NIKE: SUSTAINABILITY – PAST, PRESENT AND FUTURE
12 April 2014

James Lam
Nick Schuler
Jarred Adams
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AGENDA

01 Introduction

02 Country Analysis

03 NIKE.U

04 Marketing Strategy

05 Financials

06 Action Plan

07 Conclusion

ISSUE 1

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IMPLEMENTATION
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COUNTRY ANALYSIS

Central-South America
Collegiate factories: 11

Eastern Europe
Collegiate factories: 0

South-East Asia
Collegiate factories: 75

Total collegiate factories: 89

Country Risk Index

Infrastructural, political, economic, climate, social/compliance issues

Beyond Ability | 4
### Vietnam

| Poverty Level (Average GNI per capita) | 11.3% ($1,550/capita) |
| Export Laws | 0% tariff on US exports (2015) |
| Corruption Ranking | 116/177 (high) |
| Availability of Resources | High |
| Infrastructure | 8th largest garment exporter |
| Cost and Time to Export | $610/container, 21 days |
| Living Wage | $268/month |
| Working Limits | 48 hours/week |
| Labor Statistics | 49.18m, 21% industrial |

### Bangladesh

| Poverty Level (Average GNI per capita) | 31.5% ($840/capita) |
| Export Laws | Regular tariffs apply |
| Corruption Ranking | 156/177 (high) |
| Availability of Resources | High |
| Infrastructure | 4th largest exporter |
| Cost and Time to Export | $1,075/container, 27 days |
| Living Wage | $170/month |
| Working Limits | 60 hours/week |
| Labor Statistics | 77m, 32% industrial |
## COUNTRY ANALYSIS

### VIETNAM

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low wages (Minimum wage $0.5/hour, living wages $268/month)</td>
<td>High corruption (116/177)</td>
</tr>
<tr>
<td>No import tariff to US from 2015</td>
<td>Poor export infrastructure (&lt;20 ports)</td>
</tr>
<tr>
<td>8th largest exporter of clothing</td>
<td>Unskilled labor with quality issues</td>
</tr>
<tr>
<td>Good supply of labor (49.18m labor force)</td>
<td>Economic uncertainties</td>
</tr>
<tr>
<td>Good labor law</td>
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Enormous potentials make Vietnam a good substitute in South-East Asia
COUNTRY ANALYSIS

Poverty Level (Average GNI per capita)
- Brazil: 21.4% ($11,630/capita)
- Mexico: 51.3% ($9,640/capita)
- Guatemala: 54% ($3,120/capita)

Export Laws
- Brazil: Bad export law, Difficult government
- Mexico: Free trade and no tax
- Guatemala: Regular tariffs apply

Corruption Ranking
- Brazil: 72/177 (average)
- Mexico: 106/177 (high)
- Guatemala: 123/177 (high)

Availability of Resources
- Brazil: High
- Mexico: High
- Guatemala: Medium

Infrastructure
- Brazil: Large apparel industry
- Mexico: 16th garment exporter
- Guatemala: Developing stage

Cost and Time to Export
- Brazil: $2,215/container, 13 days
- Mexico: $1,450/container, 11 days
- Guatemala: $1,435/container, 8 days

Living Wage
- Brazil: $435/month
- Mexico: $331/month
- Guatemala: $413/month

Working Limits
- Brazil: 48 hours/week
- Mexico: 48 hours/week
- Guatemala: 48 hours/week

Labor Statistics
- Brazil: 106.3m, 13.3% industrial
- Mexico: 50.64m, 23.4% industrial
- Guatemala: 4.35m, 14% industrial
## COUNTRY ANALYSIS

### MEXICO

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td>Low wages (Minimum wage $0.6/hour, living wages $331/month)</td>
<td>High corruption (106/177)</td>
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<tr>
<td>Have laws (discrimination, safety and right to strike)</td>
<td>Higher cost than China</td>
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<tr>
<td>16th largest exporter of clothing</td>
<td>Unable to lay off employees</td>
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<tr>
<td>Good supply of labor (52.8m labor force)</td>
<td>Limited amount of raw materials</td>
</tr>
<tr>
<td>No tariffs to U.S. (NAFTA)</td>
<td></td>
</tr>
<tr>
<td>Have unions, collective bargaining agreements</td>
<td></td>
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</table>

Economic, legal and technological advantages encourage Mexican investment.
### COUNTRY ANALYSIS

**TURkey**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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</table>
| Low wages  
(Minimum wage $3.05/hour, living wages $370/month) | ★★  
Political unrest |
| Low corruption  
(53/177) | ★★  
Long distance to U.S. |
| 7th largest exporter of clothing | ★★★  
Presence of export taxes |
| Good supply of labor  
(52.8mil labor force) | ★★★ |
| Protection from discrimination, child labor | ★★★ |
| Adequate supply of domestic materials | ★★★ |

All-rounded performance guarantees Turkish presence in development plans
Three Phase Approach

Goal: Increase the Triple Bottom Line

Phase I: Company

Phase II: Consumer

Phase III: Marketing and beyond
Phase I: Company

VERIFICATION PROCESS

RELIANCE ON INDEX GRADING
Execution based on sustainability indexes

INCREASE MANAGER TRAINING
Better environment, enhanced efficiency
Maintain Sustainable Labor Practices

THOROUGH SOURCING TRACK
Apply to all raw materials and production
Introduce and utilize RFID technology
Phase I: Company

Raw Material Wholesalers
- Material Sustainability Index Vetting

Textile Factories
- Manufacturing Index Vetting
- Material Sustainability Index

Apparel Manufacturers
- Considered Index Vetting
NIKE.u

Phase I: Company

Verify Sustainability of Raw Materials
- Cotton
- Polyester

Certified Wholesalers mark with RFID Chip
- Track materials through production process
FROM SEED TO SHIRT

Phase I: Company

Raw Material Wholesalers
Material Sustainability Index Vetting

Textile Factories
Manufacturing Index Vetting
Material Sustainability Index

Apparel Manufacturers
Considered Index Vetting
Mark apparel with QR Code at production facilities

Allow customer to know where products come from:

**Which Factory Produced it**

**Index Scores of Factory**
- Materials Sustainability Index
- Manufacturing Index
- Apparel Sustainability Index
- Sourcing and Manufacturing Index
Phase II: Consumer

Company and Customer Initiative Goals

1. Demonstrate Nike’s dedication to sustainability
2. Allow customers to trace production from seed to shirt
3. Allow Nike to keep electronic verification of sustainability practices
Phase II: Consumer

Collegiate Licensed Apparel Market

- $4.6b market
- U.S. is main market
- Brand loyalty is low
- All products very similar

NIKE.u

Beyond Ability
NIKE.u

Phase II: Consumer

University scholarship program

Donate 1% of sales revenue to college scholarship fund

Increase brand awareness
Differentiate our products
Give back to local communities

Brand Image
One more reason for purchases
Connection
Related parties (universities, retailers etc.)
Exposure
Increase reach by tapping into campus life

One more reason for purchases
Related parties (universities, retailers etc.)
Increase reach by tapping into campus life
### Phase II: Consumer

#### Issue 1

**Competitor Imitation**
- Biggest competitor is privately held and has limited resources, cannot match 1% scholarship
- Consider dropping if demand does not grow

**RFID chips cannot be permanently disabled**
- Only use RFID tags on batches of units

**Competitors utilizing QR information**
- Extra training for managers at manufacturing facilities
- Integrate with existing NikeID platform requiring personal information

**Feasibility of getting 16 million pounds of cotton per year**
- Source raw materials from wholesalers who have been certified and guarantee raw materials are sustainably farmed and produced
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05. Financials

06. Action Plan, Risk & Contingencies

07. Conclusion

ISSUE 1

ISSUE 2 + ISSUE 3

IMPLEMENTATION
New Campaign Theme to Increase Awareness

1. Tie individuals with corporate social responsibility
2. Visualize Nike CSR effort for awareness
3. Establish a new symbol representing improved labor practices and sustainable materials use
Key Question

How can Nike be a globally recognized ethical brand?

Hypothesis

It’s not Nike hasn’t done enough; It just failed to convey the message

Approach

Enhance customer engagement towards Nike as a brand

Highlight specific issues towards labor situation and CSR practice of Nike
Integrated marketing communication

INTERACTIVE MARKETING
Nike.U QR Code
App with information on Nike’s production

ADVERTISING
Billboards, magazines and commercials
Ads featuring individual empowerment

EVENT MARKETING
Co-organize events with minority groups (women, child)
Sponsorship for charity and college event beside scholarship
Phase III: Marketing and beyond

Customer Engagement
- QR Code and App connect customers and products
- College and charity events act as efficient channel
- Scholarship incentivizes school to allow promotion
- Minority groups are good audience and powerful opinion leaders

Association with Relevant Issues
- Active lobbying to increase media exposure
- QR Code provides full account of production
- Emotional advertisement to highlight differences
- NIKE.U logo directly and naturally linked to labor and sustainability issues

Increased Awareness
- More aware of Nike as a whole
- Nike more connected with social responsibility

College is a good cut-in point with effective marketing

Overall Effect on Collegiate-Licensed Products

College students take part in various activities
College students are sensitive to news
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Collegiate Apparel Sales Growth

- Current Market Share: 32%
- Market Growth Rate: 6%

500 million increase in 5 years
Annual cost breakdown

First Year 26.45 Million

- Scholarship: 15 Million (57%)
- Monitoring/Due Diligence: 2 Million (7%)
- Training Costs: 50,000/factory, increase at 5%/annum (17%)
- Marketing Expenses: 5 Million for first 2 years (19%)

FINANCIALS
FINANCIALS

Collegiate Apparel Sales Growth

Net Present Value: 9.34 Million
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IMPLEMENTATION

ISSUE 1 Country Analysis

ISSUE 2 + ISSUE 3 Marketing Strategy

Beyond Ability
## IMPLEMENTATION SCHEDULE

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<td>Transit Into New Facilities</td>
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<td>Collegiate RFID and QR Codes</td>
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<td>Review KPI Metrics</td>
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IMPLEMENTATION

ISSUE 1

ISSUE 2 + ISSUE 3
Just do it.

Thank you.
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Financial Projections
Growth Rate Projection
Financial Projection With Nike.U
Financial Projection Without Nike.U

Collegiate Production Statistics
Nike Revenue Breakdown
Production Material
Nike Collegiate Apparel Figures (America)
Nike Collegiate Apparel Figures (Asia)
Sustainable Materials
Polyester vs Cotton
Progress of Nike Apparel
U.S. College Store Sales and Enrollment Trend
MSI Scoring Framework

Problems with China
Automation Cannot Cut Cost in China
China’s Decreasing Productivity Gain
Possible Reinvestment in U.S.
Increase of Chinese Wage

Country Comparison
Labor Market Risk Score by Country
Cost to Export
Clothing Exports by Country
Corruption Perception Index
Global Competitiveness Index Infrastructure Score

Labor Standards and Laws
Fair Labor Association
Labor Standards
Turkish Labor Law
Vietnamese Labor Law
Mexican Labor Law
Fair Compensation and Worker Safety in Mexico
Protection of Foreign Workers in Vietnam

CSR Issues
6 Key Reasons for Embracing CSR
10 Companies with Best CSR Practices
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Current Market Share: 32%
Market Growth Rate: 6%

GROWTH rate projection
**APPENDIX**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>1,523.0</td>
<td>1,614.4</td>
<td>1,775.8</td>
<td>2,042.2</td>
<td>2,287.3</td>
<td>2,516.0</td>
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<tr>
<td><strong>Cost of Sales</strong></td>
<td>859.0</td>
<td>928.3</td>
<td>1,021.1</td>
<td>1,174.3</td>
<td>1,315.2</td>
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<tr>
<td><strong>Gross Profit</strong></td>
<td>663.0</td>
<td>686.1</td>
<td>754.7</td>
<td>867.9</td>
<td>72.1</td>
<td>1,069.3</td>
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<tr>
<td><strong>Gross Margin %</strong></td>
<td>43.6%</td>
<td>42.5%</td>
<td>42.5%</td>
<td>42.5%</td>
<td>42.5%</td>
<td>42.5%</td>
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<tr>
<td><strong>SG&amp;A Expense</strong></td>
<td>468.1</td>
<td>496.2</td>
<td>545.8</td>
<td>627.7</td>
<td>703.0</td>
<td>773.3</td>
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<td><strong>Income Before Tax</strong></td>
<td>194.9</td>
<td>189.9</td>
<td>208.9</td>
<td>240.3</td>
<td>269.1</td>
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<td><strong>After Tax Cash Flow</strong></td>
<td>126.70</td>
<td>123.45</td>
<td>135.80</td>
<td>156.17</td>
<td>174.91</td>
<td>192.40</td>
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Financial projection with nike.u
# APPENDIX

Financial projection without nike.u

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<th></th>
<th>2013</th>
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<th>2015</th>
<th>2016</th>
<th>2017</th>
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<td>1,711.2</td>
<td>1,813.9</td>
<td>1,922.8</td>
<td>2,038.1</td>
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<tr>
<td><strong>Cost of Sales</strong></td>
<td>859.0</td>
<td>910.5</td>
<td>965.1</td>
<td>1,023.0</td>
<td>1,084.4</td>
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<tr>
<td><strong>Gross Profit</strong></td>
<td>663.0</td>
<td>703.9</td>
<td>746.1</td>
<td>790.9</td>
<td>838.3</td>
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<tr>
<td><strong>Gross Margin %</strong></td>
<td>43.6%</td>
<td>43.6%</td>
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<tr>
<td><strong>SG&amp;A Expense</strong></td>
<td>468.1</td>
<td>496.2</td>
<td>526.0</td>
<td>557.5</td>
<td>591.0</td>
<td>626.4</td>
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<tr>
<td><strong>Income Before Tax</strong></td>
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<td>247.4</td>
<td>262.2</td>
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<tr>
<td><strong>After Tax Cash Flow</strong></td>
<td>126.70</td>
<td>135.00</td>
<td>143.10</td>
<td>151.68</td>
<td>160.78</td>
<td>170.43</td>
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</tbody>
</table>
Production material

**POLYESTER**
Better options include recycled polyester. In FY11, 30.6 million Nike garments used recycled polyester up from 3.4 million in FY04.

**RUBBER**
Better options include new rubber formulations. Nike developed two such formulations now used in more than 300 finished rubber compounds.

**EVA FOAM**
EVA already scores well on sustainability criteria.

**COTTON**
Better options include cotton sourced from the Better Cotton Initiative and organic cotton. In FY11, we used more than 7 million kg of organic cotton.

**SYNTHETIC LEATHER**
Better options include those that reduce or eliminate solvents.

**LEATHER**
Better options include leather processed at facilities rated by the Leather Working Group.
Clothing exporters by country

Top clothing exporters ($bn, at current prices)

- China: 153.774 (1)
- Hong Kong: 24.505 (2)
- Italy: 23.25 (3)
- Bangladesh: 19.939 (4)
- Germany: 19.646 (5)
- India: 14.365 (6)
- Turkey: 13.948 (7)
- Vietnam: 13.154 (8)
- France: 11.011 (9)
- Spain: 9.246 (10)
- Belgium-Lux: 9.212 (11)
- United Kingdom: 6.555 (14)
- United States: 5.223 (15)
- Mexico: 4.638 (16)
- Thailand: 4.561 (18)
- Portugal: 3.368 (27)
- South Korea: 1.84 (32)
- Taiwan: 0.994 (47)

Sources: World Trade Organization, IMF
Interactive: Steven Bernard and Emily Cadman.
Nike revenue breakdown
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CORRUPTION PERCEPTIONS INDEX 2013
Nike collegiate apparel figures (America)
APPENDIX

Nike collegiate apparel figures (Asia)
Sustainable materials

- Materials
- Sustainability Index
APPENDIX

Polyester vs cotton

Figure 6. Comparison of Environmental Trade-offs between Cotton and Polyester.

- Carcinogenicity
- Acute Toxicity
- Chronic Toxicity
- Reproductive Toxicity and Endocrine Disruption
- Energy Intensity
- GHG Intensity
- Land Use Intensity
- Water Intensity
- Hazardous Waste
- Municipal Solid Waste
- Industrial Waste
- Recyclable/Compostable Waste
- Mineral Waste

Higher is better for Carcinogenicity, Acute Toxicity, Chronic Toxicity, Reproductive Toxicity, and Endocrine Disruption. Lower is better for Energy Intensity, GHG Intensity, Land Use Intensity, Water Intensity, Hazardous Waste, Municipal Solid Waste, Industrial Waste, and Recyclable/Compostable Waste.
Msi scoring framework

<table>
<thead>
<tr>
<th>BASE MATERIAL SCORE</th>
<th>MATERIAL ENVIRONMENTAL ATTRIBUTES</th>
<th>SUPPLIER PRACTICES</th>
<th>NIKE MSI SCORE</th>
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<td>Water Quality &amp; Conservation</td>
<td>Balanced Weighting</td>
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<td>Chemistry</td>
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<td>Energy and Greenhouse Gas (GHG) Intensity</td>
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<td>Water and Land Use Intensity</td>
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<td>Physical Waste</td>
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<td>TOTAL</td>
<td>50</td>
<td>5</td>
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<table>
<thead>
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<th>BASE MATERIAL SCORE</th>
<th>MATERIAL ENVIRONMENTAL ATTRIBUTES</th>
<th>SUPPLIER PRACTICES</th>
<th>NIKE MSI SCORE</th>
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<td></td>
<td>Organic Content</td>
<td>Sustainability Certifications &amp; Programs</td>
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<td>Energy and Greenhouse Gas (GHG) Intensity</td>
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<tr>
<td>Water and Land Use Intensity</td>
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<tr>
<td>Physical Waste</td>
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<tr>
<td>TOTAL</td>
<td>7</td>
<td>10</td>
<td>100</td>
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Progress of Nike apparel

Use of Environmentally Preferred Materials in Nike Apparel

<table>
<thead>
<tr>
<th>TARGET</th>
<th>PERFORMANCE</th>
<th>PROGRESS</th>
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<tbody>
<tr>
<td>Apparel Increase use of EPMs to 20 percent by FY15.</td>
<td>Making progress. Preparing a new Materials Analysis Tool to be completed and tested in FY10. Tool will be released with version two of our Considered Design Index.</td>
<td>On track</td>
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</tbody>
</table>
APPENDIX

Fair Labor Association (FLA)

- Increasing labor standards around the world
- Code of Conduct: 9 aspects
- Today several big companies are on board
APPENDIX

Labor standards, fla

- Employment Relationship
- Nondiscrimination
- Harassment and Abuse
- Forced Labor
- Child Labor
- Freedom of Association and Collective Bargaining
- Health, Safety and Environment
- Hours of Work
- Compensation
APPENDIX

Turkish labor law

- Protection from discrimination and Harassment
- Minimum wage/compensation
- Working hours regulation
- Health and Safety Obligation
- Age restrictions
APPENDIX

Vietnamese labor law

- Minimum wage/compensation
- Collective bargaining
- Minimum wages/compensation
- Working hours/break hours
- Occupational safety and health
- Labor inspections
Mexican labor law

- Laws against discrimination and harassment
- Protecting women
- Labor Unions and right to strike
- Occupational health and safety regulations
- Collective bargaining agreements
EXHIBIT 1 | China’s Wage Rates Are Growing Rapidly

Average wages could approach 17 percent of those in the U.S. by 2015, up from 3 percent in 2000

<table>
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<th>Year</th>
<th>Fully loaded factory-worker wages ($/hour)</th>
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<tr>
<td>2001</td>
<td>0.8</td>
</tr>
<tr>
<td>2002</td>
<td>1.0</td>
</tr>
<tr>
<td>2003</td>
<td>1.3</td>
</tr>
<tr>
<td>2004</td>
<td>1.6</td>
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<td>2005</td>
<td>1.8</td>
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<tr>
<td>2006</td>
<td>2.0</td>
</tr>
<tr>
<td>2007</td>
<td>2.2</td>
</tr>
<tr>
<td>2008</td>
<td>2.4</td>
</tr>
<tr>
<td>2009</td>
<td>2.6</td>
</tr>
<tr>
<td>2010</td>
<td>2.8</td>
</tr>
<tr>
<td>2011E</td>
<td>3.0</td>
</tr>
<tr>
<td>2012E</td>
<td>3.2</td>
</tr>
<tr>
<td>2013E</td>
<td>3.4</td>
</tr>
<tr>
<td>2014E</td>
<td>3.6</td>
</tr>
<tr>
<td>2015E</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Fully loaded factory-worker wages ($/hour)

Ratio of average Chinese to average U.S. wage rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>China</td>
<td>10</td>
<td>19</td>
<td>17</td>
</tr>
</tbody>
</table>

Sources: Economist Intelligence Unit; U.S. Bureau of Labor Statistics; selected company data; BCG analysis.
EXHIBIT 2 | China’s Productivity Gains Will Lag Behind Wage Increases

Growing at nearly 10 percent per year, China’s productivity could reach 40 percent of U.S. productivity by 2015

Chinese productivity relative to U.S. productivity (%)

Average unit productivity, CAGR 2000–2010 (%)
- U.S.: ~2
- China: ~10

Average unit productivity, CAGR 2010–2015 (%)
- U.S.: ~1
- China: ~8.5

Sources: Economist Intelligence Unit; U.S. Bureau of Labor Statistics; BCG analysis.
Note: All figures are based on real units.
### EXHIBIT 3 | Economics Will Drive Reinvestment in the U.S.

**Imagine a company...**
- U.S.-based auto parts supplier
- Most customers are U.S. OEMs that manufacture in the U.S.
- Parts require eight minutes of labor, on average, in the U.S.
- Labor represents one-quarter of the total cost of the part

**...with the following choices of location**

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2015E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S., selected southern states</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage rate ($/hour)</td>
<td>15.81</td>
<td>24.81</td>
</tr>
<tr>
<td>Productivity (%)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Labor cost/part ($)</td>
<td>2.11</td>
<td>3.31</td>
</tr>
<tr>
<td><strong>China, Yangtze River Delta</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage rate ($/hour)</td>
<td>0.72</td>
<td>6.31</td>
</tr>
<tr>
<td>Productivity (%)³</td>
<td>13</td>
<td>42</td>
</tr>
<tr>
<td>Labor cost/part ($)</td>
<td>0.74</td>
<td>2.00</td>
</tr>
<tr>
<td>Labor cost savings (%)</td>
<td>65</td>
<td>39</td>
</tr>
<tr>
<td>Total cost savings before transportation, duties, and other costs (%)</td>
<td>16</td>
<td>10</td>
</tr>
</tbody>
</table>

**Sources:** Economist Intelligence Unit; U.S. Bureau of Labor Statistics; BCG analysis.

³Average productivity difference between the U.S. and China’s Yangtze River Delta. Productivity in the Yangtze River Delta region is assumed to grow at a CAGR of ~7 percent over a 2009 baseline, slightly slower than overall Chinese manufacturing productivity (~8.5%) as other regions adopt more advanced manufacturing practices.
EXHIBIT 4 | Increased Automation in China Is Unlikely to Change the Cost Equation

Product with 20 percent labor content

Cost savings (%)

- Labor cost savings in China (%)
- Total cost savings in China (%)
- China's productivity relative to U.S. productivity (%)

Source: BCG analysis.

Total savings before supply chain costs

(China’s productivity assumed to be equal to U.S. productivity)

Total labor cost in China divided by total labor cost in the U.S.
Labor Market Risk Score by Country

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 25</td>
<td>Lowest Risk</td>
</tr>
<tr>
<td>26 - 50</td>
<td>Low Risk</td>
</tr>
<tr>
<td>51 - 75</td>
<td>Medium Risk</td>
</tr>
<tr>
<td>76 - 100</td>
<td>Highest Risk</td>
</tr>
<tr>
<td>No Data</td>
<td>No Data</td>
</tr>
</tbody>
</table>
## APPENDIX

### Cost to export

<table>
<thead>
<tr>
<th>Region</th>
<th>Documents to export (number)</th>
<th>Time to export (days)</th>
<th>Cost to export (US$ per container)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4</td>
<td>6</td>
<td>$1,090</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>6</td>
<td>21</td>
<td>$923</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>7</td>
<td>26</td>
<td>$2,134</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>6</td>
<td>17</td>
<td>$1,268</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>6</td>
<td>19</td>
<td>$1,083</td>
</tr>
<tr>
<td>OECD High Income Countries</td>
<td>4</td>
<td>10</td>
<td>$1,028</td>
</tr>
<tr>
<td>South Asia</td>
<td>8</td>
<td>32</td>
<td>$1,603</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>8</td>
<td>31</td>
<td>$1,990</td>
</tr>
</tbody>
</table>

Global Competitiveness Index Infrastructure Score, 2012-2013
(1 to 7, with 7 being most desirable)

APPENDIX

U.S. College Store Sales and Enrollment Trends

Source: National Association of College Stores
The Issues: In 2009 some of the more than 400 workers at a factory for Electronic Arts, Inc. were not using earplugs and eye protection in work areas where they were mandatory. In addition, deductions from pay for workers’ savings plans exceeded the legal 30 percent limit.

Solutions: They modified their payroll software to detect and prevent deductions greater than 30 percent. This was confirmed by the FLA through Worker interviews and a review of documentation. Additional verification confirmed that a training course for workers on proper protective equipment was implemented by the medical department.
 Issues: During a 2009 factory visit, FLA assessors found that foreign staff at a factory producing apparel for adidas Group and Nike, Inc. lacked required legal work permits. In addition, some printing department workers, who neither asked to leave nor signed a withdrawal notice, were compelled to leave the union without their consent. dues. Further, proper personal protective equipment was not provided for workers in certain departments, and the noise meter for measuring noise levels was not set correctly (instruction manual was in English only).

 Solutions: Following the assessment, four foreign employees received work permits from the Department of Labor - Invalids and Social Affairs, from the local province. The factory established policies and procedures to guide foreign workers in obtaining work permits. In addition, the factory created a transparent procedure for employees to join or withdraw from the trade union. Further, the factory conducted training for workers, including a specific training for printing workers, on freedom of association. Finally, a new policy was created regarding personal protective equipment. The noise meter has been set correctly and its instructions have been translated into Vietnamese.
6 key reasons for embracing CSR

1. Innovation
2. Cost savings
3. Brand differentiation
4. Long-term thinking
5. Customer engagement
6. Employee engagement
10 companies with best CSR practices

- Microsoft
- Disney
- Google
- BMW
- Daimler
- Sony
- Intel
- Volkswagen
- Apple
- Nestlé