

NIKE, Inc. Statement on Forced Labor, Human Trafficking and Modern Slavery for Fiscal Year 2021

I. BACKGROUND

NIKE, Inc.'s (NIKE) commitment to serving athletes everywhere has taught us that equality on the field is a powerful catalyst to driving equality off the field. 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. We expect the same from our suppliers, and focus on working with long-term, strategic suppliers that demonstrate a commitment to engaging their workers, providing safe working conditions and advancing environmental responsibility. This includes working to combat risks of forced labor.

This statement is being furnished pursuant to the UK Modern Slavery Act, the Australia Commonwealth Modern Slavery Act and the California Transparency in Supply Chains Act. This statement discusses NIKE's global business practices to address forced labor. It encompasses NIKE, Inc. and its consolidated subsidiaries because we take a global approach to forced labor, human rights and compliance. However, not all of our consolidated subsidiaries are subject to the UK Modern Slavery Act, the Australia Commonwealth Modern Slavery Act and the California Transparency in Supply Chains Act.

As used in this statement, forced labor includes modern slavery, prison labor, indentured labor, bonded labor, human trafficking, or other similar conduct. For more information on NIKE's commitment to sustainability and human rights, please see our annual [Impact Report](#).

II. NIKE OVERVIEW and SUPPLY CHAIN STRUCTURE

NIKE is the largest seller of athletic footwear and apparel in the world. We sell our products through NIKE-owned retail stores and through digital platforms, to retail accounts and through a mix of independent distributors, licensees and sales representatives in virtually all countries around the world. Virtually all of our products are manufactured by independent contract manufacturers. To learn more about NIKE, view our annual report on the [NIKE Investor site](#).

We are growing our business through long-term relationships with suppliers that are committed to our strict standards of sustainability and human rights, product excellence and compliance with local laws. Our sourcing strategy prioritizes and favors suppliers that show demonstrable leadership in corporate responsibility and sustainability, seeking to

move beyond minimum standards. As part of our growth strategy, we seek suppliers who drive sustainable business growth by minimizing their environmental impacts, fostering a strong culture of safety and developing an engaged and valued workforce.

NIKE has disclosed the independent factories contracted to make NIKE products since 2005. An interactive map of NIKE's current suppliers can be found on the [NIKE Manufacturing Map](#).

NIKE's commitment to ethical practices in our own operations and our supply chain begins at the highest level – from our CEO and Board of Directors. NIKE, Inc.'s Corporate Responsibility, Sustainability & Governance Committee of the Board of Directors reviews and evaluates the Company's significant strategies, activities, policies, investments and programs regarding corporate purpose, including corporate responsibility, sustainability, human rights, global community and social impact, and diversity and inclusion; and, provides oversight of management's efforts to ensure that the Company's dedication to sustainability (including environmental sustainability and human rights) is reflected in its business operations. More information can be found under [Governance](#) on the NIKE Purpose site.

NIKE's executive leadership team reviews and confirms all company-wide sustainability policies and targets, reviews performance toward targets, receives updates on key issues and emerging trends, and provides oversight for efforts to improve.

III. NIKE's CODE OF CONDUCT & STANDARDS TO ADDRESS FORCED LABOR

NIKE takes seriously and fully supports national and international efforts to end forced labor, human trafficking and modern slavery. NIKE's requirements for suppliers are contained in our [Code of Conduct](#) and [Code Leadership Standards](#). The Code of Conduct lays out the required minimum standards we expect each supplier factory or facility to meet in producing NIKE products and includes strict requirements around forced and child labor, excessive overtime, compensation, and freedom of association amongst other requirements. The Code Leadership Standards specify how the Code of Conduct should be implemented. The document also articulates how we measure factories' compliance efforts and progress against our Code of Conduct, including specific requirements on the management of key forced labor risks.

We have progressively raised expectations for our contract factories through evolving standards of our Code of Conduct and Code Leadership Standards. NIKE Code of Conduct and Code Leadership Standards include specific requirements to address key risks of forced labor. NIKE regularly reviews and updates the NIKE Code of Conduct and Code Leadership Standards. Updates in FY21 included broadening the definitions of employment fees to be borne by suppliers and strengthening the oversight requirements for labor agents recruiting and hiring foreign migrant workers.

IV. DIRECT SUPPLIERS' CERTIFICATION OF MATERIALS

NIKE requires its finished goods suppliers to verify they are sourcing materials from vendors that are compliant with [NIKE's Restricted Substances List \(RSL\)](#) and NIKE's Code of Conduct. NIKE's Supply Agreements also explicitly require suppliers to comply with all local and country-specific labor laws and NIKE's Code of Conduct and Code Leadership Standards.

V. DUE DILIGENCE, RISK ASSESSMENT & MONITORING

Leveraging information from external sources and supplier specific risks through NIKE's own programs, we continually evaluate and update our systems to identify and address risks in our supply chain, including those related to forced labor. NIKE is working towards mapping these risks further up the supply chain and is expanding engagement with Tier 2 suppliers. Over the past few years, we have prioritized our work on forced labor risks in our supply chain to focus on suppliers employing foreign migrant workers.

In FY19, NIKE launched the CUMULUS Forced Labor Screen™, a due diligence tool to help identify risks related to the recruitment of foreign migrant workers by NIKE suppliers. In FY21, we have expanded use of the tool to all Tier 1 finished goods and strategic Tier 2 suppliers hiring foreign workers. The work aims to help us understand current recruitment practices more deeply and allows us to map overlaps in recruitment agents at both the facility and country level. This process helps NIKE to identify risks and opportunities to further support our suppliers and their recruiting agents in implementing best practices and serves as an ongoing tool to monitor the effectiveness of programs in addressing and minimizing risks related to forced labor.

We regularly audit contract factories, which are monitored on a schedule based on their performance. These assessments take the form of audit visits, both announced and unannounced, to measure against the NIKE Code of Conduct, Code Leadership Standards and local law. NIKE audits assess the risks of forced labor, including the employment of vulnerable worker groups such as foreign migrants, interns and temporary workers and high-risk practices such as payment of recruitment fees or restrictions on freedom of movement. More information on NIKE's audit program can be found in the [NIKE Impact Report](#).

NIKE uses both internal and external third-party audits to assess compliance with our requirements and local law. We also monitor conditions at supplier facilities through audits and assessments by independent organizations, including the [Fair Labor Association](#) and the [Better Work Programme](#), a joint project of the International Labour Organization (ILO) and International Finance Corporation (IFC). In FY20, we expanded monitoring into our materials supply chain and logistics providers.

VI. REMEDIATION and EFFECTIVENESS

Working with a wide range of organizations and experts, NIKE continuously seeks to improve our approach to evaluating working conditions in our supply chain and working with our suppliers to enhance their capabilities. NIKE works with internal, external, and independent monitors to carry out audits and help in remediation and capability-building efforts. If we are provided evidence of an issue of non-compliance within one of our contract factories, we investigate it promptly. Where improvements are required, we seek to drive ownership by factory management to identify and correct issues, and also improve systems to address root causes in order to prevent future reoccurrences.

Through our ongoing assessment process, NIKE engages supplier groups to evaluate programs designed to ensure foreign migrant workers do not pay fees related to their employment, which is a violation of NIKE policy outlined in our Code of Conduct and Code Leadership Standards. When alerted to violations to the NIKE policy by external parties, we investigate and where possible, collaborate with applicable stakeholders to drive remediation of the issues with the facility, including reimbursement of fees paid by workers found to be in violation of NIKE's Employer Pays Principle.

VII. TRAINING and ACCOUNTABILITY

NIKE believes suppliers that prioritize the well-being of their workers, by engaging with them to understand their needs, have better factory performance. We also believe that our ability to influence suppliers is dependent, in part, on how we build the right incentives and sanctions into our business relationships. Our Manufacturing Index, introduced in 2012, scores factories on sustainability, including labor practices, on a par with traditional metrics of cost, quality and on-time delivery.

To more fully integrate our compliance and sustainability criteria into sourcing decisions, NIKE provides annual training to those with direct responsibility for supply chain management. The training advances enhanced understanding and compliance with our sustainability policies, our Code of Conduct and Code Leadership Standards, that include our expectations on ethical recruitment. The training curriculum was updated in FY19 and includes a specific highlight on our requirements to prevent risks of forced labor.

NIKE frequently convenes supplier events, or learning communities, designed to share information on NIKE expectations, developments on local policies/legislation, and other sustainability and labor best practices, including those related to management of migrant workers, a challenge that is faced by many of our suppliers and vendors in countries where it is common to recruit workers cross-border. For example, in FY21 we collaborated with ILO Better Work in Jordan in working toward the elimination of pregnancy tests in foreign migrant worker's home countries and enhancing workers' awareness on prohibition of pregnancy testing and any form of verbal abuse. In addition, we also supported Better Work

in their delivery of several trainings to the workers in our contract factories, in order to enhance a higher degree of psychological wellbeing, mental health and improved workplace communication.

In FY21, NIKE also partnered with the [Responsible Labor Initiatives \(RLI\)](#) to [deliver the Responsible Recruitment Due Diligence Toolkit training](#) for all strategic Tier 2 suppliers in Taiwan. This training equips suppliers with knowledge and practical tools to conduct responsible recruitment due diligence.

To support further responsible recruitment capability development, NIKE has engaged with RLI to design post-training consultation and coaching for suppliers. Post-training coaching and consultation provides direct support from RLI to identify gaps in recruitment systems, develop sustainable improvements plans and to prioritize these plans for implementation.

VIII. COLLABORATIVE SOLUTIONS

NIKE believes addressing critical human rights risks, such as forced labor, often requires a collective approach. We engage with multi-stakeholder working groups to assess collective solutions that will help preserve the integrity of our global supply chains. NIKE has long partnered with multi-stakeholder and external organizations such as the Fair Labor Association and the International Labour Organization's Better Work Programme to address labor risks in our supply chain. Nike is a member of a number of [corporate responsibility initiatives](#) committed to addressing forced labor issues in global supply chains. Through our partnerships with these and other organizations, we work on a wide range of human rights risks, including those related to forced labor.

NIKE is a founding signatory to the American Apparel and Footwear Association & Fair Labor Association's Apparel & Footwear Commitment on Responsible Recruitment. The principles of the Commitment, centered on addressing risks for forced labor, are aligned with NIKE's standards and the work we have been doing with our supply chain manufacturers for more than a decade. We believe this builds on the focus by several other sectors to drive change in the dynamics of how workers are recruited for cross-border employment. NIKE is also a member of the [Leadership Group for Responsible Recruitment \(LGRR\)](#), an initiative of the Institute for Human Rights and Business and a Steering Committee Member of the Responsible Labor Initiative (RLI), an initiative of the Responsible Business Alliance to further our work and goals on eliminating forced labor risks in our supply chain. Each organization helps us to advance core aspects of our strategy.

NIKE works collaboratively with a number of non-governmental organizations to address forced labor. In FY21, NIKE began a Strategic Partnership Program with [Issara Institute](#) in Thailand. All NIKE Tier 1 and Tier 2 suppliers operating in Thailand that employ foreign migrant workers will have access to the program enabling on-site support, expert consultation and on-going engagement with workers and factory management. At the core of the program is worker voice, where both foreign and local workers can provide feedback

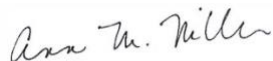
or concerns through multiple channels managed by Issara. This work focuses on building trust with workers to self-identify gaps and empowers suppliers to strengthen HR systems to address issues, with a focus on issues impacting foreign workers.

We also have been working with suppliers who employ foreign migrant workers to address particular vulnerabilities for those workers as a result of the COVID-19 pandemic. We have connected with the International Organization for Migration (IOM) and other organizations through our memberships with the RLI and the LGRR and have been working to provide resources and information to our suppliers to support their different national cohorts of foreign migrant workers.

We continue to collaborate with industry experts, partners, industry associations, stakeholders and other organizations to understand, evaluate and address matters related to forced labor. We also continue to expand and evolve our work with other industry peers, NGOs, and organizations to increase respect for human rights and to accelerate positive impact in the countries where we and our suppliers operate. For more information about our work, please see the [Responsible Sourcing](#) section of our Purpose website.

This statement covers the period from June 1, 2020 to May 31, 2021.

Nike Australia Pty. Ltd. (Nike Australia), a subsidiary of NIKE, Inc., is required to submit a statement pursuant to the Australian Commonwealth Modern Slavery Act. Nike Australia has its headquarters in Melbourne and distributes, sells and markets NIKE athletic footwear and apparel. Nike Australia has approximately 600 employees engaged in administrative functions and retail sales. It does not engage in manufacturing and does not own or control any other entities. This statement was approved by the Board of Directors of NIKE Australia on November 29, 2021 and the undersigned is a member of that Board who has been authorised to sign this Statement.



Ann M. Miller
Director, Nike Australia Pty Ltd; Corporate Secretary and Chief Ethics & Compliance Officer,
Nike, Inc.