

Under Armour Inc.

TICKER:
NYSE:UA

MARKET CAPITALIZATION:
US\$ 18 billion

HEADQUARTERS:
United States

15 OUT OF 20
Company's Overall Ranking

38 OUT OF 100
Company's Overall Score

Under Armour Inc. (Under Armour) ranks 15th on the benchmark, with an overall score of 38 out of 100. The company's overall score is largely driven by its performance on the themes of commitment and governance and monitoring. Notably, the company has leading practices in place with regards to supplier selection, a process which includes a review of policies regarding migrant workers, and a review of production capacity. Under Armour also has a policy prohibiting undeclared subcontracting. Under Armour has the opportunity to improve in particular on the themes of traceability and risk assessment, recruitment, and worker voice.

THEME LEVEL SCORE

Commitment and Governance	66 out of 100
Traceability and Risk Assessment	25 out of 100
Purchasing Practices	44 out of 100
Recruitment	8 out of 100
Worker Voice	9 out of 100
Monitoring	80 out of 100
Remedy	38 out of 100

LEADING PRACTICES

Supplier selection

Under Armour discloses that its sustainability team engages third parties to conduct initial factory assessments on supplier practices, including questions on wages and forced labor, prior to placing production orders. The assessment is based on the Fair Labor Association's Sustainable Compliance methodology and, notably, includes questions regarding the employment of migrant workers and aspects of Dhaka Principles for Migration with Dignity¹. The company also states that sourcing and other personnel occasionally assess order placements relative to observed and stated production capacity. Further, Under Armour discloses it requires its suppliers to assess subcontractors against its code of conduct and obtain written authorization from senior sourcing personnel before using subcontractors.

¹ The [Dhaka Principles for Migration with Dignity](#) are a set of human rights based principles to enhance the rights of migrant workers, a group particularly at risk of forced labor.



NOTABLE FINDINGS

Purchasing practices

Under Armour discloses that a major aspect of its participation in the Fair Labor Association is to work on the implementation of the Fair Labor Association's Principles of Fair Labor and Responsible Sourcing and Production. Under Armour puts its sustainability and sourcing teams on the same floor to ensure data exchange and collaboration regarding bringing on board new suppliers, all in a cross-functional effort to prevent purchasing practices that increase the risk of human trafficking and forced labor in its supply chain.

Audit process and outcomes

Under Armour discloses that its supplier assessment process includes interviews with workers as well as a review of records such as new worker request forms, application forms, employment contracts, worker files, and payroll records, including timecards and termination documentation. The company discloses its assessment process is based on the Fair Labor Association's "worker interviews sample chart". As a member of the Fair Labor Association (FLA), the FLA audits some of Under Armour's suppliers and discloses the findings on the FLA website.

Under Armour further discloses that its supplier assessments include a review of issues related to the use of recruitment agencies, as well as of risks related to the employment of migrant workers including passport retention, wage payment, recruitment fees, deductions from pay, expenses, among others. Where assessments indicate a supplier uses recruitment agencies, the assessment firms are expected to report to Under Armour on risks posed by the agencies' practices and the company engages with manufacturers about related issues.

Corrective action plans

Under Armour discloses it requires suppliers to immediately address issues outlined in corrective action plans and submit to the company evidence of doing so. In order to prevent issues from re-occurring, as part of a corrective action plan, Under Armour requires suppliers to create a management system that includes the creation of "policies, procedures, training, communication, accountability, and the review/update process." Further, Under Armour may direct and require manufacturers to engage firms to help support and document the remediation of identified issues and to enhance and build sustainable compliance systems.

OPPORTUNITIES FOR IMPROVEMENT

Traceability and risk assessment

While Under Armour discloses that it maintains a list of its first-tier suppliers, as well as information about suppliers from other supply chain tiers and processes, the company is encouraged to develop and disclose a process to trace its entire supply chain, and to disclose the names and locations of its first tier suppliers, and some information about suppliers beyond the first tier (e.g., sourcing countries of raw materials).

Under Armour discloses that it is in the process of finalizing enhancements of its due diligence and impact assessment processes, with a focus on the United Nations Guiding Principles on Business and Human Rights, in order to identify key country-level human rights risk areas, micro-level risks, and additional information on forced labor risks. The company is encouraged to disclose details with a focus on forced labor on its forthcoming human rights impact assessment process, as well as on the impacts identified.

Recruitment

While Under Armour audits suppliers on the use of recruitment agencies, the company is encouraged



to promote direct hiring of supply chain workers and—where this is not possible—perform robust due diligence of third-party recruitment agencies. Further, the company is encouraged to develop and disclose a policy that requires recruitment agencies in its supply chain to uphold workers' rights and require suppliers to disclose to the company the recruiters that they use. Finally, Under Armour may consider requiring that its suppliers charge no fees during any recruitment processes conducted throughout its supply chain, and, in the event that it discovers that fees have been paid, ensure that such fees are reimbursed.

Worker voice

Under Armour may consider engaging with workers outside of the context of the factories in which they work, either directly or in partnership with stakeholders. Where there are regulatory constraints on freedom of association, the company may consider encouraging suppliers to ensure workplace environments in which workers are able to pursue alternative forms of organizing. Finally, Under Armour is encouraged to ensure its grievance mechanism is made accessible to, proactively communicated to, and trusted by supply chain workers. Further, the company may consider requiring its suppliers to have in place a grievance mechanism that is available to its workers and to convey this same requirement to their suppliers.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)

