



NIKE Inc.
Banners: Information below only applies to the NIKE and Jordan brands managed by NIKE Inc.
Type of company: Public, NYSE: NKE

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for labour standards issues in the supply chain -There is a board "Corporate Social Responsibility" committee responsible for labour issues, among other things <i>p. 6, 2004 CSR report</i>	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -Fair Labour Association (FLA) conducts risk assessment to determine which factories will be subject to independent external monitoring <i>p.21-22, FLA Charter document</i> http://www.fairlabor.org/all/about/FLAcharter.pdf -Nike also conducts an internal risk analysis of labour standards compliance in its supply chain to determine which factories receive Nike's more extensive "M-audits" (as opposed to less intensive but more frequent SHAPE audits) <i>p. 22, FY04 CR Report</i>	100	30
Section total score / section weighting	70	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Vendor Conduct" -It covers the core ILO conventions but limits the company's commitment to: -Freedom of association: "Nike partners with contractors who share out <i>commitment to best practices and continuous improvement</i> in management practices that respect the rights of all employees, including the right to free association and collective bargaining." -It does not meet the hours of work standards -It does not include a living wage requirement	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://www.nike.com/nikebiz/nikebiz.jhtml?page=25&cat=code	100	20
2.3 Application of the code for supply chain labour standards -Code applies only to Nike and Jordan brands <i>p.16, 2004 CSR report</i>	33.3	20
Section total score / section weighting	41.66	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of the Fair Labour Association (FLA) <i>p. 32, 2004 CSR report</i>	100	50
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -CR report mentions examples of Nike's engagement with local NGOs and other stakeholders in importing countries and, to a lesser extent, in countries of manufacture. However, there is no reported evidence of onsite engagement over time.	66.7	50
Section total score / section weighting	83.35	X 20%

4. Management

4.1 Resource Commitment -There is a "Director of Global Apparel Operations and Corporate Responsibility" -This person is a member of the CR Business Leadership team that reports to the CR board Committee. <i>p.7, 2004 CSR report</i>	100	30
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -The Nike compliance team provides generalized training or makes it available through outside resources, to raise factory team competencies and capacities to self-manage labour, environment, safety and health -16,950 factory workers and management received training in 2004 -No indication that this is scheduled or ongoing practice <i>p. 19 and 30, 2004 CSR report</i>	66.7	25
4.4 Rewards and Incentives -No reported evidence	0	20
Section total score / section weighting		46.67 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -"all factories with which Nike places orders directly should receive an initial SHAPE assessment and third party labour audit at minimum" -Being a member of the FLA also commits NIKE to having a percentage of factories audited by the FLA <i>p.18 CSR report</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Factory Compliance Cycle -FLA schedule <i>p. 17 CSR report, www.fairlabor.org</i>	100	5
5.3 Public disclosure of manufacturing sites -Disclosure of factory level manufacturing facilities for NIKE brand products, but not for all brands owned by company - http://www.nike.com/nikebiz/nikebiz/jhtml?page=25&cat=activefactories	66.7	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices -Internal audit methodology is available in CSR report -FLA audit methodology available through website <i>p.35, 2004 CSR report, www.fairlabor.org</i>	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is <i>p.22,2004 CSR report, www.fairlabor.org</i>	66.7	20
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of audit findings at the factory or supplier level -FLA tracking charts -Mostly aggregate audit findings <i>p. 36, 2004 CSR report, www.fairlabor.org</i>	75	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>p.17, 2004 CSR report</i>	100	15
Section total score / section weighting		85.01 X 35%

Total Score 69 /100