

**Company Name** Nike  
**Industry** Apparel (Supply Chain only)  
**UNGP Core Score (\*)** 15.5 out of 26

Score	Out of	For indicators
<b>Governance and Policy Commitments</b>		
1	2	A.1.1 Commitment to respect human rights
1.5	2	A.1.2 Commitment to respect the human rights of workers
2	2	A.1.4 Commitment to engage with stakeholders
0	2	A.1.5 Commitment to remedy
<b>Embedding respect and Human Rights Due Diligence</b>		
Embedding respect		
2	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
1.5	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
1	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
1	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
2	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
0.5	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
<b>Remedies and Grievance Mechanisms</b>		
1	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
0	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
2	2	C.7 Remedying adverse impacts and incorporating lessons learned
<b>15.5</b>	<b>26</b>	

(\*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

## Detailed assessment

### Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: General HRs commitment: The Company has a section on its website devote to human rights where it explains its commitment to human rights and labour compliance standards: ‘Nike supports human rights as defined by the Universal Declaration of Human Rights, which recognizes that “all human beings are born free and equal in dignity and rights”. We work to elevate human potential through our products, partnerships and operations, something that cannot be accomplished without a fundamental respect for human rights throughout Nike’s operations and our suppliers’ operations’. [Human rights, N/A: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> <li>• Met: UNGC principles 1 &amp; 2: The Company is signatory to the UNGC [UNGC Website, N/A: <a href="https://unglobalcompact.org">unglobalcompact.org</a> &amp; Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> <li>• Met: UDHR: See above [Human rights, N/A: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: UNGPs</li> <li>• Not met: OECD</li> </ul>
A.1.2	Commitment to respect the human rights of workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: UNGC principles 3-6: The Company is a signatory to the UN Global Compact [UNGC Website, N/A: <a href="https://unglobalcompact.org">unglobalcompact.org</a>]</li> <li>• Met: Explicitly list ALL four ILO for AP suppliers: Nike’s code of conduct includes its requirements for suppliers and explicitly contains respect rights related to forced labour, child labour, non- discrimination, freedom of association and collective bargaining. With respect the last two, the Code says: 'Supplier shall recognize and respect the right of employees to freedom of association and collective bargaining. Where the right to freedom of association and collective bargaining is restricted under law, the supplier allows the development of parallel means for independent and free association and bargaining.' [Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Explicit commitment to All four ILO Core: The Code of ethics contains a formal commitment regarding non-discrimination. The Company has provided comments to CHRB regarding this indicator. Evidence found relates directly with suppliers, addressing their own workforce directly only on non-discrimination, freedom of association and collective bargaining. No further evidence found, including forced and child labour. [Nike code of conduct (inside the lines), 05/2019: <a href="https://purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf">purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf</a> &amp; Human rights, N/A: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> <li>• Met: Respect H&amp;S of workers: The Code of ethics contains a formal commitment regarding health and safety [Nike code of conduct (inside the lines), 05/2019: <a href="https://purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf">purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf</a>]</li> <li>• Met: H&amp;S applies to AP suppliers: Nike’s code of conduct includes its requirements for suppliers and explicitly contains health and safety of workers [Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> <li>• Not met: working hours for workers: The Company has provided comments to CHRB regarding this indicator. Evidence found addresses working hours for workers in the supply chain and not those in the Company's own workforce. No further was found. [Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul>

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			<ul style="list-style-type: none"> <li>• Met: Working hours for AP suppliers: The code for suppliers states that 'Suppliers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Suppliers shall allow workers at least 24 consecutive hours of rest in every seven-day period [...] Other than in extraordinary circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours. [Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul>
A.1.4	Commitment to engage with stakeholders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Regular stakeholder engagement: The FLA report describes the different ways by which the Company has engaged with civil society organizations and worker unions over three years. The FLA Report states 'Nike's three-year plan focuses on three goals: advance business opportunities, support Nike's brand, and drive industry collaboration. Throughout 2018, Nike has focused on improving its engagement with universities and the Workers' Rights Consortium (WRC), and to take stock of the current relationships Nike's field teams have with local civil society organizations. Nike is continuing to define who within the SM&amp;S and Global Sustainability teams owns each relationship and clarifying how the information from this relationship can be embedded into Nike's operations. Nike also developed tools to manage and track the relationships with stakeholders to ensure stakeholder engagement is operationalized through a management system. [FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Regular stakeholder design engagement: The Fair Labor Association report shows the ways in which the Company engages with stakeholders to monitor Human Rights policies, including the Company's interactions with suppliers based on geographical location. The Company states 'In FY19, NIKE also approved new service providers to facilitate the EWB survey across the supply chain. By increasing the number of EWB providers, suppliers gain more choice on how they survey workers, to help identify opportunities and inform progress. The FLA report indicates 'To review the effectiveness of various programs and remediation actions, Nike has developed a mechanism to capture worker voice, known as the engagement well-being (EWB) survey. To develop this survey, Nike tested surveys at 17 different factories in four countries, covering over 30,000 workers from 2013-2016. The survey includes questions about the workers' wellbeing, not satisfaction, during and outside of work. To ensure anonymity and to protect workers from retaliation, worker surveys are managed by external third-party service providers approved by Nike. Nike found that where workers were engaged, and factory management responded to worker feedback, workers had an easier time managing changes to their work (for example, learning to make a new style.) Nike now uses these surveys to measure the impact on workers during different interventions, such as implementing the LEAN 2.0 and Culture of Safety Program. The FLA reviewed the EWB survey program during the WHQ Assessment in July 2018 and also verified implementation during the Vietnam Field Office Visit'. [FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a> &amp; Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> </ul>
A.1.5	Commitment to remedy	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Commits to remedy: The Company states 'When a supplier's facility is found to have serious violations of Nike's standards, it is required to remediate all issues identified and have on-site verification of the remediation. If a concern is raised by a third-party, Nike promptly investigates and requires corrective actions for any issues identified'. However, no evidence found of the Company disclosing a statement of commitment to remedy the adverse impacts that it has caused or contributed to. [Code Leadership standards, 2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a> &amp; Human rights, N/A: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Not obstructing access to other remedies</li> <li>• Not met: Collaborating with other remedy initiatives: The Company reports different partnerships in its Impact report and how it carries out improvement programmes. This is also disclosed in the FLA assessment report. However, no details found regarding collaborating with initiatives that provide access to remedy. [FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a> &amp; Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> <li>• Not met: Work with AP suppliers to remedy impacts: The Company states 'We encourage contract manufacturers to improve human resources (HR) and production planning processes, and share information with us through organizations like Better Buying. We require them to comply with our working</li> </ul>

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			hours standards set in NIKE's Code Leadership Standards.' The FLA report indicates that 'while factories are not required to provide a documented corrective action plan to Nike, the factories are held accountable to remediating the violations through engagement with Nike's staff and through the follow-up audit process'.The report discloses how worker surveys (in suppliers) are carried out, and how the Company has capacity building programmes to help suppliers address multiple systemic issues. However, it is not clear whether the Company is committed to work with suppliers, collaborating with them in remediating adverse impacts either through the suppliers' mechanisms or by developing with them third party non-judicial remedies. [Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a> & FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a> ]

## Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Commits to ILO core conventions: See A.1.2, the Company is signatory to the UN Global Compact. [UNGC Website, N/A: <a href="https://unglobalcompact.org">unglobalcompact.org</a>]</li> <li>Met: Senior responsibility for HR: The Company indicates that the 'The Purpose Committee directs and oversees the end-to-end integration of NIKE's work in diversity and inclusion, community, labor, and environmental impact. It challenges our business to better understand our social and sustainability impacts, to set ambitious targets for improvement, and overcome obstacles in achieving progress, and helps to shape NIKE's evolving approach to transparency. The Purpose Committee meets regularly to review these targets, performance, and disclosures.' [Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Day-to-day responsibility: As indicated above, the purpose Committee is set at executive level. Below this, it is located the 'Purpose leadership team' (cross-functional leadership and end-to-end integration) and the Purpose subcommittee (cross-functional working group). Below is the execution at functional level (diversity and inclusion, community, supply chain labor, health and safety, and environment'. [Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> <li>Met: Day-to-day responsibility for AP in supply chain: The Company indicates on its website that its core Sustainable Business &amp; Innovation team SB&amp;I team 'links sustainability and leadership across our value chain including innovation and product creation, sourcing and manufacturing, facilities, logistics and retail. We have also connected teams across Nike with a common sustainability vision. Specifically, we have sustainability-focused teams within Product Creation, Nike Direct, Global Sourcing &amp; Manufacturing, Supply Chain and Brand. These teams report to the leaders of those areas and coordinate directly with SB&amp;I through our Business Integration team'. [Sustainability governance on website, N/A: <a href="https://sustainability.nike.com">sustainability.nike.com</a>]</li> </ul>
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Identifying risks in own operations: The Company indicated in the FY16/17 report that in FY14/15 it conducted an in-depth quantitative analysis to review and prioritize our key sustainability issues. 'First, we reviewed multiple ESG standards, frameworks and rating systems. Next, we added current megatrends, stakeholder feedback, and the priorities of our key coalitions and partnerships to develop a complete universe of issues that would be relevant to NIKE's business model. This netted us upwards approximately 400 potential topics. Then we filtered for relevance by looking at location, risk, and other measures to determine 12 priority issues and mapped these against each stage of our value chain'. Although this action was carried out more than four years ago, the Company still uses this base to update annually its priority issues, as indicated in FY18 report: 'We learn, grow, and refresh our perspective by considering the global view of our internal and external stakeholders. As we did last year, in FY19 we surveyed employees, non-governmental organizations (NGOs), academics, suppliers, and corporate peers to determine the most relevant issues at each stage of our value chain and the impacts most directly linked to those issues'. [Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a> &amp; Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> </ul> <ul style="list-style-type: none"> <li>Met: Identifying risks in AP suppliers: See above</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Ongoing global risk identification: As indicated above, the Company carried out an analysis to review and prioritize key sustainability issues, starting in FY14/15 and updating the key priority issues list through surveys to stakeholders every consecutive year. [Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a> &amp; Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> <li>• Met: In consultation with stakeholders: As indicated above, the Company surveyed a wide range of stakeholders, including employees, NGOs academics, suppliers, and corporate peers to determine the most relevant issues at each stage of our value chain and the impacts most directly linked to those issues'. [Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> <li>• Not met: In consultation with HR experts: The Company has provided comments to CHRB regarding this indicator. However, no evidence was found on the specific entities that helped the process, or how specifically experts collaborated in the due diligence process. [Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> <li>• Not met: Triggered by new circumstances: The Company states 'This year, we combined this survey information with peer disclosure benchmarking, government regulations, and analysis of online news and social trends to create a more nuanced understanding of priority issues. We did this through Datamaran, a digital tool that uses real-time data and artificial intelligence (AI) to track issue relevance over time and integrate results into strategic discussions. The combination of stakeholder responses and Datamaran insights produced our FY19 list of priority issues.' However, no evidence was found on how this system is triggered by new country operations, new business relationships or changes to the Human Rights context in particular locations. [Impact report FY19, 2020: <a href="https://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> </ul>
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Salient risk assessment (and context): The Company discloses its human rights issues, stating 'NIKE takes seriously national and international efforts to end all kinds of forced labor – whether in the form of prison labor, indentured labor, bonded labor, human trafficking or otherwise. [...] NIKE continually evaluates and updates its systems to identify and address risks in its 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 based on location including the employment of vulnerable worker groups and areas of improvement identified in audits. We also review information on key and emerging risk areas identified through our engagement with external stakeholders. NIKE is working towards mapping these risks further up the supply chain'. However, no further details found, including whether these processes cover assessment of other potential human rights risks and impacts since seems to be focused in forced labour related issues. [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a> &amp; Statement on Forced Labor, Human Trafficking and Modern Slavery FY19, 2020: <a href="https://nike.com">nike.com</a>]</li> <li>• Met: Public disclosure of salient risks: In the FY 17/17 report the: priority issues related to human rights, which include child labour, excessive overtime and freedom of association (including collective bargaining). In FY18 report, it states that 'for the past years, Employment, excessive overtime, and freedom of association have received low relevance scores from our stakeholders, so they are not listed as top priority issues in FY18. [...] It adds: 'However, NIKE recognizes that excellent management in these areas [employment, excessive overtime and freedom of association] is important'. The Company also lists issues and parts of value chain, and level of priority (child labour appears as high priority in raw materials and manufacturing, health and safety in materials manufacturing and finished products manufacturing. [Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a> &amp; Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>

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B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Action Plans to mitigate risks: Although the Company discloses actions plans to some human rights issues and their geographical location, with plenty of information in the Fair Labor Association assessment, no evidence was found of a system to mitigate salient human rights issues in a general manner across value chain. This indicator looks evidence of the Company explaining how it has a system to consistency take action plans against the different salient issues it faces, through proactive actions to mitigate them. Although supplier audits can be part of the monitoring and mitigation process, this indicator looks for broader actions to mitigate the risks. [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a> &amp; FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> <li>• Not met: Including in AP supply chain</li> <li>• Met: Example of Actions decided: The FLA report explains the work the Company is doing in relation to 'fair compensations', that includes an academic study 'to pilot compensation incentives to drive productivity enhancements while making progress towards fair compensation in a factory in Thailand'. Following this study, the Company 'has been engaging with its suppliers to develop and implement a model based on the learnings'. It also implemented surveys 'to measure what workers valued and what created stress to revise the program to focus more on social dialogue and stress management. Additionally, the factory management and worker representatives were trained in social dialogue and stress management. These training programs supported communication between factory management and workers on compensation changes and managing levels of stress'. [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a> &amp; FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: System to check if Actions are effective: The Company states 'NIKE continually evaluates and updates its systems to identify and address risks in its 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 based on location including the employment of vulnerable worker groups and areas of improvement identified in audits. We also review information on key and emerging risk areas identified through our engagement with external stakeholders. NIKE is working towards mapping these risks further up the supply chain and to expand engagement with Tier 2 suppliers where additional risks of forced labor may occur.' [Statement on Forced Labor, Human Trafficking and Modern Slavery FY19, 2020: <a href="https://nike.com">nike.com</a> &amp; FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> <li>• Met: Lessons learnt from checking effectiveness: Following monitoring the Company indicates that it 'has shown that the facilities where EOT [Excessive overtime] is most likely to occur tend to be factories that are multi-brand, where Nike represents a small percent of their overall production'. 'The biggest problems are underdeveloped local management systems and a failure to enforce local laws on working hours'. It finally indicates that 'a low rate of repeat findings is what makes it so challenging to predict and anticipate where EOT will occur. For example 'of all the factories with an EOT finding in FY18, none were repeat offenders from FY17. In fact, 45% of factories with EOT incidents during FY18 either resolved the issues and wen on to return to bronze rating by the end of the year or were no longer NIKE factories'. [Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a> &amp; Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirement under score 1 met</li> </ul>
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Comms plan re identifying risks: See indicator B.2.1. The Company carries out a global risk identification and assessment process that includes both its own operations and business partners, and describes at least some features of the process. [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a> &amp; Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>• Not met: Comms plan re assessing risks: In order to be awarded this indicator, the Company has to achieve a full score in B.2.2 [Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a> &amp; Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> <li>• Not met: Comms plan re action plans for risks: In order to be awarded this indicator, the Company has to achieve a full score in B.2.3 [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> <li>• Met: Comms plan re reviewing action plans: See B.2.4 [FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a> &amp; Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> <li>• Not met: Including AP suppliers: In order to be awarded this indicator, the Company has to achieve a full score in B.2.2/B.2.3/B.2.4 and at least 1,5 points in B.2.1 [Sustainable Business report 16/17, 2018: <a href="https://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Responding to affected stakeholders concerns: The Company has provided comments to CHRB regarding this indicator. However, evidence was not material.</li> <li>• Not met: Ensuring affected stakeholders can access communications</li> </ul>

## Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The Code of conduct indicates the following: 'Please speak up if you see or experience something, anything, that does not align with our values'. It then provides different channels, including the 'speak up portal', contacting Human Resources or Ethics &amp; Compliance director within employee's geography, contact Ethics &amp; Compliance office, or contacting the employee's manager. [Nike code of conduct (inside the lines), 05/2019: <a href="https://purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf">purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Number grievances filed, addressed or resolved: The Fair Labor Association assessment for reaccreditation document states 'In 31 SCI Assessments, the FLA found 51 violations related to Industrial Relations &amp; Grievance Mechanisms. Through Nike's reported remediation updates and the FLA's SCI Verification Assessments, Nike's facilities have completely remediated 75% of the 51 violations.' However, no evidence was found on the Company's own numbers regarding grievances filed, and either addressed or resolved in relation to human rights. [FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> <li>• Not met: Channel is available in all appropriate languages</li> <li>• Not met: Expect AP supplier to have equivalent grievance systems: Regarding suppliers, the Code Leadership Standards includes the requirements regarding grievance mechanisms that suppliers must implement and make available to their workers. No evidence found, however, of expectation of suppliers to convey the same expectation to their suppliers. [Code Leadership standards, 2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> <li>• Not met: Opens own system to AP supplier workers</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Grievance mechanism for community: The Company states that 'Many of the challenges we face are too complex for any individual brand or organization to solve alone. We therefore work with a wide range of stakeholders to think creatively and pool our skills to improve outcomes for workers and their communities'. The Company has provided comments to CHRB regarding this indicator. However, no evidence has been found of grievance mechanisms in place for external shareholders to voice their concerns. [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a> &amp; FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Describes accessibility and local languages</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>• Not met: Expects AP supplier to have community grievance systems</li> <li>• Not met: AP supplier communities use global system</li> </ul>
C.7	Remedying adverse impacts and incorporating lessons learned	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Describes how remedy has been provided: The Company states that (as a result of audit), 'we found a few isolated instances of foreign migrant worker employment practices that were in violation of NIKE's code of conduct and Leadership standards. The issues involved worker paying fees related to their recruitment and employment and one instance where the facility had penalties for early contract termination [...] For the situations where it was found workers had paid fees for their employment, we required suppliers to repay workers for such fees'. [Impact report FY18, 05/2019: <a href="https://s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf">s3-us-west-2.amazonaws.com/uploads/2019/05/20194957/FY18_Nike_Impact-Report_Final.pdf</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Changes introduced to stop repetition: The Company states 'in FY18 we worked with a supplier to address issues, identified through a NIKE audit, where foreign migrant workers paid fees related to their employment in violation of NIKE's Code of Conduct and Code Leadership Standards. In FY19, we were alerted by a third party of its concerns that recruitment fees at the facility were not fully remediated. Upon further investigation, we coordinated with other buyers from the factory to help the factory achieve full remediation. The process yielded key learnings which we incorporated into capability-building for our current suppliers around labor agent due diligence.' However, no evidence was found on specific measures aside from capability-building. The FLA assessment report indicates that 'in regard to implementation of Nike's "no fees" for migrant workers policy and to come into full compliance with social insurance in China [...] Nike hosted learning communities for suppliers in these countries to discuss the challenges in implementing Nike's standards. [Statement on Forced Labor, Human Trafficking and Modern Slavery FY19, 2020: <a href="https://nike.com">nike.com</a> &amp; FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> <li>• Met: Evaluation of the channel/mechanism: The FLA report indicates that 'The FLA has reviewed Nike's audit tool (NCAT) that includes 65 questions to verify how a factory has implemented functioning grievance mechanisms [...] Nike's questions include a review of policies, procedures, and training related to grievance mechanisms. [...] The FLA verified through its Audit Field Observation in Italy that the auditor followed these questions and interviewed every worker on their awareness and use of the Factor's grievance mechanisms. The FLA recognizes Nike's assessments to ensure factories are implementing functioning grievance mechanisms that are available to workers as a best practice within the apparel and footwear industry'. [FLA Assessment for Reaccreditation, 02/2019: <a href="https://fairlabor.org">fairlabor.org</a>]</li> </ul>

### Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> <li>• Headline: Cambodian factory workers suffer mass faintings</li> <li>• Area: H&amp;S and Working hours</li> <li>• Story: In June 2017, The Observer and Danish investigative media site Danwatch reported that more than 500 workers in four factories have been hospitalised over the previous year. Women who collapsed worked 10 hour days, six days a week and the temperature in the factories hit 37 degrees celsius.</li> </ul> <p>Workers interviewed as part of the investigation also described 28 people collapsing as they rushed to escape a fire at a factory supplying Nike and thick smoke in a factory supplying Puma.</p> <p>Puma, Nike, VF Corporation and Asics were contacted by the Observer and said that they investigated the episode.</p> <ul style="list-style-type: none"> <li>• Sources: [Danwatch - 25/06/2017: <a href="https://old.danwatch.dk">old.danwatch.dk</a>][The Guardian - 25/06/2017: <a href="https://theguardian.com">theguardian.com</a>]</li> </ul>
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: In response to the allegations, Nike reportedly took this issue seriously and would carry out investigations and make improvements. [HRN calls for improvements in working conditions and prevention measures, 06/03/2018: <a href="https://hrn.or.jp">hrn.or.jp</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Response goes into detail: Nike has investigated the allegations which it described as 'a complex and incompletely understood phenomenon: mass fainting</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>events, in which numerous workers feel light-headed and dizzy nearly simultaneously.' The company worked with Better Work which 'has specifically called out the issue of poor nutrition as one of many factors contributing to mass fainting; we continue to explore how to best address this and other drivers behind this issue'. [HRN calls for improvements in working conditions and prevention measures, 06/03/2018: <a href="http://hrn.or.jp">hrn.or.jp</a> &amp; Impact report FY19, 2020: <a href="http://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</p>
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised: In regards to working hours, the company states that it complies with or exceeds "all applicable laws and regulations by implementing Nike's Code of Conduct and Code Leadership Standards. We strive to set higher standards for ourselves and our partners by identifying best practices and unacceptable risks." In regards to health and safety, Nike states that it is "dedicated to the protection of life and health in the workplace and working in a manner that protects and promotes safety, health and well-being of the individual and the environment." [Environmental, Health and Safety Policy, 2018: <a href="http://purpose-cms-production01.s3.amazonaws.com">purpose-cms-production01.s3.amazonaws.com</a>]</li> <li>• Met: Policies apply to the type of business relationships involved: The company has a supplier policy which covers excessive working hours and overtime hours. The same policy requires suppliers to "Develop and implement Health, Safety and Environment (HSE) management system to eliminate or reduce risks associated with operations." Suppliers are required to implement the standards set out in Nike's Code Leadership Standards as a condition of doing business with the company. [Code Leadership standards, 2017: <a href="http://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: Code of conduct (for suppliers) states that 'Suppliers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Suppliers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Suppliers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in extraordinary circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours'. [Nike code of conduct (inside the lines), 05/2019: <a href="http://purpose-cms-production01.s3.amazonaws.com">purpose-cms-production01.s3.amazonaws.com</a> uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf &amp; Code of conduct, 09/2017: <a href="http://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul>
E(1).3	The Company has taken appropriate action	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Engages with affected stakeholders: The company reportedly undertook an investigation at the facilities in question and worked with Better Work on this issue. [HRN calls for improvements in working conditions and prevention measures, 06/03/2018: <a href="http://hrn.or.jp">hrn.or.jp</a> &amp; Impact report FY19, 2020: <a href="http://purpose-cms-preprod01.s3.amazonaws.com">purpose-cms-preprod01.s3.amazonaws.com</a>]</li> <li>• Met: Encourages linked business to engage affected stakeholders: Nike works with "Better Work – a joint initiative of the United Nations' ILO and the International Finance Corporation (IFC), a member of the World Bank Group – including its program in Cambodia, Better Factories Cambodia, to advance issues of health and safety in our factories. Our local team, along with Better Work, continue to work closely with our contract manufacturers to build management capabilities and to enhance the health and wellbeing of their workers." The company reportedly requires supplier factories to maintain a 30 degree Celsius or below temperature, and has installed cooling systems and air conditioning in factories that could not comply. Nike reported that it does not use short-term contracts. Finally, the company agreed to allow Workers Rights Consortium to visit and monitor its supplier factories as an independent auditor. [HRN calls for improvements in working conditions and prevention measures, 06/03/2018: <a href="http://hrn.or.jp">hrn.or.jp</a> &amp; Sustainable Business report 16/17, 2018: <a href="http://sustainability-nike.s3.amazonaws.com">sustainability-nike.s3.amazonaws.com</a>]</li> <li>• Not met: Provides remedies to affected stakeholders: There is no evidence that Nike has provided remedies to affected stakeholders.</li> <li>• Met: Has reviewed management systems to prevent recurrence: Following the allegations, Nike reportedly allowed Worker Rights Consortium to regularly visit Nike's factories for an independent audit, and to examine labour conditions overseas. [HRN calls for improvements in working conditions and prevention measures, 06/03/2018: <a href="http://hrn.or.jp">hrn.or.jp</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims: There is no evidence that Nike has provided remedies to the victims.</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> </ul>
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> <li>• Headline: Nike changes its contract policies after being criticized for paying lower sponsorship to pregnant athletes</li> <li>• Area: Discrimination</li> <li>• Story: Criticisms against Nike over alleged sexual harassment of female workers and pay cuts for pregnant athletes recounted amid its involvement in a doping scandal. The Company has been accused by several female athletes of not guaranteeing salaries during and after pregnancy. In 2016, Nike expanded its parental leave policy, however, a 2019 track and field sponsorship contract was found to state that Nike could reduce pay 'for any reason' if performance goals were not met. The Company made a statement about how this policy would change in all future contracts with women to include clauses about pregnancy. In a related incident, a lawsuit was filed by shareholders against Nike's Board of Directors, claiming that high ranking officers 'knowingly ignored the hostile work environment that has now harmed, and threatens to further tarnish and impair, the company's financial position.' Claims included sexual harassment and discrimination against female and non-white employees. Shareholders sought over \$10 million in damages. The judge, however, dismissed the case, due to lack of evidence of the directors being aware of illegal conduct. A month later, another lawsuit was filed with two new defendants and two new claims of unjust enrichment. The brand's motion to dismiss was denied. Another lawsuit was brought forward about racial discrimination the month after that.</li> <li>• Sources: [ABC News - 20/05/2019: <a href="http://abcnews.go.com">abcnews.go.com</a>][SportsPro - 21/05/2019: <a href="http://sportspromedia.com">sportspromedia.com</a>]- 31/08/2018: <a href="http://s3.amazonaws.com">s3.amazonaws.com</a>][Footwear News - 17/05/2019: <a href="http://footwearnews.com">footwearnews.com</a>]</li> </ul>
E(2).1	The Company has responded publicly to the allegation	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Public response available: In May 2019, the Company released a statement regarding its new policy of to support female athletes during pregnancy: 'Last year we standardized our approach across all sports to support our female athletes during pregnancy, but we recognize we can go even further. Moving forward, our contracts for female athletes will include written terms that reinforce our policy.' However, no recognition of previous discriminatory contracts could be found. [Nike Statement about female athletes, 17/5/2019: <a href="http://news.nike.com">news.nike.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail: Though the company has clear statements on equality on its website, there is no response in detail to the specific allegations.</li> </ul>
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised: In its Code of Ethics, the Company states it 'prohibits harassment and discrimination, and seeks to prevent it every way it can.' [Nike code of conduct (inside the lines), 05/2019: <a href="http://purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf">purpose-cms-production01.s3.amazonaws.com/uploads/2019/05/22191640/Nike-Inside-the-Lines-Code-of-Conduct_May_2019.pdf</a>]</li> <li>• Met: Policies apply to the type of business relationships involved: The Company prohibits discrimination in its supplier Code of Conduct. This includes discrimination of the basis of gender or race. [Code of conduct, 09/2017: <a href="http://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The company now does not discriminate against pregnant women as explained in the new contract: If ATHLETE becomes pregnant, NIKE may not apply any performance-related reductions (if any) for a consecutive period of 18 months, beginning eight months prior to ATHLETE's due date. During such period NIKE may not apply any right of termination (if any) as a result of ATHLETE not competing due to pregnancy." [SI article on Nike's new contract regarding pregnant women athletes, August 2019: <a href="http://si.com">si.com</a>]</li> </ul>
E(2).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders: While the Company has stated that new contracts will include written terms to reinforce its policy, no</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>further evidence of the Company providing remedy could be found. [Nike Statement about female athletes, 17/5/2019: <a href="https://news.nike.com">news.nike.com</a>]</p> <ul style="list-style-type: none"> <li>• Met: Has reviewed management systems to prevent recurrence: The company changed the contract regarding women athletes who are pregnant and in a letter to staff sent on 12 August 2019, that 'If ATHLETE becomes pregnant, NIKE may not apply any performance-related reductions (if any) for a consecutive period of 18 months, beginning eight months prior to ATHLETE's due date. During such period NIKE may not apply any right of termination (if any) as a result of ATHLETE not competing due to pregnancy' [News article on new contract for women athletes who become pregnant, 2019: <a href="https://si.com">si.com</a>]</li> <li>• Not met: Denies allegations, but has engaged affected stakeholders</li> <li>• Not met: Denies allegations, but reviewed systems to prevent such impacts</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> <li>• Not met: Denies allegations, but implements review recommendations</li> <li>• Not met: Denies allegations, and ensures systems prevent such impacts</li> </ul>
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> <li>• Headline: Supply chains of Kraft Heinz and others criticized for forced labor and discrimination linked to China's political assimilation ethnic Uighurs and Muslims</li> <li>• Area: Forced labour</li> <li>• Story: 16 May 2019, An investigation by the Wall Street Journal (WSJ) has identified forced labour in supply chains linked to major western brands, including apparel and food manufacturers. The article cites interviews with a number of workers of Uyghur ethnicity, who have been 'recruited' from their villages and forced to work in factories as part of the Chinese government's 're-education' program focused in the Xinjiang region, which many NGO and human rights groups have criticised as amounting to situations of discrimination and coercion. In early 2017, the Communist Party began a new incarceration campaign, rounding up, detaining and forcibly indoctrinating Uyghurs and other Muslim minority ethnic groups in the far-western region. Islam has effectively been outlawed in the far-western region, with people routinely labelled as extremists and imprisoned for practising their religion. A UN committee describes the province as resembling a "mass internment camp", with estimates more than 1 million Uyghurs have been sent to prison or re-education camps. The article observes a number of factories in Xinjiang make yarn, which is then sent to other factories in China and countries including Bangladesh and Cambodia to produce clothing products. The article states that "Hong Kong-based Esquel Group—the world's largest contract shirt maker, which says its customers include Calvin Klein, Tommy Hilfiger, Nike Inc. and Patagonia Inc.—set up three spinning mills in Xinjiang to be close to the region's cotton fields". It quotes that Esquel CEO John Cheh said that in 2017 officials began offering the company Uighurs from southern Xinjiang as workers. Esquel took 34 in total the past two years, with all hiring decisions and training made independently of the government, Mr. Cheh said. In response to enquiries from the WSJ, Nike said it was asking its suppliers if they use cotton from Xinjiang.</li> <li>• Sources: [Wall Street Journal - 16/05/2019: <a href="https://wsj.com">wsj.com</a>][Nike's statement on Xinjiang: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul>
E(3).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: In correspondence to the Business and Human Rights Resource Centre the company says "Nike remains dedicated to ethical and responsible manufacturing and we are deeply committed to ensuring the people who make our product are respected and valued. While Nike does not directly source products from the Xinjiang Uighur Autonomous Region (XUAR), and does not have relationships with the Haoyuanpeng Clothing Manufacturing, Qingdao Jifa Group, or Esquel facilities in XUAR, we have been conducting ongoing diligence with our suppliers in China to identify and assess potential risks related to employment of people from XUAR. Since last year, Taekwang's Qingdao facility has not recruited new employees from XUAR and is currently seeking expert advice on the best and most responsible approach to conclude the employment of remaining employees from XUAR. Taekwang has confirmed that their employees from XUAR have the ability to end their contracts at any time without repercussion, and historically many have chosen to do so..." [Statement on Xingang, 2020: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Response goes into detail: The company's response goes into detail. [Statement on Xingang, 2020: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(3).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised: The Nike Code of Conduct states "The supplier does not use forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor. The supplier is responsible for employment eligibility fees of all workers, including recruitment fees." [Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a> &amp; Code Leadership standards, 2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> <li>• Met: Policies apply to the type of business relationships involved: The policies apply to the business relationship "The Nike and Nike Affiliate Codes of Conduct (Code) and Code Leadership Standards (CLSs) apply to all contract manufacturers, including sub-contractors, making Nike or Nike Affiliate product." [Code Leadership standards, 2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a> &amp; Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The company's Code of Leadership standards prohibit the withholding of wages and restriction of movement, stating "Workers Shall Not Pay for Employment. Neither the supplier, nor labor agents, may charge workers, or deduct from wages (by way of garnishments, levies, deposits, guarantee monies or otherwise) costs or fees associated with employment eligibility, including required visas, health checks, employment registration, work permit or recruitment agency/placement firm fees...Employees shall not be required to turn over their original identity papers (such as passports, travel or residency permits, national IDs or school certificates) to their employer, labor agent or another party as a condition of employment, nor shall they be required to make 'deposits' to gain access to their documents. [Code Leadership standards, 2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a> &amp; Code of conduct, 09/2017: <a href="https://s3.amazonaws.com">s3.amazonaws.com</a>]</li> </ul>
E(3).3	The Company has taken appropriate action	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Denies allegations, but has engaged affected stakeholders: In a statement the company says "While Nike does not directly source products from the Xinjiang Uighur Autonomous Region (XUAR), and does not have relationships with the Haoyuanpeng Clothing Manufacturing, Qingdao Jifa Group, or Esquel facilities in XUAR, we have been conducting ongoing diligence with our suppliers in China to identify and assess potential risks related to employment of people from XUAR....Given this dynamic situation, we are also drawing on expert guidance and working with brands and other stakeholders to consider all available approaches to responsibly address this situation. We have been collaborating with industry associations such as Retail Industry Leaders Association, American Apparel &amp; Footwear Association, National Retail Federation and U.S. Fashion Industry Association and are supportive of the statement released by these organizations on this matter. We will continue to actively collaborate with our partners, stakeholders and other organizations on this issue." It also refers to the retail industry leaders association from July 2020 which states that it is 'convening with a wide variety of stakeholders, including NGOs, labor groups, and policy makers in all branches of government' [Nike statement on Xinjiang, 06/03/2020: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> <li>• Met: Denies allegations, but reviewed systems to prevent such impacts: In a statement the company says "we have been conducting ongoing diligence with our suppliers in China to identify and assess potential risks related to employment of people from XUAR...We continue to engage with all of our suppliers to evaluate compliance with Nike's Code of Conduct and Code Leadership Standards." [Nike statement on Xinjiang, 06/03/2020: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Denies allegations, but implements review recommendations: The company says "Since last year, Taekwang's Qingdao facility has not recruited new employees from XUAR and is currently seeking expert advice on the best and most responsible approach to conclude the employment of remaining employees from XUAR. Taekwang has confirmed that their employees from XUAR have the ability to end their contracts at any time without repercussion, and historically many have chosen to do so." [Nike statement on Xinjiang, 06/03/2020: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> <li>• Not met: Denies allegations, and ensures systems prevent such impacts: The company says "Given this dynamic situation, we are also drawing on expert guidance and working with brands and other stakeholders to consider all available approaches to responsibly address this situation." [Nike statement on Xinjiang, 06/03/2020: <a href="https://purpose.nike.com">purpose.nike.com</a>]</li> </ul>

## Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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