

## **Statement from Nike, February 22, 2007**

Dear Stakeholder,

Nike was notified by the management team of BJ&B in the Dominican Republic that it had informed its employees earlier today of its decision to cease operations of its facility by May 22, 2007.

We understand that BJ&B management and the union present at the factory are in negotiation for the terms of severance, and we will be notified of the results as soon as the negotiation is concluded. While the Dominican Republic law requires 28 days advance notice of a facility closure to its employees, BJ&B has notified employees three months in advance of the closure date to provide employees with more time to plan for future employment. We commend this effort as well as BJ&B's intent to explore job training opportunities and establish a job referral center in addition to providing severance, benefits and wages according to the law.

Nike also recognizes the significant role BJ&B had played in the broader labor rights movement as an example of successful worker organization and collective bargaining. BJ&B demonstrates the power of collaborative efforts between the Fair Labor Association and the Workers Rights Consortium to drive positive change in working conditions and build the capacity of local governments to support those efforts.

Nike has been a customer of BJ&B since October of 2001. Prior to today's notification, Nike purchased caps from BJ&B featuring "Flexfit" for the Nike Golf and Jordan divisions. Due to BJ&B's closure, we will place existing orders at one of the facilities in Asia operated by BJ&B's parent company.

Nike is committed to engagement and transparency to drive positive systemic change in Nike contract factories worldwide. A fundamental part of this commitment is our belief in "responsible competitiveness" which includes compliance as part of a balanced scorecard that Nike sourcing teams use to evaluate contract manufacturers. As we've learned, advancements in social dialogue or workers' rights is only one part of the equation – in this case, BJ&B's closure was a direct result of global industry shifts and limited local materials and manufacturing infrastructure that made it impossible for the factory to remain competitive.

Attached is the letter BJ&B employees received this morning which we invite you to review.

Sincerely,

Fukumi Hauser  
Director of Americas Compliance  
Nike, Inc.

## **English translation of the BJ&B letter to its employees**

BJ&B, S.A.

### Notification

February 22, 2007

To All Employees of BJ&B:

In the 20 years since BJ&B was founded in Villa Altagracia, we have always strived for excellence, focusing on responsible management and the support of our employees and our community. We are proud of our successes as a business over the years, and equally proud of the many examples of our civic involvement in Villa Altagracia and the surrounding area.

It is because of this commitment to the business, the community of Villa Altagracia, and to the employees who have loyally worked for BJ&B, that we are filled with extreme sadness today as we announce that BJ&B will cease its operations by the legal closure date of May 22, 2007.

Limited local textile and manufacturing infrastructure and global industry shifts make it impossible for us to stay competitive and operate in the Dominican Republic. In the last five to six years we have experienced an increasing number of difficulties in operating the facility. Consumers, now more than ever, are demanding headwear that requires different kinds of fabric, styles and accessories which demand cutting-edge technologies that are not available in the Dominican Republic.

As this market shift has occurred, BJ&B has had to depend on imported materials, a strategy that in the long-term has increased costs and lead-time, resulting in compromised delivery dates for our customers and ultimately a business model that is not sustainable. The lack of advanced embellishment capacity also meant that the headwear produced by BJ&B was limited to a few styles that resulted in a loss of customers.

Earlier today, in accordance with Dominican Republic law, we informed the government of this decision, outlining the reasons cited here for our closure and explaining the details of our commitment to all of you, the employees of BJ&B, during this challenging time.

Please read on for full details of how this decision will impact you including severance and additional resources we intend to explore to support you in your future job training and search efforts.

Our management team is committed to helping answer any specific or additional questions you may have during this time. Please let us know if we can provide further clarification on any of the points below. Above all, we thank you for your years of service to BJ&B, and wish you and your families the best during this transition.

Sincerely,  
Jaekyung Cha, GM of BJ&B

**Last Day of Work:**

Today, Feb. 22, will be the last day of work at the factory for the majority of employees. A few employees will be asked to remain to assist in the closure process.

**Final Wages and Severance Payments:**

All employees of BJ&B will receive full severance payments, benefits and wages according to the Dominican Republic law.

**Job Training and Search Support:**

In addition to what is required by law, BJ&B commits to explore the following employee assistance programs:

- 1) Job referral center: BJ&B employees are highly skilled and valued in the industry. It is our hope that the displaced employees will gain additional support in their re-employment efforts through the establishment of a job referral center in Villa Altigracia. Working with local officials, BJ&B intends to provide financial resources to establish and operate the center as soon as possible. The center will hopefully be staffed with several union and non-union employees. Job referrals will include the Villa Altigracia area and surrounding communities, and extend to Santo Domingo. Our goal is for the center to be operational on March 1 for two months. Details about the schedule and operations will be discussed with the union and representatives of employees.
- 2) Vocational training institute: BJ&B will commit to explore a significant donation of machinery and materials from the facility to a vocational training institute, on condition that all BJ&B employees who wish to be enrolled will be able to receive vocational training at the institute for reemployment free of charge.

## Aviso

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22 de febrero del 2007

A todos los empleados de BJ&B:

Desde la fundación de BJ&B en Villa Altagracia hace 20 años, siempre hemos luchado por la excelencia, enfocándonos en la administración responsable y el apoyo a nuestros empleados y nuestra comunidad. Nos enorgullecemos de nuestro éxito como negocio a través de los años, y estamos igualmente orgullosos de los muchos ejemplos de nuestro involucramiento cívico en Villa Altagracia y sus alrededores.

Es por este compromiso con el negocio, la comunidad de Villa Altagracia y a los empleados, quienes han trabajado con lealtad para BJ&B, que hoy nos embarga una extrema tristeza al anunciar el cese de operaciones de BJ&B a la fecha de cierre legal prevista para el 22 de mayo del 2007.

La limitada infraestructura local de fabricación y textil, así como los cambios de la industria global hace imposible mantenernos competitivos y operar en la República Dominicana. En los últimos cinco a seis años hemos experimentado un creciente número de dificultades en la operación de las instalaciones. Los consumidores, hoy día más que nunca, demandan gorras que requieren diferentes tipos de tejidos, estilos y accesorios que demandan tecnologías de punta que no están disponibles en la República Dominicana.

A medida que se ha experimentado este cambio en el mercado, BJ&B ha tenido que depender de materiales importados, una estrategia que en el largo plazo ha incrementado los costos y tiempos de entrega, resultando en fechas de entrega comprometidas para nuestros clientes y al final un modelo de negocios insostenible. La falta de capacidad de embellecimiento avanzado también significó que las gorras producidas por BJ&B se limitara a pocos estilos que resultaron en la pérdida de clientes.

En el día de hoy, conforme a las disposiciones de las leyes de la República Dominicana, informamos al gobierno sobre esta decisión, detallando las razones citadas para nuestro cierre y explicando los detalles de nuestros compromisos con todos ustedes, los empleados de BJ&B, durante este desafiante momento.

Favor leer más adelante los detalles completos de cómo esta decisión los impactará, incluyendo sus prestaciones y recursos adicionales que pretendemos explorar para apoyarlo en sus esfuerzos de búsqueda de empleo y entrenamiento laboral.

Nuestro equipo de gerencia está comprometido en responder cualquier pregunta adicional o específica que pudiesen surgir durante este tiempo. Favor informarnos si podemos suministrar clarificación adicional sobre cualquiera de los puntos indicados más abajo. Sobre todo, agradecemos por los años de servicio a BJ&B, y les deseamos a usted y sus familiares todo lo mejor durante esta transición.

Muy atentamente,

**Jaekyung Cha**  
GM of BJ&B

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**Ultimo Días de Trabajo:**

Hoy, 22 de febrero, será el último día de trabajo en la fábrica para la mayoría de los empleados. Solicitaremos a unos cuantos empleados permanecer a fin de asistir en el proceso de cierre.

**Pago de Salarios Finales y Prestaciones:**

Todos los empleados de BJ&B recibirán la totalidad de las prestaciones beneficios y salarios de conformidad con las leyes de la República Dominicana.

**Apoyo en Entrenamiento Laboral y Búsqueda de Empleo:**

Además de los requerimientos de la ley, BJ&B se compromete a explorar los siguientes programas de asistencia a empleados:

- 1) **Centro de Referencias de Trabajo:** Los empleados de BJ&B están altamente calificados y valorados en la industria. Es nuestro deseo que los empleados desplazados recibirán apoyo adicional en sus esfuerzos de búsqueda de nuevos empleos a través del estableciendo de un centro de referencias laborales en Villa Altigracia. Trabajando con oficiales locales, BJ&B pretende suministrar recursos financieros adicionales para establecer y operar el centro lo más pronto posible. El centro estará manejado, esperamos, con algunos empleados de sindicatos y de no estuvieren en sindicatos. Las referencias de trabajo incluirán el área de Villa Altigracia y comunidades circundantes y se extenderá a Santo Domingo. Nuestra meta es que el centro se encuentre en operación en fecha 1ro. de marzo y permanezca abierto por dos meses. Los detalles sobre el

programa y operaciones serán discutidos con el sindicato y los representantes de los empleados.

- 2) **Instituto de entrenamiento vocacional:** BJ&B se comprometerá a explorar una donación significativa de maquinaria y materiales de las instalaciones a un instituto de entrenamiento vocacional, bajo la condición de que todos los empleados de BJ&B que deseen ser enrolados podrán recibir entrenamiento vocacional en el instituto para fines de nuevo empleo de manera gratuita.

- End of Aviso -