

Under Armour Inc.

TICKER
 NYS:UAA

MARKET CAPITALIZATION
 US\$10 billion

HEADQUARTERS
 United States

DISCLOSURES
UK Modern Slavery Act: Yes

TARGETS

Yes

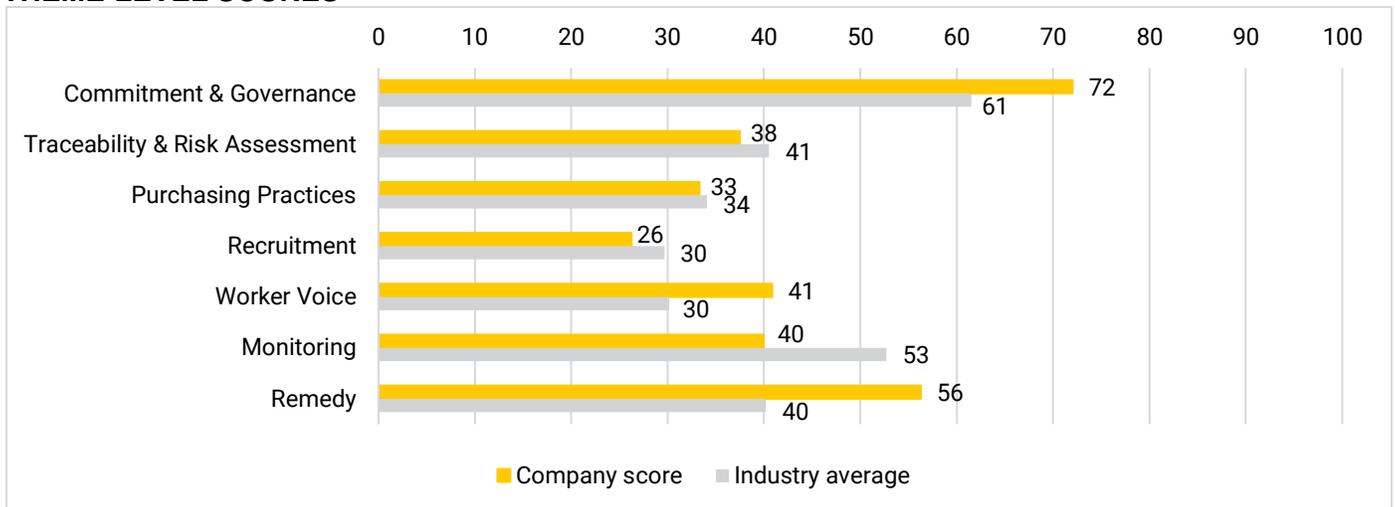
California Transparency in Supply Chains Act: Yes

OVERALL RANKING
18 out of 37

(2018 Rank: 18 out of 43)

OVERALL SCORE
44 out of 100
SUMMARY

Under Armour Inc. (Under Armour), the fourth-largest sportswear brand in the world,¹ ranks 18th out of 37 companies, disclosing more information on its forced labor policies and practices than its peers. It maintained its 2018 score despite a strengthened methodology that makes it harder to achieve the same score. It began disclosing board oversight of relevant policies, training for second-tier suppliers on ethical recruitment, improved purchasing practices, repayment of recruitment fees to supply chain workers, and a pilot program on creating worker committees in China. It scores higher than average on the themes of Commitment & Governance, Worker Voice, and Remedy and lower than average on the remaining themes. Under Armour discloses taking limited steps to address the risks of alleged Uyghur forced labor across its supply chain tiers, namely engaging with industry associations and lower-tier suppliers on the alleged risks and “implementing controls” to ensure that Xinjiang cotton is not being used in its products. However, it does not disclose any details or engagement with exiled Uyghur organizations or the Coalition to End Uyghur Forced Labor. KnowTheChain identified one additional allegation of indicators of forced labor in Under Armour’s supply chains. It discloses engagement with affected stakeholders and remedy outcomes for workers but does not disclose evidence that the remedies are satisfactory to the victims. Under Armour is encouraged to improve on the themes of Purchasing Practices, Recruitment, and Worker Voice.

THEME-LEVEL SCORES


KEY DATA POINTS**SUPPLIER LIST**

Yes

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton

DATA ON PURCHASING PRACTICES

No

REMEDY FOR SUPPLY CHAIN WORKERS

Yes (Limited)

HIGH-RISK SOURCING COUNTRIES

Brazil, China, Malaysia, and others

LEADING PRACTICES

Purchasing Practices: Under Armour states that it has procedures in place to determine if a supplier is over capacity “and how to execute transfers to other facilities” in such cases. It further states that for its apparel and accessories supply chains, it reviews its forecast accuracy with suppliers every month to mitigate negative impacts on suppliers and workers.

NOTABLE FINDINGS

Training: Under Armour states that it trains its employees with direct responsibility for supply chain management on mitigating the risks of forced labor. It states that, in 2018, this included in-person training on its supplier code and responsible sourcing policy for around 500 supply chain employees. It also states that it has provided training on social compliance, grievance mechanisms, and ethical recruitment to its first-tier suppliers and that ten second-tier suppliers participated in a training session that was hosted in Taiwan.

Grievance Mechanism: Under Armour discloses that it requires its suppliers to establish a mechanism to handle worker grievances. It states that workers and external stakeholders may also access its internal mechanism and that it is available in local languages. It states that monitoring efforts assess whether grievance mechanisms are available and effective and also review documentation on grievance procedures, grievances filed, and their resolution. Further, it discloses data on the operation of its mechanism.

Remedy Programs and Response to Allegations: Under Armour states that in responding to allegations, it aims to take into consideration the impacted parties and engage third parties, including civil society organizations and union representatives in sourcing countries (where relevant). In response to an allegation regarding recruitment fee charges, it states that the supplier worked with Verité and “interviewed a significant sample” of workers to determine the amount to be repaid. The Fair Labor Association (FLA) reports that two payouts in 2018 and 2019 averaged \$350-\$400 per worker, with around 950 workers receiving payouts in both years.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: While Under Armour states that supplier performance affects its sourcing decisions, it may consider providing evidence of the implementation of procurement incentives to reward good labor practices. It may further consider disclosing quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

Recruitment: As Under Armour states that it has signed the American Apparel & Footwear Association and FLA Commitment to Responsible Recruitment, it is encouraged to incorporate a no-fee policy into a

publicly available formal policy for suppliers. It may also consider providing details of how it supports responsible recruitment in its supply chains and offering evidence of the steps it takes to ensure that the rights of workers in vulnerable conditions are respected and result in positive outcomes.

Worker Voice: To prevent forced labor in its supply chains, Under Armour is encouraged to work with relevant stakeholders to ensure workers in its supply chains are aware of their labor rights and to provide examples of worker engagement initiatives covering different supply chain contexts. Further, it is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers.

ENGAGED WITH KNOWTHECHAIN³

Yes ([Provided Additional Disclosure](#)).

¹ All Top Everything (2 January 2021), "[Top 10 Biggest Sportswear Brands in the World.](#)"

² For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).