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# NIKE SUBMISSION



# Clean Clothes Campaign Wage Survey

Response ID:101; Nike Data

## 1. Login/Password Action

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### Nike

Password : Nike

## 2. Introduction

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### 1. Company name:

Nike

### 2. Brands owned by company:

Nike, Nike Golf, Jordan, Hurley, Converse

### 3. Main contact person:

Name: : Amy Curry-Staschke

Email: : Amy.Curry-Staschke@nike.com

Contact phone number: : 503-671-6203

## 3. The living wage standard

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### 4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

Our Compensation Code Leadership Standard (page 4) is located here:

[http://nikeinc.com/system/assets/6276/Nike\\_Code\\_Leadership\\_Standards\\_Jan2012\\_original.pdf?1325287549](http://nikeinc.com/system/assets/6276/Nike_Code_Leadership_Standards_Jan2012_original.pdf?1325287549)

### 5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

[http://nikeinc.com/system/assets/2806/Nike\\_Code\\_of\\_Conduct\\_original.pdf?1317156854](http://nikeinc.com/system/assets/2806/Nike_Code_of_Conduct_original.pdf?1317156854)

### Upload option.

### 6. 1.3 Does your company agree with the definition of a living wage as given [here](#)?

Yes

### If no, please provide details of how your definition of a living wage is different and give justification.

## 4. Respect for freedom of association and collective bargaining, a precondition for a living wage

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### 7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?

The Nike, Inc. Code of Conduct includes a standard titled "FREEDOM of ASSOCIATION and COLLECTIVE

BARGAINING are RESPECTED.” As a condition of doing business with Nike, the contractor shall implement and integrate this Code and accompanying Code Leadership Standards, and applicable laws into its business practices and submit to verification and monitoring. The contractor shall post this Code, in the language(s) of its employees, in all major workspaces; train employees on their rights and obligations as defined by this Code and applicable country law; and ensure the compliance of any sub-contractors producing Nike branded or Nike affiliate products. (Nike CLS)

**Percentage of supplier factories and subcontractors reached by these measures:**

100%

**Please supply an example of materials used:**

**8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:**

For example of materials used, refer to the link above for the Code of Conduct & Code Leadership Standards.

Yes. An example of how we have encouraged freedom of association can be seen in the work Nike and other brands have done over the past two years with the Play Fair Alliance (local union representatives and factory owners) to create the Indonesia Freedom of Association Protocol. This historic agreement, endorsed by the Indonesian government, has created a platform for the advancement of free association rights in Indonesia. We also are including FOA in the assessment of risk in our sourcing selection process. We include country-based assessments, including the likelihood of violations based on FOA and other core International Labour Association standards. (FY10/11 Sustainable Business Performance Report)

Names of local unions or workers rights organisations: : /

Percentage of supplier factories reached by these measures: : /

**9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?**

Yes.

As of June 2011, contract factories employing nearly half the workers in our manufacturing base have benefited from participation in our Human Resources Management training program, which includes training on freedom of association. (FY10/11 Sustainable Business Performance Report)

We continue to make available the HRM training program to factories as they build their own management capabilities.

For next question on percentage of supplier factories and subcontractors reached:

The HRM program had, through the end of FY11, been delivered in 76 factories in Vietnam, China, Indonesia, Sri Lanka, India and Thailand, representing more than 422,000 workers, 94 percent of total footwear volume and 43 percent of total apparel volume. Also, as part of the contractor’s employee training practices, all employees receive training on the rights related to our Freedom of Association standard.

**Percentage of supplier factories and subcontractors reached by these measures:**

**10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?**

	Country:	Number of suppliers:	Details:
1:			No. Workers’ rights to freely associate is included as a protection in our Code of Conduct, which also includes requirements of factories to post and translate the Code for workers. Nike does not publicly report production volume information.

2:			
3:			
4:			

**Please provide a sample of materials used in specific countries:**

**11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.**

For previous question on sample of materials: Link to Code Leadership Standards:

[http://nikeinc.com/system/assets/6276/Nike\\_Code\\_Leadership\\_Standards\\_Jan2012\\_original.pdf?1325287549](http://nikeinc.com/system/assets/6276/Nike_Code_Leadership_Standards_Jan2012_original.pdf?1325287549)

We require contracted factories in our manufacturing base and their subcontractors to abide by our Code of Conduct.

**Number of supplier factories with agreements:**

/

**Please provide a sample of agreements signed:**

**12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:**

Yes. In partnership with the Fair Labor Association (FLA), workers have access to the FLA's Third Party Complaint Process that can be used as a safeguard for any person, group or organization to report serious violations of workers' rights in our contract facilities.

Our Code of Conduct includes a factory grievance system.

Our audits check and confirm the effectiveness of a factory grievance process, including its accessibility by the workers.

The FLA has regional staff that communicates directly with the person that filed the complaint and the appropriate stakeholders. The FLA complaint process is available on their website.

**13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?**

Please provide details of your policy and its impacts in relevant countries: : See box answer 2.8

**14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?**

The Nike Code Leadership Standard for Regular Employment has robust and specific requirements related to temporary/short-term workers as well as apprenticeship programs.

Specifically, our standards set an expectation that:

a. The contractor should not avoid its obligations under labor or social security laws arising from the regular employment relationship through the excessive use of temporary (labor only contracting) or use of short or fixed-term contracts.

b. Use of temporary employees, where legally permitted, to perform production work should to the extent possible only be used to meet seasonal work or peak season production or to fill short-term vacancies or staffing needs of less than one year.

c. Examples of possible excessive use of temporary production workers or short-term contracts include:

i. Widespread use of temporary workers for more than one year to meet an ongoing employment need;

ii. Widespread renewal of short-term contracts where such practice denies employees full entitlement to

severance pay, social security tenure, etc.; and

iii. Where more than 15% of production line workers are temporary workers or on short-term contract.

Regarding Apprentice programs, our standards clearly set the following high expectations of contractors:

a. As a general rule, payment of “training wages” or participation in “apprenticeship programs” is not allowed where such programs result in the payment of wages or provision of employee benefits less than that provided to regular employees.

b. As an exception, such programs may be approved on a case-by-case basis where the program is:

i. Provided for and in compliance with country law;

ii. Designed for the benefit of the trainees by imparting job skills or leading to regular employment;

iii. The trainee’s participation in the program is limited in duration (generally no more than 6 months);

iv. Trainees are compensated for production of any finished product at the legal minimum wage, or higher; and

v. The program is not used for the purpose of avoiding the contractor’s obligations under labor or social security laws arising from the employment relationship.

Nike has encouraged freedom of association through the Play Fair Alliance which has created a platform for the advancement of FoA rights in Indonesia through the Indonesia Freedom of Association Protocol.

## 5. Dialogue and negotiation with labour rights organisations

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### **15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:**

As issues within our contracted manufacturing base arise, we convene multiple stakeholders – factory ownership, management, workers representatives, government, NGOs and/or others where appropriate – to address the specific situation.

We participate in International Labour Organization’s Better Work program, which provides a forum for developing a coordinated approach by multiple companies to improve conditions in their shared supply chain. Working with member companies, we hope to achieve improvements on a greater scale than our individual initiatives.

Better Work’s national programs seek to replace the patchwork of company-driven audits and remediation programs in each country in which it works with a single, comprehensive program of independent compliance assessments and advisory and training services. Better Work also supports publicly reporting results for any factory that has been part of the program for a year or more. Nike engages with the program stakeholders at both local and global levels, and participates in Better Work factory monitoring and remediation programs in countries including Cambodia and Vietnam, and is moving into Indonesia. In these countries, Nike uses Better Work assessment data rather than conducting Nike’s own audits. This system is more efficient for companies and factories alike.

The Better Work Initiative: The Better Work Initiative is a unique partnership, launched in February 2007, between the ILO and the International Finance Corporation. Better Work builds on the learnings of the Better Factories Cambodia Program and is based on the premise that improved compliance with labor standards will not only improve workers’ livelihoods and promote decent work, but also unlock business opportunities to facilitate job creation and strengthen participating countries’ competitiveness in the global supply chain.

Names of organisations or unions, countries, and details of work: Including: refer back to CR Reports: Fair Labor Association; Better Work; IndustriALL; ITUC; Coverco; Sustainable Apparel Coalition

**16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?**

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**6. 4. Benchmarks for a minimum living wage**

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**17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?**

No

**If yes, please provide details of how these were developed and how they are used:**

/

**18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.**

	Country/region	Living wage benchmark
1.	/	
2.		
3.		

**19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the [Asia Floor Wage](#).**

	Country/region	Number of supplier factories paying Asia Floor Wage
1.		
2.		
3.		
4.		
5.		

**7. Purchasing practices that make living wages possible**

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**20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:**

Yes. Yes, we assess minimum standards up front and root out issues at the start of the sourcing process, in line with our Code of Conduct. These decisions are made as part of the business sourcing process.

We have also developed a single evaluation system that redefines what “good” looks like for factories that supply to NIKE, Inc. The Manufacturing Index (MI) integrates scores from key performance areas into a single dashboard rating that groups factories as Gold, Silver, Bronze, Yellow or Red. The MI has changed the way we measure factory performance for use in sourcing decisions, placing environmental and labor-sustainability metrics with equal weighting to the traditional supply-chain measures of quality, cost and delivery.

The Manufacturing Index creates one overall score for each contract factory, enabling a consistent and comprehensive conversation about Nike’s business with that factory. We have developed incentives and sanctions based on the MI ratings. Those that prioritize and focus on workers and sustainability in their

planning and operations will benefit.

**21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?**

In addition to the above, going forward, we are further studying wages and working with contract factories to explain our expectations and source from factories that make progress toward the FLA definition of “fair-wages” using our assessments in our Sourcing & Manufacturing Sustainability Index and Manufacturing Index to factor this issue more directly into our sourcing decisions.

**22.**

Are other incentives provided for buyers or supplier factories to work towards a living wage for workers? : Yes, for example, Silver- and Gold-rated factories will be able to self-audit and calibrate with Nike staff and will have access to a range of Nike technical assistance, leadership and education resources, as well as possible innovation or community co-investment, and priority consideration for orders.

How is this monitored? : Current labor auditing monitors factory performance related to paying legally required minimum wage, overtime and benefits. In partnership with the FLA and other brands, Nike is developing a new audit tool (“SCI” – Sustainable Compliance Initiative) that will also measure progress towards realizing a Fair Wage as stated in the Nike Compensation Code Leadership Standard.

**23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?**

Yes, our costing model includes legally required wage rates required per our Code of Conduct.

**24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?**

Nike has a labor audit tool that assesses compliance with our Freedom of Association standard. Specifically, our policy requires that the contractor recognizes and respects the right of employees to freedom of association and collective bargaining. This includes the right to form and join trade unions and other worker organizations of their own choosing without harassment, interference or retaliation.

In turn, as described above, the Manufacturing Index accounts for compliance ratings and informs sourcing decisions.

**25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.**

As mentioned above and detailed in our Sustainable Business Report ([www.nikeresponsibility.com](http://www.nikeresponsibility.com)), we have built labor issues into our sourcing decisions through the development and deployment of our Manufacturing Index. We factor contracted factory performance on elements of our Code of Conduct and their overall audit scores into our sourcing decisions.

(I think these things are too unknown of future plans.)

**8. Living wage projects**

**26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:**

	Project 1	Project 2	Project 3	Project 4
Location:				

Number of factories and workers involved:				
Living wage benchmark used:				
Partnerships:				
Wage increase achieved:				
Details of process:	Nike is also beginning to test with factories how they can increase workers' wages while maintaining a financially competitive business. We do not know the answers but are working with nongovernmental organizations, academics, factories and other businesses to find out how this can work.	Nike was recently elected to participate on the Fair Labor Association's Fair Wage working group that will make recommendation to the FLA Board of Directors on monitoring and remediating against the FLA Compensation/Fair Wage benchmark.		

**27. Please upload any useful supporting documentation here:**

## 9. New Page

**28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?**

The Fair Labor Association has defined a number of dimensions with regard to fair wages. We have begun addressing these dimensions through our Code of Conduct and work with factories. Other areas will take considerably more time and study.

**29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?**

We support ongoing work to study and understand wages and impacts on workers and communities. Nike firmly believes that responsibility for long-lasting, systemic change must be shared by governments, manufacturers, NGOs, brands, unions, and factory workers. We remain committed to working closely with our contract factories and investing in their capability to comply with Nike's Code of Conduct requirements and meet the health and safety needs of the workers they employ.

## 10. Transparency

**30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?**

<http://www.nikeinc.com/pages/manufacturing-map>

**Do you have plans to publish a full list in the future?**

we update the map quarterly and plan on continuing to do so.

**31. 8.2 Does your company publish impact reports on projects related to wages?**



Nike publishes Sustainable Business reports, which shares the work to date, progress against set targets, aggregate current state supplier performance, and highlights sustainability projects. The Sustainable Business report is a good reference point to learn more about Nike's approach, programs and projects.  
<http://www.nikeresponsibility.com/>

## 11. Collaborative working

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### **32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:**

An example of the multi-stakeholder projects we have worked with is the Fair Labor Association's Compensation Code Working Group

As mentioned above, Nike aligned its Compensation Code Leadership Standard with the Fair Labor Association's (FLA) benchmark for Fair Wages and will participate on the Fair Labor Association's Compensation Code Working Group that will make recommendation to their Board of Directors on monitoring and remediating against the FLA Compensation/Fair Wage benchmark.

### **33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:**

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### **34. Supporting documents:**

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## 12. 10. A clear route map for implementing a living wage for all workers

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### **35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?**

We support ongoing work to study and understand wages and impacts on workers and communities. Nike firmly believes that responsibility for long-lasting, systemic change must be shared by governments, manufacturers, NGOs, brands, unions, and factory workers. We remain committed to working closely with our contract factories and investing in their capability to comply with Nike's Code of Conduct requirements and meet the health and safety needs of the workers they employ.

### **36. 10.2 Does this strategy have a time scale? If yes, please state.**

### **37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?**

### **38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?**

### **39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?**

Going forward, we are further studying wages and working with contract factories to explain our expectations and source from factories that make progress toward the FLA definition of "fair-wages" using our assessments in our Sourcing & Manufacturing Sustainability Index and Manufacturing Index to factor this issue more directly into our sourcing decisions.

Additionally we have set an expectation that our Contractors commit to developing and implementing a process that incrementally moves employee compensation (wages and benefits) over time toward meeting employees' basic needs including some discretionary income.

The following are examples of actions contractor can undertake to meet this obligation:

- a. Payment of wages and benefits. Continue to comply with the requirements set forth in the Nike Code of Conduct and this Code Leadership Standard to fully and timely pay its employees at least the minimum wage required by country law, provide legally mandated benefits including holidays and leaves, and comply with all regulations on social insurance.
- b. Pay systems. Put in place a pay system that regularly reviews and adjusts employee compensation.
- c. Policies and procedures. Establish or re-align policies and procedures to reflect the commitments contained in this Code Leadership Standard and train its staff responsible for implementing its compensations systems regarding their roles and responsibilities.
- d. Communication and social dialogue. Provide employees with adequate and on-going information on compensation and, consistent with the laws of the manufacturing country, respect the rights of its employees to freedom of association and collective bargaining.
- e. Training and development. Offer training and employee development programs to improve employee performance at all levels of the company, including operators, supervisors (team and group leaders), staff and managers.
- f. Monitoring and Remediation. Submit to and cooperate with compliance audits, either by Nike, Nike Affiliates, designated third-party auditors or “independent external monitoring” conducted at the request of the Fair Labor Association (FLA). Promptly remedy any non-compliance and proactively address non-compliance trends.
- g. “Fair Wage self-assessments”. Participate in the FLA’s “Fair Wage Assessment” process and related training. Collect and share with the FLA and Nike information on the FLA’s “twelve dimensions of fair wages.”

### 13. Further questions about your supply base

#### 40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

	Country	Percentage of production	Number of suppliers
1	no answer is given in Nike's pdf sheet		
2			
3			
4			
5			
6			
7			
8			
9			
10			

#### 41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

- Production at factories owned by your company: : % no answer is given in Nike's pdf sheet
- Orders placed directly to supplier factories: : % no answer is given in Nike's pdf sheet
- Orders placed through agencies or intermediates: : % no answer is given in Nike's pdf sheet
- Other: : %no answer is given in Nike's pdf sheet

#### 42. If other, please specify.

Nike's responses include information pertaining to our contracted manufacturing source base. The information we provided includes detail regarding those factories with which we have direct contractual relationships – covering the definition of 'supplier factories' laid out for this survey. Our own standards refer to subcontractors as those that provide direct services to the factories from which we source. Our Code of Conduct requires our contracted factories to support the same standards within their own supply chains. Nike is proud to be the first in our industry to disclose its contract factory base and that our culture of transparency enables us to lead industry sustainability efforts. (excerpt from 2012 letter to Colleges) We've now furthered our commitment to transparency by disclosing factories worldwide that manufacture all NIKE, Inc. (NIKE Brand, Converse, Hurley, Jordan Brand and Nike Golf) products. We remain committed to supply chain transparency and continue to update our publicly available list to encourage and support transparency and collaboration around issues affecting our suppliers. We encourage you to refer to Nike's online interactive tool (<http://manufacturingmap.nikeinc.com/>) to explore Nike, Inc.'s supply chain with filters available by brand, country, types of products manufactured, and worker profiles available here. This map tool provides up-to-date information across our contracted manufacturing base with options for pulling data relevant to a wide variety of queries and requests.

**43. 3. What is the length of time that you have been working with your current suppliers?**

	% of suppliers
More than 5 years:	/
2-5 years:	/
Less than 2 years:	/

**44. 4. How many sites did you use to produce your goods in 2012?**

First tier suppliers: : no answer is given in Nike's pdf sheet  
 Sub contracted suppliers: : no answer is given in Nike's pdf sheet

**45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?**

Number of suppliers: : no answer is given in Nike's pdf sheet  
 Please list suppliers, country and % of product share at the factory: : no answer is given in Nike's pdf sheet

**Response Location**

<b>Country:</b>	United Kingdom
<b>Region:</b>	B7
<b>City:</b>	Bristol
<b>Postal Code:</b>	
<b>Long &amp; Lat:</b>	Lat: 51.450001, Long:-2.5833

From : Curry-Staschke, Amy <Amy.Curry-Staschke@nike.com>  
To : "niki@schonekleren.nl" <niki@schonekleren.nl>  
Cc : "anna@labourbehindthelabel.org" <anna@labourbehindthelabel.org>  
Subject : RE: Nike response to Clean Clothes Campaign fair wage survey  
Date : Thu, 30 Jan 2014 18:59:07 +0000

Anna and Niki,

Thank you for sharing the assessment with us. We do not have any additional edits or corrections for you at this time. I did however want to share a link to our Code Leadership Standards regarding short-term contracts, given your inquiries in this area.

[http://www.nikeresponsibility.com/report/uploads/files/COC\\_CLS\\_-\\_Regular\\_Employment.pdf](http://www.nikeresponsibility.com/report/uploads/files/COC_CLS_-_Regular_Employment.pdf)

Wishing you a good start to the new year.

Best regards,  
Amy

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**From:** Anna McMullen <anna@labourbehindthelabel.org>  
**Date:** Monday, January 13, 2014 11:22 PM  
**To:** Nike <amy.curry-staschke@nike.com>  
**Cc:** Niki Janssen <niki@schonekleren.nl>  
**Subject:** Nike profile

Dear Amy,

Please find attached the first draft of your company's profile, which has been put together based on information you submitted to the Clean Clothes Campaign Wage Survey (also attached).

If you would like to correct any factual inaccuracies, or provide CCC with further information to support your submission which clarifies anything we have mentioned, then please send it to us by close of play on 30th January. Please note this profile is subject to change prior to publication, although it will mostly remain the same.

We were particularly interested to hear a little more about the work you have been doing on short term contracts. How has this policy been monitored and have you seen any significant decreases in the numbers of STCs being used by your suppliers?

The report timeline going forward from this is that we will need a few more weeks to incorporate comments and finalise details, before the report is published towards the end of March – final date TBC. A finished copy of the report will be sent to you a few days before launch.

Copied in to this email is your CCC contact point person. Please be in touch with this person if you have questions or concerns. However, please do make sure to copy me in (anna@labourbehindthelabel.org) to mails with any additional concise information or factual corrections you wish to make to the text.

Best wishes,  
Anna

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Anna McMullen | Campaigns Director | Labour Behind the Label  
A: 10-12 Picton Street, Bristol BS6 5QA, UK | Tel: +44 (0) 117 9441700 | Mob: +44 (0) 7786 832

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E: [anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org) | W: [www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)

Please note: As of 1st March 2014 we will move offices to Easton Business Centre, Felix Road, Bristol BS50HE

Join the LBL Facebook group | Follow us on Twitter: @labourlabel

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All LBL staff work 3 days a week only. My normal working days are Monday - Wednesday. You can reach me on the mobile number above at other times.

# NIKE, Inc. CODE of CONDUCT

At Nike, we believe that although there is no finish line, there is a clear starting line.

Understanding that our work with contract factories is always evolving, this Code of Conduct clarifies and elevates the expectations we have of our factory suppliers and lays out the minimum standards we expect each factory to meet.

It is our intention to use these standards as an integral component to how we approach NIKE, Inc. sourcing strategies, how we evaluate factory performance, and how we determine with which factories Nike will continue to engage and grow our business.

As we evolve our business model in sourcing and manufacturing, we intend to work with factories who understand that meeting these minimum standards is a critical baseline from which manufacturing leadership, continuous improvement and self-governance must evolve.

Beyond the Code, Nike is committed to collaborating with our contract factories to help build a **leaner, greener, more empowered and equitable supply chain**. And we will continue to engage with civil society, governments, and the private sector to affect systemic change to labor and environmental conditions in countries where we operate.

We expect our contract factories to share Nike's commitment to the goals of reducing waste, using resources responsibly, supporting workers' rights, and advancing the welfare of workers and communities. We believe that partnerships based on transparency, collaboration and mutual respect are integral to making this happen.

Our Code of Conduct binds our contract factories to the following specific minimum standards that we believe are essential to meeting these goals.

## **EMPLOYMENT is VOLUNTARY**

The contractor does not use forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor. The contractor is responsible for employment eligibility fees of foreign workers, including recruitment fees.

## **EMPLOYEES are AGE 16 or OLDER**

Contractor's employees are at least age 16 or over the age for completion of compulsory education or country legal working age, whichever is higher. Employees under 18 are not employed in hazardous conditions.

## **CONTRACTOR does NOT DISCRIMINATE**

Contractor's employees are not subject to discrimination in employment, including hiring, compensation, promotion or discipline, on the basis of gender, race, religion, age, disability, sexual orientation, pregnancy, marital status, nationality, political opinion, trade union affiliation, social or ethnic origin or any other status protected by country law.

## **FREEDOM of ASSOCIATION and COLLECTIVE BARGAINING are RESPECTED**

To the extent permitted by the laws of the manufacturing country, the contractor respects the right of its employees to freedom of association and collective bargaining. This includes the right to form and join trade unions and other worker organizations of their own choosing without harassment, interference or retaliation.

## **COMPENSATION is TIMELY PAID**

Contractor's employees are timely paid at least the minimum wage required by country law and provided legally mandated benefits, including holidays and leaves, and statutory severance when employment ends. There are no disciplinary deductions from pay.

## **HARASSMENT and ABUSE are NOT TOLERATED**

Contractor's employees are treated with respect and dignity. Employees are not subject to physical, sexual, psychological or verbal harassment or abuse.

## **WORKING HOURS are NOT EXCESSIVE**

Contractor's employees do not work in excess of 60 hours per week, or the regular and overtime hours allowed by the laws of the manufacturing country, whichever is less. Any overtime hours are consensual and compensated at a premium rate. Employees are allowed at least 24 consecutive hours rest in every seven-day period.

## **REGULAR EMPLOYMENT is PROVIDED**

Work is performed on the basis of a recognized employment relationship established through country law and practice. The contractor does not use any form of home working arrangement for the production of Nike-branded or affiliate product.

## **The WORKPLACE is HEALTHY and SAFE**

The contractor provides a safe, hygienic and healthy workplace setting and takes necessary steps to prevent accidents and injury arising out of, linked with or occurring in the course of work or as a result of the operation of contractor's facilities. The contractor has systems to detect, avoid and respond to potential risks to the safety and health of all employees.

## **ENVIRONMENTAL IMPACT is MINIMIZED**

The contractor protects human health and the environment by meeting applicable regulatory requirements including air emissions, solid/hazardous waste and water discharge. The contractor adopts reasonable measures to mitigate negative operational impacts on the environment and strives to continuously improve environmental performance.

## **The CODE is FULLY IMPLEMENTED**

As a condition of doing business with Nike, the contractor shall implement and integrate this Code and accompanying Code Leadership Standards and applicable laws into its business and submit to verification and monitoring. The contractor shall post this Code, in the language(s) of its employees, in all major workspaces, train employees on their rights and obligations as defined by this Code and applicable country law; and ensure the compliance of any sub-contractors producing Nike branded or affiliate products.

## STANDARD

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Work is performed on the basis of a recognized employment relationship established through country law and practice. The Contractor does not use any form of homeworking arrangement for the production of Nike branded or Nike Affiliate product.

## DEFINITIONS

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- **Short-term contract.** In the absence of country law definition, short-term contracts are those of 1 year duration or less.
- **Temporary worker** is a production line worker who works on the contractor's premises, but who is provided and paid by a third-party, such as a temporary employment agency.
- **Widespread** violations are those that are pervasive within the factory and/or represent a systemic failure that has adversely affected a large portion of employees.

## REQUIREMENTS

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1. As the employer, the contractor is responsible for the employment relationship with its employees. Contractor shall comply with the higher of the applicable country law or these Code Leadership Standards.
2. **REGISTRATION**  
The contractor shall comply with the requirements of country law regarding registration of employees.
3. **CONTRACTS OF EMPLOYMENT**
  - a. The contractor shall comply with the requirements of country law regarding use of contracts of employment, including any requirement that employees have a written employment contract, as well as the terms, duration and/or renewal of such employment contracts.
  - b. The contractor must fully explain the terms outlined in the employee's employment contract, if any, which should be written in the employee's language.
  - c. Where employment contracts are used, employees should be given a copy of the employment contract in the employee's language before entering employment.
4. **USE OF TEMPORARY WORKERS AND SHORT-TERM CONTRACTS**
  - a. The contractor should not avoid its obligations under labor or social security laws arising from the regular employment relationship through the *excessive use* of temporary (labor only contracting) or use of short or fixed-term contracts.
  - b. Use of temporary employees, where legally permitted, to perform production work should to the extent possible only be used to meet seasonal work or peak season production or to fill short-term vacancies or staffing needs of less than one year.

- c. Examples of possible excessive use of temporary production workers or short-term contracts include:
  - i. Widespread use of temporary workers for more than one year to meet an ongoing employment need;
  - ii. Widespread renewal of short-term contracts where such practice denies employees full entitlement to severance pay, social security tenure, etc.; and
  - iii. Where more than 15% of production line workers are temporary workers or on short-term contract.
- d. Employment laws and practices in this area are complex and vary significantly from country-to-country. Application of this Standard will be determined on a country-by-country basis.

## 5. APPRENTICE PROGRAMS

- a. As a general rule, payment of “training wages” or participation in “apprenticeship programs” is not allowed where such programs result in the payment of wages or provision of employee benefits less than that provided to regular employees.
- b. As an exception, such programs may be approved on a case-by-case basis where the program is:
  - i. Provided for and in compliance with country law;
  - ii. Designed for the benefit of the trainees by imparting job skills or leading to regular employment;
  - iii. The trainee’s participation in the program is limited in duration (generally no more than 6 months);
  - iv. Trainees are compensated for production of any finished product at the legal minimum wage, or higher; and
  - v. The program is not used for the purpose of avoiding the contractor’s obligations under labor or social security laws arising from the employment relationship.

## 6. HOMEWORKING ARRANGEMENTS PROHIBITED

- a. To ensure compliance with the Code of Conduct and these Code Leadership Standards, the contractor shall not use any form of homeworking arrangement for the production of Nike branded or Nike Affiliate product. This means that employees shall not perform Nike branded or Nike Affiliate production work outside of the regular work place.
- b. Where home working arrangements are in place for other Buyers (non-Nike or non-Nike Affiliate production), the contractor must put in place and be able to demonstrate the system by which it is ensured that Nike branded and Nike Affiliate production is not deliberately or inadvertently home worked.

*Except where specifically identified as a recommended practice, this Code Leadership Standard sets minimum standards – contractors must comply with any applicable higher legal requirement and are encouraged to continue to develop their own practices which provide greater protection for their employees.*