

Nike Inc.

TICKER
NYS:NKE

MARKET CAPITALIZATION
US\$135 billion

HEADQUARTERS
United States

DISCLOSURES

UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

TARGETS

Yes

OVERALL RANKING

6 out of 37

(2018 Rank: 9 out of 43)

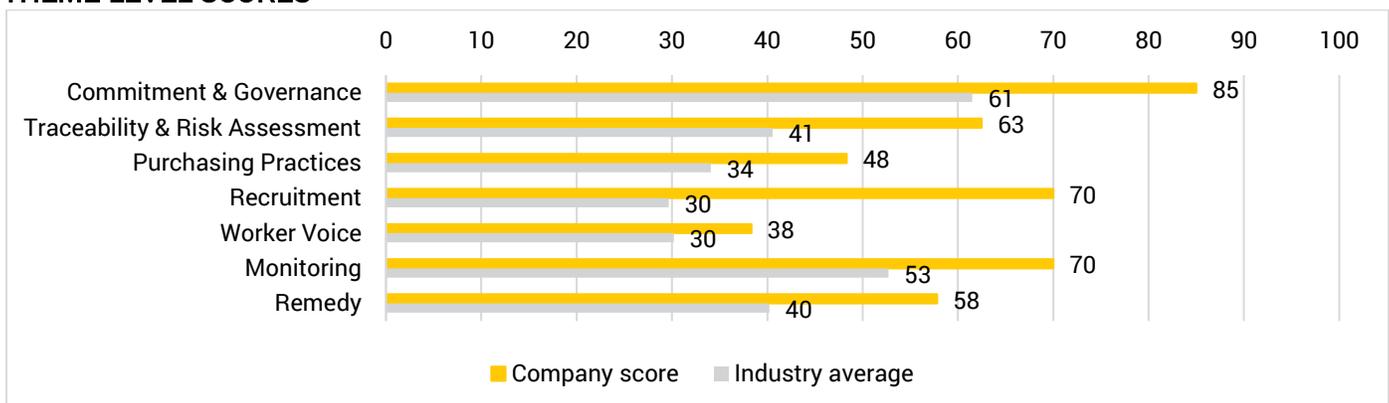
OVERALL SCORE

62 out of 100

SUMMARY

Nike Inc. (Nike), the largest sportswear brand in the world,¹ ranks 6th out of 37 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Compared to 2018, Nike improved its rank by three places. It began disclosing its training of its second-tier suppliers, membership in the Leadership Group for Responsible Recruitment and the Responsible Labor Initiative Steering Committee, engaging with additional stakeholders on forced labor, and improving its migrant worker policies and practices (including remediation of recruitment fees). Nike states that it confirmed that its suppliers are not using yarn from Xinjiang and that it is “conducting ongoing diligence with our suppliers in China to identify and assess potential forced labor risks related to employment of Uyghur.” However, it does not disclose details on the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. KnowTheChain identified one additional allegation of forced labor in Nike’s supply chains. Transparentem reports that Nike worked with one of the two suppliers to ensure that fees were repaid to workers, on the basis that the second supplier was an unauthorized sub-licensee. Nike does not disclose engagement with the affected rightsholders nor whether remedy was satisfactory to the victims. Nike has an opportunity to improve on the themes of Purchasing Practices, Worker Voice, and Remedy.

THEME-LEVEL SCORES



KEY DATA POINTS
SUPPLIER LIST

Yes

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton, natural rubber, viscose, and others

DATA ON PURCHASING PRACTICES

Yes (One data point only)

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

HIGH-RISK SOURCING COUNTRIES

Brazil, China, Malaysia, and others

LEADING PRACTICES

Monitoring and Responsible Recruitment: Nike discloses launching a labor rights organization’s due diligence tool, “CUMULUS Forced Labor Screen,” to map recruitment agents, recruitment corridors, and identify risks faced by migrant workers. It states that, in 2020, it extended its use of the tool to its first- and second-tier suppliers in Thailand, Taiwan, Japan, Jordan, and Egypt.

Rights of Workers in Vulnerable Conditions: Nike states that migrant workers in its supply chains receive a “rights-based and gender-sensitive pre-departure orientation.” It discloses that training addresses topics relevant to migrant workers, such as migrant worker policies, non-retaliation against reporting fees, workers’ right to join a union or committee, and grievance systems for migrant workers. It also discloses working with suppliers to address the vulnerabilities of migrant workers resulting from the Covid-19 pandemic.

NOTABLE FINDINGS

Training: Nike discloses that it provides annual training to employees with direct responsibility for supply chain management that specifically addresses preventing forced labor risks. It states that it trains suppliers on its policies and labor best practices. It refers to workshops delivered in Malaysia and Taiwan, where suppliers were trained on forced labor risks related to recruitment processes. It reports that, in Taiwan, the training focused on evaluating recruitment practices for its second-tier suppliers, and, in Malaysia, the focus was on strengthening due diligence processes in sending countries.

Traceability and Supply Chain Transparency: Nike discloses an interactive map of its suppliers, including information about the group affiliation, location, address, and product type per supplier. The supplier map includes the number of workers and information on the workforce profile, including the percentage of women and migrant workers employed per first-tier supplier. The map includes the names and addresses of Nike’s second-tier material suppliers, representing approximately 80% of its production volume. It also discloses aggregate data on the average age of the workforce per sourcing country.

Recruitment Fees: Nike incorporates the [Employer Pays Principle](#) into its supplier code of conduct. It states that one of its suppliers in Jordan obtained written confirmation from recruitment agents in Nepal, Bangladesh, and Sri Lanka, confirming that workers would not be charged recruitment fees. The supplier also held quarterly meetings with them and gave pre-departure training to its workers in their local

languages so that the workers knew that they did not have to pay fees. The Fair Labor Association reports that Nike worked with another brand and a supplier in Malaysia to remediate violations relating to the payment of recruitment fees and working conditions. It states that it worked with the supplier to ensure that 950 workers were reimbursed in two payouts averaging US\$350-\$400 per worker.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: Nike is encouraged to adopt and disclose data points demonstrating that it has responsible purchasing practices in place, in particular on planning and forecasting and costing (covering the costs of the Employer Pays Principle). It may consider disclosing supplier ratings such as Better Buying Company Reports). It is further encouraged to disclose the outcomes of its supplier selection process and its process for addressing risks with its subcontractors.

Worker Voice: Nike may consider disclosing evidence of the positive impact of worker engagement in its supply chains and provide examples of worker engagement initiatives covering different supply chain contexts. 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, such as migrant workers. Where there are regulatory constraints on freedom of association, Nike may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

Remedy: Nike may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labor and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. While it discloses working with one supplier to ensure remedy outcomes were provided to workers in the case of an allegation, it is encouraged to engage with affected rightsholders and ensure that remedies are provided and are satisfactory to victims with respect to all allegations in its supply chains.

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](#).