

Written evidence submitted by Nike (FL0030)

Executive Summary

1. Background

We welcome the opportunity to provide written evidence to this inquiry. Nike is committed to ethical and responsible manufacturing. We go to great lengths to respect human rights in our supply chain. Our approach aligns with the [UN Guiding Principles on Business and Human Rights](#) and the Organisation for Economic Co-operation and Development (OECD) [Human Rights Guidelines on Multinational Enterprises](#), which are founded on business' responsibility to respect human rights.

In 1992, we encoded our approach to securing and raising standards throughout our supply chain in our first [Code of Conduct](#), which has been continuously revised since first adopted. It is aligned with international standards, including the [International Labour Organisation](#) (ILO) core conventions, and includes strict requirements on forced and child labour, discrimination, compensation, and freedom of association amongst other requirements.

2. Commitment to Responsible Sourcing

Nike currently works with approximately 500 contract manufacturing facilities, across 41 countries, which are listed on the publicly available [Nike Manufacturing Map](#).

Our sourcing strategy prioritises and favours suppliers that demonstrate leadership in corporate responsibility and sustainability, seeking to move beyond minimum standards. As part of our strategy, we seek suppliers who drive sustainable business growth by minimising their environmental impact, fostering a culture of safety and developing an engaged and valued workforce. We believe a skilled and respected workforce is key for growth and sustainability. Nike works with suppliers that invest in the well-being of their workers, by engaging with them to understand their needs.

3. Multi-stakeholder solutions

Addressing the global issues related to forced labour requires a multi-stakeholder approach that includes governments, industry, civil society and other stakeholders. We support strengthening the UK Modern Slavery Act, as well as a mandatory legislative framework that holds companies accountable for implementing human rights due diligence processes and acknowledges the role of governments in upholding the rule of law aligned with the UN Guiding Principles.

We believe in collaborative approaches. Nike is an active member of the [Leadership Group for Responsible Recruitment \(LGRR\)](#) and on the Steering Committee for [Responsible Business Alliance's Responsible Labor Initiative](#), among other organisations.

For more information on Nike's approach to advancing human rights and sustainability in our supply chain, please see the [Nike Impact Report](#), which details the many actions we have in place to support responsible and ethical manufacturing.

We welcome this opportunity to share with the Committee our ongoing efforts and commitment to advancing respect for human rights throughout our supply chain.

Nike's answers to the Committee's specific questions:

1. Do any of your organisation's value chains link directly or indirectly to the Xinjiang Uyghur Autonomous Region (XUAR) of China, and what steps are you taking to ensure that you have visibility of your entire value chain?

Nike does not source products from the XUAR and we have confirmed with our suppliers that they are not using textiles or spun yarn from the XUAR.

We are deeply concerned about reports of forced labour in and connected to the XUAR. We take very seriously any reports about forced labour and engage with our suppliers, industry experts, industry associations, stakeholders and other organisations to understand, evaluate and address any potential connection to this critical global issue.

Nike does not directly source any raw materials. However, we do recognise the need to strengthen our visibility into the raw material levels of our supply chain. We are working with stakeholders to assess impacts and options for cotton sourcing both inside and outside the region. We are also working closely with our suppliers on piloting traceability approaches and mapping of material sources to provide greater raw material visibility, so that we can have confidence the materials in our products are responsibly produced.

2. Do you identify sourcing geographies for the delivery of services or the manufacturing of goods where there is a high risk of human rights abuses?

Prior to making any sourcing or manufacturing decisions, and on an ongoing basis, Nike conducts a thorough geographical risk analysis to create a composite Country Risk Index that integrates data from public sources and yields a rating for each country from 1 (very low risk) to 10 (very high risk). A human rights analysis, with particular emphasis on risks of forced labour indicators, is a key part of that analysis.

We continually evaluate and update our systems to identify and address risks in our supply chain, including those related to slavery and human trafficking. This process includes information from external sources, such as risk assessments for key human rights risks, supplier specific risk profiling, and areas for improvement identified in audits. We also review information on key and emerging risk areas identified through our engagement with external stakeholders.

3. What actions are you taking to prevent modern slavery and human rights abuses within your organisation and its value chains?

Nike takes seriously all efforts to end forced labour, whether in the form of prison labour, indentured labour, bonded labour, human trafficking or otherwise. Our standards include specific requirements to address key risks of forced labour including, but not limited to, prohibiting workers paying fees for employment, requiring terms and conditions of employment to be provided and explained prior to departure from the home country with adequate time for review, providing contracts in both the worker's language and legally enforceable language in the receiving country, and prohibiting requirements to post bonds or make deposits as a condition of employment.

Nike also believes addressing critical human rights risks, such as forced labour, often requires a collective approach. We have long partnered with multi-stakeholder and external organisations such as the [Fair Labor Association](#) (FLA) and the ILO's [Better Work Programme](#) to address labour risks in our supply chain. Through our partnerships with these and other organisations, we work on a wide range of human rights risks, including those related to forced labour.

To integrate our sustainability criteria into sourcing decisions, Nike provides annual training to those with direct responsibility for supply chain management. The training advances enhanced understanding and compliance with our sustainability policies and our Code of Conduct. The training curriculum was updated in 2018 to include expanded information on our requirements to prevent risks of forced labour.

In recent years, we have prioritised our work on forced labour risks in our supply chain to focus on suppliers employing foreign migrant workers, which we have identified as a vulnerable worker population.

We frequently convene supplier events, or learning communities, designed to share information on expectations, developments on local policies and legislation, and other sustainability and labour best practices, including those related to management of migrant workers, a challenge that is faced by many of our suppliers and vendors in countries where it is common to recruit workers cross-border.

We hold supplier workshops with finished goods and material suppliers across our supply chain, focused on strengthening their management of foreign migrant workers and risks associated with recruitment processes. These workshops have been tailored to address key country risks and to provide suppliers with practical knowledge of recruitment trends, local laws and transnational processes for key recruitment corridors.

Recently, Nike has also worked with [Verité](#) to develop a responsible recruitment guide and reimbursement tool, aiming to provide guidance on how to effectively implement an employer pays model. The guide seeks to aid suppliers and other stakeholders in navigating the recruitment process, with practical guidance including legal requirements for transitional recruitment, recruitment processes by country, references on fees encountered during recruitment and potential red flags. We have shared the tools with other brands to improve usability and share knowledge and resources with others in our sector.

4. What evidence can you supply of compliance with all applicable labour, procurement and anti-slavery laws?

Nike operates in compliance with the UK Modern Slavery Act of 2015, our most recent disclosure document can be found [here](#).

To drive transparency and compliance in the supply chain, Nike regularly audits our contract manufacturers, which are monitored on a schedule based on their performance. These assessments take the form of audit visits, both announced and unannounced, to measure against the Nike Code of Conduct, Code Leadership Standards and local law. We use both internal and external third-party audits to complete those assessments. We also monitor conditions at contract manufacturers through audits and assessments by independent organisations, including the Fair Labor Association and the [Better Work Programme](#), a joint project of the ILO and [International Finance Corporation](#) (IFC). From June 1, 2019 to May 31, 2020 we conducted 561 total audits and assessments.

Where action is required, Nike works with our suppliers and internal, external, and independent experts to support remediation and capability-building efforts. Working with a wide range of organisations, Nike continuously seeks to improve our approach to evaluating working conditions in our supply chain and working with our suppliers to enhance their capabilities.

A consolidated list of activity, non-compliances and remediation is shared regularly through the [Nike Impact Report](#).

5. What are your human rights due diligence processes in respect of your workers and value chains?

In addition to country risk assessments and audits (see above), we also leverage other diligence tools to identify risks of forced labour. For example, in 2019, Nike launched [Verité's CUMULUS Forced Labor Screen](#), a new tool to help identify risks related to the recruitment of foreign migrant workers. This work helps us understand current recruitment practices more deeply and allows us to map overlaps in recruitment agents at both the facility and country level. This allows Nike to identify risks and opportunities to further support our suppliers and their recruiting agents in implementing best practices and serves as an ongoing tool to monitor the effectiveness of programs in addressing and minimising risks related to forced labour.

6. What action does your organisation take - beyond publishing a Modern Slavery Statement and including contractual obligations with suppliers - to ensure modern slavery compliance in your value chain?

Our commitment to ethical practice runs across our company. The Nike Board of Directors has a Corporate Responsibility, Sustainability & Governance Committee that regularly reviews and evaluates our significant strategies, activities, policies, investments and programs related to corporate responsibility, human rights, sustainability and related topics. We also have an operational Purpose Committee – composed of senior executives across the company – that reviews and confirms all company-wide sustainability policies and targets and provides oversight for efforts to improve data, transparency and disclosure. All of this is to ensure the manner in which we operate aligns with our principles.

Nike believes addressing risks of forced labour in our supply chain requires strong collaboration and collective action. Nike was a founding signatory of the [Apparel & Footwear Commitment on Responsible Recruitment](#). The principles in the Commitment focus on addressing risks for forced labour and align with Nike's standards and practices. It builds on the actions of other industry sectors to drive change in how workers are recruited for cross border employment.

To further our work and goals on eliminating forced labour risks in our supply chain, Nike is a member of the [Leadership Group for Responsible Recruitment \(LGRR\)](#), an initiative of the [Institute for Human Rights and Business \(IHRB\)](#). In addition, Nike is a member of the [Responsible Labor Initiative \(RLI\)](#), an initiative of the [Responsible Business Alliance](#). Each organisation helps us to advance core aspects of our strategy.

Nike fully supports the aims of the LGRR to drive positive change in the international recruitment industry, starting with a focus on prohibiting workers paying fees for their employment. We believe the adoption of the Employer Pays Principle, which states that no worker should pay for a job and the costs of recruitment should be borne by the employer, is a critical factor in helping eliminate forced labour. We also engage in moving forward the agenda on this important topic through our support of LGRR's advocacy to governments and organisations for the adoption of the Employer Pays Principle.

As part of the RLI, Nike is able to advance our work with suppliers on the implementation of our standards for ethical recruitment and employment of foreign workers. The RLI is focused on providing support to brands and suppliers to understand, prioritise and address forced labour risks through the development of concrete tools designed to improve recruitment and employment practices.

We continue to expand and evolve our work with other peers, NGOs, and organisations to increase respect for human rights and to accelerate positive impact in the countries where we and our suppliers operate.

November 2020

Additional Information

- **Nike Code of Conduct:** https://purpose-cms-production01.s3.amazonaws.com/wp-content/uploads/2018/05/14214943/Nike_Code_of_Conduct_2017_English.pdf
- **Nike Code Leadership Standards:** <https://purpose-cms-production01.s3.amazonaws.com/wp-content/uploads/2018/05/14214943/Nike-Code-Leadership-Standards-September-2017-English.pdf>
- **Nike Impact Report:** <https://purpose.nike.com/fy19-nike-impact-report>
- **Nike Manufacturing Map:** <http://manufacturingmap.nikeinc.com/#>
- **Nike Purpose Website:** <https://purpose.nike.com/>
- **FLA Assessment for Reaccreditation:** <https://www.fairlabor.org/report/nike-inc-assessment-reaccreditation-0>
- **UK Modern Slavery Act Disclosure:** <https://www.nike.com/help/a/modern-slavery-act-disclosure>
- **CA Supply Chain Act Disclosure:** <https://www.nike.com/help/a/supply-chain>