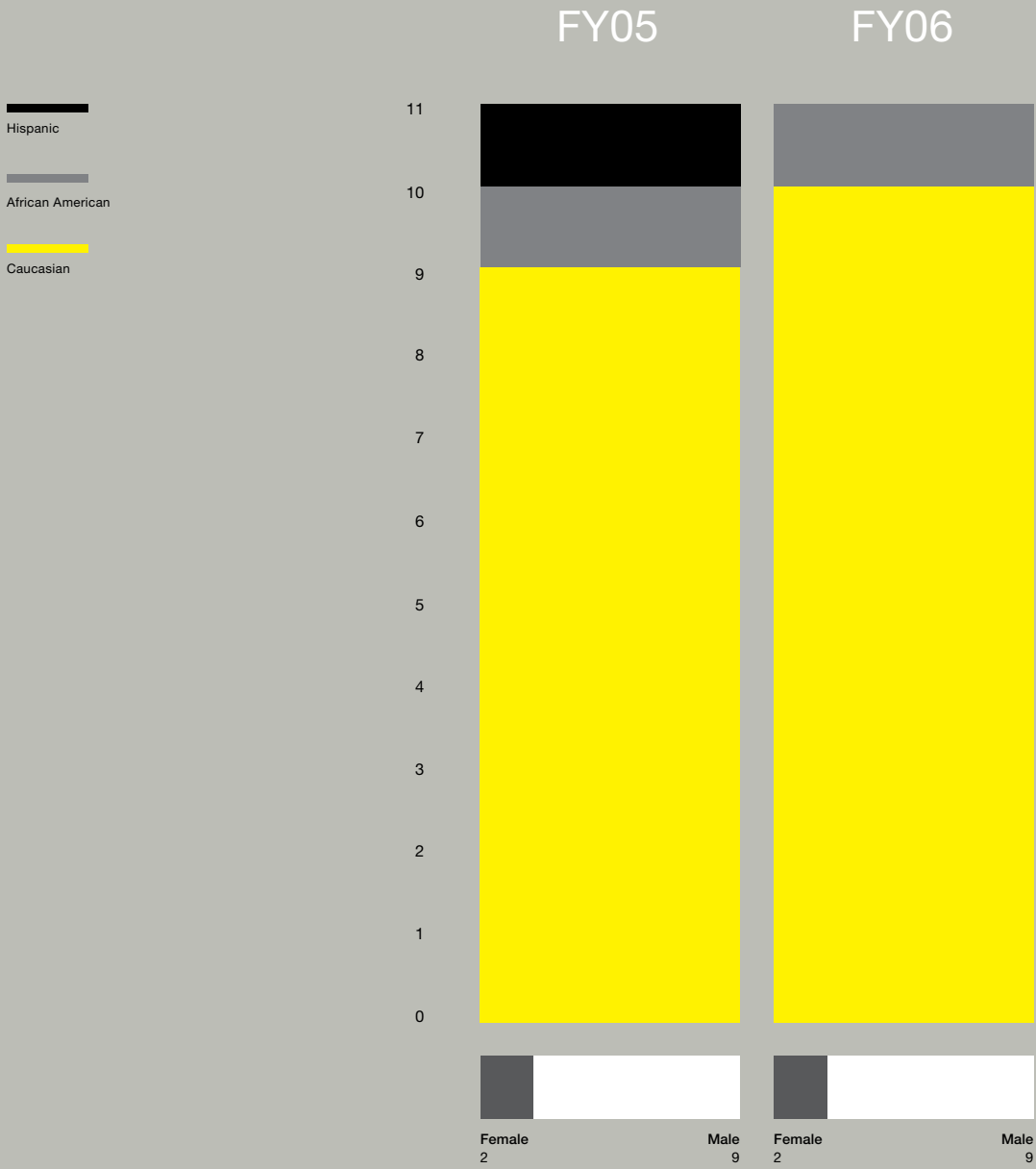


BREAKDOWN	EXECUTIVES & SENIOR MANAGERS				MANAGERS & SUPERVISORS				TOTAL MANAGEMENT			
	FY05		FY06		FY05		FY06		FY05		FY06	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>Gender</b>												
Women	109	29 %	114	29 %	669	43 %	687	43 %	778	41 %	801	40 %
Men	273	71 %	278	71 %	869	57 %	906	57 %	1142	59 %	1184	60 %
<b>Total</b>	<b>382</b>	<b>100 %</b>	<b>392</b>	<b>100 %</b>	<b>1,538</b>	<b>100 %</b>	<b>1,593</b>	<b>100 %</b>	<b>1,920</b>	<b>100 %</b>	<b>1,985</b>	<b>100 %</b>
<b>Ethnicity</b>												
White (Non-Hispanic)	320	84 %	335	85 %	1179	77 %	1223	77 %	1499	78 %	1558	78 %
African-American (Non-Hispanic)	26	7 %	27	7 %	140	9 %	148	9 %	166	9 %	175	9 %
Hispanic	10	3 %	11	3 %	109	7 %	116	7 %	119	6 %	127	6 %
Asian Pacific Islander	24	6 %	17	4 %	100	6 %*	101	6 %	124	6 %	118	6 %
American Indian	2	0 %*	2	1 %	10	1 %	5	1 %**	12	1 %	7	1 %**
<b>Total</b>	<b>382</b>	<b>100 %</b>	<b>392</b>	<b>100 %</b>	<b>1,538</b>	<b>100 %</b>	<b>1,593</b>	<b>100 %</b>	<b>1,920</b>	<b>100 %</b>	<b>1,985</b>	<b>100 %</b>

\* Rounded down for balancing purposes

\*\*<1% rounded up for balancing purposes

**Chart 41**  
U.S. Board of Directors Diversity Data



# Cultural Assessment Survey:

In FY06, Nike repeated its global cultural assessment survey to determine how we could more fully capitalize on the talents of all employees and to measure our progress against work begun following the FY04 survey.





In addition, we aimed to identify groups and issues for further exploration, and to use insights to refine the diversity and inclusion strategy. The survey covered three areas:

-  Work environment
-  Career advancement
-  Diversity and inclusion

We translated the confidential survey into 14 languages and engaged a third party, Catalyst, Inc., for oversight. The study had two phases: first a survey, then focus groups. Our response rate improved in FY06 to 62 percent with 13,729 responses, up from 51 percent for our last survey.

## Survey Results

The results showed modest change from FY04. Among the FY06 survey highlights were the following:


-  Overall job satisfaction continues to be high.
  -  Employees perceived slight improvements in management's commitment to creating an environment where all employees can advance through increased opportunities to learn skills for advancement, regular feedback and coaching from managers, and clearer career path ideas.
  -  Employee perceptions, while very favorable, remain constant on how Nike management appreciates diverse perspectives and experiences, recognizing and respecting the value of human differences.
  -  Employees perceived achieving work-life effectiveness as more challenging.

Following the survey, we invited employees from around the globe who reported lower perceptions of workplace inclusion to participate in externally facilitated focus groups. We asked them to share specific actions and situations that enhanced or detracted from their perceptions of inclusion and to recommend specific actions Nike leadership can take to enhance feelings of inclusion. We chose this approach because the survey revealed a positive correlation between inclusion and job satisfaction, and between job satisfaction and intent to stay. We are hopeful that by learning more we can close the inclusion gap and enhance high-performing teams.


# Cultural Assessment Survey:

## Focus groups results


The sessions revealed further insights on the data results. Common themes and highlights include:

-  Employees are engaged and committed to Nike's success and they want to help the company move forward.

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-  Employees defined factors that, when present, create a feeling of inclusion.

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-  Employees perceive that certain aspects of Nike's culture act as barriers to inclusion, impacting employees' perceptions of career advancement, cross-cultural effectiveness and work-life effectiveness.

We have shared findings from the survey with employees around the world. Our Global Diversity & Inclusion team continues to work with leaders and groups to help with focused planning efforts.

We're now working on goals that we established following the FY06 survey. This input is a critical part of how we plan for the future and establish goals that take account of employees' perceptions and desires for the company, which include:

-  Ensuring human resources processes are applied and communicated consistently.

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-  Addressing cultural norms that contribute to work-life effectiveness barriers such as valuing face time in the office.

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-  Ensuring work-life effectiveness programs are available and transparent globally, and are implemented consistently within offices.

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-  Expanding mentoring programs for employee development.

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-  Improving supervisors' people management skills.

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-  Increasing accountability for managing and leveraging diversity well.

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-  Increasing diversity of representation in leadership and high-visibility roles.

# Employee-Driven Action:

Nike has a history of employee involvement in placing and keeping diversity and inclusion on the company's agenda.

One effective channel over the past decade has been employee networks with vice presidents as executive sponsors. These networks focus attention on diverse communities within Nike, fostering professional development, enhancing work performance, identifying mentors, assisting in recruiting diverse professionals, and increasing community involvement. In the U.S., Nike has six employee networks:

-  Latino & Friends (established 1993)

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-  Asia Pacific (established 1994)

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-  African-American (established 1997)

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-  Gay, Lesbian, Bisexual, Transgender & Friends (established 1998)

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-  Native American (established 1998)

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-  Disabled Employees & Friends (established 2000)

These networks have become a vibrant part of the Nike campus, an important advocacy grouping on behalf of individuals and communities, actively sponsoring activities that reach a broad cross section of employees and community members.

Recent achievements include: youth leadership training, job shadow opportunities, mentoring, sponsorship of physical activity programs for minority youth and community members, regional and national speakers, and cultural heritage events.

## *Business learns from employee insights*

*When employee action leads to business success, it's a tangible example of the value of driving diversity and inclusion within organizations.*

*Take, for example, our Native American Network. We've linked this network with our Native American business. By building strong, authentic relationships in Native American communities, we've been able to build a business presence that is founded on trust, understanding and cultural awareness. As a part of our integration into those communities, we quickly began to see some of the specific issues they face. One of those is the prevalence of Type II Diabetes. In the last two years, we've worked to connect with Native American athletes and promote health excellence by designing walking footwear for diabetics and by fueling sports programming for the community out of our community investment portfolio. But the story doesn't stop there.*

*Nike keeps a close eye on emerging sports. In the U.S., we see the rapid growth of interest in lacrosse, a sport we traditionally hadn't focused on. Lacrosse is a sport born of Native American culture and heritage, and steeped in Native American philosophy. As we planned our entry into lacrosse, our connection to Native American communities became the clear pathway. We worked closely with the community, resulting in a partnership between Nike and the Iroquois Nationals team. The sponsorship includes a commitment to produce product that is sustainable and innovative and to fuel Native American youth access to the sport.*

*It's a great example of how the union of diversity, environment, social and business innovation can lead to new ventures that bring a clear return on investment to Nike and the community.*

In addition to the formal employee networks led by Global Diversity & Inclusion, Nike has other employee committees that drive the diversity and inclusion strategy. Committees include:

- Multi-Cultural Awareness Committee at the Memphis, Tennessee, distribution center (established 1998)
- Wilsonville Diversity Committee at the Wilsonville, Oregon, distribution center (established pre-1998)
- Global Women's Leadership Council, including nine geographically disbursed advisory councils (established 2003)
- US Leadership Team Diversity Steering Committee (established 2004)
- USA Retail Diversity Council (established 2004)
- EMEA Diversity Task Force (established 2004)

Employees around the world lead and participate in a number of other forums to understand and promote diversity. Highlights of efforts during the FY05-06 reporting period include:

- Europe, Middle East and Africa (EMEA) Region set diversity gender targets at all levels in the organization with a goal of driving the percentages of women in leadership roles upwards within the next three years.
- EMEA held a diversity summit in July 2006 to redefine its diversity strategy and engage leadership. Diverse talent acquisition efforts will include enhanced outreach to university graduates and the Netherlands' migrant population.
- Nike Iberia implemented an office-wide program titled WORKBETTERLIFE in 2006 to support and promote balance between employees' private and professional lives.
- The Americas and Asia Pacific regions held career networking events for women in their regions.
- The Asia Pacific region established gender and local national diversity goals for country-based leadership and management positions.

### Supplier diversity

*One example of how Nike's approach to diversity extends beyond its employee base is the work we undertake with suppliers. We launched a U.S. Supplier Diversity Program in 1998 and have made strides in providing value to the business through this effort. In FY06, we appointed a new Supplier Diversity Program manager to develop a robust operational backbone in the program which supports U.S. supply purchases from minorities and women business owners.*

*Nike works with several national and regional partners on its supplier efforts, including the National Minority Supplier Development Council, the Oregon Association of Minority Entrepreneurs and the Women's Business Enterprise National Council to help expand our minority or woman-owned business enterprises (MWBE) supplier base. This program provides Nike better visibility to minority- and woman-owned businesses that provide goods and services at competitive prices, and an opportunity to support a variety of businesses. We have seen and expect to continue to see significant progress in the area of supplier diversity. We are incorporating certified Gay Lesbian Bisexual Transgender-owned supplier dollars into addressable spend by collaborating with the National Gay and Lesbian Chamber of Commerce to determine proper certification processes.*

*To assess the proportion of our business and financial impact on minority suppliers, we evaluate the amount of addressable spend on indirect goods and services – that which our procurement department is able to influence directly, such as general office supplies – and the proportion of that spend that goes to MWBEs. Nike spends approximately \$2.7 billion annually in the U.S. on indirect goods and services, of which \$1.1 billion is classified as addressable spend. In FY04, Nike spent approximately \$33 million, or 3.7 percent of total addressable spend, with MWBEs. In FY06, Nike spent approximately \$67 million, 6.3 percent, with diverse businesses. This increase is partially due to a reevaluation of the calculation which resulted in the removal of taxes from the denominator.*

*In FY06 we instituted a second-tier supplier diversity program that strongly encourages our primary suppliers to subcontract with woman- and minority-owned suppliers for goods and services supplied to Nike. As a result, this program yielded a little under \$1 million in diverse spend. In the next three years, we will set targets to increase these amounts and work toward achieving those targets.*



Some of the challenges we face are not specific to our business. We compete for top talent – both in sourcing and retaining the talent we have.

Other challenges are in the areas of career planning and development and work-life effectiveness. Our employees continue to tell us that opportunity is one of the main reasons they choose to work at Nike and that work-life effectiveness is an important factor in their ability to maximize their contributions at work. In order to recruit and retain top talent, we need to continue investing in outreach, people management skills, learning and development, systems, processes and policies in support of a diverse and inclusive work environment.

An example of an investment in improving outreach is the needs analysis we conducted in FY06 to determine our greatest challenges in attracting talent. Results show our biggest hurdle is our location in Oregon. We have developed a strategy and are working to overcome misconceptions about the Portland-Metro area, including updating our recruiting materials with more information about the area's benefits.

Our investment in the complex global rollout of our human resources data management system is scheduled for completion by the end of FY07. This will enable us to better measure and assess the effectiveness of our diversity and inclusion initiatives.

One of Nike's biggest assets is our employees' passion for the brand and commitment to making Nike an even better place to work. Employees understand the business case for diversity and inclusion and want to be a part of a winning team. We use our maxims as our guiding principles and continue to build upon our increased employee engagement around diversity and inclusion. The rise is evidenced by increased network membership and participation, business goal setting around diversity and inclusion, and "best" of recognition by opinion leaders such as Fortune. Our employees consistently and clearly understand that diversity isn't about compliance. Rather, it's a driver of innovation and well-managed diverse teams thrive in an inclusive environment, which results in high-performing teams.

# Future Approach: Goals

Reflecting employees' feedback and the company's broad strategy, in the next three years we plan to focus our diversity and inclusion work in the following areas:

## Leadership competencies/accountability

We will work to establish accountability at the senior-most levels for creating and leading high-performing diverse teams and inclusive work environments. We are challenging leaders to be educated, be involved and be mentors.

## Continuous learning

To be a true multicultural organization and leverage the power and creativity of diverse teams, we will work to include, in management training and performance measures, cross-cultural managerial competency. We will work to provide training for non-managers to develop and enhance their cross-cultural interpersonal skills.

## Communications

Open, honest, continuous dialogue is critical to creating and maintaining an inclusive environment. We will encourage leadership to regularly highlight, through words and actions, their commitment to building and benefiting from a diverse and inclusive workforce. Success stories, challenges and opportunities will be transparent to employees.

## Work-life effectiveness

We need to better understand the barriers – work load, processes and company norms – and take steps to address them. These efforts are aimed at positively impacting Nike's recruitment and retention efforts and likely will increase employee morale, productivity and perceptions of inclusion.

In addition, we will continue building on our work of improving people management and career development systems. We also will look to engage with consumers to understand their diversity and inclusion priorities, gaining their perspectives as both consumers and potential employees.



# 8 Public Policy

# We believe strongly in the value of transparency - in our reporting and for the issues on which we work.

Nike like other companies, is engaged in public policy advocacy on a range of issues affecting our business, the industry and other areas of concern. The overriding objective of our public policy work is to use our ability to advocate for, promote and protect our business objectives with governments as well as other companies, trade bodies and political and public policy-oriented non-governmental organizations.

Our government relations work is a good demonstration of integrating corporate responsibility into our everyday business. While our government relations team around the world is small by design, we maximize our impact by drawing from resources around the company. We describe the collaborative process of forming our advocacy positions in greater detail below, but the overarching themes are set by our history, culture, business interests, new trends in public advocacy and our experience. Those themes can be grouped broadly as follows:

## Free trade

Nike was founded on the principle of free trade. As a global company, this principle remains our life-blood and mantra today. We firmly believe that while there are unintended economic and environmental consequences of free trade, the greatest good can be realized when producers and consumers have unfettered access to goods and services on a global basis. Our challenge is to promote this access in a way that also improves people's lives and does not harm the environment. We recognize this position may be controversial for some, but we are transparent about our aims and our advocacy on international trade issues.

## Physical fitness

We believe physical fitness is vital to healthy life and society and the lack of it is a growing and daunting problem facing many countries. True, a physically active consumer is good for our business. A physically active consumer is also more likely to be healthier, make better life choices, be more productive and be less likely to pose a burden on governments. This reality makes physical fitness a public policy priority. We also believe that sport can be an effective catalyst for social understanding and change. We support programs that use sport to convene people with different views and outlooks on how the world should function.

## Playing by the rules

We believe in playing by the rules – which in some political systems has unfortunately not been the case. Alongside our legal team, we train employees on the Foreign Corrupt Practices Act (FCPA), Organization for Economic Co-operation and Development (OECD) guidelines on corruption and bribery, U.S. and European sanctions regulations, and lobbying rules and protocol.

### Transparency.


We believe strongly in the value of transparency — in our reporting and for the issues on which we work. We also seek to ensure that the trade associations and multi-stakeholder platforms we participate in publish their position papers and other key communications. We follow federal guidelines for reporting our public policy activity and release information. You can review Nike political donations online at [www.FEC.gov](https://www.FEC.gov).


Because Nike is managed by a matrix comprised of geographic regions, product engines and categories of sport and functions, the development of our positions is somewhat complex.

In general, policies result from dialogue among a number of internal and external organizations and with relevant stakeholders. Trade policy, for example, usually results from dialogue between government affairs, manufacturing, supply chain, and regional and country management teams. Where we face labor and environment issues, we also engage our corporate responsibility, design and human resources teams.

We use similar collaboration and vetting processes for setting public policy positions and determining which political candidates we support financially.

We use two general rules in determining our support for political candidates:

 We only support candidates financially in the United States (where such support is more accepted, regulated and routine).

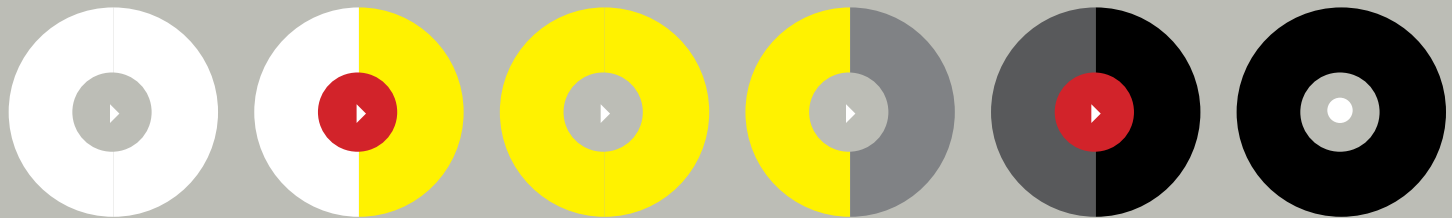
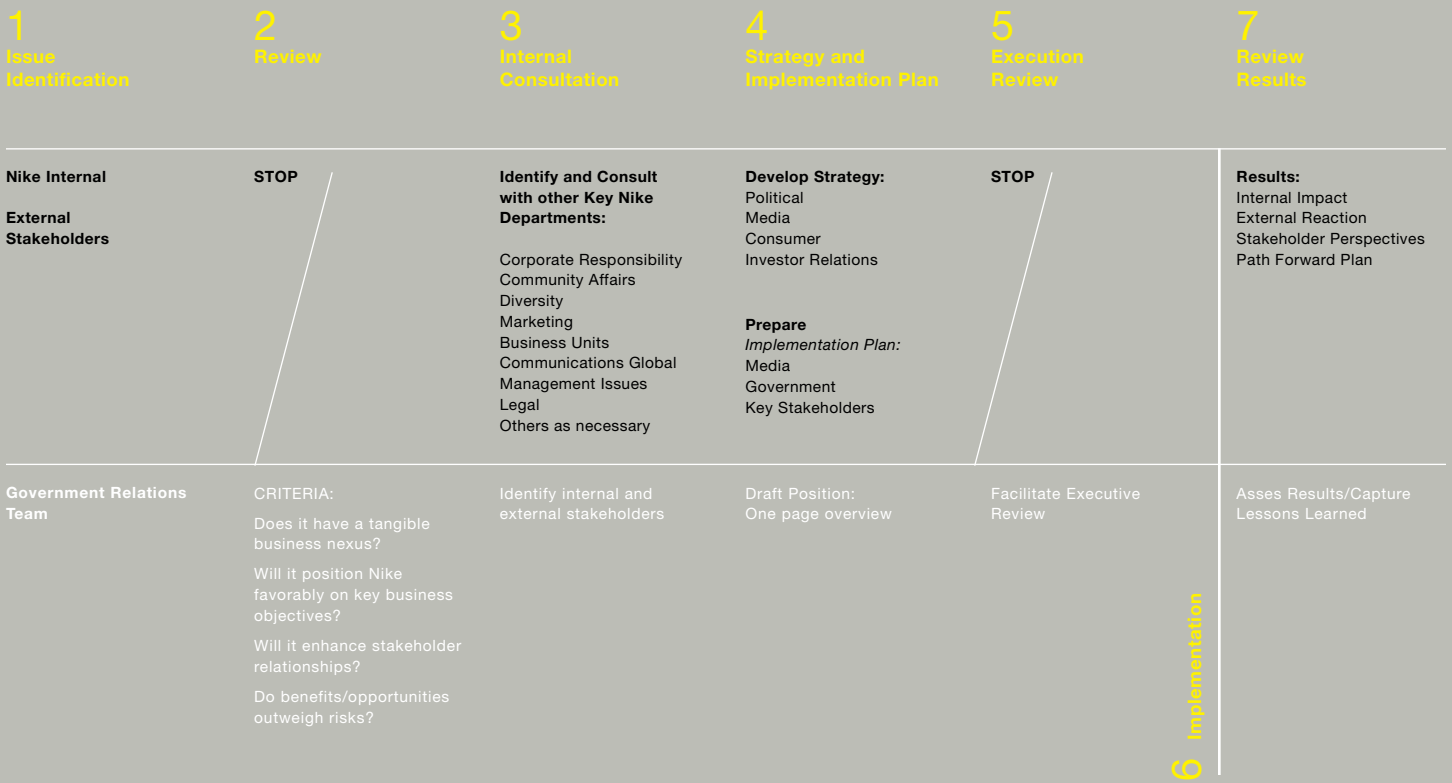
 We support candidates who support our business goals and objectives regardless of their political affiliation.

### Public policy process

We constantly grapple with the selection of issues to influence and the positions we take. We face the age-old dilemma: there are risks and downsides to every position, including the potential of alienating a group of employees, a non-governmental organization partner or a political ally on another issue.

To address this concern and bring some clarity to our decision-making deliberations, we have developed a process for systematic and timely policy decision making. The chart below outlines the basics of that process, which is still evolving as we determine what does and doesn't work.

**Chart 42**  
Public Policy Process



# International Trade:

## Nike is a strong advocate for free trade and has been since our inception.

We believe that when countries open their markets and developed countries eliminate protectionist barriers, the potential rises for improvements in living standards, wages, working conditions and environmental practices. As a result, over the last two years, we have supported the following market-opening trade agreements:

### U.S.-Central American Free Trade Agreement (CAFTA)

While it didn't have a significant business impact to Nike, we supported the CAFTA agreement because it was the next logical step in the creation of a Western Hemisphere Free Trade Area. In addition, we believed it would build sorely needed momentum for the World Trade Organization talks, and, in theory, rebuild some collaboration on how Congress views international trade agreements. We support all of these aims. The agreement passed Congress by a narrow margin after a very divisive debate. While we are pleased the agreement passed, we were disappointed with the debate. We believe a constructive dialogue can bring about important linkages that will enhance trade and improve labor and environmental standards.

### Least developed country legislation.

We supported legislation that would expand U.S. market access to the very poorest of developing countries, many of which were devastated by the 2004 tsunami. Trade is vital for least-developed countries, a fact underscored by the recent Hong Kong declaration by the World Trade Organization that developed countries should provide duty-free access to the least-developed countries. We assumed swift legislative approval would help offset the impact the 2005 phase out of trade quotas under the Multi-Fibre Arrangement and the impact of the tsunami. To our disappointment, the legislation lost momentum and was used as a topic of debate over broader issues, including trade and reinstatement of quotas on China-made apparel. We believe this legislation deserves continued support and will continue to work for its passage.

### Vietnam's World Trade Organization entry.

Nike has been a strong supporter of legislation that would admit Vietnam into the World Trade Organization. It is important to our business that Vietnam be fully integrated into the world's trading system, just as it was for China's entry. Both are important sources for Nike product manufacturing, and China is a major and developing market while Vietnam will develop into a market of some potential eventually. Vietnam was officially admitted into the WTO in January 2007 and it is now bound by a wide array of market access, business and trade commitments.

# Legislative and Advocacy Agenda:

We believe we have a responsibility to use the power of our brand to pursue corporate responsibility policy objectives through advocacy.

Over the past two years we have focused the power of our brand to drive legislative and public policy initiatives that reflect our commitment to these goals.

## United States issues:

### Non-discrimination based on sexual orientation/civil unions

We have, and will continue to work at the state and federal levels to ensure that all employees, regardless of their sexual orientation, are treated fairly in the workplace and that they have a right to legal recognition of same-sex relationships. We believe this is the right thing to do and benefits our employees and our business, allowing us to recruit and retain a broader base of employees and boost employee morale. In FY05-06, Nike supported the:

Federal Employee Non-Discrimination Act which would make job termination and discrimination based on sexual orientation illegal. While this legislation was not considered in Congress this session, it will be raised in the next Congress and we will continue to support and work toward passage.

Federal Domestic Partner Health Benefits Equity Act which proposes providing the same tax treatment to health care benefits for permanent partners as those legally married. This legislation has not yet been considered by Congress, but we are continuing to work with other coalition members to press Congress to pass this important piece of legislation.

Washington state non-discrimination legislation which prohibits employment discrimination based on sexual orientation in the State of Washington. Nike worked with a broad coalition of businesses from the Pacific Northwest on this legislation which was passed and signed into law in the 2006 legislative session.

Oregon State non-discrimination legislation which prohibits discrimination based on sexual orientation in employment, housing and public accommodations in Oregon. In 2005, Nike helped pass the non-discrimination legislation in the Oregon Senate, but it was not considered in the Oregon House. In 2007, Nike created a supportive employer coalition and provided leadership to pass similar non-discrimination legislation as well as legislation to provide gay, lesbian, bisexual and transgender (GLBT) citizens with a basic set of rights. Both pieces of legislation were approved by the Oregon legislature and signed into law by Oregon's governor in May 2007.

### Head Start reauthorization

We have a long-standing partnership with Head Start, an early childhood education and wellness program. Nike worked to defeat federal legislation that would have removed parents, particularly in inner cities, from the governance structure of Head Start programs. Those governance structures remain in place, but the debate will likely reemerge. We will continue to work with Head Start to help ensure that its legislative agenda is successful and the program remains strong.



### Title IX

One of our major continuing initiatives is to overturn a U.S. Administration guideline that we believe weakens Title IX. This vital legislation was enacted more than 30 years ago to ensure that girls and women have equal opportunities to play sports in school. We believe Title IX works and that it has changed the face of sports for the better. The new administrative guidelines allow schools and universities to employ new methodologies to measure their compliance with Title IX. Along with other historic supporters of Title IX (including the National Collegiate Athletics Association), we believe that the new methodologies are faulty and could lead to artificially low participation/interest rates in women's sports. If these rates drop, funding for women's sports likewise drops. Along with a broad coalition of non-governmental organizations, Nike successfully spurred Congressional hearings on the guidelines and secured letters supporting our position from key members of Congress. Despite these efforts, support for the Administration's guidelines remains strong and the guidelines remain in place.

### Support for issues in our home state

Oregon is home to Nike. We are proud of that fact – it's a part of who we are. We take seriously our obligation as the only Fortune 500 company headquartered in Oregon to help the state pursue development and impact far beyond its population and natural resources. There are a number of Oregon issues of great importance to Nike, including:

#### Stabilizing school funding

Adequate funding for public schools is a constant challenge for much of the United States. In Oregon, most of Nike's 6,100 employees have children in Oregon's public schools. We believe strong, healthy public schools create vibrant, strong communities. Nike's state legislative agenda in FY05 included support for adequate funding for Oregon public schools. We have placed employee representatives in leadership positions on key school foundations in the Portland-metro area. In 2006 Nike made financial contributions to critical local funding ballot measure campaigns. Also, we launched the Nike School Innovation Fund, a five-year, \$9 million effort to support innovation in schools.

#### Government transparency and accountability

In 2004 the City of Beaverton, which borders Nike's campus in unincorporated Washington County, began forcibly annexing streets and other portions of the county. This practice took place without notice or dialogue with impacted businesses and residential property owners. Nike's World Headquarters was part of this plan. Once we discovered the plan, we sought and successfully received relief from the

Oregon State Legislature on behalf of ourselves and other businesses. We believe legislative relief was necessary because the annexation challenged conventional land use policy and property ownership, would substantially increase our taxes with no reciprocal benefit in services and would bring no value to our company, shareholders or employees.

### International issues:

Outside of the United States, Nike applies the same principles and supports related activities that we believe will be good for our business. Among the public issues, Nike has supported:

#### Europe, Middle East and Africa (EMEA) sports platform

As in other parts of the world, sports participation, access to places to play and social inclusion are major challenges facing European countries. Nike works with other companies and non-governmental organizations to establish policy platform on sports participation and social inclusion. The initiatives, once implemented, will focus on three key activities:

-  Additional research into the drivers of declining or stagnating levels of sports participation in three European Union countries.
-  Defining a policy agenda and new stakeholder policy consultation tools.
-  Developing and exchanging best practice in sports participation programs.

We are working with partners from the corporate, non-governmental organization and government sectors to build these initiatives in the United Kingdom, France and the Netherlands in 2007.

#### SF<sub>6</sub>/Perfluoropropane (PFP) phase-out

As Europe adopted legislation to implement the Kyoto Protocol on greenhouse gases, Nike has worked with the European Commission and key European Union member states to ensure the legislation the European Union considered allowed Nike adequate time to convert to new Nike Air cushioning technology using nitrogen instead of fluorinated gases. Consistent with European Union legislation, our transition to nitrogen is now complete for all footwear. Please see the Considered Design and The Environment section of this report for more details.

#### Malaysia girls soccer program

To promote increased cross-cultural understanding and improved relations between people of different nationalities, Nike participated in the implementation of a Cultural Exchange Program funded by the U.S. Department of State. American female coaches traveled to Malaysia to teach girls about soccer. Subsequently, a group of Malaysian girls traveled to the U.S. to train and participate in a variety of cultural outreach activities. While this is just one program, we believe that its replication can foster greater understanding of cultural differences around the world and we are currently exploring how to expand and replicate this program.

#### Employment of people with disabilities in Vietnam

In Vietnam, we have worked closely with the government to increase employment opportunities for people with disabilities. Alongside a contract footwear factory, Nike worked with Vietnam's Ministry of Labor, Invalids and Social Affairs to review and revise policies on the employment of people with disabilities. Well-intentioned government regulations were inadvertently limiting employment opportunities and channeling people with disabilities into less-desirable jobs. We worked closely with the Ministry on a pilot program to expand employment opportunities. We anticipate expansion of the pilot program, as well as legislative changes that will increase opportunities with other companies.

# The Future:

We remain committed to integrating our corporate responsibility objectives further into our public advocacy efforts. Among the areas we believe have the greatest opportunity are:

## Globalizing Nike's public policy positions

Most of our advocacy work has been in the United States. We will continue our work to globalize this strategy so that our policy initiatives have influence in other developed and developing countries. In FY07-08 we will focus on China where our Government Affairs and Corporate Responsibility teams are closely aligned and have worked together on the issue of labor rights. [See AMCHAM letter](#). [See World Federation of the Sporting Goods Industry release](#).

## Public policy advocacy innovation

It is important for us to stay on the cutting edge of public policy practices. Innovative work in this area by companies and non-governmental organization provide great models against which to benchmark our work and further incorporate best practices into our ongoing advocacy program. We can accomplish this by collaborating with other businesses and non-governmental organizations that are working in this area.

## Sport for youth inclusion advocacy

We will broaden our support for access to fitness programs, places to play and the use of sports as a means of youth inclusion.

## Emerging issues

We remain vigilant in identifying new and emerging issues. We recognize that corporate responsibility definitions will broaden and we intend to broaden our advocacy work accordingly. Examples include tax policy, issues facing professional sports or corporate governance.

## Building broader business support

We will educate trade associations and other businesses on the significance of their support for positions we believe are responsible and in the interests of our stakeholders.



# 9 Nike Business Overview

## Business Overview:

Nike, Inc. is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities.

Virtually all Nike products are manufactured by independent contract manufacturers, many of which produce for other globally recognized brands. Most Nike products are made outside of the United States.

Nike, Inc. also includes six U.S.-based wholly owned subsidiaries.

This report covers activities of the Nike brand, as well as Brand Jordan and Nike Golf, which together represent about 90 percent of company revenues, unless where otherwise noted.

Nike has a long-term goal of incorporating subsidiary companies into its corporate responsibility efforts and reporting.

### *Nike, Inc Subsidiaries*

*Cole Haan Holdings Inc., based in Maine, sells dress and casual footwear and accessories for men and women under the brand names of Cole Haan, g Series and Bragano.*

*Nike Bauer Hockey Inc., based in New Hampshire, manufactures and distributes hockey ice skates, apparel and equipment, as well as equipment for in-line skating and street and roller hockey.*

*Harley International LLC, based in California, designs and distributes action sports apparel for surfing, skateboarding and snowboarding, and youth lifestyle apparel and footwear.*

*Nike IPHD Inc., based in Oregon, makes AIR-SOLE cushioning components used in Nike footwear products and sells small amounts of various plastic products to other manufacturers.*

*Converse Inc., based in Massachusetts, designs and distributes athletic and casual footwear, apparel and accessories.*

*Exeter Brands Group LLC, based in New York and Beaverton, Oregon, includes the Tailwind, Starter, Team Starter, and Asphalt brand names and is the master licensee of the Shaq and Dunkman brands. The Exeter Brands Group is devoted to designing and marketing athletic footwear and apparel for the value retail channel.*

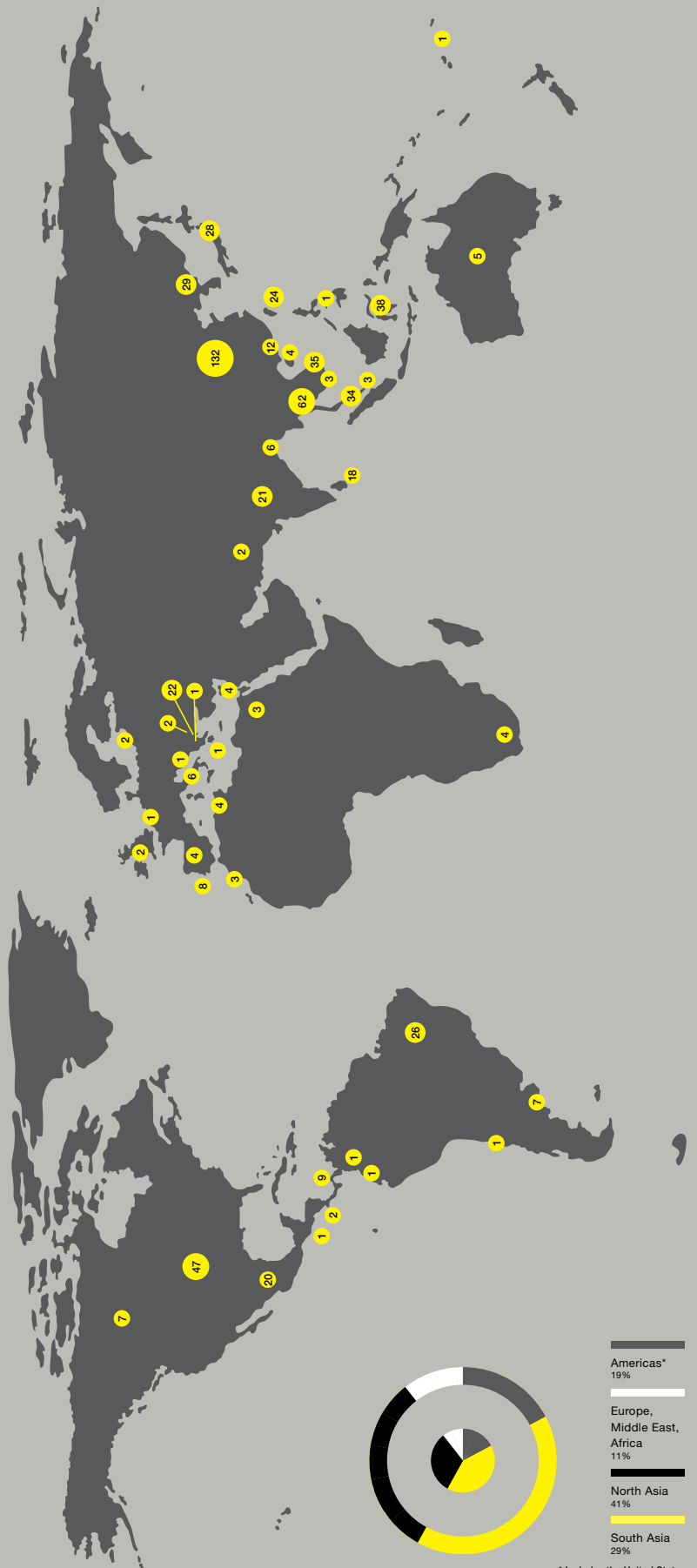


# Nike's Contract Factory Footprint

**Chart 43**  
Nike's Contract Factory Footprint  
As of Feb. 28, 2007

COUNTRY FACTORIES

ARGENTINA	7
AUSTRALIA	5
BANGLADESH	6
BELGIUM	1
BOSNIA	1
BRAZIL	26
BULGARIA	1
CAMBODIA	3
CANADA	7
CHILE	1
CHINA	132
COLOMBIA	1
ECUADOR	1
EGYPT	3
EL SALVADOR	2
FIJI	1
GREECE	1
GUATEMALA	1
HONDURAS	9
HONG KONG	12
INDIA	21
INDONESIA	38
ISRAEL	4
ITALY	6
JAPAN	28
JORDAN	3
KOREA	29
LITHUANIA	2
MACAU	4
MALAYSIA	34
MEXICO	20
MOLDOVA	2
MOROCCO	3
PAKISTAN	2
PHILIPPINES	1
PORTUGAL	8
SINGAPORE	3
SOUTH AFRICA	4
SPAIN	4
SRI LANKA	18
TAIWAN	24
THAILAND	63
TUNISIA	4
TURKEY	22
UK	2
USA	47
VIETNAM	35
GRAND TOTAL	652



\* Includes the United States

# Business Strategy:

Nike mines consumer insights and uses research and development to design premium performance athletic products.

We contract with manufacturers to make and ship products to our owned and partner retailers around the world.

We create demand for product through marketing and advertising, our presence in sports and our relationships with athletes (sports marketing). For Nike to be successful, the world of sport must be successful. To build our business, we have to fuel and respond to consumer interest around the world and continually appeal to changing demographics and new markets in a deeply competitive industry.

We also stimulate growth through smart, effective investments in people, research and development resources and a well-managed supply chain. We increase shareholder returns by effectively managing our operating costs in proportion to our growth rates.

We have shared information on the company's growth strategy, including our aim to achieve revenue of \$23 billion by FY11. This strategy is the context for our corporate responsibility efforts. We aim to achieve this growth by delivering premium products, growing in our geographic regions and elevating the retail experience. Detailed information is available online at [nikebiz.com](http://nikebiz.com).

# Financial Summary:


In FY06, Nike, Inc. reached global revenue of \$15 billion, up 9 percent from FY05. For complete information about Nike's annual financial performance, see our Form 10-K, available online at [www.nikebiz.com](http://www.nikebiz.com).

Selected data for the company, including wholly owned subsidiaries, are shown here. Nike's fiscal year starts on June 1 each year. FY06 began June 1, 2005, and ended May 31, 2006. All information is reported by fiscal year unless otherwise noted.


Nike, Inc. releases information on its business performance online quarterly.

In addition, the form 10-K and other regulatory filings contain information on the company's financial, strategic and broader corporate responsibility activities including corporate governance, ownership and employment activities.


Information available online at [nikebiz.com](http://nikebiz.com) includes:

-  [Quarterly financial results](#)


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-  [Quarterly news releases](#)

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-  [General business news releases](#)

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-  [List of Nike-approved contract factories](#)

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-  [Details of audit methodology](#)

Chart 44  
Selected Financial Data

Net Revenue by Global Region (millions)			
	FY06	FY05	FY04
USA	5,722.5	5,129.3	4,781.8
EMEA	4,326.6	4,281.6	3,827.7
Asia Pacific	2,053.8	1,897.3	1,610.8
Americas	904.9	695.8	604.5
Other	1,947.1	1,735.7	1,428.3
<b>Total</b>	<b>14,954.9</b>	<b>13,739.7</b>	<b>12,253.1</b>

Net Revenue by Product Line (millions)			
	FY06	FY05	FY04
Footwear	7,965.9	7,299.7	6,566.1
Apparel	4,168.0	3,879.4	3,539.1
Equipment	873.9	824.9	719.6
Other	1,947.1	1,735.7	1,428.3
<b>Total</b>	<b>14,954.9</b>	<b>13,739.7</b>	<b>12,253.1</b>

Pre-Tax Income by Global Region (millions)			
	FY06	FY05	FY04
USA	1,244.5	1,127.9	1,007.3
EMEA	960.7	917.5	744.0
Asia Pacific	412.5	399.8	352.3
Americas	172.6	116.5	97.4
Other	151.6	151.4	75.3
Corporate	(800.3)	(853.3)	(826.3)
<b>Total</b>	<b>2,141.6</b>	<b>1,859.8</b>	<b>1,450.0</b>

Other Selected Financial Data (millions)			
	FY06	FY05	FY04
Total Assets	9,869.6	8,793.6	7,908.7
Total Equity	6,285.2	5,644.2	4,781.7
Retained Earnings	4,713.4	4,396.5	3,982.9
Market Capitalization	20,564.5	21,462.3	18,724.2

Taxes Paid (millions)			
	FY06	FY05	FY04
<i>Current</i>			
U.S. Federal	359.0	279.6	185.3
U.S. State	60.6	50.7	43.3
Foreign	356.0	292.5	266.8
<b>Subtotal</b>	<b>775.6</b>	<b>622.8</b>	<b>495.4</b>
<i>Deferred</i>			
U.S. Federal	(4.2)	21.9	3.9
U.S. State	(6.8)	(5.3)	2.4
Foreign	(15.0)	8.8	2.7
<b>Subtotal</b>	<b>(26.0)</b>	<b>25.4</b>	<b>9.0</b>
<b>Total</b>	<b>749.6</b>	<b>648.2</b>	<b>504.4</b>





# 10

## **Governance, Accountability & Reporting**

# Reporting Practices:

Nike sees reporting as an important means of sharing information about its commitments, successes and targets regarding corporate responsibility.



We prepare information, taking account of our business impacts and the desires of stakeholders, to provide an open, clear picture about our aims and progress in incorporating responsible practice into our operations.

# The Board of Directors and the Corporate Responsibility Committee

Nike's Board of Directors is responsible for corporate governance in compliance with the U.S. Sarbanes-Oxley Act and other laws, and representing the interests of our shareholders. As of May 31, 2006, the board was composed of 11 members, nine of whom are considered independent non-executive directors under the listing standards of the New York Stock Exchange.

The Corporate Responsibility Committee of the Board of Directors was established in 2001 to review significant policies and activities and make recommendations regarding labor and environmental practices, community affairs, charitable and foundation activities, diversity and equal opportunity, and environmental and sustainability initiatives. Either the company Chairman or the Chief Executive Officer attends the Corporate Responsibility Committee meetings. The Committee meets three times each year to review strategies and plans for corporate responsibility.

As of May 31, 2006, the members of the [Corporate Responsibility Committee of the Board](#) were:

-  Jill Ker Conway, non-executive director, committee chair
-  Douglas G. Houser, non-executive director
-  Jeanne P. Jackson, non-executive director
-  John R. Thompson, Jr., non-executive director
-  Johnathan A. Rodgers, non-executive director

## Ethics and Conduct:

As stated in our FY04 Corporate Responsibility Report, Nike has a code of ethics for all employees called [Inside the Lines](#). It defines the standards of conduct we expect employees to follow and includes a range of topics on employee activity, ethical behavior, product safety, legal compliance, competition and use of resources.

Each year, all Nike employees are required to verify that they have read and understand Inside the Lines. Nike also operates a global toll-free Alertline for employees to report confidentially any suspected violations of the law or our code of ethics. Any reported concerns around accounting, auditing or internal control are communicated to the Board's audit committee, which determines appropriate action.

We expect our suppliers to share our standards and operate in a legal and ethical manner. While Inside the Lines addresses the behavior of Nike employees, the Nike [Code of Conduct](#) addresses contractors that manufacture Nike-branded products. It directs them to respect the rights of their employees and to provide them with a safe and healthy work environment.

# Stakeholder Engagement and the Report Review Committee Process:

Our stakeholders help us prioritize key issues and develop and implement our corporate responsibility policies. We learn a great deal from our interactions. We find that constructive engagement with stakeholders is most often the approach that brings about the best insight to the challenges we all have an interest in addressing.

We have an ongoing dialogue with a large number of stakeholders. We do this informally, through networks and organizations that we participate in, or are members of, and as a structured part of our outreach strategies on issues and challenges. We also do this through our formal partnership work.


Each of our key partnerships is governed by agreements, contracts and/or operating principles, promoting the accountability and governance of each partnership. We have also worked to understand how multi-sectoral partnerships are best brokered, and how to make them succeed, working with the Partnership Brokers Accreditation Scheme (PBAS) through The Prince of Wales International Business Leaders Forum (IBLF).

Following Nike's first Stakeholder Forum in February 2004, we have employed a consistent stakeholder engagement process through the issuance of our Corporate Responsibility Report and the dialogue surrounding its contents with our Report Review Committee (RRC).


## Data & information verification

It is beyond the scope of the Report Review Committee to provide verification of the information contained in this report.

Nike works with a variety of organizations to evaluate the quality of our systems and data in different areas of corporate responsibility. These include:

-  Fair Labor Association: Independent auditing of working conditions in certain contract factories

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-  CH2M Hill: Certain environmental data


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-  Center for Energy and Climate Solutions: Climate Savers Program

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-  Environmental Resources Trust: Greenhouse Gas Emissions

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-  Program Evaluation Across the Nation Using Technology (PEANUT): NikeGO – US Region

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# Report Review Committee:

As with our FY04 report, we asked an independent Report Review Committee – comprised of volunteer experts from the non-governmental organization, academic, trade union, investor and business communities – to advise us in the development of this report. Based on a feedback process led by SustainAbility Ltd., the facilitator of both our 2004 and the 2006 Report Review Committee processes, and Ceres, who convened and chaired the processes. We added members to the committee this year to address missing voices from our first process. Specifically, we added experts in diversity, Chinese labor markets and sport-for-development measurement and evaluation. We asked the Report Review Committee to utilize [AccountAbility's AA1000 Assurance Standard](#) for guidance.

The short bio of each Report Review Committee member appears in the next column:

**Maggie Burns** Freelance consultant in the non-governmental organization field of labor rights with a specialization and commitment to ensuring that the voice of the poor is heard within policy debates.

**Vidette Bullock Mixon** Director of Corporate Relations and Social Concerns for the General Board of Pension and Health Benefits of the United Methodist Church.

**Anita Chan** Visiting Research Fellow at the Contemporary China Centre, Australian National University, and labor rights advocate promoting programs that may lead to workers' empowerment.

**Liz Cook** Vice President for Institutional Strategy and Development at the World Resources Institute. World Resources Institute is an independent nonprofit organization working to protect the earth and improve people's lives.

**Tom Gladwin** Max McGraw Professor of Sustainable Enterprise and Co-Director of the Erb Institute for Global Sustainable Enterprise, jointly in the Ross School of Business and School of Natural Resources and Environment at the University of Michigan.

**Debra Hall** Report Review Committee chair and Chief Operating Officer of Ceres, a network of investors, environmentalists and other public interest groups that work with companies and investors to address sustainability challenges.

**Neil Kearney** General Secretary of the International Textile, Garment and Leather Workers' Federation (ITGLWF). The ITGLWF is an International Trade Secretariat bringing together 245 affiliated unions in 130 countries worldwide, with a combined membership of more than 9 million workers.

**Rolf Schwery** Independent consultant in the sport for development measurement and evaluation field.

**Sandra Taylor** Senior Vice President, Corporate Social Responsibility, at Starbucks Coffee Company.

**Chris Tuppen** Head of Sustainable Development and Corporate Accountability at British Telecom.

**Michael Wheeler** Strategic management consultant and author specializing in workforce diversity and organizational effectiveness.

**Liz Umlas** Senior research analyst specializing in human rights and labor issues at KLD Research & Analytics, Inc. KLD is the leading provider of environmental, social and governance (ESG) research for institutional investors.

Since the publication of our last report, we have taken the recommendations of the FY04 Report Review Committee into consideration as detailed below.

For the development of this report, the Report Review Committee met in April 2006, during our report planning stages. The Committee met again in October 2006 to comment on a draft report and assess our

response to their suggestions. The Committee met again in March 2007 to review and prepare its statement regarding this report. You can read its feedback, unedited by Nike, on page 135-136. Their feedback, as in FY04, helped us set the scope, coverage and focus for this report and will help inform our reporting processes in future years.

#### Chart 45

##### FY04 CR report: Report Review Committee Recommendations

Report Review Committee Recommendation (as documented in the FY04 Corporate Responsibility Report)	FY05-06 Status Update
Improve information systems	In FY06, we invested in the development and implementation of an online information system for corporate responsibility. We continue to prioritize the effective use of information systems in our work.
Report on progress of corporate responsibility integration into the business	Throughout this report, we highlight our business integration efforts and where we have additional work to do.
Expand coverage of subsidiaries' performance	We have not made the progress we would have liked to with respect to corporate responsibility programs within Nike, Inc. subsidiaries due to the significant changes to the Corporate Responsibility team. We intend to include subsidiary companies in future reporting cycles and have developed a FY08 strategy to expand corporate responsibility coverage in our subsidiaries.
Continue to report on supplier performance	A refined focus and new tools provide us with more in-depth information about factories. For more information, please see the Workers in Contract Factories chapter of this report.
Address verification and assurance	Besides investing in a new data management system, we are working with our stakeholders (the Report Review Committee and others) to determine what a robust assurance process will entail in the future. Our participation in the Global Reporting Initiative's Apparel and Footwear Sector Supplement process is also enabling us to seek better reporting standards for our industry.
Expand coverage of stakeholder engagement	While we have focused heavily on internal integration, systems and organization, we also have continued to reach out to a diverse set of stakeholders and have built and sustained key partnerships. Those partnerships are detailed throughout this report.
Discuss consumer issues	Stakeholder feedback is central to our approach to deciding what is included in this Corporate Responsibility Report. Consumer issues are discussed throughout the report where appropriate.

# The Investment Community:

Throughout this report we have shared elements of our commercial strategy that provide real opportunities for corporate responsibility to create value for the company. Today, Nike gets very little demand for information from the mainstream investment community about our social and environmental performance. However, as we demonstrate corporate responsibility's return on investment to shareholders, we hope to see our conversations with mainstream investors about corporate responsibility merge into the broader conversation about our competitiveness and relevance in the marketplace.

Meanwhile, the socially responsible investment community and other research and rating organizations regularly request information from Nike and/or rank Nike using publicly available information. As such, these organizations are one of the intended audiences for this report. We engage with these communities by attending conferences and other gatherings to discuss best practice as well as through our regular response to surveys and profiles that are created by external research and rating organizations. Below is a list of some of the rankings and organizations that have ranked us. While this is not a complete list, we have called out the highlights.

**Calvert Social Index** The Calvert Social Index is a broad-based, rigorously constructed benchmark for measuring the performance of large, U.S.-based socially responsible companies. In September 2005, Calvert added Nike to its reconstituted Calvert Social Index and praised the company for its ongoing shareholder advocacy and disclosure efforts.

**Dow Jones Sustainability Indexes** The Dow Jones Sustainability Indexes (DJSI) assess the opportunities and risks deriving from a company's economic, environmental and social developments, based on a defined set of criteria and weightings. The indexes only select and rank companies that are among the sustainability leaders in their field. Sustainable Asset Management includes Nike, Inc. as a component of the DJSI.

**KLD Research & Analytics, Inc. KLD Indexes**, a division of KLD Research & Analytics, Inc., constructs indexes for investors who integrate environmental, social and governance factors into their investment decisions. KLD's indexes are designed to be transparent, representative and investable. In July 2005, KLD announced Nike's inclusion in its KLD Broad Market Social TM Index and its KLD Large Cap Social Index. In December 2005, KLD announced that it had also added Nike, Inc. to KLD's Domini 400 Social Index (DS 400 Index). KLD's scores draw on both financial and non-financial information and measure corporate environmental, social and governance (ESG) performance.

**FTSE4Good Index Series** The FTSE4Good Index Series measures the performance of companies that meet globally recognized corporate responsibility standards, and facilitates investment in these companies. Listed companies must be working toward environmental sustainability, developing positive relationships with stakeholders, and upholding and supporting universal human rights.



# Awards and Recognition

“Nike named as 100 Best Companies to work for the second year in a row.”

## The Global 100 Most Sustainable Corporations in the World

The Global 100 Most Sustainable Corporations in the World is a project initiated by Corporate Knights Inc., with Innovest Strategic Value Advisors Inc. The annual Global 100 is announced each year at the World Economic Forum, and Nike was honored in this ranking in both 2006 and 2007.

Innovest Strategic Value Advisors is an international investment advisory firm specializing in analyzing non-traditional drivers of risk and shareholder value including companies' performance on environmental, social and strategic governance issues.

## 100 Best Corporate Citizens

The 100 Best Corporate Citizens list, created by Business Ethics Magazine, is a ranking of leading ethical performers publicly listed in the U.S. Released every spring, the 100 Best Corporate Citizens list is designed to recognize firms that excel at serving a variety of stakeholders with excellence and integrity. Nike was honored in this ranking in 2005, 2006 and 2007. KLD Research and Analytics, Inc. provides the information and analysis for this ranking, which is based on how well companies perform in eight stakeholder-service categories: shareholders, community, governance, diversity, employees, environment, human rights and product. The rankings are created from both financial information and measures of corporate social performance.

## World Wildlife Fund (WWF) Climate Savers Award

In February 2007, Nike was recognized for its leadership in climate change from [World Wildlife Fund – U.S.](#) As a founding partner of the [Climate Savers Program](#), Nike attained its company-wide target, achieving annual CO<sub>2</sub> emissions reductions 13 percent below 1998 levels by the end of 2005. The World Wildlife Fund noted our efforts to reduce greenhouse gas emissions by pursuing energy conservation projects, purchasing clean power from renewable sources, investing in community energy efficiency projects, extending reduction activities to suppliers and subcontractors, and eliminating SF<sub>6</sub> from footwear, and demonstrating that climate protection is good business.

## Fortune Magazine Best Companies

*Fortune* announced in January 2007, that Nike, for the second straight year, has been named to its annual “100 Best Companies to Work For” list. Nike ranked 69th on the 2007 list, moving up 31 places from the prior year where it first appeared at number 100. *Fortune* noted that Nike is one of 22 companies on this year's list to offer fully paid sabbaticals. In 2006, *Fortune* also noted Nike's compliance efforts and response to overseas manufacturing conditions, writing, “Responding to criticism from activists, this sports giant now has 90 full-time employees monitoring overseas factory conditions.”

## Cooper-Hewitt National Design Awards

Nike earned the Corporate Achievement Award in 2006 as part of the annual Cooper-Hewitt National Design Awards. The Air Max 360 was cited in coverage about Nike's accomplishments. The National Design Awards are given each year by the Smithsonian's Cooper-Hewitt National Design Museum to honor the best in American design. The Corporate Achievement Award recognizes a corporation that uses design as a strategic tool of its mission and exhibits ingenuity and insight in helping to advance the relationship between design and quality of life in the United States.

## PR News Corporate Social Responsibility Awards

PR News awarded Nike its highest honor in Philanthropy Communications at its first Corporate Social Responsibility Awards in March of 2007 at the National Press Club in Washington, DC. Nike was recognized for its role as founding partner of [ninemillion.org](#), the UNHCR-led campaign to raise awareness and funds for education and sport programs for refugee youth around the world. Winners were awarded in a dozen categories critical to CSR success, from Branding to Employee Communications to Community Relations.

## SustainAbility's Global Reporting Initiative and Ceres-ACCA North American Award for Sustainability Reporting

Nike's FY 2004 corporate responsibility report earned top honors in 2006 by SustainAbility's Global Reporting Initiative as one of the world's top reporters and the top U.S. Reporter. Nike was also earned Ceres-ACCA North American Award for Sustainability Reporting in 2005, also for its FY 2004 report.

# Reporting Guidance:

As noted in FY04, we strongly support the [Global Reporting Initiative](#) (GRI) and continue to work with the GRI to develop specific guidelines for the apparel and footwear industries. Formal meetings for this sector supplement kicked off in 2005, and at the time of publication, the draft guidelines are available for pilot use. We developed this report with reference to the Global Reporting Initiative's third generation of indicators. Additionally, we were guided by our participation in the Global Reporting Initiative Apparel and Footwear Sector Supplement process.

As noted in our FY04 report, we also endorse the Ceres principles and the principles of the United Nations Global Compact. This report describes actions we have taken to implement these principles, and serves as our Communication on Progress as required for all companies that do so.

Please see the Guidelines and Principles Index at the end of this report for more information regarding our use of the Global Reporting Initiative Guidelines and United Nations Global Compact Principles.

# Reasons for Reporting:

We believe transparency is a central component to a responsible business strategy and that reporting is key for delivering transparency. We are committed to measuring and reporting our performance. Reporting is the main tool we use to provide critical information to our stakeholders about how we manage corporate responsibility issues and impacts, and we aspire to create reports that are also a tool for ongoing dialogue and continuous improvement. A broader discussion of why we report on our corporate responsibility performance was included in our [FY04 Corporate Responsibility Report](#).

## Materiality

There has been much discussion about the concept of materiality and the question of what should be included in corporate responsibility reporting.

We believe the question of materiality – what should be reported on and what can be omitted – must reflect the key strategic conversations in a company about the application of resources when considering how to build corporate responsibility into the business and the company's greatest impacts on society. We believe a company should focus its efforts on social and environmental change where it has unique and core competencies to bring to the table, and where it has responsibility or an ability to bring about change because of direct or indirect involvement through its business model. Where the business model touches a community or creates an impact in the environment should guide the effort.

So, we see two sequential assessments that must be made:

### 1 Footprint Assessment:

An analysis of a company's unique footprint and its greatest impacts. Please refer to the Global Corporate Responsibility Strategy chapter for more detail regarding the assessment of our footprint and greatest impacts.


### 2 Reporting Materiality Assessment:

A determination of what the report should contain based on a decision-making process through which we seek outside counsel from our stakeholders. This process is on the following page.

### Determining what to report to stakeholders


The footprint assessment coupled with stakeholder interest make up the two key considerations we've used to determine what to include in our reporting.

Other filters we use to identify issues to include in our reporting are:

- 


**Business relevance:** Information used to manage corporate responsibility internally.

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- 


**External commitments:** Global Reporting Initiative Guidelines, United Nations Global Compact and the Ceres Principles.

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**Regulation:** Existing and emerging regulation in various jurisdictions around the world.

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- 

**Best Practice/Benchmarking:** A review of industry and peer corporate responsibility reporting, efforts and best practices.

Our Report Review Committee process, the formal and informal feedback we received from our FY04 report and other stakeholder consultations have been the primary external contributions to our decision-making process around report content.

While we may have left out topics important to individual stakeholders, the topics presented in this report reflect an assessment of issues and opportunities raised frequently by multiple stakeholders. Our approach to materiality will continue to evolve.

### Audience for this report

Our intended audiences for this report include members of the socially responsible investment (SRI) community, employees, academics, students, suppliers, contract factory partners, customers, consumers, non-governmental organization and advocacy organization leaders, and individuals with an in-depth knowledge of corporate responsibility. As we continue our work, we anticipate seeing the audience for Nike's corporate responsibility information expand.

### Scope

Consistent with our FY04 Corporate Responsibility Report, this report focuses primarily on activities and data related to the Nike brand, which comprised approximately 87 percent of Nike, Inc. revenue at the end of FY06. The Nike brand, along with Brand Jordan and Nike Golf, are expected to drive 75 percent of the company's growth through FY11. Except where noted, this report does not cover information related to the following subsidiaries owned by Nike, Inc.: Cole Haan, Nike Bauer Hockey, Hurley International, Converse and Exeter Brands Group.

We have set a target of bringing the other Nike, Inc. brands into our reporting scope within the next four years.

### Timeframe

This report covers two fiscal years: 2005 and 2006, ending May 31, 2005, and May 31, 2006, respectively. Unless where otherwise noted, all references to dates in this report are made on a fiscal-year basis. Some important events that took place after the close of FY06 are also covered here; their inclusion reflects the impact or influence the events may have on Nike's future direction, or requests from our Report Review Committee.



**11**

**Letter from  
the Report  
Review  
Committee**

## BACKGROUND

Our Report Review Committee has varied expertise in labor, human rights, environmental, social, economic and diversity issues, and a common commitment to transparency and multi-stakeholder engagement. We share an interest in supporting innovative efforts by corporations to address these challenging issues. We appreciate Nike's decision to continue a corporate responsibility (CR) reporting process that includes intensive and inclusive stakeholder engagement. We agreed to voluntarily serve on the Committee as individuals rather than as representatives of our respective organizations.

Our task was to review information provided by Nike about its past two fiscal years of performance and plans for the future. However, the Committee did not function as an assurance provider, since we did not provide any verification or commentary on the accuracy of data Nike presents in this report. We feel that Nike has been responsive to key concerns of the Committee and present the following commentary on the final report.

## MATERIAL ISSUES AND RESPONSIVENESS TO STAKEHOLDERS

**Nike's three CR goals of improving workers' conditions, creating innovative sustainable products, and effecting social change through sport are material and appropriate for the company and the industry.**

The Report Review Committee has affirmed these priorities through our engagement process, and was pleased to see Nike set targets aligned with these goals.

**The RRC commends Nike for disclosing its progress and the challenges involved in integrating and embedding corporate responsibility within all business, management, and governance systems.** We look forward to learning how tools like the balanced scorecard that seek to place CR compliance on par with other measures of business performance are influencing the strategic direction of the company, being embedded on a global scale, and affecting working conditions.

**The Committee felt that this report did not adequately discuss how the company's ambitious business growth strategy will align with CR goals.** We recommend that future reports would provide more specifics about how Nike's commitment to "lean manufacturing" can be accomplished without putting more pressure on workers and communities where contract factories manufacture Nike products; how Nike's experience with the Considered line of products can result in new baseline specifications for sustainable products; how the company's growth in developed and emerging markets will be aligned with sustainable consumption best practices; and how the pace of growth will help or hinder implementation of global diversity and inclusion improvements.

## REPORT COMMENTARY

**The Committee expects market-leading companies like Nike to have a comprehensive set of performance metrics (Key Performance Indicators).** We are pleased to see five-year CR targets included in this report, as this has been a continuing recommendation of the Committee.

### Workers in Contract Factories

**We recognize Nike's efforts to identify possible root causes of contract factories' non-compliance with its code of conduct.**

Whereas Nike's FY04 Report presented a breakthrough with regard to transparency and the disclosure of contract factories worldwide, the Committee appreciates that this report has put forth ambitious capacity-building goals and targets to create systemic change.

**Nike presents a detailed discussion of excessive overtime in its supply chain being one of the most serious problems related to non-compliance.** However, we were disappointed to not see greater discussion of overtime as related to wages, labor turnover, freedom of association, trade unions, and collective bargaining in the report. This report falls short on demonstrating how a focus on upstream business practices (the design and purchasing practices of the company itself) might ameliorate downstream impacts on workers.

**We commend Nike for disclosing its auditing tools, as this is a significant step towards increasing transparency and collaborative opportunities to improve working conditions.** The Committee encourages Nike to report more transparently about joint monitoring activities and participation in other projects that will help lead to more mature systems of industrial relations. Particularly, Nike could discuss in more detail how it is encouraging the development of such systems as well as how it is building factory ownership of compliance and more robust management systems.

**Nike has a unique opportunity to show leadership in the way it, together with suppliers, works with governments in the countries where its sources, particularly in China.** We commend Nike, as a member of the American Chamber of Commerce in the People's Republic of China (AmCham), for publicly dissociating itself from AmCham's actions to water down the draft of China's Contract Law that intends to reinforce labor rights protection, and appreciate Nike's disclosure of this position in their online report. We recommend that Nike articulate its strategy, intended results, and future targets so it can chart progress in forthcoming reports as China becomes a major market as well as a center of production.

### Sustainable Innovation & the Environment

**Nike has taken positive steps to measure its overall environmental footprint for both direct operations and contract factories.** The report demonstrates a clear commitment to targeting the product design phase as an opportunity to address environmental issues at the front end and also gives appropriate attention to climate change.

**However, Nike’s reporting on environmental issues does not present consistent data, targets, and performance results across key issues, and the report does not give a clear definition of forthcoming “baseline standards” against which future progress can be measured.** This is of particular concern when set in context against the company’s planned growth. We recommend that Nike document its impacts on critical ecosystem services and capacity in future reports.

**While the Committee welcomes Nike’s 2011 target to become climate neutral in all facilities and its 2020 logistics target, we recommend that Nike improve its reporting on climate in the future by clarifying a comprehensive strategy for all components of its CO2 footprint.**

### Sport for Youth Inclusion

**Nike has provided a thorough presentation of its sport for youth inclusion and community investment programs.** We appreciate Nike’s refined focus on women’s rights and the opportunity to use sport as an agent for social change. We recognize that these new programs have strong opportunities and challenges ahead. Accordingly, the Committee recommends that Nike disclose more information about the measurable impact of Nike’s youth and community investment programs in future reports.

### Diversity & Inclusion

**The Committee recognizes that Nike is in the midst of upgrading its diversity initiatives. It is clear that Nike has demonstrated commitment to improving its internal systems and leadership capacity to address diversity issues.** We realize that efforts to date have been largely US-focused; we recommend that future reports include an approach to improving diversity in the global business, including subsidiaries. We also encourage Nike to create forward-looking targets for improved diversity representation among its U.S. and global staff, executive leadership and Board of Directors.

### Public Policy

**The Committee appreciates Nike’s commitment to transparency around public policy.** We encourage Nike to globalize its public policy positions and support for innovation in the advocacy arena, women’s

rights, and sport for youth inclusion. The Committee would like to see Nike disclose more information about its contributions to politicians, political lobbying groups and compliance with its statement of business ethics. We also encourage Nike to report on its support for progressive labor legislation in developing countries where Nike operates.

### ONGOING RECOMMENDATIONS FOR FUTURE REPORTING

**Nike should be commended for supporting and participating in the development of standardized guidance for environmental, social, and economic disclosure** through efforts such as the Global Reporting Initiative, and its commitment to engaging stakeholders in defining material issues and creating a report that is responsive to diverse perspectives. We had anticipated expanded verification and assurance in this report as well as a stronger discussion of Nike’s stakeholder engagement relationships; due to the absence of these aspects, we strongly recommend their inclusion for future reports.

**While the Committee supports Nike’s decision to set programmatic targets aimed at effecting systemic change through increased factory-level education and collaboration in the workers rights arena, we suggest that Nike continue to develop and disclose performance targets.** Stakeholders are looking for reporting against both types of targets. We suggest that Nike continue to improve disclosure regarding the results of its compliance and monitoring programs.

**We continue to stress the need for Nike to report on the performance of all its business lines, including subsidiaries, as soon as possible.** While Nike has set long-term goals to embed corporate responsibility into its subsidiaries’ management and operations, there are no firm timelines associated with reporting subsidiaries’ performance.

**The Committee continues to recommend that Nike address the relationship between commercialism and sustainability,** and particularly address stakeholder concerns about a business model which creates tension between the value of professional athlete endorsements versus wages paid to manufacturing workers.

**The Committee would like to see more explanation about Nike’s growth strategy in emerging markets.** We encourage Nike to include discussion about whether it will function primarily as a premium brand in these markets, or will develop and market products that help larger segments of consumers access the benefits of sport.

We recognize Nike for this candid and comprehensive report, and appreciated the opportunity to collaborate on this Report Review Committee. We recommend this type of process to other companies.

Submitted by:  
Nike Report Review Committee



# 12

## Glossary



## Acronyms

<b>AFIRM</b>	Apparel and Footwear International RSL (Restricted Substances List) Management
<b>BOD</b>	Biochemical (biological) oxygen demand
<b>BRAC</b>	Bangladesh Rural Advancement Committee
<b>CAMFED</b>	Campaign for Female Education
<b>CDP</b>	Carbon Disclosure Project
<b>CLS</b>	Code Leadership Standard
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>COC</b>	Code of Conduct
<b>COD</b>	Chemical oxygen demand
<b>CR</b>	Corporate responsibility
<b>EMEA</b>	Europe, Middle East and Africa
<b>EPM</b>	Environmentally preferred material
<b>ESH</b>	Environment, safety and health
<b>FCPA</b>	Foreign Corrupt Practices Act
<b>FLA</b>	Fair Labor Association
<b>FOA</b>	Freedom of association
<b>FY</b>	Fiscal year
<b>GHG</b>	Greenhouse gas
<b>GRI</b>	Global Reporting Initiative
<b>HRM</b>	Human resources management
<b>HWC</b>	Homeless World Cup
<b>ICRW</b>	International Center for Research on Women
<b>ILO</b>	International Labor Organization
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>J-PAL</b>	Abdul Latif Jameel Poverty Action Lab (Massachusetts Institute of Technology)
<b>LEED-EB</b>	Leadership in Energy and Environmental Design for Existing Buildings
<b>M-Audit</b>	Management Audit
<b>MAP</b>	Master action plan
<b>MAV</b>	Management Audit Verification
<b>MDG</b>	Millennium Development Goals
<b>MFA</b>	Multi-Fibre Arrangement
<b>MSP</b>	Multi-stakeholder partnership
<b>NGO</b>	Non-governmental organization
<b>NSAP</b>	New Source Approval Process
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PFP</b>	Perfluoropropane
<b>PVC</b>	Polyvinyl chloride
<b>RAS</b>	Reuse-A-Shoe
<b>RSL</b>	Restricted substances list

<b>ROI</b>	Return on investment
<b>SAY</b>	Shaping America's Youth
<b>SF<sub>6</sub></b>	Sulfur hexafluoride
<b>SHAPE</b>	Safety, Health, Attitude, People and Environment
<b>SPARK</b>	Sports, Play and Active Recreation for Kids
<b>SRI</b>	Socially responsible investment/investor
<b>TSS</b>	Total suspended solids
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>VER</b>	Voluntary emissions reduction
<b>VOC</b>	Volatile organic compound
<b>WTO</b>	World Trade Organization

## Terms

### Baseline Standard

A measured level of performance, across certain criteria, at a given point in time.

### Business Unit

A part of the business that performs specific tasks, develops strategies, and manages performance.

### Considered

A company-wide design ethos and a team focused on sustainable product innovation, dedicated to increasing the use of environmentally preferred materials and decreasing waste and toxics in Nike branded products.

### Downstream

Parts of the value chain closer to the end consumer.

### Focus Factory

A designation of compliance focus on specific countries and factories to ensure maximum resources are brought to bear where long-term company opportunity and liability are present.

### Lean

A philosophy of delivering the most value to the customer while consuming the fewest resources.

### Responsible Competitiveness

Increasing business and industry competitiveness through responsible practices across the supply chain.

### ROI<sup>2</sup>

Business strategies that generate a combination of financial, environmental and/or social returns on investment.

### Scorecard

A mechanism for measuring progress against vision and strategy that provides a comprehensive view of performance.

### Sustainable Venture

A social or environmental partnership that is self-sustaining financially.

### Upstream

Parts of the value chain closer to concept and design.



# 13

## Guidelines & Principles Index

### Guidelines and Principles Index

NOTES: This index is organized using the G3 (3rd Generation) Global Reporting Initiative (GRI) Guidelines. The Apparel and Footwear Sector Supplement Indicators, in draft/pilot form, have also been considered. The United Nations Global Compact (UNGC) Principles are also referenced below.

#### Key

(A)	Information not reported due to a lack of access to appropriate data.
(B)	The information is partially reported, in accordance with systems currently in place and access to data.
(C)	The indicator is determined to be not material due to Nike's lack of impact on this issue.
AF/Comm	Denotes Apparel & Footwear Sector Supplement indicator (draft).
COC/COE	Information Available in <a href="#">Nike's Code of Conduct (COC)</a> or <a href="#">Nike's Code of Ethics (COE)</a> .
Form 10-K	Indicates that this information is presented in the 2006 Form 10-K (filed with the US Securities and Exchange Commission and can be accessed at <a href="http://www.nikebiz.com">www.nikebiz.com</a> ).

GRI Indicator	Indicator Description	Chapter/Page(s)	Reference/Notes	UNGC Principle
<b>Strategy and Analysis</b>				
1.1	Executive Management Statement	Letter from Mark Parker, CEO/3-5		
1.2, Comm1.2	Description of Key Impacts, Risks, and Opportunities (including Supply Chain Performance)	Strategy/6-14	Also, see Form 10-K.	8
<b>Organizational Profile</b>				
2.1	Name of the Organization	Business Overview/117-121	Also, see Form 10-K.	
2.2	Primary Brands, Products, Services	Business Overview/117-121	Also, see Form 10-K.	
2.3	Operational Structure	Business Overview/117-121	Also, see Form 10-K.	
2.4	Location of Headquarters	Business Overview/117-121	Also, see Form 10-K.	
2.5	Country Operations	Business Overview/117-121	Also, see Form 10-K.	
2.6	Nature of Ownership / Legal Form	Business Overview/117-121	Also, see Form 10-K.	
2.7	Markets Served	Business Overview/117-121	Also, see Form 10-K.	
2.8	Scale of Reporting Organization	Business Overview/117-121	Also, see Form 10-K.	
2.9	Significant Changes During Reporting Period	Business Overview/117-121	Also, see Form 10-K.	
2.10	Awards Received	Governance/130	Also, see Form 10-K.	
<b>Report Parameters</b>				
3.1	Reporting Period	Governance/133		
3.2	Date of Most Recent Report	April 2005		
3.3	Reporting Cycle	Governance/133		
3.4	Contact Point for Questions About Report	<a href="mailto:nikeresponsibility@nike.com">nikeresponsibility@nike.com</a>		
3.5	Process for Defining Report Content	Governance/131-133		
3.6	Boundary of the Report	Governance/133		
3.7	Limitations on Report Scope	Governance/133		
3.8	Basis for Reporting on Subsidiaries and Partially/Non-Owned Entities	Governance/122-133		
3.9	Data Measurement Techniques	Governance/122-133		
3.10	Restatements from Previous Reports	None		
3.11	Significant Changes from Previous Years	None		
3.12	GRI Content Index	Guidlines & Principles Index/139-145		

GRI Indicator	Indicator Description	Chapter/Page(s)	Reference/Notes	UNGC Principle
3.13	External Assurance	Governance/126-128, 135-136		
<b>Governance, Commitments and Engagement</b>				
4.1	Governance Structure	Governance/124, Strategy/9	Also, see Form 10-K.	
4.2	Executive Officer and Chair of Governance Body	Governance/124	Also, see Form 10-K.	
4.3	Independent and/or Non-Executive Board Members	Governance/124	Also, see Form 10-K.	
4.4	Shareholder/Employee Mechanisms for Board Direction	Not Reported	See Form 10-K.	
4.5	Compensation and Organizational Performance	Not Reported	See Form 10-K.	
4.6	Conflict of Interest Avoidance	Not Reported	COE	
4.7	Qualifications/Expertise of Board Members	Governance/124	See Form 10-K.	
4.8	Mission and Values Statements	Letter from Mark Parker, CEO/3-5 Strategy/6-14	Also, see nikebiz.com.	
4.9	Board Oversight of Sustainability Performance	Governance/124	Also, see Form 10-K.	
4.10	Performance Evaluation of Board of Directors	Not Reported	See Form 10-K.	
4.11	Precautionary Approach/Principle	Strategy/6-14		7
4.12	Endorsements of External Sustainability Charters/Initiatives	Governance/131		
4.13	Significant Memberships in Associations	Throughout report	(B)	
4.14	Listing of Stakeholder Groups	Throughout report	(B)	
4.15	Basis for Stakeholder Identification/Selection	Governance/126-128		
4.16	Stakeholder Engagement Approaches	Governance/126-128		
4.17	Key Stakeholder Issues and Concerns	Governance/128, RRC Letter/134-136		
<b>Disclosure of Management Approach (DMA)</b>				
Sector Supplement	Supply Chain Standards and Practices	Workers in Contract Factories/15-50	(B)	
G3 Guidelines	Economic	Business Overview/117-121	(B)	
G3 Guidelines	Environmental	Considered Design/51-73	(B)	7,8,9
G3 Guidelines	Social: Labor Practices and Decent Work	Workers in Contract Factories/15-50, Diversity and Inclusion/91-107	(B)	3,6
G3 Guidelines	Social: Human Rights	Workers in Contract Factories/15-50	(B)	1,2,4,5,6
G3 Guidelines	Social: Society	Let Me Play/74-90, Public Policy/108-116	(B)	10
G3 Guidelines	Social: Product Responsibility	Considered Design/51-73	(B)	
<b>Supply Chain Standards and Practices</b>				
AF1	Code of Conduct Content and Coverage	Workers in Contract Factories/29	COC	
AF2	Parties and Personnel Engaged in Code of Conduct Compliance	Workers in Contract Factories/26-29		
AF3	Compliance Audit Process	Workers in Contract Factories/26-29		
AF4	Policy and Procedures for Receiving, Investigating, and Responding to Grievances and Complaints	Workers in Contract Factories/29-30; 33-34		
AF5	Strategy and Scope of Efforts to Strengthen Capacity of Management, Workers, Staff	Workers in Contract Factories/15-50		
AF6	Policies for Supplier Selection, Management, Termination	Workers in Contract Factories/28, 39-42		

Business Overview/119				
GRI Indicator	Indicator Description	Chapter/Page(s)	Reference/Notes	UNGC Principle
AF7	Number and Location of Workplaces Covered by Code of Conduct	Workers in Contract Factories/25		
AF8	Audits Conducted and Percentage of Workplaces Audited	Workers in Contract Factories/30-38		
AF9	Incidents of Non-Compliance with Legal Requirements or Collective Bargaining on Wages	Workers in Contract Factories/30-38; 47-48	COC, see AF14	
AF10	Incidents of Non-Compliance with Overtime Standards	Workers in Contract Factories/30-38; 45-46	COC, see AF14	
AF11	Incidents of Non-Compliance with Standards on Pregnancy and Maternity Rights	Workers in Contract Factories/30-38	COC, see AF14	
AF12	Incidents of the Use of Child Labor	Workers in Contract Factories/30-38	COC, see AF14	
AF13	Incidents of Non-Compliance with Standards on Gender Discrimination	Workers in Contract Factories/30-38	COC, see AF14	
AF14	Incidents of Non-Compliance with Code of Conduct	Workers in Contract Factories/30-38	COC	
AF15	Analysis of Data from Code Compliance Audits	Workers in Contract Factories/30-38		
AF16	Remediation Practices to Address Non-Compliance Findings	Workers in Contract Factories/15-50		
AF17	Actions to Identify and Mitigate Business Practices that Affect Code Compliance	Workers in Contract Factories/15-50		
<b>Economic Performance</b>				
EC1	Economic Value Generated and Distributed	Business Overview/121		
EC2	Financial Implications, Risks and Opportunities Due to Climate Change	Considered Design/67-73		7,8
EC3	Defined Benefit Pension Plan Obligations	Not Reported	See Form 10-K.	
EC4	Financial Assistance Received from Government	Not Reported	(A)	
EC5	Wages Comparison	Not Reported	(A)	6
EC6	Spending on Locally Based Suppliers	Not Reported	(A)	
EC7	Local Hiring	Not Reported	(A)	6
EC8	Infrastructure Investments and Public Benefit	Not Reported	(B)	
EC9	Indirect Economic Impacts	Not Reported	(B)	
<b>Environmental Performance</b>				
AF18	Programs to Replace Organic-Based Adhesives and Primers with Water-Based Alternatives	Considered Design/58		
AF19	Practices to Source Safer Alternative Substances to Those on the Restricted Substances List	Considered Design/59-60		
EN1, CommEN1	Weight of Materials Used	Considered Design/62		8
EN2	Percentage of Materials Used that are Recycled	Considered Design/63-64		8,9
AF20	Environmentally Preferable Materials Used in Apparel and Footwear Products	Considered Design/56-57		
EN3	Direct Energy Consumption Broken Down by Primary Source	Not Reported	(A)	8
EN4	Indirect Energy Consumption Broken Down by Primary Source	Considered Design/72		8
AF21	Amount of Energy Consumed and Percentage of Energy From Renewable Source	Considered Design/70-73		
EN5	Conservation/Energy Efficiency	Considered Design/70-73		8,9
EN6	Initiatives to Provide Energy-Efficient Products/ Services and Energy Saved	Considered Design/51-73	(B)	8,9

GRI Indicator	Indicator Description	Chapter/Page(s)	Reference/Notes	UNGC Principle
EN7	Initiatives to Reduce Indirect Energy Consumption	Considered Design/70-73		8,9
EN8	Total Water Withdrawal By Source	Considered Design/66	(B)	8
EN9	Water Sources/Habitats Significantly Affected by Withdrawal of Water	Not Reported	(A)	8
EN10	Percentage and Total Volume of Water Recycled and Reused	Not Reported	(A)	8,9
EN11	Location/Size of Land-Owned/Leased/Managed in Protected Areas	Not Reported	(C)	8
EN12	Description of Significant Impacts of Activities on Protected Areas	Not Reported	(C)	8
EN13	Area of Habitats Protected/Restored	Not Reported	(C)	8
EN14	Programs for Managing Impacts on Biodiversity	Not Reported	(C)	8
EN15	IUCN Red List Species Affected by Operations	Not Reported	(C)	8
EN16	Greenhouse Gas Emissions	Considered Design/67-73		8
EN17	Other Relevant Greenhouse Gas Emissions	Considered Design/67-73		8
EN18	Initiatives to Reduce Greenhouse Gas Emissions	Considered Design/67-73		8,9
EN19	Emissions of Ozone-Depleting Substances	Not Reported	(C)	8
EN20	NOx, SOx and Other Significant Air Emissions	Not Reported	(C)	8
EN21, CommEN21	Water Discharge and Quality	Considered Design/66	(B)	8
EN22, CommEN22	Amount of Waste by Type/Destination	Considered Design/61-64		8
EN23	Number/Volume of Significant Spills	Not Reported	(C)	8
EN24	Weight of Hazardous Waste	Not Reported	(A)	8
EN25	Water Sources/Habitats Significantly Affected by Water and Runoff	Not Reported	(A)	8
EN26, CommEN26	Initiatives to Manage the Environmental Impacts of Products/ Services Across Product Lifecycle	Considered Design/51-73		8,9
EN27	Reclaimed Products	Considered Design/63		8,9
EN28	Incidents/Fines for Non-Compliance with Environmental Regulations	Not Reported	(C)	8
EN29	Significant Environmental Impacts of Transportation for Logistics	Considered Design/65, 70-73		8
EN30	Environmental Protection Expenditures	Not Reported	(A)	8
<b>Social Performance: Labor Practices and Decent Work</b>				
AF22	Policy and Practices Regarding Use of Employees with Non-Permanent/Fulltime status	Workers in Contract Factories, Code of Conduct	COC	
AF23	Policy Regarding the Use of Homeworking	Workers in Contract Factories, Code of Conduct	COC	
AF24	Policy on the Use and Selection of Labor Brokers, Including Adherence to Relevant ILO Conventions	Workers in Contract Factories, Code of Conduct	COC	
AF25	Policy and Practices on Wage Deductions that are Not Mandated by Law	Workers in Contract Factories Code of Conduct	COC	
AF26	Policy on Working Hours, Including Definition of Overtime, and Actions to Prevent Excessive/Forced OT	Workers in Contract Factories/45-46 Code of Conduct	COC	
AF27	Policy and Actions to Protect the Pregnancy and Maternity Rights of Women Workers	Code of Conduct	COC	
LA1	Workforce, by Employment Type/Region	Diversity and Inclusion/96-97	(B)	

GRI Indicator	Indicator Description	Chapter/Page(s)	Reference/Notes	UNGC Principle
LA2	Employee Turnover by Age/Gender/Region	Not Reported	(A)	6
LA3	Benefits Provided to Full-Time Employees	Not Reported	(A)	6
AF28	Percentage of Foreign Migrant Workers as a Portion of Total Workforce	Not Reported	(A)	
LA4	Employees Covered by Collective Bargaining Agreements	Not Reported	See Form 10-K.	1,3
LA5	Notice Period Regarding Operational Changes	Not Reported	(C)	3
AF29	Percentage of Workplaces with Independent Trade Unions	Not Reported	(A)	
AF30	Percentage of Workplaces with Worker-Management Committees	Not Reported	(A)	
LA6	Management-Worker Health and Safety Committees	Not Reported		
LA7, CommLA7	Injury, Occupational Diseases, Lost Days, Absenteeism, Fatalities (Health and Safety)	Not Reported	(B)	
AF31	Initiatives and Programs for Musculoskeletal Disorders (Health and Safety)	Not Reported	(B)	
LA8	Education for Families Affected by HIV/AIDS and other Diseases	Not Reported	(C)	
LA9	Health and Safety Topics Covered in Formal Agreements	Not Reported	COC	
LA10	Average Hours of Training	Not Reported	(A)	
LA11	Programs for Skills Management/Lifelong Learning	Diversity and Inclusion/102-103	(B)	
LA12	Performance and Career Evaluations	Diversity and Inclusion/102-103	(B)	
LA13	Employee and Governance Body Demographics	Diversity and Inclusion/98-101	(B)	1,6
LA14	Remuneration	Not Reported	(A)	1,6
AF32	Actions to Address Gender Discrimination and to Provide Opportunities for Advanced Placement	Diversity and Inclusion/102-106	(B)	6
<b>Social Performance: Human Rights</b>				
HR1	Investment Agreements with Human Rights Clauses	Workers in Contract Factories/26-29		1,2,4,5,6
HR2	Human Rights Screening of Major Suppliers/Contractors	Workers in Contract Factories/26-29		1,2,4,5,6
HR3	Employee Training on Human Rights Policies and Procedures	Workers in Contract Factories/26-29		1,4,5
HR4	Discrimination	Workers in Contract Factories/30-38	COC	1,6
HR5	Freedom of Association	Workers in Contract Factories/30-38	COC	1,3
HR6	Child Labor	Workers in Contract Factories/30-38	COC	1,5
HR7	Forced and Compulsory Labor	Workers in Contract Factories/30-38	COC	1,4
HR8	Security Practices (security personnel training)	Workers in Contract Factories/30-38	(A), COC	1,2
HR9	Indigenous Rights	Workers in Contract Factories/30-38	COC	1
<b>Social Performance: Society</b>				
SO1	Impacts of Operations on Communities	Let Me Play/74-86, Nike Foundation/87-90		1
AF33	Priorities in Community Investment Strategy	Let Me Play/74-86, Nike Foundation/87-90		
AF34	Investment in Worker Communities	Let Me Play/74-86, Nike Foundation/87-90		
SO2	Business Units Analyzed for Risks Related to Corruption	Not Reported; See Code of Ethics	COE	10
SO3	Extent of Training and Risk Analysis to Prevent Corruption	Not Reported; See Code of Ethics	COE	10

GRI Indicator	Indicator Description	Chapter/Page(s)	Reference/Notes	UNGC Principle
SO4	Actions Taken in Response to Instances of Corruption	Not Reported; See Code of Ethics	COE	10
SO5, CommsSO5	Participation in Public Policy Development and Lobbying	Public Policy/108-116		10
SO6	Political Contributions	Public Policy/108-116		10
SO7	Anti-Competitive Behavior, Anti-Trust, Monopoly Practices	Not Reported; See Code of Ethics	COE	
SO8	Monetary Value of Significant Fines/Sanctions for Non-Compliance with Laws/Regulations	Not Reported	(A)	
<b>Social Performance: Product Responsibility</b>				
PR1	Health and Safety Across the Life Cycle of Products and Services	Considered Design/56-60	B)	
PR2	Instances of Non-Compliance with Health and Safety Regulations	Not Reported	(C)	
PR3	Product and Service Information and Labeling	Not Reported	(A)	8
PR4	Product and Service Information and Labeling Regulations	Not Reported	(A)	8
PR5	Procedures Relating to Customer Satisfaction	Not Reported	(A)	
PR6	Marketing Communications Adherence to Regulations	Not Reported	(C)	
PR7	Non-Compliance with Marketing Communications Regulations	Not Reported	(C)	
PR8	Complaints Regarding Breaches of Customer Privacy	Not Reported	(A)	
PR9	Monetary Value of Significant Fines for Non-Compliance with Laws/Regulations Regarding Provision/Use of Products/Services	Not Reported	(A)	



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# **Nike Contract Factory Disclosure List**

**Current as of February 28, 2007**

COUNTRY	FACTORY	ADDRESS
ARGENTINA	CALZADOS CATAMARCA S.A.	RUTA 38- KM.1305- PARQUE INDUSTRIAL EL PANTANILLO CATAMARCA CATAMARCA 4700
ARGENTINA	DER WILL S.A.	CNEL. ROSETTI 3464 - OLIVOS BUENOS AIRES 1636
ARGENTINA	MAGALCUER S.A.	ROUTE 8 KM 60, STREET 14, LOT 2A, INDUSTRIAL PARK PILAR BUENOS AIRES B1629MXA
ARGENTINA	PODIUM S.A.	OLIDEN 1942 CAPITAL FEDERAL BUENOS AIRES C1440CQN
ARGENTINA	R. A. INTERTRADING S. A.	JOSE IGNACIO RUCCI 3951 CAPITAL FEDERAL BUENOS AIRES C1439FVQ
ARGENTINA	R. A. INTERTRADING S. A.	POLA 2345 CAPITAL FEDERAL BUENOS AIRES C1440FVQ
ARGENTINA	SEDAMIL S.A. C.I.	AV. DORREGO 737 BUENOS AIRES CAPITAL FEDERAL 1414
AUSTRALIA	AUSPAC TEXTILES PTY LTD	8-14 ALBERT STREET PRESTON VICTORIA 3072
AUSTRALIA	COLOR SPORT	57 HAYWARD ST QUEENSLAND
AUSTRALIA	COMPUKNIT HOSIERY AUSTRALIA P/L	13 CHAFFEY STREET THOMASTOWN VICTORIA 3074
AUSTRALIA	PROTOP AUSTRALIA	30 GREEN STREET MELBOURNE VICTORIA 3074
AUSTRALIA	RT CLOTHING GOLD COAST	UNIT 1 & 2 36 HARVEST COURT SOUTHPORT QUEENSLAND 4215
BANGLADESH	DADA (DHAKA) LTD	PLOT # 28, SECTOR # 6, UTTARA COMMERCIAL AREA DHAKA DHAKA 1230
BANGLADESH	DADA (SAVAR) LTD	PLOT # 61-65, DHAKA EXPORT PROCESSING ZONE, GANAKBARI, SAVAR. DHAKA 1344
BANGLADESH	KARNAPHULI SPORTSWEAR IND. LTD.	PLOT # 9-11,SECTOR # 7, CHITTAGONG EXPORT PROCESSING ZONE, CHITTAGONG
BANGLADESH	LYRIC INDUSTRIES(PVT) LTD.	MOLLAH TOWER(7TH,8TH FLOOR),464-WEST RAMPURA. DHAKA 1219
BANGLADESH	TEESTA HIGH FASHION LTD	PLOT # 7-10 & 13-16,EXTENSION AREA, DHAKA EXPORT PROCESSING ZONE, GANAKBARI, SAVAR. DHAKA 1349
BANGLADESH	YOUNGONE HI-TECH SPORTSWEAR IND.LTD.	PLOT # 1-4,9-12, DHAKA EXPORT PROCESSING ZONE DHAKA 1349
BELGIUM	JULES CLARYSSE NV	BRUGSESTEENWEG 106 PITTEM - BELGIUM WEST-VLAANDEREN 8740
BOSNIA	ODESA & SPORTEK	MILOSA OBLICA KOTOR VAROS BANJA LUKA 78220
BRAZIL	BLUSAS KIRBY INDUSTRIA E COMÉRCIO LTDA	AV. SANTANA DO MUNDAU, 800 GUARULHOS SÃO PAULO 07242-190
BRAZIL	CALÇADOS ANIGER LTDA - MATRIZ	RUA ARMINDO ELTZ, NO. 51 CAMPO BOM RS 93700-000
BRAZIL	CALÇADOS ANIGER NORDESTE LTDA	RUA GERALDO BIZARRIA DE CARVALHO, 22 QUIXERAMOBIM CEARÁ 63800-000
BRAZIL	CALÇADOS DILLY S/A - MATRIZ	RUA JULIO HAUSER, 1640 IVOTI RS 93900-000
BRAZIL	CALÇADOS REIFER LTDA	RUA 31 DE MARÇO, 1068 TEUTÔNIA RS 95890-000
BRAZIL	CALÇADOS REIFER LTDA - BRANCH 6	RUA ANTONIO CASTRO, 1040 MORADA NOVA CE 62940-000
BRAZIL	CIA HERING - IBIRAMA	RUA MIRADOR S/N IBIRAMA SANTA CATARINA 89140-000
BRAZIL	CLASSICO IND. COM. ART. ESPORTIVOS S/A	MARCILIO DIAS, 10 SAUDADES SC 89868-000
BRAZIL	CLÁSSICO IND. MAT. ESPORTIVOS S.A	RUA OTTMAR BENNO SCHULTZ, 3700 VENANCIO AIRES RIO GRAND DO SUL 95800-000
BRAZIL	CLÁSSICO NORDESTE INDÚSTRIA DE ARTIGOS ESPORTIVOS LTDA.	AV. JURACY MAGALHÃES, 5200 VITÓRIA DA CONQUISTA BAHIA 45093-470
BRAZIL	CONCORR - COOPERATIVA DE COSTUREIRAS DE RIFAINA E REGIÃO	RUA RUI BARBOSA, S/N RIFAINA SÃO PAULO 14490-000
BRAZIL	COOPERATIVA DE CALÇADOS QUIXERAMOBIM	RUA GERALDO BIZARRIA DE CARVALHO, 35 QUIXERAMOBIM CEARÁ 63800-000
BRAZIL	COOPERSHOES - COOPERATIVA DE CALÇADOS E COMPONENTES JOANETENSE LTDA	RUA VICENTE PRIETO, 3767, BAIRRO JOANETA PICADA CAFÉ RS 95.175-000
BRAZIL	COOPFORMODA - COOP. DE COSTURA E FORMAÇÃO DE PROFISSIONAIS DA MODA DE AMERICANA E REGIÃO	RUA DR. CANDIDO CRUZ, 111 AMERICANA SÃO PAULO 13465-350
BRAZIL	DILLY NORDESTE S.A. - FILIAL 03	AV. JURACY MAGALHÃES, 5100 VITORIA DA CONQUISTA BAHIA 45023-490
BRAZIL	DILLY NORDESTE S/A - FILIAL 02	RUA PROFESSORA MARIA LIA CELIA VELLAME, SN SANTO ESTEVÃO BAHIA 44190-000
BRAZIL	DRASTOSA S.A INDS TEXTEIS	RUA LUIZ GATTI, 603 SÃO PAULO SÃO PAULO 05038-150
BRAZIL	KRISWILL INDÚSTRIA E COMÉRCIO DE CONFECÇÕES E BOLSAS LTDA	RUA CAPISTRANO DE ABREU, 200 APUCARANA PARANÁ 86812-190
BRAZIL	LUPO S.A.	RODOVIA WASHINGTON LUIZ KM 276,5 ARARAQUARA SP 14801-905
BRAZIL	MSZ IND. E COM. DE ROUPAS E ARTIGOS ESPORTIVOS LTDA.	RUA AURÉLIA, 678 - LAPA SÃO PAULO 05046-000
BRAZIL	PAULO CÉSAR FERREIRA - ME (STAR)	RUA IPIRANGA, 1813 PIRACICABA SÃO PAULO 13417-390
BRAZIL	PERSIA CONFECÇÕES LTDA.	RUA LORENA, 489 SANTA BARBARA D'OESTE SÃO PAULO 05038-150
BRAZIL	PHAEL CONFECÇÕES DE AURIFLAMA LTDA	AV. MARCOS MATAREZIO, 32 57 AURIFLAMA SP 15350-000

COUNTRY	FACTORY	ADDRESS
BRAZIL	STARGAMA CONFECÇÕES LTDA EPP	RUA CONCEIÇÃO ALMEIDA, 420 - VILA MARA SÃO PAULO 08081- 370
BRAZIL	THUNDER CAPS INDUSTRIA E COMÉRCIO LTDA	AV. DR. ALTINO GOUVEIA, 677 VALINHOS SÃO PAULO 13274-350
BRAZIL	WINBALL INDÚSTRIA E COMÉRCIO DE ARTIGOS ESPORTIVOS LTDA	ESTRADA RS 470 KM 178 VERANÓPOLIS RS 95330-000
BULGARIA	FENIX '94 LTD.	TUTRAKAN STR.44 ROUSSE ROUSSE 7000
CAMBODIA	SABRINA (CAMBODIA) GARMENT MANUFACTU	NATIONAL RD., NO. 4 PHUM TRAPAING REUSSEY, KHUM SAMBO, SAMRONG TORNG DISTRICT KAMPONG SPEU PROVINCE
CAMBODIA	SHEN ZHOU (CAMBODIA) CO., LTD	BUILDING K&L,SOUN OUK SAHAKOM VATTANAC SANGKAT STUNG MEAN CHEY KHAN MEAN CHEY PHNOM PENH
CAMBODIA	VIOLET APPAREL CO. LTD.	STREET NO.271, SANGKAT TEK THLA PHNOM PENH CAMBODIA
CANADA	BESTILE APPAREL INC.	841 PROGRESS AVE., SCARBOROUGH ONTARIO M1H 2X4
CANADA	EVENT MARKETING	12 BRADWICK DRIVE #5 CONCORD ONTARIO L4K3P5
CANADA	IRONHEAD ORIGINALS INC.	45 IRONSIDE CRESCENT UNIT #4 TORONTO ONTARIO M1X 1N3
CANADA	KIANGTEX CO. LTD.	46 HOLLINGER ROAD TORONTO ONTARIO M4B 3G5
CANADA	LES VETEMENTS SP APPAREL INC.	1237 BOULEVARD INDUSTRIEL GRANBY QUEBEC J2J 2B8
CANADA	MCGREGOR INDUSTRIES INC.	1360 BIRCHMOUNT ROAD SCARBOROUGH ONTARIO M1P 2E3
CANADA	THE ATHLETIC SPORTSHOW INC	2473 E DIXIE RD MISSISSAUGA ONTARIO L4Y 2A1
CHILE	TEXTILES PANTER LTDA	LOS ACACIOS 1594, COMUNA RENCA SANTIAGO 000000
CHINA	WAN TAI GARMENT FACTORY	ZAKOU THE 2ND INDUSTRIAL AREA, XIAOHE ROAD, DAOJIAO TOWN DONGGUAN GUANGDONG 523170
CHINA	ANHUI KING SPORTS GOODS CO LTD	NO.905, MEIYE ROAD, JIANGDIAN TOWN, JINZHAI COUNTY LUAN ANHUI 237321
CHINA	AQUA PRO INTERNATIONAL CO., LTD	BUDG.8 YUANHE SCIENCE&TECHNOLOGY INDUSTRIAL PARK2, XIANGCHENG DISTRICT SUZHOU JIANGSU 215133
CHINA	A-TEX FASHION LTD,SHENYANG	190 DINGXIANG STREET SUJIATUN SHENYANG LIAONING
CHINA	AUSTINS (DONG CHONG) GLOVES FACTORY	NO 2. JIXIANG EAST ROAD, LIYE INDUSTRIAL GARDEN, DONG CHONG TOWN, PAN GUANG ZHOU GUANGDONG 511453
CHINA	BAODAO LEATHER COMPANY	FUYONG PINGHAI SHENZHEN GUANGDONG 518103
CHINA	BOWKER YAO HUA(HUI ZHOU)GARMENTS CO.,LTD.	CAO LING, QIU CHANG ZHEN, HUI YANG HUIZHOU GUANGDONG 516211
CHINA	BRIDGESTONE SPORTS (SHENZHEN) CO. LTD.	LUOTZU VILLAGE INDUSTRIAL ZONE SHENZHEN GUANGDONG 518108
CHINA	C&Q TRAVEL BAGS CO.,LTD.	NO.2, GROWN ROAD,THE SECOND IND.PARK SANXIANG ZHONGSHAN GUANGDONG 528463
CHINA	CHANGRONG SPORTS	GUANGDONG FAN NO 1, XIANAN XIANNING HUBEI 437000
CHINA	CHANGZHOU ESQUEL KNITTING CO., LTD	100-1 QIANGLIANG ROAD CHANGZHOU JIANGSU 213001
CHINA	CHARTER BRIGHT ELECTRONIC & WATCH CO. LTD	HONG HUA SHAN SECOND INDUSTRIAL ESTATE, GONGMING TOWN SHENZHEN GUANGDONG 518106
CHINA	CHENHAI YONG MAY GARMENT MFG CO.LTD.	BUILDING 4&6TH, PENG ZHONG INDUSTRIAL AREA, YIN BIN SOUTH ROAD, WAISHA TOWN SHANTOU GUANGDONG 515823
CHINA	CITIZEN WATCH CO., LTD.	BU BU GAO ROAD, JIANG BEI CUN, WU SHA, CHANG AN TOWN DONG GUAN GUANG DONG
CHINA	CONCEPT STUDIO LIMITED	GUANHU VILLAGE, KUICHONG TOWN, SHENZHEN GUANGDONG PROVINCE
CHINA	DIANSHAN LAKE SILK KNITTING MILL	NO.208 SHANG ZHOU ROAD P.C.201719 SHANG TA TOWN QINGPU SHANGHAI 201917
CHINA	DIANSHANHU SILK KNITTING MILL	NO.208 SHANGZHOU ROAD. QINGPU SHANGHAI 201719
CHINA	DONG GUAN FU YUEN GARMENT LTD	CIRCUIT 1, CHANG-AN TOWN, DONGGUAN CITY, DONGGUAN GUANGDONG 523840
CHINA	DONGGUAN LUEN THAI GARMENT CO., LTD	JIN FENG HUANG DEVELOPMENT DISTRICT, TANGLI, FENGGANG TOWN, DONGGUAN CITY GUANGDONG PROVINCE 523689
CHINA	DONGGUAN PARK SPORT PRODUCTS CO. LTD	NO.42, HUAN-SHI S. ROAD, TANGXIA DONGGUAN GUANGDONG 523726
CHINA	FAR EASTEN APPARAL (SUZHOU) LTD. CO	#88 TIANLING ROAD WUZHONG DEVELOPMENT DISTRICT SUZHOU JIANGSU 215128
CHINA	FOOQUO SPORTS (DONG GUAN) LTD.	DI PU INDUSTRIAL ZONE OF HUAI DE HU MEN DONG GUAN DONGGUAN GUANGDONG 523926

COUNTRY	FACTORY	ADDRESS
CHINA	FREETREND INDUSTRIAL LTD	AO-PEI VILLAGE, PAO-AN HSIANG, HENG KANG TOWN, LUNG-KANG ZONE SHENZHEN GUANGDONG 518115
CHINA	FUJIAN LIFENG FOOTWEAR CO., LTD.	QINXI STREET, WUTANG TOWN PUTIAN FUJIAN 351119
CHINA	FUJIAN LIFENG FOOTWEAR INDUSTRY DEVELOPMENT CO LTD.	QINHOU VILLAGE,WUTANG TOWN, PUTIAN FUJIAN 351119
CHINA	FUJIAN SAN FENG FOOTWEAR CO.,LTD	PAI XIA YANG, CHEN MEN VILLAGE, CHEN MEN TOWN FUZHOU FUJIAN 350018
CHINA	FUZHOU FUTIAN GARMENT CO., LTD.	NO.3, JINPUZHI ROAD, GAISHAN TOWN, CHANGSHAN FUZHOU FUJIAN 353000
CHINA	GLOVER OPTICAL MANUFACTORY	NO.23 HONG MEAN FOURTH ROAD, AO BEI INDUSTRIAL DISTRICT, BAO AN, SHENZHEN GUANGDONG 518115
CHINA	GOLDEN PRENE ENTERPRISE CO., LTD.	HUNAN INDUSTRIAL ZONE DONGGUAN GUANGDONG 523405
CHINA	GUANG YANG INTERNATIONAL CORPORATION	NO. 16 ZHONG SHAN NORTH ROAD, TAI HE, QING XIN, QING YUAN GUANG DONG 511800
CHINA	GUANGDONG ESQUEL TEXTILES CO., LTD.	CANG JIANG EXPORTS PROCESSING ZONE, GAOMING DISTRICT FOSHAN GUANGDONG 528500
CHINA	GUNAGDONG ESQUEL TEXTILES. CO. LTD. GARMENT YANGMEI	YANGMEI TOWN, INDUSTRIAL DEVELOPMENT ZONE, GAOMING DISTRICT FOSHAN GUANGDONG 528515
CHINA	HENG LONG GARMENT FACTORY	BEIZHA, YAGANG, SANXIANG TOWN ZHONGSHAN GUANDONG 528463
CHINA	INNER MONGOLIA KING DEER CASHMERE CO	SOUTH DONGHE BRIDGE BAYANTALA STREET DONG HE DISTRICT BAOTOU INNER MONGOLIA 14040
CHINA	JIANGSU BUYING SPORTS GOODS CO., LTD.	QIANJI STREET QIANJI TOWN SHUYANG COUNTY JIANGSU PROVINCE SHUYANG JIANGSU 223613
CHINA	JIAXING CHENGHAO FASHION CO., LTD	XINCHANG TOWN XINMIAO TOWN PINGHU ZHEJIANG
CHINA	JIEXI COUNTY GUOYING SPORTS ARTICLES FACTORY	HEPO TOWN, JIEXI COUNTY, GUANGDONG, CHINA JIEXI GUANGDONG
CHINA	JIN MEI BACUI KNITWEAR FACTORY	JIN MEI GUAN LI QU, CHANG PING ZHEN, DONGGUAN GUANGDONG 523579
CHINA	JOCK VAN SHANGHAI GARMENT IND. LTD.	NO. 159, MEI FU ROAD, SHANGHAI SHANGHAI 201100
CHINA	JOYFUL LONG SPORTS LIMITED	CHANG LANG ROAD, SUKENG, CHANGPING DONGGUAN GUANGDONG 523577
CHINA	JUFENG SPORTS CO.,LTD	PHOENIX INDUSTRIAL ZERO, FENGGANG TOWN DONGGUAN GUANGDONG 523707
CHINA	KUNSHAN SABRINA CLOTHES MAKING CO., LTD.	NO.33 KONGXIANG EAST ROAD LUJIA TOWN KUNSHAN JIANGSU 215331
CHINA	LONG CHUAN SIMONA FOOTWEAR CO. LTD	XIN CHENG LONG CHUAN HE YUAN GUANGDONG 517300
CHINA	MAINLAND SEWING MILLS (SHENZHEN) LTD.	ZHENHAN INDUSTRIAL CITY,ZHENHAN ROAD SHENZHEN GUANGDONG
CHINA	NAKANISHI OPTICAL(DAIAN DD PORT)CO.,LTD.	NO.2 BUILDING,17,DD PORT SHUZI NO.3 ROAD, DALIAN HIGH-TECH ZONE DALIAN LIAONING PROVINCE 116600
CHINA	NANAN NAN FENG TEXTILES CO., LTD	GUANQIAO TOWN, NANAN CITY QUANZHOU FUJIAN 362341
CHINA	NANTONG FUSEN USAGI FASHION CO., LTD	NO.119-8 YOU YI ROAD (W), JUE GANG ZHEN RU DONG JIANGSU 226400
CHINA	NIKE (SUZHOU) SPORTS COMPANY LTD	TAICANG ECONOMIC DEVELOPMENT AREA TAICANG JIANGSU 215400
CHINA	NINGBO HOPE TIME ENTERPRISE CO.,LTD	NO.148 HUIQUAN ROAD,GAOXIN TECHNOLOGY DEVELOPMENT AREA, FENGHUA CITY NINGBO ZHEJIANG 315500
CHINA	NINGBO KEJING GARMENTS CO., LTD.	CHUNHU DISTRICT, FENGHUA, NINGBO, ZHEJIANG PROVINCE, CHINA ZHEJIANG 315506
CHINA	NINGBO SHENZHOU KNITTING CO.,LTD (QINGJIN FACTORY) SEWING DEPT. 4	DAGANG INDUSTRIAL TOWN ECONOMIC DEVELOPMENT ZONE NINGBO NINGBO ZHEJIANG 315800
CHINA	NINGBO SHENZHOU KNITTING CO. LTD. -#6 GARMENT FACTORY	DAGANG INDUSTRIAL ZONE NINGBO ZHE JIANG PROVINCE 315800
CHINA	NINGBO YOUNGOR FASHION CO.,LTD.	NO.2 WEST SECT. YINXIAN RD. NINGBO ZHEJIANG 315153
CHINA	NINGBO YOUNGOR KNITTING & UNDERWEAR CO., LTD	BUILDING A, NO. 1 WEST SECTION YINXIAN ROAD NINGBO ZHEJIANG 315153
CHINA	NITEC EYEWEAR(DALIAN)INC.	YANG SHU FANG DEV.ZONE PULANDIAN DALIAN LIAONING 116215
CHINA	OKAMOTO HOSIERY (ZHANGJIAGANG) CO., LTD	RENMIN MIDDLE ROAD, YANGSHE ZHANGJIAGANG JIANGSU
CHINA	O-TA GOLF PRODUCTS (SHENZHEN) CO LTD	JIAN XING ROAD EAST,LUOTZU VILLAGE INDUSTRIAL ZONE,SHYRYAN, BAOAN DISTRICT SHENZHEN GUANDONG 518108
CHINA	PEGASUS FOOTWEAR CO. LTD.	JIUBI VILLAGE, LINGSHAN TOWN, PANYU DISTRICT GUANGZHOU GUANGDONG 511473
CHINA	PHITAC II XIAMEN PHEASANT HI-TECH ALUMINIUM CO., LTD	NO.3 INDUSTRIAL DISTRICT, HOUXI XINCUN, JIMEI XIAMEN FUJIAN 361022
CHINA	PMI JOINEASE PLASTIC & METAL PRODUCTS	(HUI ZHOU) CO., LTD. HUI ZHOU GUANGDONG 516131

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COUNTRY	FACTORY	ADDRESS
CHINA	QINGDAO RUIHE KNITTING	HUANGHE ROAD, JIMO, QINGDAO SHANDONG 266200
CHINA	QINGDAO CHANGSHIN JIMO FACTORY.	NO.49. YANQING ROAD JIMO QINGDAO SHANDONG 266200
CHINA	QINGDAO CHANGSHIN SHOES CO., LTD.	NO.6 QUANZHOU ROAD JIAOZHOU SHANDONG 266300
CHINA	QINGDAO DAYUP LEISURE GOODS CO. LTD	YANGJIAYAN CUN, LONGQUAN ZHEN, JIMO, QINGDAO, CHINA QINGDAO SHANDONG 266217
CHINA	QINGDAO DAYUP SPORTS CO., LTD.	SHANDONG PROVINCE, QINGDAO, JIMO CITY. RONGCHENJIN QINGDAO SHANDONG 266217
CHINA	QINGDAO DC LEATHER PRODUCTS CO., LTD	NO.1 TIANSHAN 2ND ROAD, TONGJI, JIMO QINGDAO SHANDONG 266228
CHINA	QINGDAO DONGSUNG GOLF CO., LTD	#249 CHONGQING BEI ROAD, CHENGYANGQU QINGDAO SHANDONG 266108
CHINA	QINGDAO HAKUTAKA APPAREL CO LTD	CHANGCHENG ROAD XIAOBEIQU CHENGYANG TOWN CHENGYANG DISTRICT QINGDAO SHANDONG 266109
CHINA	QINGDAO HAN BEE GARMENT AND CAPS CO. LTD	LIGEZHUANG TOWN, JIAO ZHOU QINGDAO SHANDONG
CHINA	QINGDAO QINGHU FOOTWEAR CO.	YAN JIA LING VILLAGE OF QINGDAO JIMO QINGDAO SHANDONG
CHINA	QINGDAO SAMHO SHOES CO., LTD	NO. 4 FUQIAN STREET ,LANCUN, JIMO QINGDAO SHANDONG 266232
CHINA	QINGDAO SEWON SHOES CO., LTD.	NO.556 , DAZHUGE VILLAGE, ZHANGYING TOWN, JIAOZHOU CITY QINGDAO SHANDONG 266331
CHINA	QINGDAO TAEKWANG SHOES CO., LTD	LIQUANGZHUANG TOWN INDUSTRIAL ZONE, LIXI CITY QINGDAO SHANDONG PROVINCE 266604
CHINA	QINGDAO TENGHUA APPAREL CO., LTD.	NORTH OF YINGBIN ROAD QINGDAO QINGDAO SHANDONG 266108
CHINA	QINGDAO YOUNGONE SPORTSWEAR CO.,LTD	#1, ROAD 3, JIMO ECONOMIC DEVELOPMENT ZONE QINGDAO SHANDONG 266200
CHINA	QUANZHOU SUNRISE FOOTWEAR CO.LTD	DOUBLE SUN OVERSEAS CHINESS FARM, SHUANGYANG TOWN, LUOJIANG DISTRICT, QUANZHOU FUJIAN 362012
CHINA	RAMATEX APPAREL (SUZHOU) LTD.	8 TING NAN LU, WEI TING TOWN, SUZHOU INDUSTRIAL PARK, P.R.CHINA SUZHOU JIANG SU 215121
CHINA	SAKURAI ATHLETIC (BAO YING) FACTORY	#8 MING CHEN ROAD, SHIH CHING INDUSTRIOUS DISTRICT, PIN SHAN TOWN, SHENZHEN GUANGDONG 518118
CHINA	SANFA FOOTWEAR INDUSTRIAL CO., LTD.	NO.38, GUANGZHU RD, CHENCUN TOWN, SHUNDE DISTRICT FOSHAN GUANGDONG 528313
CHINA	SEIKO INSTRUMENTS (WHAPOA) FACTORY	XIA YUEN IND. BLDG., 2 XIA YUEN ROAD, HUANGPU GUANGZOU GUANGDONG 510735
CHINA	SHANG HAI UCHINO TOWEL CO., LTD.	LUDU VILLAGE LOUTANG JIADING SHANGHAI JIANGSU
CHINA	SHANGGAO YISEN INDUSTRY CO. LTD.	YOUZIDONG, JINGGIANG TOWN, SHANGGAO COUNTY, YICHUN CITY, JIANGXI PROVINCE, PRC YICHUN JIANGXI PROVINCE 336400
CHINA	SHANGHAI BIG RIVER KNITWEARS CO., LTD.	2799 HUMIN ROAD SHANGHAI JIANGSU 201109
CHINA	SHANGHAI FORTUNE GARMENT CO.,LTD	TIANMA INDUSTRY ZOO, SHESHAN TOWN, SONGJIANG DISTRICT SHANGHAI
CHINA	SHANGHAI FUSEN USAGI FASHION CO.,LTD.	QINLAO RD. CHENGHANG TOWN, MINHANG DISTRICT SHANGHAI 201114
CHINA	SHANGHAI GAOJIAN GARMENT CO.,LTD	BLDG.A, NO.12, JINWEN RD., ZHUQIAO TOWN, NANHUI DISTRICT, CHINA NANHUI SHANGHAI 201323
CHINA	SHANGHAI KAILIAN GARMENT FACTORY L,TD	NO 348, XINTANWA ROAD, TANZHI TOWN, NANHUI DISTRICT, SHANGHAI PROVINCE NANHUI SHANGHAI 201312
CHINA	SHANGHAI LAKULING FASHION CO LTD	NO.265(E)HONGQI ROAD, SHANYANG TOWN, JINSHAN DISTRICT SHANGHAI 201508
CHINA	SHANGHAI MEIHUA KNITTING CO., LTD.	NO.185, MU DAN ROAD, PUDONG, SHANGHAI 201202
CHINA	SHANGHAI RELIABLE SOURCE INDUSTRIAL	NO.108 PENG FENG RD, MALUTOWN JIA DING SHANGHAI 201801
CHINA	SHANGHAI TOP-CROWN CO.,LTD	NO.1070, TANGPU RD, PUJIANG VILLAGE, PUJIANG TOWN, MINHANG DISTRICT SHANGHAI MINHANG 201114
CHINA	SHANGHAI WANDE SPORTING GOODS CO.,LTD	XUANQIAO INDUSTRIAL ZONE, NANHUI, SHANGHAI 201314
CHINA	SHANGHAI ZHONGHE KNITTING FACTORY	NO 57, ZHAOCHONG ROAD, ZHAOXIANG TOWN, QINGPU DISTRICT, SHANGHAI 201703
CHINA	SHENGLI LIGHT INDUSTRY CO., LTD.	MIDDLE SECTION, SHIN MA RD., SHIN PU RD. ZHANGZHOU FUJIAN 363000

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COUNTRY	FACTORY	ADDRESS
CHINA	SHENWAN KNITTING FTY (NSS)	SHENWAN , BANFU TOWN ZHONGSHAN CITY GUANGDONG 528459
CHINA	SHINSUNG KANAAN(JIAXING) CO.,LTD	QIXING INDUSTRIAL ZONE, XIUCHENG JIAXIANG ZHEJIANG 314002
CHINA	SHIXING TIAN HE GARMENTS CO. LTD.	XING SHENG INDUSTRIAL PARK. JIANG KOU TOWN, SHI XING DISTRICT. SHAO GUANG GUANGDONG
CHINA	SHOETOWN FOOTWEAR CO.,LTD	XIAOPING VILLAGE,XINGJING STREET, BAIYUN DISTRICT, GUANGZHOU, GUANDONG 510430
CHINA	SING YAN GARMENT (SHEN ZHEN) FACTORY LIMITED	4 BLOCK 1-4/FL., SHI GUAN INDUSTRIAL PARK ,XIA VILLAGE, SHENZHEN GUANGDONG
CHINA	SUNSHINE PLASTIC & MOLD MFY.	XIN SHA IND.AREA,SOUTH OF SHA TOU,CHANG AN TOWN, DONG GUAN, GUANG DONG 523863
CHINA	SUZHOU AIDA GLOVES CO., LTD.	LIUHE ECONOMIC & TECHNOLOGICAL AREA, TAICANG, JIANGSU, CHINA TAICANG JIANGSU 215431
CHINA	SUZHOU TUNTEX GARMENT INDUST CO LTD	NO.15,XINGYE RD. CHENGXIANG TOWN TAICANG JIANGSU 2154413
CHINA	TAY HSIN (NANHAI, FOSHAN) KNITTING CO	1ST SHABU WEST RD., SHABU INDUSTRIAL DISTRICT FOSHAN GUANGDONG 528244
CHINA	TIANHUI SILICONE (SHENZHEN) CO. LTD.	NO. 24, HUIMIN ROAD 1, GUANLAN, BAO'AN, SHENZHEN, CHINA SHENZHEN GUANGDONG 518110
CHINA	TIANJIN URUSHIHARA FASHION ACCESSORIES CO.,LTD	132,C-3,DONGTING RD, TIANJIN CITY TIANJIN 300457
CHINA	WAIHAI SAMKWANG CO.LTD	LIULINCUN WEIHAI SHANDONG
CHINA	WANG FAT BAGS (HUI ZHOU) CO., LTD.	HUA BIAN LING INDUSTRIAL ZONE XIN XU TOWN HUI YANG DISTRICT HUI ZHOU GUANGDONG 516223
CHINA	WEISHENG SPTS EQUIP & HDWR ZHONGSHAN	GUI NAN IND.PARK.WU GUI SHAN TOWN ZHONGSHAN GUANGDONG 528455
CHINA	WELLPOWER SPORTS CO., LTD.	12F-2, NO.90 SECTION 1, FU-HSING SOUTH RD, TAIPEI, TAIWAN DONGGUAN GUANGDONG 523425
CHINA	WHAMPOA GARMENT MFG (GUANGZHOU) CO., LTD.	ZHU SHAN, SHI JI TOWN, PAN YU GUANGZHOU GUANGDONG 511400
CHINA	WILSON INT'L IND CO., LTD	2ST TOWN, WENTONG INDUSTRY SECTION DONG GUAN GUANGDONG 523121
CHINA	WUXI MARS LEATHER GLOVE CO., LTD.	NAN QUAN TOWN, WUXI CITY, JIANGSU PROVINCE, CHINA WU XI JIANGSU 214128
CHINA	XIAMEN PULSA SPORTING GOODS CO., LTD	NO.33,XINGLIN N.ROAD, JIMEI DISTRICT XIAMEN FUJIAN 361022
CHINA	XIAMEN PUTIAN GARMENT CO., LTD.	XIA MEN HU LI GONG YE QU NO. 28, CHANG FANG XIA MEN FUJIAN 361006
CHINA	XIAMEN YOUNG-TIME COMPOSITE CO.,LTD.	NO.666,QIAOYING ROAD, JIMEI SECTION XIAMEN FUJIAN 361021
CHINA	XIE FENG FOOTWEAR CO.,LTD	DONG HU KOU,XI TIAN WEI TOWN,LICHENG DISTRICT PUTIAN FUJIAN 351131
CHINA	YAMANI CONTINENTAL, INC	189 HUAN CHENG DONG LU, TONGAN XIAMEN FUJIAN PROVINCE 361100
CHINA	YI FU (YEARFLOW) LONG HAI ATHLETIC APPLIANCES	DEVELOPING INDUSTRIAL DISTRICT OF JIN FENG ZHANGZHOU FUJIAN
CHINA	YUE YUEN MANUFACTURING FACTORY	YANJIAN ROAD, GAOBU TOWN DONGGUAN GUANGDONG 523286
CHINA	YUEN CHI RUBBER SPORTING GOODS CO., LTD (STARLIKE)	XING TAI INDUSTRIAL ZONE CHANGTAI ZHANGZHOU FUJIAN
CHINA	YUMEI (SHANTOU) GARMENT CO., LTD.	NO.48 HENG SHAN RD, SHANTOU GUANGDONG 515041
CHINA	YUNFU FLIR GARMENT LIMITED	XISAN ROAD, CHUCHENG INDUSTRIAL DISTRICT, HEKOU STREET, YUNFU GUANGDONG 527300
CHINA	YUYING (SHANTOU) GARMENT CO., LTD.	5-6/F., BLOCK 6, ROAD 2 OF DABEISAN, LONGHU INDUSTRIAL AREA, SWATOW GUANGDONG
CHINA	ZHANGJIAGANG CHINA RESOURCES ACCESSORIZES CO.LTD	ZHANGJIAGANG ECONOMIC DEVELOPMENT ZONE(NO.16, CHANGXIN ROAD,YANGSHE TOWN) ZHANGJIAGANG JIANGSU 215600
CHINA	ZHE JIANG HUA ZHANG GARMENTS CO., LTD.	SAN PENG QIAO, SONG XIA TOWN SHANG YU CITY ZHEJIANG 312365
CHINA	ZHEJIANG HAIYAN SIYANG GARMENT	NO.10 BACK CHANGANNANLU WUTUAN TOWN HAIYAN ZHEJIANG HAIYAN ZHEJIANG 314300
CHINA	ZHIQIAO GARMENT CO.LTD.	49#GONGYE ROAD, WANQINGSHA TOWN, PANYU DISTRICT GUANGZHOU GUANGDONG 511462
CHINA	ZHIXIANG KNIT CLOTHING FACTORY	THE INDUSTRY PARK OF HAITONG TOWN,SHEYANG CITY SHEYANG JIANGSU 224373
CHINA	ZHONGSHAN NEW GOLD TEXTILE APPAREL LTD	SHASHUI ROAD, SHAXI ZHONG SHAN GUANGDONG 528471

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COUNTRY	FACTORY	ADDRESS
CHINA	ZHONGSHAN WEI LI TEXTILE CO.,LTD.	#1 WEILI RD., THE SECOND AREA SHANXIANG TOWN ZHONGSHAN CITY GUANGDONG 568423
CHINA	ZHONGSHAN WORLDMARK SPORTING GOODS LTD.	ZONE 1, ZHONGSHAN PORT EXPOT PROCESS ZONE, ZHONGSHAN, GUANGDONG 528437
CHINA	ZIN HWA SPORTS	3RD IND. AREA, KENG ZI TOWN, LONG KANG QU SHEN ZHEN CITY GUANG DONG 518122
COLOMBIA	SUPERTEX S.A	CARRERA 35 NO. 10-707 ACOPI ACOPI-YUMBO VALLE DEL CAUCA
ECUADOR	FIBRAN CIA. LTDA.	PANAMERICANA NORTE KM 5 1/2 QUITO PICHINCHA NONE
EGYPT	CAIRO COTTON CENTER	67, CAIRO- ALEX AGRICULTURE ROAD -QALIOUB STATION CAIRO QALIOUB 13791
EGYPT	SOLOTEX	3 ALI FARAHAT ST. - SHOBRA EL KHEIMA CAIRO
EGYPT	TEXTILES INTERNATIONAL OF EGYPT LTD.	PUBLIC FREE ZONE - NASR CITY CAIRO CAIRO
EL SALVADOR	BOLIM ACTIVEWEAR S.A DE C.V.	ZONA FRANCA INTERNACIONAL OLOCUILTA LA PAZ
EL SALVADOR	TEXTILES LA PAZ, L.L.C.	KM 46.5 CARRETERA A LA HERRADURA EL ROSARIO DEPTO DE LA PAZ 0
FIJI	SOUTHTEX FIJI LTD	LOT 9 KAUA ROAD LAUCALA BEACH ESTATE SUVA, FIJI NAITASIRI GPO BOX 11554
GREECE	FANWARE S.A.	INDUSTRIAL ZONE KOMOTINI KOMOTINI KOMOTINI 69100
GUATEMALA	MANUFACTURAS DEL CARIBE, S.A.	KM.18.5 CARRETERA AL MAYAN GOLF CLUB GUATEMALA VILLA NUEVA
HONDURAS	DELTA HONDURAS AND DELTA CORTES	ZIP BUENA VISTA, VILLANUEVA, DEPARTAMENTO DE CORTÉS VILLANUEVA CORTES 125
HONDURAS	HB SPORTS - NEW HOLLAND LINGERIE DE HONDURAS, S.A.	27 CALLE 1 Y 3 AVENIDA, BARRIO LA PAZ SAN PEDRO SULA CORTES CA
HONDURAS	HUGGER DE HONDURAS (HUGGER GROUP)	ZIP SAN JOSE #12 SAN PEDRO SULA CORTES U/A
HONDURAS	JC INTERNATIONAL INDUSTRIAL LAUNDRY S.DE R.L.	BOULEVARD DEL SUR 10 AVE 27 CALLE CONTIGUO A LA GASOLINERA ESSO SAN PEDRO SULA CORTEZ
HONDURAS	LIBERTY DE HONDURAS	ZOLI ZIP AMERICA, CLOSE TO KATIVO, ROAD TO PUERTO CORTES CHOLOMA CORTES
HONDURAS	PETRALEX, S. DE R.L.	ZIP BUFALO, BUILDING NO. 33 AND 34 VILLANUEVA BUFALO
HONDURAS	SOUTHEAST TEXTILES INTERNATIONAL (SETISA)	ZIP, ZONA LIBRE HONDURAS SAN PEDRO SULA CHOLOMA CORTES
HONDURAS	SOUTHERN APPAREL CONTRACTORS, S.A.	BOULEVARD DEL SUR KM 7 1/2 ZONA INDUSTRIAL SEGUNDA ETAPA EDF. 7 Y 8 SAN PEDRO SULA CORTÉS 10492
HONDURAS	STAR	KM 7 CARRETERA SALIDA A TELA EL PROGRESO YORO
HONG KONG	BF KNITTERS LTD	12 SHING YIP RD., EAST SUN INDUSTRIAL CENTRE, 5/F BLOCK A KWUN TONG KOWLOON
HONG KONG	EASELEY KNITWEAR LIMITED	5/F, NO.22-24, TAI YAU STREET, SAN PO KONG, KOWLOON
HONG KONG	FITWEAR KNITTING FACTORY SALES PROFIT LTD	UNIT B, 8 FL., 100 TEXACO ROAD, TSUEN WAN. N. T.
HONG KONG	HO FUNG FASHION LIMITED	FLAT 1, 23/F WELL FUNG INDUSTRIAL CENTRE, 58-76 TA CHUEN PING STREET KWAI CHUNG HONG KONG NA
HONG KONG	KENT KNITTERS LTD.	12/F., LEE KING INDUSTRIAL BUILDING, SAN PO KONG KOWLOON
HONG KONG	N.S. SOCKS KNITTING FACTORY, LTD.	4A CHEUNG LUNG INDUSTRIAL BUILDING, 10 CHEUNG YEE STREET HONG KONG
HONG KONG	SOUTH ASIA KNITTING FACTORY LIMITED	PART OF 12/F., SOUTH ASIA BLDG., 108 HOW MING ST KWUN TONG KOWLOON
HONG KONG	SOUTH CHINA KNITTING FACTORY LIMITED	5/F,6/F&7/F., SOUTH ASIA BLDG.,108 HOW MING STREET, KWUN TONG, KOWLOON
HONG KONG	UP TO DATE	BLOCK C, 9/F., PAH SANG INDUSTRIAL BUILDING, 16 SAN ON STREET, HONG KONG GUANGDONG
HONG KONG	WAY YAT INDUSTRIAL LIMITED	UNIT 03-11 & 13-16, 7/F., LAI SUN YUEN LONG CENTRE,
HONG KONG KOWLOON	WAYYAT INDUSTRIAL LIMITED. (KNIT)	2, 3 & 11/ F. WORLD INTERESTS BUILDING, 8 TSUN YIP LANE, KWUNTONG,
HONG KONG	WING LUEN KNITTING FACTORY	9/F., KA TO FACTORY BUILDING, 2 CHEUNG YUE STREET, KOWLOON

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COUNTRY	FACTORY	ADDRESS
INDIA	DHRUV GLOBAL LTD	14 MILE STONE, MATHURA ROAD FRIDABAD HARAYANA
INDIA	EASTMAN EXPORTS GLOBAL CLOTHING PVT. LTD.	NEW NO: 30 TO 35, BUNGALOW ROAD, ODAKKADU TIRUPUR TAMIL NADU 641 602
INDIA	EURO CLOTHING COMPANY-I & III	122/1, DODDABIDARAKALLU VILLAGE, BANGALORE KARNATAKA 560 073
INDIA	HINDUJA PROCESSING AND FINISHING,	NO.2, 5TH CROSS, BANGALORE KARNATAKA 560 026
INDIA	HINDUJA SPORTS WEAR	NO.73/5, INDUSTRIAL AREA, YESHWANTHPUR BANGALORE KARNATAKA 560 022
INDIA	INTERNATIONAL CLOTHING COMPANY -II	SY # 113, HONGASANDRA VILLAGE, BEGUR HOBOLI, 7TH MILE, HOSUR ROAD, BANGALORE KARNATAKA 560 068
INDIA	INTIMATE CLOTHING PVT LTD	INTIMATE CLOTHING PVT LTD,SRI VINAYAKA INDUSTRIAL ESTATE.SY NO 16/2, SINGASANDRA VILLAGE BANGALORE KARNATAKA 560068
INDIA	K MOHAN & COMPANY (EXPORTS) PVT LTD	NO 62/5, SHED A1, A2, A&B BANGALORE KARNATAKA 560 068
INDIA	K. MOHAN & COMPANY (EXPORTS) PVT. LTD.	NO.49, SLV INDUSTRIAL COMPLEX, BEGUR HOBOLI, SINGASANDRA BANGALORE KARNATAKA 560 068
INDIA	KARLE INTERNATIONAL	# 203:73, NAGASANDRA VILLAGE BANGALORE- 560073 KARNATAKA 560073
INDIA	KARLE INTERNATIONAL UNIT II	#3, SURVEY NO. 46/2, MADANAYAKANAHALLI, TUMKUR ROAD, BANGALORE KARNATAKA 562123
INDIA	KARLE INTERNATIONAL UNIT IV	NO. V 77 & 78, INDUSTRIAL ESTATE, PEENYA II STAGE, BANGALORE KARNATAKA 560 058
INDIA	LIBERTY SHOES LIMITED	LIBERTY VALLEY, LANGA ROAD, VILL. CHARBA, P.O. SAHASPUR, TEHSIL VIKAS NAGAR DEHRADUN UTTRANCHAL 248001
INDIA	MOJA SHOES (PVT.) LIMITED	75, SERSA ROAD, KUNDLI SONEPAT HARYANA 131 028
INDIA	PERFECT KNITTERS LIMITED	6-56-6/1, INDUSTRIAL ESTATE, OPP. IDPL MAIN GATE HYDERABAD ANDHRA PRADESH 500037
INDIA	PRATIBHA SYNTEX LIMITED	PLOT NO.4, INDUSTRIAL GROWTH CENTRE,KHEDA-454774
INDIA	REVERE PENTLAND PVT LTD	VILLAGE-BANGRAN, PAONTA SAHIB [HP] PAONTA SAHIB HIMACHAL PRADESH
INDIA	SPENTA INTERNATIONAL LIMITE	PLOT NO. 15 & 16 DEWAN INDUSTRIAL ESTATE, PALGHAR MAHARASTRA 401404
INDIA	THE UNIQUE CREATIONS (B) PVT. LTD.,	NO.28, INDUSTRIAL SUBURB, BANGALORE KARNATAKA 560 022
INDIA	TRIANGLE APPARELS - I	NO.44, INDUSTRIAL SUBURB, IIND STAGE BANGALORE KARNATAKA 560 022
INDONESIA	CV CAHYO NUGROHO JATI	JL RAYA SOLO BAKI KM 3 GEDANGAN SOLO BARU SUKOHARJO CENTRAL JAVA 65552
INDONESIA	PT ADIS DIMENSION FOOTWEAR	JL RAYA SERANG KM 24 BALARAJA TANGERANG BANTEN TANGERANG BANTEN 15610
INDONESIA	PT BATARA WAHANAMAS	JL. RAYA JAKARTA BOGOR, KM 39, CILANGKAP BOGOR JAWA BARAT 16916
INDONESIA	PT BUSANA PERKASA GARMENTS	JLN RAYA KEDUNG HALANG NO.263, KM 52 BOGOR UTARA JAWA BARAT 16710
INDONESIA	PT CITRA ABADI SEJATI	JL. RAYA JONGGOL KM. 2.5 KP. SAWAH CILEUNGSI JONGGOL BOGOR WEST JAVA 16820
INDONESIA	PT DAYUP INDO	NUSANTARA BONDED ZONE (KBN), JL. MADURA 6 BLOCK D 13A, JAKARTA DKI JAKARTA 14140
INDONESIA	PT DONG ONE GARMENT	JL. TERNATE BLOCK D.15 A KBN CAKUNG-CILINCING JAKARTA UTARA DKI JAKARTA 14140
INDONESIA	PT DREAM SENTOSA INDONESIA	DUSUN MANGGA BESAR II RT 16/04 WALAHAR KARAWANG WEST JAVA 41371
INDONESIA	PT EVERYOUNG UTAMA	JLN PUNGUT RAYA, KAMPUNG RAWA ROKO RT06/RW02, BOJONG RAWA LUMBU BEKASI TIMUR JAWA BARAT 17116
INDONESIA	PT FENG TAY INDONESIA ENTERPRISES	JL. RAYA BANJARAN KM 14,6 BANDUNG JAWA BARAT 40377
INDONESIA	PT GIMMILL INDUSTRIAL BINTAN	LOT SD 01 & 02 BIE TANJUNG UBAN LOBAM BINTAN 29152
INDONESIA	PT GRAND BEST INDONESIA	JL. COASTER NO. 8 BLOCK B 20-21-22 SEMARANG JAWA TENGAH
INDONESIA	PT HARDAYA ANEKA SHOES INDUSTRY	JL.GAJAH TUNGGAL, DESA PASIR JAYA TANGERANG BANTEN 15001
INDONESIA	PT KAHATEX	JALAN CIJERAH CIGONDEWAH GIRANG NO.16 CIMAHI WEST JAVA 40534
INDONESIA	PT KARWELL INDONESIA	SETIA DARMA II BEKASI WEST JAVA 17510



COUNTRY	FACTORY	ADDRESS
INDONESIA	PT KUKDONG INTERNATIONAL	JL. RAYA NAROGONG KM 12 NO.8 DESA CIKIWUL KEC. BANTAR GEBANG, KAB. BEKASI BEKASI WEST JAVA 17310
INDONESIA	PT MORICH INDO FASHION	JL.RAYA KARANGJATI KM 25 , DESA GEMBONGAN - BARGAS SEMARANG CENTRAL JAVA 50552
INDONESIA	PT NAGASAKTI PARAMASHOES INDUSTRY	JL. AGARINDO, DS SUKAMANTRI, PASAR KEMIS TANGERANG BANTEN 15560
INDONESIA	PT PANCAPRIMA EKABROTHERS	JLN SILIWANGI KM 1 NO.178 A, KEC. JATI UWUNG, PASAR KEMIS DESA GEMBOR TANGERANG BANTEN 15133
INDONESIA	PT PANTJATUNGGAL KNITTING MILL	JL. SIMONGAN 98 SEMARANG JAWA TENGAH 50148
INDONESIA	PT PERTIWI INDOMAS	JL BIMA, KLEPU SEMARANG CENTRAL JAVA 50553
INDONESIA	PT POU CHEN INDONESIA/ PT. NIKOMAS GEMILANG	JL. RAYA SERANG KM 72 DESA TAMBAK SERANG BANTEN 42186
INDONESIA	PT PRATAMA ABADI INDUSTRI	JL. RAYA SERPONG KM. 7, PAKULONAN TANGERANG BANTEN 15310
INDONESIA	PT RODEO	JL. RAYA KALIGAWA KM 8 SEMARANG CENTRAL JAVA 50117
INDONESIA	PT SANDANG MUTIARA CEMERLANG	JALAN WARUNG BONGKOK - DESA SUKA DANAU - CIBITUNG BEKASI JAWA BARAT 17520
INDONESIA	PT SANNITTA ABADI	DUSUN LEDOK, DESA KEMIRISEWU PANDAAN JAWA TIMUR 67156
INDONESIA	PT SEMARANG GARMENT	JL. SOEKARNO HATTA KM 25 WUJIL BERGAS SEMARANG SEMARANG CENTRAL JAVA 50511
INDONESIA	PT SINAR GAYA BUSANA	JL.PERJUANGAN NO.39 RT 006/03, DUSUN 1, DESA SUKADANAU, KEC. CIKARANG BEKASI WEST JAVA 17520
INDONESIA	PT SM GLOBAL (PT DUMI GARMINDO)	JL. TELESONIK NO. 1 JATAKE - JATIUWUNG TANGERANG BANTEN 15136
INDONESIA	PT TRIGOLDENSTAR WISESA	JL. RUMAMBE DS. ANGGADITA KEC. KLARI KARAWANG WEST JAVA 41371
INDONESIA	PT TUNG MUNG TEXTILE BINTAN	JL. RAYA SERANG KM. 24 BALARAJA TANGERANG BANTEN 15610
INDONESIA	PT TUNGGAL INDOTAMA ABADI	JL. PANCASILA IV DESA CICADAS KEC. GUNUNG PUTRI BOGOR WEST JAVA 16964
INDONESIA	PT TUNTEX GARMENT INDONESIA - CIKUPA II	JLN. RAYA SERANG KM 18.8 TANGERANG BANTEN 15710
INDONESIA	PT TUNTEX GARMENT INDONESIA - TGR	JLN. MOCH TOHA NO. 29 / KM 2 TANGERANG BANTEN 15112
INDONESIA	UNGGARAN SARI GARMENT	DSN.CONGOL, DS.KARANGJATI KECAMATAN BERGAS SEMARANG JAWA TENGAH 50552
ISRAEL	DELTA SOCKS LTD.	INDUSTRIAL ZONE KARMIEL KARMIEL 20100
ISRAEL	GIBOR SPORT ALPHA SOCKS LTD	1 HAMELACHA ST. NEW IND.ZONE, P.O.B. 8211 NATANYA ISRAEL 42504
ISRAEL	TEFRON	IND. CENTER TERADYON POB 1365 MISGAV ISRAEL 20179
ISRAEL	YARCA SEWING PLANT	YARCA VILLAGE YARCA VILLAGE 24967
ITALY	ALLISON SPA	VIA ROMA 154 VOLTA MANTOVANA VOLTA MANTOVANA MANTOVA 46049
ITALY	APG SRL	VIALE DEL LAVORO, 8 SORGA' VERONA 37060
ITALY	DIAMANT SRL	VIALE DEL LAVORO 8 SORGA VERONA 37060
ITALY	IRIDE SRI	VIA DEGLI ALPINI 14/B ALANO DI PIAVE BELLUNO 32031
ITALY	LEM S.R.L.	VIA ROMA, 57 DAVERIO VARESE 21020
ITALY	SARA SPORT SRI	VIA DEGLI ARTIGIANI 18 CROCETTA DI MONTELLO MONTEBELLUNA - TV 31035
JAPAN	ADLER CO. LTD	TONMOTO TAWARAMOTOCHO SHIKIGUN NARA PREF SHIKIGUN NARA PREF 636-0307
JAPAN	ATOMS	156-5 DAIFUKU SAKURAI NARA PREFECTURE 633-0067
JAPAN	BRIDGESTONE SPORTS CO. CHICHIBU FCTY	20, OHNOHARA CHICHIBU SAITAMA 368-0005
JAPAN	BRIDGESTONE SPORTS CO., LTD. SEKI PLANT	20 SHIN HAZAMA SEKI GIFU 501-3923
JAPAN	ENDO MANUFACTURING CO.,LTD	5-3 CHUO DORI TSUBAME NIIGATA 959-1244
JAPAN	HATA SEISAKUSHO CO.,LTD,	4986 IWAKI NANTO TOYAMA 939-1612
JAPAN	KISHI LTD NAGAOKA FACTORY	2-2-2 NAKASHIMA NAGAOKA NIIGATA 151 0071
JAPAN	KITAI CO LTD	32 TAKA KASHIBA NARA 639 0241
JAPAN	KIZAKI CO. LTD.	561-2 KAMASU KOMORO NAGANO
JAPAN	KYUSHU WACOAL MFG CO NAGASAKI FCTY	1572 SAIGOU MIZUHOCHOU,MINAMITAKAKIGUN NAGASAKI 859-1206
JAPAN	NIIGATA WACOAL SEWING CORP	263 HATAYA,NISHIKAWA-MACHI NISHIKANBARA-GUN NISHIKAWA-MACHI 959-0423
JAPAN	NIPPON SHAFT CO., LTD.	5636 HIGASI-INA KOMAGANE NAGANO

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JAPAN	NSK ECHO MARK GUNMA FTY	745 OAZA KAWATO AGATSUMACHO AGATSUMAGUN GUNMA 377-0802
JAPAN	OKAMOTO CORPORATION	150-1 OTSUKA KORYO-CHO KITAKATSURAGI-GUN NARA 635-8550
JAPAN	OTOYO LTD.	164-1HIGASHIDOI OTOYO-CHO NAGAOKA-GUN KOCHI 789 0166
JAPAN	OTOYO OTOYO FTY	214-7 HIGASHIDOI OTOYO-CHO NAGAOKA GUN KOCHI 789 0166
JAPAN	OTOYO RYUTSU FTY	164-1 HIGASHIDOI OTOYO-CHO NAGAOKA-GUN KOCHI PRE 789 0116
JAPAN	RIKI LTD. KAGOSHIMA FACTORY	1374-1 HONJYO TARUMI KUMAMOTO 891 2112
JAPAN	SATO KNIT CLD.	2653 KITAHAMA-CHO HONDO KUMAMOTO 863 0011
JAPAN	SEWING YONA FTY	11-71 8-CHOME CHIKAMI KUMAMOTO 861 4101
JAPAN	SHOWA ALUMINUM PROCESSING KK	331 KOJIMA UEDA NAGANO 386-1322
JAPAN	TABAX CO., LTD.	651-2, INDUSTRIAL PARK, OMIYA-MACHI, NAKA-GUN IBARAKI-PREF. 319-2194
JAPAN	TAIHEI BAT FACTORY	972 FUKUMITSU NANTO TOYAMA 939-1646
JAPAN	TEINEN KOGYO KABUSHIKIGAISHA	18-1 KUSUMI ENA GIFU 509-7206
JAPAN	TOYAMA SPORTS GOODS CO., LTD.	345 FUKUMITSU NANTO TOYAMA 939-1637
JAPAN	YAMAYA SANGYO CO., LTD.	HO63-1, SHO, TSUBATA, KAHOKU ISHIKAWA 929-0327
JAPAN	YORKS CO.,LTD.	609-2 MINATO HIGASHIKAGAWA-CITY KAGAWA 769-2798
JAPAN	YUGENGAISHA HATAKEYAMA	2-3-13 NAGAREMACHI OSAKA-SHI OSAKA-FU 547-0032
JORDAN	BRIDGE PEACE COMPANY	EL RAYAN - JORDAN VALLY MASHARA-RAYAN
JORDAN	EL - MASIRA	EL HASAN IND. AREA IRBID - JORDAN COUNTRY- JORDAN
JORDAN	TRUST LTD.	FREE-ZONE ZARKA FREE-ZONE ZARKA JORDAN
KOREA	BUMCHANG DOORI	183-3, SANGDAEWON-DONG, JOONGWOKU SUNG NAM KYUNG KI
KOREA	CHANG DAE APPAREL	192-51, MYUNMOKDONG SEOUL KOREA 131-823
KOREA	CHANGSHIN INC.	#558, SHINPYEONG-DONG, SAHA-GU BUSAN KOREA 604-030
KOREA	DAEHO COLLECTION CO, LTD	95# JUNGSA BL HWAGOK-DONG KANGSEO-GU SEOUL KOREA 157-015
KOREA	DUCK SOO	530-3 MANG-WOO 3DONG, JUNG-RYANG GU. SEOUL KOREA 131-233
KOREA	DUKSUNG	611-26 DOBONG 1-DONG DOBONG GU SEOUL KOREA 132-820
KOREA	EMT / DONG YOON KNIT ( D H INTERNATIONAL LTD. )	CHANG-5DONG 267-1 SEOUL
KOREA	GO YOUNG CORPORATION	3005 SUJIN 2-DONG, SUJUNG-KU, SUNGNAM-CITY KYUNGGI-DO, KOREA 461-182
KOREA	HYUNDAI SPORTS	#801 BEUKSAN B/D, 212-16, GURODONG SEOUL KOREA 152-050
KOREA	IL LIM	286, SSANGRIMDONG SEOUL KOREA 100-400
KOREA	NAMIL CORPORATION	52-12, SHINWOLDONG SEOUL KOREA 158-095
KOREA	NAMKWANG-ILSUNG	2460-1 SINHEUNG DONG SUJUNG KU SUNG NAM KYUNG KI DO 461-397
KOREA	SAE SI DAE SPORTS	55-14, SHINDANG6DONG SEOUL KOREA 100-816
KOREA	SAMHO IND CO., LTD	#1486-40, BANYEO-1 DONG, HAEWOON DAE KU BUSAN BUSAN 612-060
KOREA	SANG YOUNG	117-5, DONONGDONG, NAMYANGJUSI KYONGKIDO
KOREA	SANGWON APPAREL -KUKDONG-SUNGNAM(SAMPLE ONLY)	138-7 SANGDAEWON 1-DONG JONGWON-GU SUNGNAM KOREA 462-121
KOREA	SEWON.CO.LTD	#557 HAKJANG-DONG, SASANG-GU BUSAN KORA 617-020
KOREA	SHINHWA	916-1, SA-LI, SEOTAN-MYUN JYUNGGI-DO
KOREA	SONGWON	213, YONGSURI, CHOWOL, KWANGJU KWANGJU CITY KOREA 137-180
KOREA	SUNIL TRADING	4785-3, SUJIN2DONG, SOOJUNG-GU SUNGNAM KYUNGKI-DO 461-182
KOREA	SUNIL-SUNGIL	139-3, HADAEWON-DONG, JUNGWON-GU SUNG-NAM KYUNGKI-DO 462-834
KOREA	TAEKWANG INDUSTRY CO., LTD.	258-9, AN-DONG GIMHAE GYUNGNAM 621-200
KOREA	WOO RI FINISHING	374-6, NEGOK-DONG, SEOCHO-KU SEOUL KOREA 137-180
KOREA	YOO JIN	HOWON-DONG 305-14 GYEONGGI-DO KOREA 482-020
KOREA	YOOK-IL	MIA1-DONG 703-871 SEOUL KOREA 142-101
KOREA	YOUNG HWA TRADING CO., LTD.	RM201 YOUNG HWA BLDG SEOUL KOREA 138-200
KOREA	YU SHIN	190-2, JUNGOK3DONG SEOUL KOREA 143-901
KOREA	ZEN INTERNATIONAL CO.LTD - PM	ZENBLDG.#367-51, HWAGOK-DONGGANGSEO-GU SEOUL KOREA 157-884
KOREA	ZEN INTERNATIONAL CO.LTD - ZENK	ZENBLDG.#367-51, HWAGOK-DONGGANGSEO-GU SEOUL KOREA 157-884
LITHUANIA	AUDIMAS AB	RAUDONDVARIO PL.80 KAUNAS LT-47182

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COUNTRY	FACTORY	ADDRESS
LITHUANIA	AUDIMAS AB - JONAVA	PANERIU STREET 18 JONAVA 55253
MACAU	FABRICA DE ARTIGOS DE VESTUARIO "VIRON" LDA.,	EDIFICIO INDUSTRIAL, TONG LEI 16-18 AVE.DO ALMIRANTE LACERDA, 5/FL., C-D MACAU
MACAU	FU SENG GARMENT KNITTING FACTORY LTD.	ISTMO DE FERREIRA DO AMARAL, 101-105, 6, 9 & 11 ANDAR MACAU
MACAU	FU SON GARMENT FACTORY	NO.123 AVENIDA ALMIRANTE LACERDA MACAU
MACAU	L & T MACAO GARMENT MANUFACTURING COMPANY LIMITED	AVENIDA DO CORONEL MESQUITA, NO52-58, EDF. TAC CHEONG, 4, 6 E 7 ANDAR
MALAYSIA	AQUATEX INDUSTRIES SDN BHD	10 JALAN ISTIMEWA 1, TAMAN PERINDUSTRIAN CEMERLANG ULU TIRAM JOHOR 81800
MALAYSIA	CHIT GUAN (BP) SDN BHD	P.O BOX 158, BATU 6 1/2 JALAN TANJONG LABOH BATU PAHAT JOHOR 83000
MALAYSIA	CNT GARMENT SDN .BHD.	8 LORONG USAHA JAYA 2, KAWASAN PERUSAHAAN RINGAN USAHAJAYA BUKIT MERTAJAM PENANG 14000
MALAYSIA	GOLDEN VERTEX SDN BHD	NO.18, JALAN BATU PAHAT JOHOR 83010
MALAYSIA	HONSIN APPAREL SDN. BHD. (SEGAMAT BRANCH)	NO 1 - 8 JALAN BISTARI 2/1, TAMAN YAYASAN . SEGAMAT JOHOR 85000
MALAYSIA	HONSIN APPAREL SDN. BHD. (SEGAMAT BRANCH)	NO 1 TO 8 JALAN BISTARI 2/1, TAMAN YAYASAN . SEGAMAT JOHOR 85000
MALAYSIA	HYTEX APPARELS SDN. BHD.	LOT 25, JALAN E 1/5, KAW. PERINDUSTRIAN TAMAN EHSAN, P.O.BOX NO.6. KUALA LUMPUR KEPONG 52100
MALAYSIA	JINLIH IND. SDN BHD	NO 16 & 17, JALAN BUDI 1, TAMAN WAWASAN PERINDUSTRIAN BATU PAHAT JOHOR 83000
MALAYSIA	LAZER HOUSE SDN.BHD.	PLOT NO.30-42, JALAN PERMAI 1A/1 TAMAN DESA PERMAI LUNAS KEDAH 09600
MALAYSIA	LEADING TEXTILES SDN BHD	25 -27 A & B, JALAN BUNGA PEKAN 4, KAWASAN 6 SELANGOR BANTING 42700
MALAYSIA	MEI MEI ENTERPRISE SDN BHD	12, 13 & 14 JALAN SERINDIT, PEKAN BARU, 34200 PARIT BUNTAR PERAK 14100
MALAYSIA	PERUSAHAAN CHAN CHOO SING SDN BHD	LOT 1376,GM127, MUKIM SIMPAN KANAN BATU PAHAT JOHOR 83000
MALAYSIA	PLAS INDUSTRIES SDN BHD	6944 JALAN MAK MANDIN, KAWASAN PERUSAHAAN MAK MANDIN PENANG BUTTERWORTH 13400
MALAYSIA	PLAS INDUSTRIES SDN BHD	3694,JALAN OOI KAR SENG,TAMAN NIBONG TEBAL NIBONG TEBA;L PENANG 14200
MALAYSIA	SIANG LONG ENTERPRISE	NO 1, JALAN LAU KIM TECK 077, BATU 3, JALAN MERSING KLUANG JOHOR 86000
MALAYSIA	SOUTH ISLAND GARMENT SDN. BHD.	2468, SOLOK PERUSAHAAN DUA, KAWASAN PERUSAHAAN PRAI PRAI PENANG 13600
MALAYSIA	SOUTH ISLAND GARMENT SDN. BHD.	LOT 352, MK 12, SUNGAI BAKAP, 14200 SUNGAI JAWI, SEBERANG PERAI SELATAN SEBERANG PERAI SELATAN PENANG 14200
MALAYSIA	T & Y GARMENTS SDN. BHD	PTD 7913, TAMAN PONTIAN JAYA, BATU 34, JALAN JOHOR PONTIAN JOHOR 82000
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN BHD	LOT. 7327, BT 21, JLN AIR HITAM KULAI JOHOR 81000
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD (JEMENTAH)	NO.7-10, JALAN PUTERI, JEMENTAH, SEGAMAT, JOHOR DARUL TAKZIM 85200
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD (LABIS)	NO. 133 & 135, JALAN SEGAMAT, LABIS, SEGAMAT, JOHOR DARUL T AKZIM 85300
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD (SEGAMAT)	LOT 449 & 451, JALAN PERKASA, SEGAMAT, JOHOR DARUL TAKZIM 85000
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD (TANGKAK)	NO. 1408-1434, JALAN BUNGA RAYA, TANGKAK JOHOR DARUL TAKZIM 84900
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD.	NO.99-102, JALAN MAHSAN, TAMAN INDUSTRIES, BAHAU NEGERI SEMBILAN 72100
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD. - K1	57, JALAN HAJI MANAN KLUANG JOHOR 86000
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN. BHD.- KL3	60 & 70B, JALAN HAJI MANAN KLUANG JOHOR 86000
MALAYSIA	TAI WAH GARMENTS INDUSTRY SDN.BHD	527,JALAN KANGKAR TEBRAU JOHOR BAHRU JOHOR 81100
MALAYSIA	TOP THERMO MANUFACTURING ( MALAYSIA ) SDN. BHD.	LOT 64565, 4 1/2 MILES, JALAN KEBUN, SECTION 36 SELANGOR DARUL EHSAN SHAH ALAM 40470
MALAYSIA	TOPWELL MASTER SDN BHD	109,JALAN CENGOL INDAH 1/5, TMN CENGAL 3 KULIM KEDAH 9000

COUNTRY	FACTORY	ADDRESS
MALAYSIA	TOYALL ENTERPRISE SDN. BHD.	2796 - 2797, JALAN ROZHAN, TAMAN INDUSTRIAL CHEROK TOKUN GEORGETOWN BUKIT MERTAJAM , PENANG 14120
MALAYSIA	TUKANG JAHIT MENG HUAT	NO. 5 JALAN PERNIAGAAN SERI AMAN 4, SUNGAI BAKAP PENANG 14200
MALAYSIA	UNITED SWEETHEARTS GARMENT SDN BHD	1818A, JALAN ALMA, ALMA, BUKIT MERTAJAM BUKIT MERTAJAM PENANG 14000
MALAYSIA	UNITED SWEETHEARTS GARMENT SDN BHD	846, JALAN RAYA, SUNGAI BAKAP PENANG 14209
MALAYSIA	UNITED SWEETHEARTS GARMENT SDN BHD	PLOT 38, TAMAN RIA JAYA INDUSTRIAL ESTATE, SUNGEI PETANI KEDAH 08000
MEXICO	ANCHOR GRAPHIC S DE RL DE CV.	CALLE 9A NO. 306A X12A Y 12B COL. STA. GERTRUDIS COPO MERIDA YUCATAN 97300
MEXICO	CALIFORNIA TEXTILE S.A. DE C.V.	CALIFORNIA 1768 SUR ESPERANZA, CD OBREGON SONORA 85210
MEXICO	CAMPECHE SPORTSWEAR, S. DE R.L.DE C.V.	ANTIGUA CARRETERA CAMPECHE-HAMPOLOL CAMPECHE 24023
MEXICO	COVE SCREEN S.A. DE C.V.	SANTA ROSA DE VITERBO NO. 8. NAVE #3 QUERETARO QUERETARO 76038
MEXICO	DELTA APPAREL, INC.	CARR. FEDERAL 180 COL. EL MOLON SEBAPLAYA CAMPECHE 24460
MEXICO	DOMENICO INTERNACIONAL S.A. DE C.V.	PRIVADA 10 ORIENTE NO. 815-B SAN ANDRES CHOLULA PUEBLA 72810
MEXICO	FABRA MEXICO, S.A. DE C.V.	CALLE 60 DIAGONAL NO. 500 ENTRE 61 Y 63 MÉRIDA YUCATÁN 97300
MEXICO	GIANT MERCHANDISING S.A. DE C.V.	BLVD. CUCAPAH NO. 19657, PARQUE IND. EL LAGO TIJUANA BAJA CALIFORNIA 22550
MEXICO	GLOBAL SEWING SA DE CV	EJES 3 Y 4 LOTES 10 Y 11 PARQUE INDUSTRIAL JILOTEPEC JILOTEPEC ESTADO DE MÉXICO 54240
MEXICO	INOVA TEXTILES S.A. DE C.V.	PRIVADA 16 DE SEPTIEMBRE 5 BIS ESTADO DE MEXICO NAUCALPAN 53378
MEXICO	KAROSSO / HILDA ANGUIANO VELAZQUEZ	PROLONGACION MIGUEL HIDALGO 1125 SAN FRANCISCO DEL RINCON GUANAJUATO 36310
MEXICO	MANUFACTURAS DITEX,S.A.	PALMA 5 COL. CENTRO, ATIZAPAN DE ZARAGOZA ATIZAPAN DE ZARAGOZA EDO. DE MEXICO 52900
MEXICO	MEX MODE, S.A. DE C.V.	RETORNO DE CONTINENTES # 38 ATLIXCO PUEBLA 74290
MEXICO	QUIRELLI, S.A. DE C.V.	AV. TECNOLOGICO # 116 LEON GUANAJUATO 37290
MEXICO	RENFRO CAMPECHE, S.A. DE C.V.	CALLE KIKAB # 2, SOLIDARIDAD URBANA CAMPECHE 24060
MEXICO	SERIMAX	POLONIA #71 GUADALAJARA JALIISCO 44190
MEXICO	SOFI CLASSIC, S.A. DE C.V.	AV. DEL PARQUE NO. 67 LERMA ESTADO DE MEXICO 52000
MEXICO	SUNDOG INTERNATIONAL, INC. / CAMISETAS	AVENIDA CIERVO NO. 85 FRACC. LOS VENADOS TIJUANA B.C 22123
MEXICO	TEXTURERIAS, S.A. DE C.V.	MARIANO ABASOLO 206 SANTIAGO TIANGUISTENCO ESTADO DE MEXICO 52600
MEXICO	VERTICAL KNITS S.A DE C.V	FABRIC PLANT: C 20 #131 C X 27 Y 29 BACA YUC. SEWING PLANT: C 20 #84 X 15 Y 17 CP 97450 BACA YUCATAN 97450
MOLDOVA	ASENA 4	LENINA STREET NO. 243/A KONGAZ
MOLDOVA	ASENA-TEXTIL S.R.L.	LENIN 42 CEADIR-LUNGA MD-6100
MOROCCO	DEWHIRST CHILDRENSWEAR MOROCCO	149, ZONE INDUSTRIELLE BEN M SIK SIDI OTHMAN CASABLANCA 20700
MOROCCO	HANADIL - SOCIETE DE CONFECTION	LOT 39 ZI MASSIRA TEMARA RABAT 4817
MOROCCO	SICOME	QUARTIER INDUSTRIEL AÏN SLOUGUI MEKNES B.P 182
PAKISTAN	SAGA SPORTS (PVT.) LTD.	SAGA CITY, TOORABAD SIALKOT PUNJAB 51310
PAKISTAN	STYLE TEXTILE (PVT) LTD.	126/3, KOT LAKHPAT INDUSTRIAL ESTATE LAHORE PUNJAB 54770
PHILIPPINES	SAMMA CORPORATION	LOT 2, 4 & 6 BLK 16, PHASE IV, MAIN AVE., CEPZ CAVITE ROSARIO, CAVITE 4106
PORTUGAL	BTX INDUSTRIA DE CONFECÇÕES LDA	ZONA INDUSTRIAL SOCORRO, IOTES 63-63 FAFE BRAGA 4820-000
PORTUGAL	GIANTO	LUGAR DO BARREIRO RUA 1 A - NP 2 VILA VERDE BRAGA 4730-000
PORTUGAL	GUADALUPE	RUA CARLOS MAGALHAES, 19 BRAGA BRAGA 4701-954
PORTUGAL	JMR	AVPADRE AMERICO PAREDES PORTO 4580-281
PORTUGAL	JOPIN INDUSTRIA DE MALHAS E CONFECÇÃO	RUA SENHJOR DO BONFIM POVOA DE VARZIM PORTO 4490
PORTUGAL	LOMARTEX	LUGAR DO PADRAO BARCELOS BRAGA 4775
PORTUGAL	PETRATEX	RUA DE BANDE NO 429 PACOS DE FERREIRA PORTO 4590-049
PORTUGAL	RIOBRAVO - INDUSTRIA DE VESTUÁRIO SA	RUA DO OUTEIRO - GONDIZALVES BRAGA 470-861
SINGAPORE	BODYNITS INTERNATIONAL PTE LTD	12 CHANGI SOUTH LANE SINGAPORE SINGAPORE 486353

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COUNTRY	FACTORY	ADDRESS
SINGAPORE	GIMMILL INDUSTRIAL PTE LTD	43 TAMPINES STREET 92 SINGAPORE SINGAPORE 528887
SINGAPORE	SOON SOON GARMENTS TRADING	BLK 3015, UBI ROAD 1, #02-218 SINGAPORE SINGAPORE 408704
SOUTH AFRICA	JOHN PETER (PTY) LTD	48 ABERDARE DRIVE DURBAN KZN 4063
SOUTH AFRICA	JOHNSON SPORTSWEAR (PTY) LTD	91 BOFORS CIRCLE CAPE TOWN WESTERN CAPE 7460
SOUTH AFRICA	MILLENNIUM SOCKS	3 BIRMINGHAM ROAD PIETERMARITZBURG KWA-ZULU NATAL 3310
SOUTH AFRICA	SOCKIT MANUFACTURING PTY	9 GLENHURST BEACONVALE CAPE TOWN WETERN CAPE 7500
SPAIN	COMERCIAL GROUP S.A.	BERGUEDA 4, POLIGONO URVASA SANTA PERPETUA BARCELONA 08130
SPAIN	ESTALINA DOR S.L.	C/FRANÇA 1 IGUALADA BARCELONA 08700
SPAIN	PRACAL TEXTIL, S.L.	POLIGONO INDUSTRIAL LOS LLANOS, PARCELA 46-48 PRADOLUENGO BURGOS 9260
SPAIN	PUMALLO-PUNTO MARTINEZ LLOPART, S.A.	C/ JUAN DE LA CIEVA, 18 PINEDA DE MAR BARCELONA 8397
SRI LANKA	BODYLINE (PVT) LIMITED	RATNAPURA ROAD, GURUGODA, HORANA WESTERN 12400
SRI LANKA	CEYLON KNIT TREND LTD	RATHANPURA ROAD, DURAMPITIYA EHELIYAGODA SABARAGAMUWA
SRI LANKA	CEYLON KNIT TREND LTD.	# 55 MAHARAGAMA WESTERN 10280
SRI LANKA	CONTOURLINE (PVT) LIMITED	KANDY INDUSTRIAL PARK , BOI KANDY WESTERN PROVINCE
SRI LANKA	GLORY GARMENT (PRIVATE) LIMITED	390, GANEMULLA ROAD, KADAWATHA WESTERN PROVINCE
SRI LANKA	HELA CLOTHING (PVT)LTD	309/11, NEGOMBO ROAD WELISARA GAMPAHA DISTRICT /WESTERN PROVINCE
SRI LANKA	HEMAS GARMENTS ( PTE) LTD	ROSIMER ESTATE, KANDY ROAD, KALAGEDIHENA THIHARIYA WESTERN PROVINCE
SRI LANKA	JAQALANKA APPARELS (PVT) LTD	KIRIMETITHENNA , BALANGODA. BALANGODA SABARAGAMUWA
SRI LANKA	JAQALANKA INTERNATIONAL (PVT) LIMITED	RING ROAD 1 KATUNAYAKE WESTERN -
SRI LANKA	JAQALANKA LIMITED	RING ROAD 1, EPZ, KATUNAYAKE COLOMBO WESTERN
SRI LANKA	JK GARMENTS (PVT) LTD	MADAGALLA ROAD, IBBAGAMUWA, KURUNEGALA, KURUNEGALA NORTH WESTERN 60500
SRI LANKA	MAS ACTIVE (PVT.) LTD. LINEA INTIMO	LOT 89A, BIYAGAMA EXPORT PROCESSING ZONE COLOMBO WESTERN PROVINCE
SRI LANKA	POLYTEX GARMENTS LTD	MINUWANGODA ROAD, EKALA, JAELA 94
SRI LANKA	POLYTEX GARMENTS LTD (KOGGALA)	E.P.Z, KOGGALA HABARADUWA SOUTHERN
SRI LANKA	SHADELINE (PVT) LTD	MAPAKADEWEWA, MAHIYANGANAYA
SRI LANKA	SHADOWLINE ( PVT) LTD	PHASE 2, IPZ, KATUNAYAKE KATUNAYAKE 11450
SRI LANKA	SYNERGY CLOTHING [PVT] LTD	A3, AVISSAWELLA WESTERN 10700
SRI LANKA	WINTERQUILTS. (PVT) LTD (DEWHIRST GROUP)	111, PALLIDORA ROAD DEIHWELA WESTERN (COLOMBO)
TAIWAN	CHEN SHYANG CO LTD	NO.22-1,VALLEY 244,NANLONG ROAD, PINGCHIANG CITY TAOYUAN COUNTY 324
TAIWAN	CHUAN CHENG HAT CO., LTD.	NO. 52-1, SEC.3, TAICHUNG TAIWAN, R.O.C. 407
TAIWAN	CO UNION INDUSTRY CO.,LTD.	NO.48, HWAN KANG ROAD, YUNG KANG INDUSTRIAL PARK TAINAN 508
TAIWAN	ECLAT TEXTILE CO.,LTD	NO.319.SEC.1,CHUNG YANG ROAD,TU CHENG CITY TU CHENG CITY, TAIPEI HSIEN 23641
TAIWAN	EYELINE INDUSTRIES CO., LTD	19,LANE 146, TA -TUNG RD.,SEC. 1,SHI-CHI TAIPEI 221
TAIWAN	FAR EASTERN TEXTILE LTD. (I-LAN FACTORY)	NO. 49, SEC. 6, JIAOSI RD., JIAOSI TOWNSHIP YILAN YILAN 262
TAIWAN	FENG TAY	52 KEGUNG 8TH RD. TOU-LIU TAIWAN 640
TAIWAN	FU SHENG INDUSTRIAL CO.,LTD	NO.9HSINGCHUNGST.KWEISHANINDUSTRIALAREA.TAO-YUANCITY
TAIWAN	HOPE LAND ENTERPRISE CO.,LTD	NO.125 ALLEY 491, SEC.1, LIU YIN ROAD. SHIN LIN TSUN, LIU YIN HSIANG TAINAN 736
TAIWAN	HOPELAND ENTERPRISE (HUANG KUEN PING)	NO. 6, ALLEY 6, LANE 22, TAINAN HSIEN
TAIWAN	JOCKVAN GARMENT IND CO.,LTD	NO9-1.LANE184.SEC3.CHUNG-YOUNG RD TU-CHENG TAIPEI 236
TAIWAN	MICROCELL COMPOSITE COMPANY	NO. 19, HSIEN CHUNG RD., AN PING INDUSTRIAL PARK TAINAN TAINAN 70252
TAIWAN	MICROCELL COMPOSITE COMPANY	NO. 55, LANE 10, ZHONG SHAN RD. RENDE SHIANG TAINAN COUNTY 717
TAIWAN	MODERN MOLDED PRODUCTS LIMITED	588 SEC.3 CHUNG SHAN ROAD, KUEI JEN SHIANG TAINAN HSIEN
TAIWAN	POU CHEN CORPORATION	NO. 2, FU KUNG RD., FU HSIEN HSIAN, CHANG HWA TAIWAN 506
TAIWAN	POUCHEN CORPORATION (SAMPLE ROOM)	2, FU KUNG RD, FU HSING SHIANG CHANG HWA COUNTY

COUNTRY	FACTORY	ADDRESS
TAIWAN	RELIABLE SOURCE INDUSTRIAL CO., LTD.	NO.6, NAN FONG STREET TAOYUAN BLANK 330
TAIWAN	SABRINA FASHION INDUSTRIAL CORP.	10F, 531-1, CHUNG CHENG RD. HSIN TIEN TAIPEI HSIEN 231
TAIWAN	SPONGE-KING MANUFACTURING CO.LTD	NO 828, JEN FENG RD. MIAO LI COUNTY 35161
TAIWAN	TAIWAN PAIHO LTD.	NO.575, HO KANG RD., HO MEI TOWN, CHANG HWA HSIEN 508
TAIWAN	TAIWAN SAKURAI MFG CO LTD	10-3 WEST 10TH ST KAOSHIUNG KAOSHIUNG
TAIWAN	TAROKO INTERNATIONAL CO. LTD.	263 ERH-JEN ROAD, SEC. 1, JEN-TE TAINAN 717
TAIWAN	TAY HSIN KNITTING CO., LTD.	NO. 71, CHIEN SAN RD, CHUNG HO TAIPEI HSIEN 235
TAIWAN	WEI HSU COMPANY LIMITED.(SUPERCAP)	NO.573. ZHU LI 2ND STREET. TAICHUNG HSIEN 435
THAILAND	ACP APPAREL CO.,LTD.	99/9 MOO 15 BAAN KOKPAENGPUAY THAMBOL LAHAN AMPHUR CHATURAS CHAIYAPHUM 36130
THAILAND	ANTICE (TON-NUNN) CO., LTD.	547-555 CHAROENNAKORN SOI 40, CHAROENNAKORN RD. BANGKOK 10600
THAILAND	BANGKOK RUBBER (PUBLIC) CO.,LTD	611/40 SOI WATCHAN NAI BANGKLO BANGKORLEAM BANGKOK 10120
THAILAND	BANGKOK RUBBER PUBLIC CO.,LTD.	90 M.11, BANGNOMKO SENA AYUTTHAYA 13110
THAILAND	CASTLE INTERTRADE CO.,LTD.	549/12 & 549/14-16 SOI SOMDETPHRACHAOTAKSIN 41 BANGKOK 10140
THAILAND	CORTINA SIAM SPORTS CO., LTD.	88 MOO 2 T. BANMAI, AMPHUR MUANG CHACERNGSAO 24000
THAILAND	EAGLE SPEED MARKETING CO.,LTD.	339 LADKRABANG INDUSTRIAL ESTATE, CHALONGKRUNG ROAD, LUMPLATIEW, LADKRABANG 10520
THAILAND	ENDO THAI CO.,LTD.	211 MOO 4, LADKRABANG INDUSTRIAL ESTATE, CHALONGKRUNG RD. BANGKOK 10520
THAILAND	FEDURA CO., LTD.	140 MOO 5 T. KOODSA A. MAUNG UDOMTHANEE UDOMTHANEE 41000
THAILAND	FOOTWEAR TECH 1530 CO.,LTD.	FOOTWEAR TECH 1530 CO.,LTD. SRIRACHA CHONBURI 20230
THAILAND	FOUR STAR GARMNT & TEXTILE CO., LTD.	13/23, KANNANMAEN, EKACHAI ROAD, BANKUNTIEN BANGKOK 10150
THAILAND	GARMENT TECH INTERNATIONAL CO., LTD	55/1 MOO 6 SOI BAMRUNGSOOK3, PRAYASURAIN ROAD BANGCHAR BANGKOK 10510
THAILAND	GRANDEUR GARMENT CO.,LTD.	61/1 MOO 4, SOI PETCHKASEM 47/2, PETCHKASEM ROAD, BANGKAE BANGKOK 10160
THAILAND	HI-TECH CHAIYAPHUM APPAREL CO.,LTD.	999 MOO 3 TUMBOL LADYAI, AMPHUR MUANG, CHAIYAPHUM 36000
THAILAND	HI-TECH APPAREL CO. LTD.	20/51 MOO 1 PRACHAUTTI ROAD, BANGMOD THUNGKOC BANGKOK 10140
THAILAND	HI-TECH APPAREL CO.,LTD	20/51 M. 2 SOI PACHA-UTHIT RD, THOONGKRU BANGKOK 10140
THAILAND	HONG SENG KNITTING LTD.,PART	649 / 4 - 5 SUKSAWAD 30, SUKSAWAD ROAD, BANGPAKOK RATHJABURANA BANGKOK 10140
THAILAND	INTERNATIONAL CURITY FOOTWEAR CO.,LTD	620/5 MOO 11 SUKHAPIBARN 8 ROAD, TAMBON NONGKHARM SRIRACHA CHONBURI 20280
THAILAND	IVY LEAQUE GARMENT LTD.,PART	141 / 543 - 7 PRACHA-UTHIT 29, PRACHA-UTHIT ROAD, TUNGKRU BANGKOK 10140
THAILAND	KABINBURI CO.,LTD	139 MOO 5 SUWANNASORN ROAD, TAMBON NONSEE KABINBURI PRACHINBURI 25110
THAILAND	LA GARMENT 1999 CO.,LTD.	2492 LARDPRAO ROAD. WANGTHONGLANG BANGKOK 10230
THAILAND	LIBERTY GARMENT CO.,LTD.	65 MOO 5 TUMBON JUNG-HARN AMPUR JUNG-HARN JUNG-HARN ROIET 45270
THAILAND	MASTER PIECE GARMENT & TEXTILE CO.LTD	88/2 MOO 4, RAMA2 ROAD, SAMAEDAM, BNAGKHUNTIAN BANGKOK 10150
THAILAND	MSP SPORTSWEAR CO., LTD.	1342 MOO 1 RATCHASIMA-CHOCK CHAI STREE. TUMBON HUATHALAE NAKHON RATCHASIMA NAKORN RATCHASIMA 30000
THAILAND	NAN YANG GARMENT CO., LTD.	NAN YANG GARMENT CO., LTD, 99/1 MOO. 4 , PHITSANULOK-NAKORNSAWAN ROAD, PICHIT PICHIT 66140
THAILAND	NAN YANG GARMENT CO.,LTD.	71 MOO 12, PHETKASEM 71 RD., NONGKHAM BANGKOK 10160
THAILAND	NC APPAREL CO., LTD.	523 MOO2, NGAMWONGWAN ROAD, T. BANGKEN, A. MUANG NONTABURI 11000

COUNTRY	FACTORY	ADDRESS
THAILAND	NICE APPAREL COMPANY LIMITED	500 SOI NGARMWONGWAN 25, TUMBON BANGKHEN. MUANG DISTRICT NONTABURI 11000
THAILAND	NICE APPAREL COMPANY LIMITED (LOPBURI)	199 MOO 6 TUMBON TADINDUM CHAIBADAL. LOPBURI CHAIBADAL LOPBURI 15130
THAILAND	NOVELTY APPAREL CO.,LTD	166,168 MOO1 PHETKASEM RD. T. YAYCHA A. SAMPHAN NAKORNPATOM 73110
THAILAND	OPTECH CO., LTD.	134 MOO 7 T. SAUNLUANG A. KATOOMBAN SAMUTSAKORN 74110
THAILAND	P.S.R. FOOTWEAR CO.,LTD.	83 MOO.11 T.BANGNOMKHO SENA AYUTTHAYA 13110
THAILAND	PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED.	507 MOO 11 SUKHAPIBARN 8 ROAD, NONGKHARM SRIRACHA CHOLBURI 20230
THAILAND	PHIMAI FOOTWEAR CO.,LTD.	578 MOO 14 LEANGMUANG RD. NAIMUANG PHIMAI NAKHONRATCHASIMA 30110
THAILAND	PILOT KNIT SPORT WEAR CO.,LTD	20/4 MOO 7 BANGKHUNTIEN RD., BANGBON BANGKOK 10150
THAILAND	PILOTKNIT SPORT WEAR CO.,LTD.	89/13 MOO 2 RAMALL ROAD,T.KOKKRABURE MUANG SAMUTSAKORN 74000
THAILAND	RAJA UCHINO CO.,LTD.	630 MOO 11, SUKHAPHIBAL 8 ROAD, NONGKHAM, SRIRACHA CHONBURI 20230
THAILAND	RAMA SHOES INDUSTRIES CO., LTD.	81 MOO. 8 SUKPRAYOON RD. TOMBON NAPA AMPHER MUANG MUANG CHONBURI 20000
THAILAND	RIANSILP KNITTING CO.,LTD.	101 MOO 7 PHETKASEM RD. OMNOI KATUMBAN SAMUTSAKORN 74130
THAILAND	SAPCHOTI LUGGAGE GROUP CO.,LTD.	338/25-28 PRACHAUTHIT SOI 33, PRACHAUTHIT RD., BANGMOD, TUNGKRU BANGKOK 10140
THAILAND	SIAM CASUAL WEAR CO.,LTD.	512 SOI RAMKHAMHEANG 39, PRACHAUAUTIT ROAD, WANGTHONGLANG BANGKOK 10310
THAILAND	STAR POLYMER CORPORATION CO.,LTD	LAD KRABANG INDUSTRIAL ESTATE ZONE 3 BANGKOK 10520
THAILAND	T.U.W. TEXTILE COMPANY LIMITED	113 MOO. 4 SAMPATUAN NAKORN CHAISRI NAKORN PATHOM 73120
THAILAND	T.U.W. TEXTILE COMPANY LIMITED	64 MOO. 11 BUDDHAMONTHOL SAI 5 RD. SAMPRAN NAKORN PATHOM 73210
THAILAND	TAYEH CO., LTD.	243 SOI VIRUNRAD MOO 2 SETTAKIT RD. T. OMNOI, KRATUMBAR SAMUTSAKORN 74130
THAILAND	THAI GARMENT EXPORT CO., LTD.	129 MOO 4, PECTCHAKASEM ROAD, SAMOTHSAKOM 74130
THAILAND	THAI GARMENT EXPORT CO., LTD.	188 MOO 10, T. THATOOM, A. SRIMAHAPHO PRACHINBURI 25140
THAILAND	THAI GARMENT EXPORT CO.,LTD	50/3 MOO 4, CHANGWATTANA ROAD, NONTABURI 11120
THAILAND	THAI SILP SOUTH ASIA IMPORT EXPORT CO.,LTD	79 MOO 14 KINGKEAW ROAD, RACHATAVA BANGPLEE SAMUTHPRAKAN 10540
THAILAND	THAI SILP SOUTH ASIA IMPORT EXPORT CO.,LTD BRANCH 1	1584/61,63,65,67,69,71 T.SAMRONGNUA, A. MUANGSAMUTPARKAN SAMUTHPRAKAN 10270
THAILAND	THAI SOCK CO., LTD.	29/1 MOO 4, POOCHAO SAMINGPRAI RD., - SAMUTPRAKARN 10130
THAILAND	THAI SUNG SHIN NEW MATERIAL CO., LTD	97 MOO 5, NONGBUA BANKHAI RAYONG 21120
THAILAND	THAI TECH GARMENT	99/2 MOO 1 THOMBON THONGCHAINUE PAKTHONG CHAI NAKHONRATCHASIMA 30150
THAILAND	UDON GARMENT FACTORY CO., LTD.	115 MOO 13 THAMBOL BANTHAT UDONTHANI PHEN 41150
THAILAND	UNION FOOTWEAR PUBLIC CO.,LTD.	99 MOO 5, BANGNA-TRAD KM.38 ROAD BANGPAKONG CHACHOENSAO 24180
THAILAND	UNION FRIEND GARMENT CO., LTD.	1099/1-6 SOI DACHA, CHAN RD., SATHORN BANGKOK 10120
THAILAND	UNIVERSAL SPORTS (THAILAND) CO., LTD.	91 MOO 1 PETCHAKASERN RD. SOI WATTHEINTAD, T.BANMAI, NAKORNPRATHOM 73110
THAILAND	V.T. INDUSTRIES CO.,LTD.	3 MOO 4 SURANARAI ROAD CHAIBADAN LOPBURI 15230
THAILAND	V.T.GARMENT CO.,LTD.	602/40-50 SOI SATHUPRADIT 48, SATHUPRADIT ROAD, YANNAWA BANGKOK 10120
THAILAND	VEGA BALL MANUFACTURING CO.,LTD.	653 MOO 4 SOI E 6 PATTANA RD., MUANG SAMUTPRAKARN 10280
THAILAND	WECH WIWAT CO.,LTD	99 MOO 3 PRAYASURENT RD. BANGCHAN, KLONGSAMWA BANGKOK 10510
THAILAND	WECH WIWAT CO.,LTD (ROMKLAO)	358/81-82 ROMKLAO ROAD. KLONGSONGTONNUN, LARDKRABANG BANGKOK 10520

COUNTRY	FACTORY	ADDRESS
THAILAND	YONG SANGA LTD., PART.	41/1 M.4 SOI PRACHAUTIT 15 PRACHAUTIT ROAD RATBURANA BANGKOK 10140
TUNISIA	BOUFICHA TEXTILE	GP1 BOUFICHA BOUFICHA SOUSSE 4010
TUNISIA	IFRIKIYA HOLDING	ZI SIDI ABDELHAMID SOUSSE 4000
TUNISIA	KALAA TEXTILE	RUE ALI EBNOU ABI TALEB KALAA SEGHIRA SOUSSE 4021
TUNISIA	SOCIÉTÉ GOLDTEX SARL	ROUTE MZE-BOURGUIBA BIZERTE BIZERTE - TUNISIE 7000
TURKEY	AKGUNCAN TEKSTIL	PANAYIR MAHALLESİ SAYGILI SOKAK NO:7 K:1 BURSA OSMANGAZI
TURKEY	ATOMIK TEKSTIL	E-5 YOLU UZERI CIMENLIDERE MEVKII KIRKLARELI BABAESKI 39200
TURKEY	AYTEMİZLER TEKSTIL	ISKITLER CAD NO:34 ANKARA 6060
TURKEY	BARIS KONFEKSIYON TEKSTIL PAZARLAMA	SANAYI VE TIC LTD STI ANKARA 0
TURKEY	BEKE TEKSTIL	BARAKFAKI SAN. BÖLGESİ NO:13 BURSA 16580
TURKEY	BEYBO BOYA ISTANBUL	EVREN OTO SANAYI SITESİ YANYOLU NR:6 ESENYURT ISTANBUL 0 34850
TURKEY	BEYBO BOYA KONYA	ALAYLAR 2 MAHALLESİ ÇEVRE YOLU ÜZERİ HAFIF SANAYİ BÖLGESİ SEYDİSEHIR KONYA 0
TURKEY	CIMATEKS TEKSTIL	DOSAB ALIOSMAN SONMEZ STREET NO:14 BURSA 16369
TURKEY	EKSTEKS TEKSTIL SAN. VE TIC. LTD. STI.	IZMIR-ANKARA KARAYOLU 21. KM. NO:184 KEMALPASA IZMIR 35040
TURKEY	ERENKO TEKSTIL CORLU	MISINLI KÖYÜ KAVSAGI E-5 KARAYOLU ÜZERİ TEKIRDAG
TURKEY	ERENKO TEKSTIL ISTANBUL	MERKEZ MAH. ÇINAR CAD. KAVAK SOK. NO:33 YENİBOSNA ISTANBUL YENİBOSNA 34197
TURKEY	ETF TEKSTIL KONF. IHRACAT SAN.TIC.A.S.	TEPEOREN KOYU ORHANLI YOLU NO:31 ISTANBUL TUZLA 84959
TURKEY	FITA TEKSTIL SAN. TIC. LTD. STI.	PANAYIR MAHALLESİ SELVİLİ SOKAK NO:55 BURSA
TURKEY	GELAL CORAP/DELTA SOCKS	SAN 1 BULVARI 4.BÖLGE 9.CADDE NO :123 ÇAKMAKLI ISTANBUL BÜYÜKÇEKMECE 34500
TURKEY	GIBOR CORAP	HARAMİDERE,BEYSAN SANAYİ SITESİ, BİRLİK CADDESİ NO:10 BÜYÜKÇEKMECE ISTANBUL 34840
TURKEY	İMTEKS GİYİM SAN. TIC. AS.	MERKEZ MAH. KÖYALTI MEVKİ KAVAK SK. NO:18-20 YENİBOSNA ISTANBUL 34530
TURKEY	İMTEKS GİYİM SANAYİ VE TİCARET A.S.	D-100 KARAYOLU UZERI ALTINPINAR KOYU GIRISI DUZCE 81400
TURKEY	MODATEM TEKSTIL	AHMETVEFİK PASA MAH. YENİ SANAYİ BÖLGESİ BURSA 16580
TURKEY	RELAKS TEKSTIL	EFİRLİ KÖYÜ ÇANIK MAH AKÇAOVA MEVKİİ PERSEMBE ORDU
TURKEY	UNITEKS TEKSTIL	KAKLIC MAH. IZMIR CAD. NO:13 CIGILI IZMIR 35620
TURKEY	VARTEKS TEKSTIL	HACI EYUPLU KOYU GIRISI DENİZLİ MERKEZ 20100
TURKEY	YESİM TEKSTIL	ANKARA YOLU GURSU KAVSAGI 11.KM BURSA 16580
UK	FANTASTIC INT. LTD.	WARWICK BUILDINGS, ROSSENDALE ROAD LEICESTER LEICESTSHIRE LE9 7LX UK
UK	ROY LOWE & SONS LIMITED	THE SOCK MINE, SUTTON-IN-ASHFIELD NOTTINGHAMSHIRE NG17 5LA
USA	5B'S APPAREL	1000 5BS ZAINSVILLE OHIO 43701
USA	A & K DESIGNS, INC.	624 SE DIVISION PLACE PORTLAND OR 97202
USA	ALSTYLE APPAREL - DISTRIBUTION CENTER ONLY (A&G INC)	1501 E CERRITOS AV ANAHEIM CA 92805
USA	AMG APPAREL MANUFACTURING GROUP	1040 NE 44TH AVE PORTLAND OR 97213
USA	BIG GAME SPORTS	15222 KING ROAD FRISCO TX 75034
USA	BRIDGESTONE SPORTS (U.S.A.)	15320 INDUSTRIAL PARK BLVD, NE COVINGTON GEORGIA 30014
USA	BUTTRAM HOSIERY INC.	12031 COUNTY ROAD 27 SYLVANIA ALABAMA 35988
USA	CHARLESTON HOSIERY, INC. (MICHIGAN AVE.)	4405 MICHIGAN AVENUE CLEVELAND TENNESSEE 37323
USA	COOPER HOSIERY MILL, INC.	4005 GAULT AVENUE NORTH FORT PAYNE ALABAMA 35967
USA	DESIGN INK	3408 S. E. 20TH. AVENUE PORTLAND OR 97202
USA	FJORD, LTD.	2860 J STREET HUBBARD OR 97032
USA	GIANT MERCHANDISING	5655 UNION PACIFIC AVE. COMMERCE CA 90022
USA	GOLF SALES WEST - DBA TORNADO GOLF	1901 EASTMAN AVE OXNARD CA 93030
USA	GUERRILLA GRAFFIX	1902 BROADWAY ST ROCKFORD ILLINOIS 61104
USA	KAYSER-ROTH CORPORATION	515 WEST BALFOUR AVE. ASHEBORO NORTH CAROLINA 27203
USA	KAYSER-ROTH CORPORATION	714 INTERSTATE SERVICE ROAD GRAHAM NORTH CAROLINA 27253



Nike Contract Factory  
Disclosure List

COUNTRY	FACTORY	ADDRESS
USA	KEYSPORTS APPAREL, INC.	1386 E. 15TH STREET LOS ANGELES CA 90021
USA	KIM'S EMBROIDERY, INC.	PO BOX 230699 (ZIP CODE: 97281-0699) PORTLAND OR 97223
USA	K-L MFG. CO., INC.	2726 N. MONROE ST. SPOKANE WA 99205
USA	LEO GARMENTS FACTORY, INC.	10411 E. RUSH ST. SO. EL MONTE CA 91733
USA	MENLO WORLDWIDE LOGISTICS / NIKE GOLF	15705 SW 72ND AVENUE TIGARD OR 97224
USA	OREGON SCREEN IMPRESSIONS, INC.	3580 NE BROADWAY PORTLAND OR 97232
USA	PACIFIC ATHLETIC WEAR, INC. DBA KEYSPO RTS APPAREL	4030 W. CHANDLER AVENUE SANTA ANA CA 90274
USA	PACIFIC SPORTSWEAR, INC.	3827 100TH ST. SW LAKEWOOD WA 98499
USA	PARAMOUNT APPAREL INTERNATIONAL, INC.	#1 PARAMOUNT DRIVE BOURBON MISSOURI 65441
USA	PARAMOUNT APPAREL INT'L, INC. (WINONA MO)	HIGHWAY 19 WINONA MO 65588
USA	POWERS MANUFACTURING COMPANY	1340 SYCAMORE STREET WATERLOO IA 50703
USA	PREMIER PLASTICS	635 EAST 15TH STREET TACOMA WA 98421
USA	PRINT, INC.	1225 PARK CENTER DRIVE VISTA CA 92081
USA	PROMOTION WEST SCREENPRINT, INC.	2684 CHERRY AVE NE SALEM OR 97303
USA	PROMOTIONS WEST EMBROIDERY INC.	3535 DEL WEBB AVE NE SALEM OR 97303
USA	R.J. LIEBE ATHLETIC LETTERING COMPANY	582 GODDARD AVE. CHESTERFIELD MO 63005
USA	RENFRO FORT PAYNE PLANT	3398 WINN AVE NE PLANT MANAGER AL 35967
USA	RENFRO MT. AIRY PLANT	661 LINVILLE ROAD MT. AIRY NORTH CAROLINA 27030
USA	SCREEN GRAPHICS, INC.	19050 S.W. 5TH ST. #120 BEAVERTON OR 97005
USA	SFO APPAREL INC. (SEWING & CUTTING)	41 PARK PLACE BRISBANE CA 94005
USA	SLANE HOSIERY MILLS	313 S.CENTENNIAL STREET HIGH POINT NORTH CAROLINA 27261
USA	STAHL'S HOTRONIX	ONE STAHL DRIVE MASONTOWN PA 15461
USA	SUMMIT SPORTSWEAR INC.	1460 MCDONALD STREET N.E. SALEM OR 97303
USA	SUNSPORTS, LP (MOVED IN SONIC'S BLDG)	7 HOLLAND ST. IRVINE CA 92618
USA	SUTTONS SPORTSWEAR	1400 S. 24TH ST. W. BILLINGS MT 59102
USA	TEXTILE GRAPHICS INC.	3138 NE RIVERGATE #303C MCMINNVILLE OR 97128
USA	U.S. EMBROIDERY, LLC	7933 SW BURNS WAY WILSONVILLE OR 97070
USA	UNIQUE IMPRESSIONS	5070 NW 235TH AVE SUITE #107 HILLSBORO OR 97124
USA	VOLER TEAM APPAREL (DEYO INC)	21 SARATOGA AVE GROVER BEACH CA 93433
USA	WILSON SPORTING GOODS, CO.	2330 ULTRA DRIVE HUMBOLDT TENNESSEE 38321
USA	Y Y ASSOCIATES, INC	845 NW 231ST AVE. HILLSBORO OR 97124
VIETNAM	CCH TOP(VN)CO., LTD.	TAN THUAN ROAD, TAN THUAN EXPORT PROCESSING ZONE, DIST. 7 HCM CITY 848
VIETNAM	CHANG SHIN VIETNAM COMPANY, LTD.	THANH PHU, VINH CUU HO CHI MINH DONG NAI 7000
VIETNAM	DONA PACIFIC VIETNAM CO. LTD.	SONG MAY INDUSTRIAL ZONE; BAC SON VILLIAGE; TRANG BOM DISTRICT; BIEN HOA DONG NAI PROVINCE 61
VIETNAM	DONA VICTOR FOOTWEAR CO., LTD	ROAD# 767, SONG MAY INDUSTRIAL ZONE, BAC SON VILLAGE BIEN HOA DONG NAI 084-061
VIETNAM	ESQUEL GARMENT MANUFACTURING (VIETNAM)	09 STREET 05, VIETNAM SINGAPORE INDUSTRIAL PARK THUAN AN BINH DUONG 848
VIETNAM	FASHION GARMENTS LTD	BIEN HOA INDUSTRIAL ZONE I BIEN HOA DONG NAI 7000
VIETNAM	FASHY (FAR EAST) PRODUCTION LTD.	LOT 1, TAN HIEP GARMENT CLUSTER, DONG KHOI STREET BIEN HOA DONG NAI 848
VIETNAM	FREETREND INDUSTRIAL LTD.(VL)	SAIGON LINH TRUNG EXPORT PROCESSING ZONE, THU DUC HO CHI MINH 84-08
VIETNAM	HANSAE VIETNAM CO., LTD	KM 21 TRANS ASIA SUPERHIGHWAY, LOT 2, TAY BAC CU CHI INDUSTRIAL ZONE HO CHI MINH CITY 84
VIETNAM	HOA THO TEXTILE AND GARMENT ONE MEMBER OF STATE RESPONSIBILITY LIMITED COMPANY ( FACTORY NO. 1 & 2 )	36 ONG ICH DUONG STREET DA NANG 84 511
VIETNAM	LADCO ( LAD A )	53, PHAN VAN LAI STR., WARD 6, TAN AN DISTRICT LONG AN PROVINCE 7000
VIETNAM	MAXPORT J.S.C GARMENT 40	88 HA DINH, THANH XUAN, HA NOI CITY, VIETNAM HA NOI 8000

<b>COUNTRY</b>	<b>FACTORY</b>	<b>ADDRESS</b>
VIETNAM	MINH HOANG GARMENT CO., LTD.	21B PHAN HUY ICH - WARD 12 GO VAP HO CHI MINH CITY 7000
VIETNAM	PHU HA GROUP OF COMPANIES	107/5/1 ZONE 1, THANH XUAN WARD, DIST 12 HO CHI MINH 7000
VIETNAM	PHUONG DONG GARMENT CO.,	22/14 PHAN VAN HON STREET, TAN THOI NHAT WARD, DISTRICT 12 HO CHI MINH 7000
VIETNAM	PHUONG DONG GARMENT JOINT STOCK COMPANY	1 B QUANG TRUNG STREET, WARD 12, GO VAP DISTRICT HO CHI MINH 848
VIETNAM	POU CHEN (VIET NAM) ENTERPRISE LTD.	QL 1K, XA HOA AN BIEN HOA DONG NAI 7000
VIETNAM	POU SUNG VIETNAM INDUSTRIAL ENTERPRISE LTD.	KHU CONG NGHIEP BAU XEO, TINH DONG NAI
VIETNAM	PUNGKOOK SAIGON II CORPORATION	2A STREET 8, SONGTHAN INDUSTRIAL PARK BINH DUONG PROVINCE 84650
VIETNAM	QUANG VIET ENTERPRISE CO., LTD	UNIT TWO , CU CHI TOWN, CU CHI DISTRICT HO CHI MINH 7000
VIETNAM	QUOC HAI GARMENT CO.,LTD	171 A HOANG HOA THAM ST, WARD 13, TAN BINH DISTRICT HO CHI MINH 7000
VIETNAM	SAIGON GARMENT JOINT STOCK COMPANY	236/7 NGUYEN VAN LUONG ST. , GO VAP DIST. HO CHI MINH 084
VIETNAM	SAMYANG VIETNAM CO., LTD.	TRUNG AN VILLAGE, CU-CHI DISTRICT HO CHI MINH 84
VIETNAM	TAE KWANG VINA	NO.8, 9A STREET, BIEN HOA 2 INDUSTRIAL ZONE BIEN HOA DONG NAI 7000
VIETNAM	THANH TRI GARMENT COMPANY	KM 11 NATIONAL ROAD NO. 1, THANH TRI, HANOI 84-4
VIETNAM	TRUONG VINH TRADING INDUSTRIAL GARMENT CO., LTD	170 NATIONAL HIGHWAY 1A, TAN THOI NHAT WARD, DIST 12 HOCHIMINH 84-8
VIETNAM	UNITED SWEETHEARTS GARMENT (VIETNAM) CO., LTD.	RD.10, NHON TRACH I INDUSTRIAL ZONE DONG NAI DONG NAI PROVINCE (84-61)
VIETNAM	VIET THINH GARMENT JOINT STOCK COMPANY	58 THOAI NGOC HAU STREET , HOA THANH WARD , TAN PHU DIST HO CHI MINH TP. HCM 84-8
VIETNAM	VIET TIEN GARMENT IMPORT AND EXPORT COMPANY	7 LE MINH XUAN STREET, WARD 07, TAN BINH DISTRICT HO CHI MINH 84 - 8
VIETNAM	VIETNAM WACOAL CORP.	110 AMATA ROAD, AMATA INDUSTRIAL PARK BIEN HOA CITY DONG NAI 7000
VIETNAM	VINH HUNG JOINT VENTURE COMPANY	1365/1 NATIONAL HIGHWAY 1A, WARD AN PHU DONG HO CHI MINH 12 7000
VIETNAM	VINH TIEN GARMENT FACTORY	#1 HUNG DAO VUONG, WARD 1, VINH LONG TOWN VINH LONG VINH LONG 84-070
VIETNAM	VISION INTERNATIONAL CO., LTD	NO 19 HUU NGHI AVENUE , VIETNAM - SINGAPORE INDUSTRIAL PARK THUAN AN BINH DUONG 84-0650
VIETNAM	YOUNGONE NAM DINH CO. , LTD	HOA XA INDUSTRIAL PARK NAM DINH NAM DINH 0350
VIETNAM	YUPOONG VIET NAM	LOT A-2,3,4, LOTECO EPZ, ROUTE 15A, LONG BINH BIEN HOA DONG NAI 7000