

FY13-FY15(3-year) Sustainability Target

Nike published "Sustainable Business Report FY10-11" in May this year. T2 makes an announcement of "Sustainability Target FY13-FY15" which is aligned with Nike's Sustainability Goal.

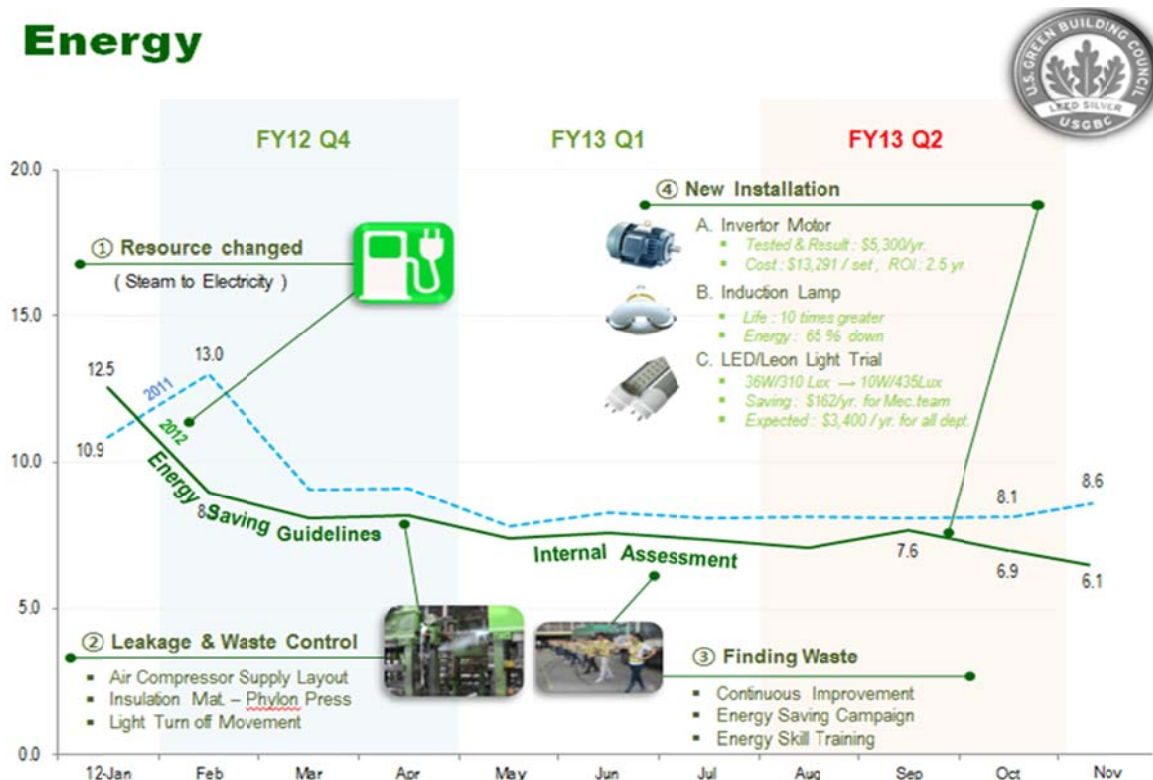


- Reject Toxics : PDS -20%
- Cut Energy : -14%
- Reduce Water Usage : -12%
- Solid waste : -8%
- Empower People :
 - Must – Labor/HSE certification
 - FDS(Fty development sensei)
 - External HSE certification
 - Develop internal HSE Trainer
- Support communities : 1 cent Happiness

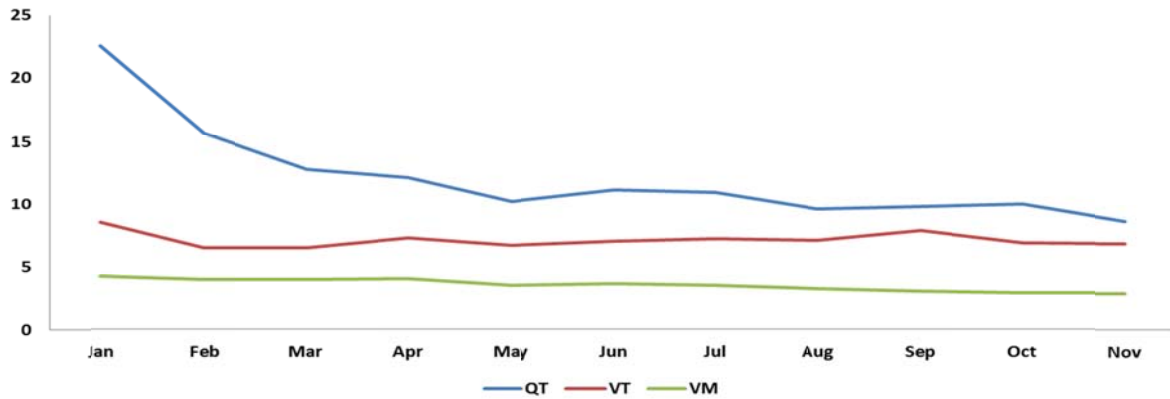
T2 Group SM(Sustainable Manufacturing) Performance Review 2012

We would like to share our 3 offshore factories' performance review on Energy, Solvent, Solid Waste and Compliance & Beyond Compliance performance in 2012.

Energy



● **2012 Energy Consumption Trend(kwh/pr)**



(*Latest Nike Global Ave. Energy 5.12kwh/Pair)

Energy Usage may be different by climate, category profile, machine and green factory concept.

QT: Average 12.1kwh/pr, reduced by using insulation, and relocation of air compressor

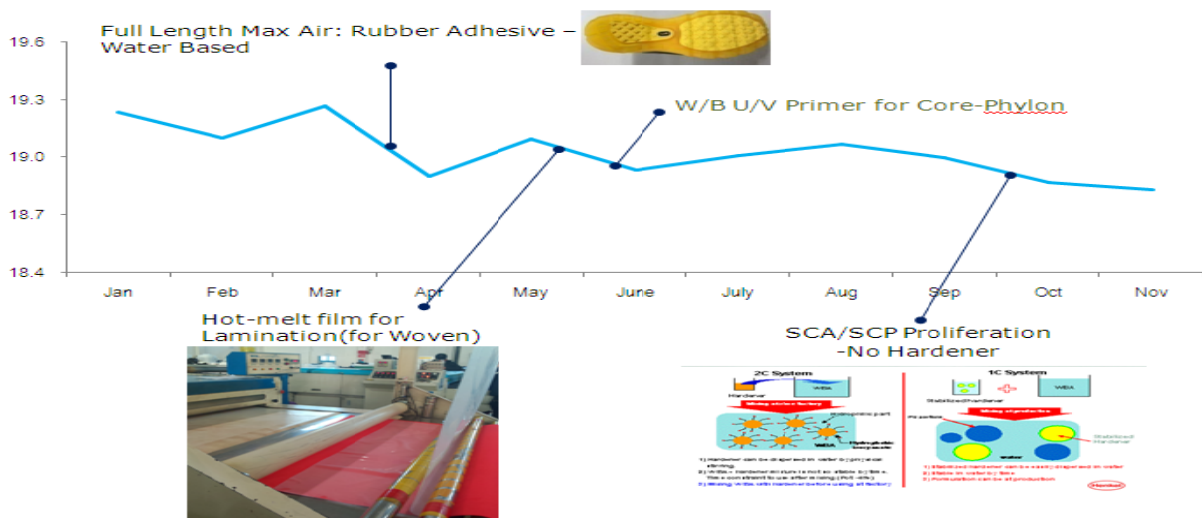
VT: Average 7.1kwh/pr, changeover from petroleum to electric power.

VM: Average 3.5kwh/pr, Achieved LEED (green building: office-silver) certification on Dec. 4th,

VM is the first LEED certified factory in Nike Vietnam factory

Lotus(Vietnam Green Building)Certified: Office-Certified Level, Workshop-Silver Level

ES(Solvent)



● **2012 Factories' PDS(g/pr)**

QT: ,28.20g/pr, VT: 16.72g/pr, VM: 12.27g/pr

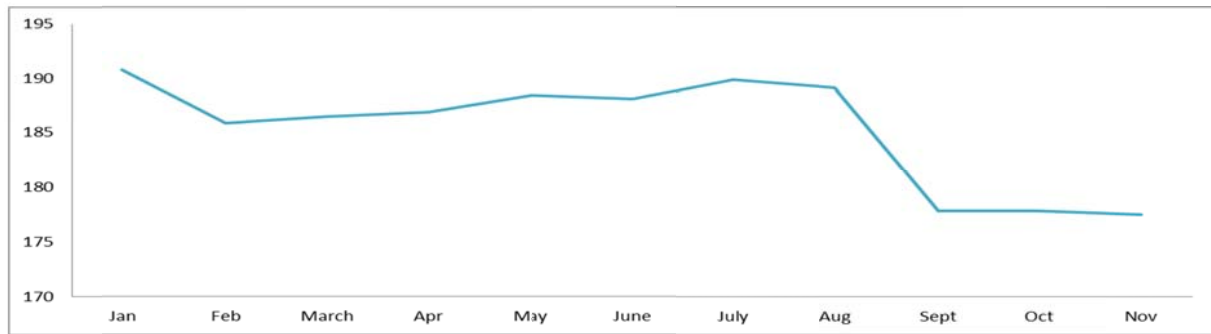
(*Reference: Latest Nike Global Average 15g/pr)

Offshore factories' average is 17.7g/pr from Jan. to Nov. 2012.

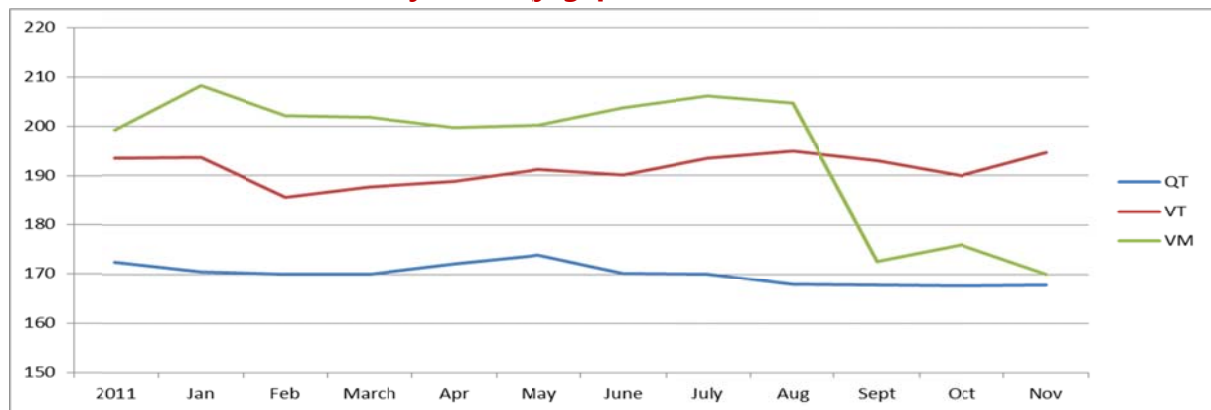
Some good practices:

- Reduced the amount of solvent by changeover water-based rubber adhesive
- Water-based UV primer, Expanding usage of Single Component Adhesive/Primer(SCA/SCP).
- Using hot-melt film for Woven/Nylon package lamination process
- Managing volatile solvent through chemical container modification

ES(Solid Waste)



● 2012 Solid Waste by Factory(g/pr)



QT: 170g/pr, VT: 191g/pr, VM: 194g/pr

.(Reference: Latest Nike Global Average 148.45g/pr)

Offshore factories average of solid waste is 185g/pr from Jan. to Nov. on 2012.

Managing material scrap and product integrity is an important factor to reduce solid waste. So we started to send "Standard waste calculation of new model" to offshore factories from SP13 and keep sharing ideas to improve pattern efficiency between PCC and offshore factories.

Especially, dramatic reduce of solid waste from VM is result of

- Decreased C-grade product
- Decreased defective upper waste and defective lamination package
- Continuous stitching training for new workers
- And enforcing QA process

- **2012 Nike Compliance Audit Result**

Main and Satellite factories' audit result is sustained Bronze level on Nike's Labor/HSE audit. The main issue from the audit was that Overtime on Sunday was not well managed systematically at some departments. We also need to extend our management of minimum Nike/Local Law compliance throughout our subcontractors/vendors.

There will be continuous effort to manage ESH issues and better management system of labor welfare.

FTY	Labor(MAV)		HSE(ERA)	
VM	Feb.	35	Mar.	35
QT	Mar.	35	Mar.	35
VT	Sep.	35	Sep.	35
태진, 태화	Feb.	35	Feb.	35
사오케	May	35	May	35
미토	Sep.	35	Sep.	35

Ensuring Compliance



- **2012 Beyond Compliance – AT(Assessment Tool) Schedule**

For Beyond compliance part, there were Training Calibrations(TC) with Nike on 6 items out of 12 AT categories in 2012. As you see the table below, we had average 2.0~3.8 score on TC.

It was a good chance for us to analyze our current situation and study rooms to improve for next step.

Coordinating schedule with Nike SMP resources, the rest of AT categories' Training Calibrations are postponed until the first half of 2013 and we will be ready to have Training Calibrations for the rest of items (AT categories) and Actual Calibrations for Energy and ES in 2013.

2012	FTY	2	3	4	5	6	7	8	9	10	11	12
VT						EC 3.8						
QT				ES 2.0	EC 2.9					HRM 2.76	HS 2.65	
VM		EC 3.2										

Sustaining basic compliance will be the most important centerpiece for some years ahead.

We spent most of our times to understand the contents of new SM "Beyond Compliance(Sustainability Manufacturing Performance)" in 2012.

We will focus on proceeding from Proliferation to Progression and level-up of HRMAT, HSAT, ECAT, ESAT in 2013.