

STANDARD

The contractor does not use forced labor whether in the form of prison labor, indentured labor, bonded labor or otherwise. The contractor is responsible for payment of employment eligibility fees of foreign workers, including recruitment fees.

DEFINITIONS

- **Forced Labor** is any work or service obtained under the threat of penalty or for which the person concerned has not offered himself or herself voluntarily. This includes prison and bonded labor.
- **Threat of penalty** includes criminal sanction as well as various forms of coercion such as physical threats.
- **Bonded labor** is a form of indenture in which a loan or debt of the worker, or their family, is repaid by direct labor over an agreed upon or indeterminate period of time; the worker being unable to leave until the debt is repaid.
- **Employment eligibility fees** are those fees and costs associated with employment, including recruitment agency/placement firm fees, visas, health checks, work permit and work registration fees.
- **Foreign workers** are production line employees hired, either directly or through a third-party, employed by the contractor and whose nationality or country of origin is *different* than that of the country in which the contractor's facilities/worksites is located.
- **National employees** are employees hired, either directly or through a third-party, and employed by the contractor and whose nationality or country of origin is the *same* as that of the country in which the contractor's facilities/worksites is located.

REQUIREMENTS

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. PRISON LABOR

The contractor must not use prison labor or subcontract work to prisons. This includes procurement of any materials, goods or services used to manufacture products.

3. INDENTURED OR BONDED LABOR

a. The contractor must not participate in any system of recruitment or employment practice that indentures or bonds an employee to the workplace.

b. Retention of Documents

- i. Employees shall not be required to lodge 'deposits' or their original identity papers (such as travel or residency permits) with their employer.
- ii. **Safekeeping of Documents.** At the employee's request, the contractor may provide for the safekeeping of identity documents. The contractor must provide immediate access to these documents and return them upon the employee's request with no restrictions. The deposit of

identity documents for safekeeping and the return of those documents must be documented and signed by the employee and the contractor.

c. **Non-deduction from Wages – Employment Eligibility Fees.** The contractor may not 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. *See Compensation and Benefits Code Leadership Standard.*

d. **Training Agreement Guidelines**

In the limited circumstances below, the contractor may require employees who undergo externally provided training to enter into an agreement to reimburse the contractor for that training in the event the employee voluntarily leaves employment prior to the end of the agreement, provided:

- i. The agreement is limited to the management team. Such agreements may not be entered into with production line employees or supervisors;
- ii. The agreement is voluntary; the employee's employment will continue without adverse effect if the employee declines to undergo the training in question;
- iii. The costs are directly related to actual training costs as requested by the external training company;
- iv. Costs are agreed upon in writing prior to the training taking place; and
- v. The agreement is permitted under country law.

4. **FREEDOM OF MOVEMENT**

- a. The contractor must allow employees to move freely within their designated work areas during work hours, including being allowed access to drinking water and toilet facilities. Employees must be allowed to leave the facility during meal periods or after work hours.
- b. Those contractors with dormitories for employees must communicate security practices, including curfew policies, to applicable employees. Curfews must be reasonable and allow employees sufficient time to relax and participate in personal activities during non-working hours. Where curfews exist, they should apply equally to both national employees and foreign workers.

5. **SPECIAL PROVISIONS FOR “FOREIGN WORKERS”**

In addition to all the requirements above, where a contractor has hired foreign workers the contractor shall:

- a. **Foreign Worker Policy.** Have a written policy regarding its treatment of foreign workers. The policy should, at a minimum, include the requirements of fair treatment, payment of employment eligibility fees, payment of transportation costs, repatriation and any requirements under country law. The contractor must effectively communicate its foreign worker policy to its foreign worker employees so that they are aware of their rights under the policy. And the contractor shall train its staff responsible for implementing and enforcing its foreign worker policy regarding their roles and responsibilities.

- b. **Fair Treatment.** Treat such employees fairly and provide the same terms and conditions of employment as national employees including compensation, holidays and leaves of absence and any employer provided housing except where country law requires different benefits (for example with respect to payment of social security benefits).

✓ **As a recommend good practice, contractor is encouraged to employ or make available an on-site coordinator who speaks the language of both the foreign worker and the employer.**

- c. Ensure all job related and safety training is conducted in the language of the employee.
- d. **Payment of Employment Eligibility Fees**
- i. Except as provided below, directly pay all legally allowed employment eligibility fees associated with employment (either by the sending or receiving country), including recruitment or placement agency fees as a cost of doing business. Such fees may not be deducted from wages by way of garnishments, levies, deposits, guarantee monies or otherwise. *See Compensation and Benefits Code Leadership Standard.*
 - ii. Where it is not possible to directly pay agency and other employment eligibility fees in advance, or if any of the above fees are legally required to be paid by the foreign worker, the contractor shall fully reimburse the employee for those fees upon receipt of documentation of the fees paid. Such fees should be reimbursed within one month of the employee's arrival within the host country unless the contractor has a valid and verifiable reason not to reimburse the expense.
- e. **Payment of Transportation Costs.** In addition to the employment eligibility/recruitment fees noted above, where the contractor has hired foreign workers from another country, the contractor shall be responsible for in-bound airfare/transportation costs. Related inbound transportation costs are not required to be paid for foreign workers already within the country with valid working documents.
- f. **Hiring Agencies.** The contractor must use legally approved/registered hiring agencies in accordance with country law (where applicable).
- g. **Repatriation**
- i. In addition to any legal requirements of the host country and country of origin regarding repatriation of foreign workers, at the completion of the employment relationship, or earlier upon termination of employment, the contractor shall provide return air or land transport tickets to any foreign worker hired or recruited by the contractor from another country. The contractor shall comply with this requirement irrespective of the terms of the employee's employment contract.
 - ii. The requirement to pay for repatriation does not apply where the employee:
 - (1) Is terminated for illegal conduct;
 - (2) Obtains other legal employment within the country; or

- (3) Voluntary terminates his or her employment prior to the conclusion of the term of the employment contract.
- (4) The contractor must still pay for repatriation, however, if the employee terminates the employment prior to conclusion of the employment contract because:
 - The contractor breaches a material term of the employment contract, or
 - The employee is subject to harassment or abuse that is not timely remedied upon complaint (see *Non-discriminatory Treatment* and *Harassment and Abuse is Not Tolerated Code Leadership Standards*).

✓ The contractor is encouraged to provide return airfare prior to the conclusion of the employment contract in response to special circumstances such as serious illness or other family emergency.

h. Foreign Worker Contracts of Employment

In addition to the general requirements regarding contracts of employment (see "*Regular Employment is Provided*" *Code Leadership Standard*), when employing foreign workers:

- i. The terms outlined in the employee's written employment contract must be fully explained prior to departure from their home country. The explanation should be clear and in terms the employee would understand. This includes conditions of employment and reasons for termination.
 - ii. The employment contract should be written such that it is legally enforceable in the receiving country and written in the employee's language.
 - iii. The employee should receive a copy of the employment contract prior to leaving the country of origin.
- i. **Illegal Workers.** The contractor may not use foreign workers who are not legally authorized to work within the receiving country. Any illegal foreign workers knowingly hired by contractor or hired due to inadequate hiring practices are entitled to repatriation in accordance with paragraph 4g above.
- j. **Hiring of Foreign Workers within the Receiving Country.** The contractor must ensure that any foreign worker hired who is already within the Receiving Country is legally authorized to work. The contractor is responsible for any costs associated with changing the employment visa or other employment authorization documentation. The contractor also assumes the responsibility for repatriation in accordance with paragraph 4g above.

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.

References:

- *ILO Convention No. 29, Concerning Forced Labor (1930)*
- *ILO Convention No. 105, Abolition of Forced Labor Convention (1999)*.
- *ILO Convention No. 181, Private Employment Agencies Convention (1997)*

STANDARD

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

DEFINITIONS

- **Night work.** In the absence of country law definition, unless justified by "extraordinary circumstances" (see definition in *Working Hours are Not Excessive Code Leadership Standard*), night work is any work carried out, in whole or in part, between the hours of 10:00 pm in the evening and 5:00 am in the morning.
- **Underage employee** is an employee whose age is below either the minimum legal working age established by country law or the minimum age required by this Standard.

REQUIREMENTS

1. As the employer, the contractor is responsible for the employment relationship with its employees. Contractor shall comply with the higher of the applicable county law or these Code Leadership Standards.
2. **MINIMUM AGE REQUIREMENT**
 - a. Higher minimum age standards may be established by Nike and/or its affiliates within certain industries or countries, which will be communicated to the contractors concerned.
 - b. The contractor shall put in place and maintain adequate human resource systems and practices to verify that an applicant meets the minimum age requirement. Such systems and practices include a written hiring policy, training of hiring personnel, and requiring 'proof of age' documentation at time of hire.
3. **PROOF OF AGE**

Contractors must require "proof of age" at time of hire, which may include birth certificate, family book, personal registration (ID) card, driver's license and voting registration card. Copies of these documents must be kept on file through out the term of employment.

 - a. Contractor should take reasonable measures to ensure that such proof of age documents are accurate and complete. In those cases where proof of age documents are unreliable or unavailable, the contractor must find other ways to verify the employee's age. Examples include an "official stamped" copy of a school certificate or affidavit from local government representative.
 - b. Because 'proof of age' documents can be easily forged or altered, an auditor may require contractors to utilize the services of a government-certified medical doctor to accurately verify an employee's age through a physical examination. Documentation of exam results must be attached to at least one other "proof of age" document listed above.

4. REMEDYING UNDERAGE EMPLOYMENT

- a. The contractor shall establish, document, maintain, and effectively communicate to its employees and other interested parties policies and procedures for remediation of underage employees found to be working in situations which are prohibited by country law or this Standard.
- b. Among other such policies and procedures, when a contractor is found to have employees who are under the minimum age standard, consistent with the overall best interests of the employee and within the requirements of the laws of the manufacturing country, the contractor will be required to take the following actions:
 - i. Remove the underage employee from the workplace.
 - ii. Provide adequate, financial and other support to enable such underage employee to attend and remain in school or a vocational training program until age 16 or the minimum legal working age, whichever is higher.
 - iii. If the underage employee is able to provide documentation that he or she is enrolled and attending school classes or vocational training program, the contractor must continue to pay the underage employee the base wage until the time he or she either finishes school/training or reaches age 16 or the minimum legal working age, whichever is higher.
 - iv. When the underage employee reaches age 16 or legal minimum working age, whichever is higher, he or she must be given the opportunity to be re-employed by the contractor.
 - v. If the underage employee voluntarily chooses not to participate in a school education or vocational training program, he or she will forfeit the right to receive continued financial compensation from the contractor. This decision must be documented.
- c. The contractor and auditor may agree upon an additional or different program of remediation appropriate to the situation and the best interests of the employee.

5. PROTECTING YOUNG WORKERS FROM HAZARDOUS CONDITIONS

- a. The contractor shall not expose employees under the age of 18 to hazardous conditions, which are situations in or outside of the workplace that are likely to jeopardize the employee's health, safety or morals.
- b. The contractor is to have a process to identify work assignments that may be hazardous. Examples include working with or near hazardous chemicals, working with dangerous machinery, night work or as otherwise identified by country law.

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.

References:

- *ILO Convention No. 138, Minimum Age Convention (1973)*
- *ILO Convention No. 182, Elimination of the Worst Forms of Child Labour Convention (1999)*

STANDARD

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 other status protected by country law.

DEFINITIONS

- **Blacklisting** is creating, maintaining, using and/or communicating lists of employees or potential employees for the purpose of denying employment or other penalty based on legally protected status or non-job related criteria.

REQUIREMENTS

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. **NON-DISCRIMINATION POLICY**
 - a. The contractor must have a written policy against discrimination.
 - b. The nondiscrimination policy should, at a minimum, include:
 - i. A statement prohibiting discrimination in employment consistent with the above Standard and the applicable laws of the manufacturing country;
 - ii. Method(s) for voicing internal grievance(s)/complaints regarding discrimination [*Refer to the Grievance provisions in the Freedom of Association and Collective Bargaining Code Leadership Standard*]; and
 - iii. A statement that no employee will be punished or retaliated against for reporting in good faith discriminatory treatment or behavior.
 - c. **Communication.** The contractor must effectively communicate its non-discrimination policy to employees so that employees are aware of their right to be free from discrimination. Effective communication includes:
 - New hire orientation training;
 - Supervisor/management training;
 - Posting of the policy on employee notification board(s) or other locations where they can be easily read by employees.

✓ **Even where not required by country law, the contractor is encouraged to provide reasonable accommodation to disabled employees, including facilitating access to bathrooms and other factory facilities.**
 - d. **Staff Training.** The contractor shall train its staff responsible for implementing and enforcing the non-discrimination policy regarding their roles and responsibilities.

3. NON-DISCRIMINATORY EMPLOYMENT PRACTICES

- a. Employment decisions shall be made on the basis of employment related criteria. For example: the employees' qualifications, skills, ability, productivity and overall job performance.
- b. **"Blacklisting"** based on political affiliation, trade union status or any other legally protected status or non-employment related criteria is specifically prohibited.
- c. The contractor must comply with the laws of the manufacturing country regarding employment of designated categories of employees. Examples could include laws requiring preferential or special treatment of the physically impaired, veterans and protected minorities.

✓ Even where not required by country law, the contractor is encouraged to provide reasonable accommodation to disabled employees, including facilitating access to bathrooms and other factory facilities.

- d. **Equal Pay for Equal Work.** Women and men shall receive equal pay for work of equal value, equal evaluation of the quality of their work and equal opportunities to fill open positions.
- e. **Favoritism and Bribes.** Management personnel must not receive gifts, payments or other favors from employees or prospective employees in return for jobs or special treatment.

4. WOMEN'S RIGHTS

- a. **Safe work.** The contractor shall provide appropriate and reasonable accommodations for women employees in connection with pregnancy, childbirth and nursing. The Contractor must comply with any working hour limits or other work restrictions for pregnant employees required by country law and take other reasonable measures to protect pregnant women from hazardous work including restricted work hours as recommended by a licensed physician.
- b. **Pregnancy testing.** Pregnancy tests will not be a condition of employment, nor shall they be demanded of employees. Voluntary pregnancy tests may be provided, but only at the request of the employee, and each such request must be documented.
- c. **Contraception.** Employees will not be forced or pressured by the contractor to use contraception.
- d. **Maternity Leave.** Women employees are entitled to maternity leave in accordance with the requirements of country law or Nike's *Compensation and Benefits Code Leadership Standard*, which ever is higher.

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.

References:

- *ILO Convention No. 100, Convention Concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (1951)*
- *ILO Convention No. 111, Discrimination (Employment and Occupation) Convention (1958).*

STANDARD

To the extent permitted by the laws of the manufacturing country, 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.

DEFINITIONS

- **Bargain in good faith** is to regularly meet and discuss with a willingness to reach an agreement.
- **Blacklisting** is creating, maintaining, using and/or communicating lists of employees or potential employees for the purpose of denying employment or other penalty based on legally protected status or non-job related criteria.
- References to **union** or **trade union** through out this Code Leadership Standard also apply to other worker organizations as may be applicable.

REQUIREMENTS

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. **RIGHT TO FREELY ASSOCIATE**
 - a. In countries where country law recognizes employees' rights to form and join trade unions and other worker organizations of their own choosing without interference and to bargain collectively, contractor shall comply with country law and the requirements of this Code Leadership Standard. These rights continue through the course of employment, including eventual termination of employment.
 - b. Employees have the right to join or not to join trade unions or other worker organizations of their own choosing.
 - c. Where country law substantially restricts freedom of association, the contractor shall facilitate alternative means to individually and collectively engage with its employees and for employees to express their grievances and protect their rights regarding working conditions and terms of employment. At a minimum, this means having an effective grievance process (see paragraph 6 below).

✓ **In addition, to the extent permitted by law, the contractor is encouraged to support the establishment of worker committees freely chosen by its employees.**
 - d. **Union Dues.** The contractor shall not deduct union membership dues, fees, fines, or other assessments from employees' wages without the express and written consent of the individual

employee, unless otherwise specified in a freely negotiated and valid collective bargaining agreement or when required by law

- e. Union representatives should have access to their members under conditions established by country law or mutual agreement between the contractor and the union.

✓ **The contractor is encouraged as a good practice to allow reasonable time off with pay for employee union representatives to carry out their duties, such as grievance handling and representing members, and provide such facilities as may be reasonably required to enable the representatives to function effectively. The facilities and time-off which may be appropriate will vary depending upon the number of represented employees, number of worker representatives, provisions in the collective agreement, etc.**

3. NON-INTERFERENCE

- a. Employees have the right to elect leaders and representatives of their unions and to conduct activities without contractor interference, which includes acts that establish or promote the domination, financing or control of a trade union by employers.
- b. Consistent with country law, in cases where a single union represents employees, the contractor shall not attempt to influence or interfere in employees' ability to form other organizations that represent employees. The contractor will not interfere with the right to freedom of association by favoring one union over another.

4. HARASSMENT AND RETALIATION PROHIBITED

- a. The contractor must not threaten or use violence or the presence of police or military to intimidate employees or to prevent, disrupt or break up any activities that constitute a lawful and peaceful exercise of the right of freedom of association, including union meetings, organizing activities, assemblies and lawful strikes.
- b. No employee or prospective employee shall be subject to dismissal, discrimination, harassment, intimidation or retaliation for reason of membership in a union or worker association or participation in lawful trade union or other freedom of association activities, including exercising the right to form a union.
- c. **Blacklisting.** The use of "blacklists" to contravene the right to freely associate, for instance, blacklists based on union membership or participation in lawful union activity, is specifically prohibited.
- d. The contractor shall comply with all relevant provisions where country law provides special protection to employees or worker representatives engaged in a particular union activity (such as union formation) or to worker representatives with a particular status (such as union founding members or current union office holders).
- e. The contractor shall not impose any sanction on employees organizing or having participated in a lawful strike.

- f. Employees who have been found to have been unjustly dismissed, demoted or who have otherwise suffered a loss of rights and privileges at work due to an act of union discrimination shall, subject to the requirements of country law, be entitled to restoration of all the rights and privileges lost, including reinstatement to the same or similar job at the same wage and seniority, if the employee so desires.
- g. Employees and their union representatives shall be able to raise issues to management concerning compliance with a collective bargaining agreement without retaliation.

5. COLLECTIVE BARGAINING

- a. The contractor shall recognize the right of organized employees to engage freely in collective bargaining.
- b. The contractor shall bargain in good faith.
- c. The contractor shall honor, in good faith, the terms of any signed collective bargaining agreement for the duration of that agreement.
- d. Where country law specifies a certain union(s) as the exclusive bargaining agent, the contractor will not be required to engage in collective bargaining with other employee groups or organizations on matters covered by a valid collective agreement.

✓ **As a recommended good practice, where a collective bargaining agreement exists, the contractor is encouraged to make copies of the agreement available to all employees covered by the agreement.**

6. EFFECTIVE GRIEVANCE PROCESS

The contractor shall establish an effective grievance process that enables employees to address their concerns regarding working conditions and terms and conditions of employment. The specific grievance process will vary from factory to factory depending upon its size, local laws, culture, etc. But in general, an effective grievance process includes:

- a. A written grievance policy and implementing procedures. The policy should include.
 - i. Multiple channels for employees to raise concerns and provide input to management. For example: grievance/suggestion boxes; supervisors/team leaders; HR department/counselors; trade union/worker representatives; "open door" policy; company "hotlines"; third-parties, worker committees, meetings between management and worker's representatives, etc; and
 - ii. The ability to raise concerns confidentially (or anonymously), subject to the requirements of country law, if the employee so desires without fear of retaliation.
- b. Effective communication of the grievance policy to employees so that employees are aware of the grievance process and their right to raise concerns.

- c. Training of staff responsible for responding to grievances regarding the policy and their roles and responsibilities; and
- d. A means to document and track grievances to ensure there is a timely response back to the employee.

- ✓ **The contractor is also encouraged, as good practices, to:**
 - ✓ Identify and develop plans to respond to broader/systemic issues raised by employees through the grievance process;
 - ✓ Involve worker representatives and employee participation in the resolution of grievances, where appropriate;
 - ✓ Provide a process for appeal (especially in cases of discipline or termination); and
 - ✓ Post details of worker representatives prominently in the workplace.

7. TRAINING

As part of the contractor's employee training practices (see *Implementation Code Leadership Standard*), all employees should receive training on the rights related to this standard, acknowledging that these rights may vary by location.

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.

References:

- *ILO Convention No. 87, Freedom of Association and Protection of the Right to Organize Convention (1948)*
- *ILO Convention No. 98, Right to Organize and Collective Bargaining Convention (1949)*
- *ILO Convention No. 135, Workers Representatives Convention (1971)*
- *Universal Declaration of Human Rights (1948)(Articles 20(1) and (2) and 23(4)).*

STANDARD

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.

REQUIREMENTS

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. **GENERAL COMPENSATION PRACTICES**
 - a. Contractor acknowledges that wages are essential to meeting employees' basic needs, including some discretionary income.
 - b. At a minimum, employees shall receive the applicable legal minimum wage.
 - c. Wages and other benefits shall be paid on a regular and timely basis. Such compensation shall be properly characterized and reported to appropriate governmental authorities as wages in accordance with the requirements of country law. For example, payment for hours worked may not be mischaracterized as an "allowance" or other form of payment for the purpose of avoiding the payment of legally required taxes or making required deductions.
 - d. Compensation shall be paid by direct deposit, in cash or check form, in a manner convenient to employees.

- ✓ **As recommended good practices:**
 - ✓ **When an employee receives wages in the form of a cash payment, the contractor should require the employee to sign a document acknowledging receipt of wages.**
 - ✓ **Contractors should provide access and/or information on safe formal savings accounts and basic financial services to employees.**

- e. If it is found that an employee has not been properly paid his or her earned wages, including erroneous accounting of base and/or overtime wages, the contractor will be responsible for the back payment of those wages from the time of miscalculation or for a period of at least one year. Country law may establish longer periods of back payment obligation.
3. **DEDUCTIONS**
 - a. Deductions from wages shall not be made for disciplinary purposes, nor shall any deductions not provided for by the law of the manufacturing country be permitted without the express written permission of the employee concerned. Performance or behavioral issues should be dealt with by

other performance management methods, which may include counseling, warnings and/or ongoing training.

- b. This policy does not prevent contractor from restricting or eliminating discretionary bonuses based on factory or individual performance.
- c. Employees shall not be required to pay for tools to perform their job functions. As allowed by country law, employees found responsible for loss or damage of contractor's tools or property may be held financially responsible.
- d. **Employment Eligibility Fees.** The contractor shall not deduct from wages costs, fees or levies associated with employment eligibility, such as any required visas, health checks, employment registration, or work permit fees.
- e. **Union Dues.** The contractor shall not deduct union membership dues, fees, fines or other assessments from employees' wages without the express and written consent of the individual employee, unless otherwise specified in a valid collective bargaining agreement.
- f. The contractor must maintain written documentation of the employee's voluntary agreement to allow any deductions that are not mandated by law but provided as an option for the employee such as additional benefits, insurance and savings programs.
- g. Deductions not required by law or agreed to by the employee for the employee's benefit shall not result in the employee receiving less than the applicable legal minimum wage.

4. RETIREMENT/SEVERANCE FUNDS

- a. The contractor must fully fund/pay into all legally required social security, unemployment, retirement or severance funds (sometimes referred to as "provident funds") and maintain adequate financial records of the payment into and/or maintenance of such funds.
- b. Contractor shall have in place a procedure for determining all statutory severance and other separation benefits (termination payments) to which the employee is entitled under country law and, upon termination of employment, shall fully pay to the employee such termination payments.

5. PIECE RATE AND QUOTAS

Regardless of quota targets or piece rate agreements, the contractor must ensure each employee receives at least the legal minimum wage for hours worked and is paid overtime according to the requirements of country law.

6. PROBATIONARY AND TRAINING WAGES

- a. The contractor shall not pay a probationary wage that is below the legal minimum wage.
- b. Payment of "training wages" or participation in an apprenticeship program must be in accordance with country law and the requirements of Nike's *Regular Employment is provided Code Leadership Standard*.

7. PAY DOCUMENTATION

- a. Employees shall be provided with written and understandable information about their employment terms and conditions, including wages and benefits, before entering employment.
- b. **Pay slips.** The contractor must provide every employee with a printed payment record in the local language for the whole pay period each time they are paid. The payment record must include at least the following information:
 - Pay period and wage payment dates;
 - All regular and overtime hours worked;
 - Compensation rates for hours of work;
 - Totals for regular and overtime compensation;
 - All additional compensation such as individual/team bonuses; and
 - All deductions for insurance and/or other legally mandated deductions.

✓ **The Contractor is encouraged to show on the pay record the receipt of any additional benefits such as transportation or food allowances.**

- c. Employees should receive training so they understand the payment format.

✓ **As a recommended good practice, contractor should provide and/or inform employees of safe savings accounts/financial products where possible, as well as provide or link employees to financial literacy training.**

8. HOLIDAY AND LEAVE POLICIES AND PROCEDURES

- a. The contractor must have clearly written policies and procedures regarding legally required holidays, sick leave, annual leave, maternity leave, emergency family leave and other leaves as required by country law. The contractor must effectively communicate its leave policy to employees. The contractor shall train its staff responsible for implementing its leave policy regarding their roles and responsibilities.
- b. Contractor shall provide all legally required holidays and leaves and, to the extent not inconsistent with country law, comply with the specific additional requirements below:
 - i. **Sick Leave** Employees shall be provided sick leave in accordance with the requirements of country law

✓ **As a recommended good practice, even if not required by country law, employees should be provided time off to recover from sickness or injury as required by a government certified medical doctor. When in dispute, the contractor could require a second opinion from an alternate qualified medical provider at the contractor's expense.**

- ii. **Annual Leave.** In countries where no annual leave is mandated by law, contractors are required to provide annual leave as part of an employee's compensation and benefits.

- iii. **Maternity Leave.** Even if not required by country law, woman employees are entitled to unpaid maternity leave. Except in the case of extraordinary business circumstances such as retrenchment, they shall be entitled to return to their employment on the same or equivalent terms and conditions that applied to them prior to taking leave and shall not be subject to any discrimination or loss of seniority.
- iv. **Menstrual leave.** No physical exams may be conducted to verify eligibility for menstrual leave if it is a benefit mandated by country law.

9. FACTORY CLOSURE AND RETRENCHMENT

In the event of a facility closure or other corporate restructuring which will result in the retrenchment or termination of employees, at a minimum, the contractor shall:

- a. **Notice.** Give employees, employee representatives where applicable, and the relevant governmental authorities as much advance notice and relevant information regarding the redundancies/retrenchment as is possible under the circumstances.
 - i. Relevant information includes the rationale or criteria for the closure or retrenchment, the number and categories of employees likely to be affected and the period over which the terminations are intended to be carried out.
 - ii. At a minimum, the contractor shall provide such notice, or pay in lieu of notice (for example, paying 30 days' wages instead of providing 30 days' notice), and information as is required under country law.
- b. **Severance**
 - i. Fully pay all severance, social security and other separation benefits to which employees being retrenched are entitled under country law.
 - ii. **Release of claims.** Contractor shall not require that employees sign any declaration of good health, waivers or releases of other rights as a condition of receiving legally entitled severance pay or other benefits. The contractor may condition receipt of discretionary or additional severance and benefits on an acknowledgment and/or release of claims.
- c. **Collective Bargaining Agreement.** In the event affected employees are represented by a trade union or worker organization, the contractor shall fully comply with all applicable notice, consultation, payment of severance, outplacement or other benefits provided for in the current collective bargaining agreement or otherwise agreed to between the contractor and such trade union or employee representatives.

✓ **The contractor is encouraged to cooperate with independent third-parties to verify compliance with local law and any additional agreements regarding severance/outplacement benefits.**

- ✓ **In the event of closure or retrenchment, in addition to what is required by country law or collective bargaining agreement, the contractor is encouraged to provide either directly or in coordination with governmental, non-governmental organizations (NGOs) or other third parties:**
 - **Consultation.** The opportunity for employees and employee representatives, where applicable, to meet and consult on measures to be taken to avert or to minimize the redundancies/retrenchment and measures to mitigate the adverse effects of retrenchment on the employees.
 - **Transfer.** The opportunity to transfer to other owned facilities within the country at a comparable wage, if available.
 - **Appeal process.** A process whereby employees are provided an opportunity to reply, challenge or make appeals during the retrenchment process.
 - **Outplacement/retraining assistance.** This may include setting up “job banks” or otherwise helping employees find re-employment opportunities at nearby similar industries or within the community; setting up a process by which employees are informed of potential job openings; and placing paid ads in local media calling on potential employers to support effected employees by giving them priority in new hirings.
 - **Additional financial support** including additional severance, paid time off to seek other employment opportunities, financial assistance for retraining, economic support for co-operative micro-enterprise projects and/or financial literacy training.
 - **Medical benefits** in addition to what is legally required, specifically including additional assistance for pregnant workers and workers with significant medical conditions commensurate with their condition.
 - **Assistance in obtaining government benefits.** This may include educating employees of their rights and coordinating with appropriate local government agencies. For example, having government agencies, appropriate NGOs, etc, hold sessions at the factory or at a near by convenient location to provide information and assist workers in filling out forms to obtain governmental assistance and access to government training programs.

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.

References:

- *ILO Convention No. 158, Termination of Employment Convention (1982).*

STANDARD

Contractor's employees are treated with respect and dignity. The Contractor does not engage in or tolerate physical, sexual, psychological or verbal harassment or abuse.

DEFINITIONS

- **Physical abuse** includes use or threat of physical discipline (corporal punishment).
- **Psychological and verbal abuse** includes screaming, threatening, or use of demeaning words toward employees and use of words or actions that attempt to diminish employee self-esteem.
- **Sexual harassment or abuse** includes:
 - Unwelcome sexual comments, including comments about a person's body, appearance, or sexual activity, and advances or propositions of a sexual nature.
 - Unwelcome physical conduct including assault, impeding or blocking movement or physical interference.
 - Offering preferential work assignments or treatment in actual or implied exchange for a sexual relationship.
 - Subjecting employees to prejudicial treatment in retaliation for refused sexual advances.

REQUIREMENTS

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. **HARASSMENT AND ABUSE POLICY**
 - a. The contractor must have a written policy against harassment and abuse.
 - b. The Harassment and Abuse policy should, at a minimum, include:
 - i. A statement prohibiting harassment and abuse consistent with the above Standard and the applicable laws of the manufacturing country;
 - ii. Method(s) for voicing internal grievance(s)/complaints regarding harassment and abusive behavior [*Refer to the Grievance provisions in the Freedom of Association and Collective Bargaining Code Leadership Standard*];
 - iii. A statement that offensive behavior may lead to discipline up to and including termination of employment or prosecution by legal authorities; and
 - iv. A statement that no employee will be punished or retaliated against for reporting in good faith harassment or abusive treatment or behavior.
3. **Communication.** The contractor must effectively communicate its harassment and abuse policy to employees so that employees are aware of their right to be free from harassment and abuse. Effective communication include:

- New hire orientation training;
- Supervisor/management training;
- Posting of the policy on employee notification board(s) or other locations where they can be easily read by employees.

d. **Staff Training.** The contractor shall train its staff responsible for implementing and enforcing the harassment and abuse policy regarding their roles and responsibilities.

4. SECURITY PERSONNEL

On-site security personnel, whether they are full-time contractor employees or sub-contracted employees of an outside service provider, must conduct routine and emergency activities in such a way as to ensure the highest levels of safety and security, while also protecting the dignity of the employee. This includes following the requirements below.

- a. **Written Policy.** Contractor must have a written security policy that includes requirements for appearance, personal conduct, responsibility and knowledge of local laws. Security personnel must be trained on their roles and responsibilities.
- b. **Use of Force.** Security personnel must conduct their daily duties with courtesy and respect for all employees and visitors. No force should be used in routine job performance except in situations when self-defense is absolutely necessary (i.e., there is clear and present danger to themselves or other employees). The use of force in these limited circumstances should be proportional to the situation and within the boundaries of country law.
- c. **Crisis Management.** When a crisis situation involving violence or potential violence against personnel or property is identified, security personnel must immediately notify the contractor's management. Such crises situations must be documented.
- d. **Use of Weapons.** The carrying of weapons of any kind is not recommended unless post(s) are required to be armed for the protection of employees and property in countries where violence is frequent. In such cases, the contractor or security service provider must have a system in place that provides training for the proper handling and maintenance of such weapons. No personal weapons are to be brought to the contractor's facilities at any time.
- e. **Employee Searches.** If employee searches are necessary to guard against theft or illegal activities, the contractor must first consult with the local labor bureau or other appropriate government agency regarding standards for conducting such searches. Employee searches, which include "pat-downs" and opening hand bags, etc., must be applied equally to all employees regardless of position. All employee searches must be conducted in the open and any physical searches (i.e., pat downs) must be performed by security personnel who are of the same gender as the employee and with respect for the individual.
- f. **Dormitories.** Dormitory security personnel must ensure that security services are available on-site for the protection of employees and the separation of men and women. If a curfew exists, it must be reasonable and employees must be informed of the roles of security in enforcing the curfew.



- g. **Training.** All security personnel must be trained on the contractor's written security policy and harassment & abuse policy. All job-related training must be documented.

5. DOCUMENT RETENTION

Contractor must maintain and make available all documentation regarding allegations of harassment and abuse upon request to Nike or designated auditors.

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.



STANDARD

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.

DEFINITIONS

- **Extraordinary Circumstances** are situations outside the control of the contractor typically understood as "Force Majeure." This includes acts of nature (such as fire, flood, earthquake or other natural disaster), hostilities or civil unrest, and interruption or failure of essential utilities such as electricity.
- **Extraordinary business circumstance** is a type of extraordinary circumstance and is a narrow exception for unforeseen circumstances outside the ordinary course of business, such as the unanticipated failure of a Nike designated vendor to supply essential materials or other circumstance as agreed upon with Nike or Nike Affiliate. It does not include breakdown in machinery, failure to properly plan, business issues related to producing product for other buyers or other circumstances caused by or within the control of the contractor.
- **Hourly employees** are employees, such as production line workers, which are required by country law to be compensated on an hourly basis (non-exempt employees). Hourly employees do not include management staff or others paid on a salaried basis as allowed by country law.
- **Overtime** is work performed in addition to regular working hours as defined by country law.

REQUIREMENTS

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. **REGULAR WORKING HOURS**
 - a. **Time keeping system.** Contractor must maintain an adequate time-keeping system that accurately records hourly employees' daily work hours in a timely manner. A timely manner is defined as no more than 15 minutes, before or after the shift. The time-keeping system should be used for recording both start and stop times. Both regular and overtime hours must be recorded on the same time document and in the same system. Wages of hourly employees should be calculated based on all hours worked tracked by the time keeping system.
 - b. To ensure accuracy, reliability and transparency, ordinarily time keeping systems should be mechanical or electronic. A non-mechanical or electronic based system (e.g., hand-written time cards) must be approved by Nike or Nike Affiliate.



3. OVERTIME/LIMITS ON HOURS OF WORK

- a. Contractor must comply with the requirements of country law regarding daily, weekly and annual limits on hours of work and the working of overtime hours.
- b. **Premium Rate.** Overtime must be paid at a minimum premium rate equaling the higher of the requirements of country law or 125% of the employee's base hourly rate.
- c. Total work hours including overtime must not, unless justified by "extraordinary circumstances" (see below), exceed 60 hours per week or the limits under country law, whichever is less.
- d. **Local Overtime Permits.** If country law allows contractor to apply for permission for employees to work additional hours beyond those regularly permitted, contractor may apply for and utilize such permit, provided:
 - i. The permit is obtained in accordance with the requirements of country law, issued at the Municipal level or higher;
 - ii. A copy is posted in the work place;
 - iii. Additional overtime hours worked are voluntary; and
 - iv. Except in "extraordinary circumstances" (see below), total hours worked do not exceed 60 hours per week.
- e. **Extraordinary circumstances**
 - i. In the limited situation of extraordinary circumstances, and where permitted by country law, total hours of work may exceed 60 hours per week, provided:
 - (a.) Contractor immediately notifies and obtains prior written approval from Nike or Nike Affiliate;
 - (b.) Contractor takes reasonable steps to minimize the need for additional overtime, and any additional overtime worked is limited to what is necessary to meet the extraordinary circumstance and;
 - (c.) Any additional overtime hours worked is voluntary.
 - ii. Nike or Nike Affiliate will review requests for additional overtime under claims of "extraordinary circumstances" on a case-by-case basis and determine the level and duration of additional overtime permitted under this exception, if any.
 - iii. The approval of a request for additional hours due to extraordinary circumstances will be documented by Nike or Nike Affiliate using the attached Extraordinary Circumstances Reporting Form, a copy of which must be retained by the contractor.

4. DAYS OFF (Day of Rest)

- a. Contractor must comply with the requirements of country law and regulations regarding breaks and days of rest.



- b. Except in “extraordinary circumstances” (see above) or pursuant to the “switching policy” (see below), employees shall be allowed at least 24 consecutive hours rest (day of rest) in every seven day period.

✓ As a recommended good practice, whenever possible, the day of rest should be scheduled on the same day of the week so that the employee can plan for that day of rest.

c. **Switching policy**

- i. Factories may switch the day of rest provided:
- It is in accordance with country law;
 - Employees are provided at least 24 hours prior notice;
 - Any applicable trade union or workers representatives are consulted;
 - The switched day does not result in employees working more than 60 hours in a week (or local legal requirements if lower).
- ii. If the day of rest is changed with less than 24 hours notice, the day worked must be paid at the overtime rate *and* must be voluntary.
- iii. Country specific Switching Policies may be implemented providing additional requirements and protections to employees.

5. **OVERTIME HOURS ARE CONSENSUAL**

- a. Contractor must comply with the requirements of country law regarding the voluntariness of overtime hours.
- b. Where mandatory overtime is permitted under country law, employees must consent to being required to work overtime by being notified of this requirement at time of hire.
- c. If mandatory overtime will be required, employees should be given at least 24 hours advance notice whenever possible.
- d. Any additional overtime hours worked under a local overtime permit, in the case of “extraordinary circumstances” or “switched hours” with less than 24 hours notice must be voluntary.

✓ As a recommended practice, contractor is encouraged to first attempt to meet its need for additional hours by requesting voluntary overtime.

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.



Extraordinary Circumstances Reporting Form

Date:

Factory Detail:

(Location; Sourcing/BU; Number of employees; Current Rating)

Description of "extraordinary circumstances"; justification for additional hours:

Duration/extent of approved additional hours (Including number of impacted employees):

Reasons/cause of the extraordinary circumstances; measures to mitigate; steps to limit future occurrences:

Approval by:

STANDARD

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

- **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

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.

STANDARD

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.

DEFINITIONS

- **Document or documentation** is printed, written or electronically stored information. It includes, but is not limited to, records, reports, notices, complaints, computer files, personnel files, payroll and timekeeping records, emails and other correspondence.

REQUIREMENTS

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. **APPLICABILITY OF CODE AND CODE LEADERSHIP STANDARDS**
 - a. 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.
 - b. All applicable provisions of country law regarding workers and the workplace as well as Nike's Health and Safety Code and Environment standards and CLSs apply to all individuals lawfully on contractor's premises.
 - c. To the extent the Code and/or CLSs set higher labor standards than what is required by country law, such standards apply to all production line workers within any building in which Nike or Nike Affiliate product is being made. This includes production line workers employed through a third party or some other employment/contractual relationship.
 - d. **Licensee and Agents.** Licensees and Agents shall ensure compliance with the Code, CLSs and applicable requirements of country law in connection with the manufacture of Nike or Nike Affiliate branded product, and comply with the other requirements set forth in the current Licensee and Agent Manual/policy.
3. **INTEGRATION OF STANDARDS INTO CONTRACTOR'S BUSINESS PRACTICES**
 - a. Contractor shall adopt and adhere to rules and conditions of employment that respect its employees and, at a minimum, safeguard their rights under country and international labor and social security laws and regulations.
 - b. **Policies and procedures.** Contractor shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruiting, hiring, discipline, through to retrenchment and termination processes.

✓ As a recommended good practice, contractor is encouraged to implement a regular review process of policies, procedures and their implementation and amend when warranted.

- c. Contractor shall assign responsibility for administration of human resources to a clearly defined and adequately qualified staff member(s).
- d. Please refer to the applicable CLSs for further clarification of requirements and recommended good practices for policies and procedure regarding hiring, non-discrimination, grievance systems, compensation, harassment and abuse, hours of work, etc.

4. MONITORING AND REMEDIATION

- a. Contractor shall submit to and cooperate with audits, either by Nike, Nike Affiliates or designated third-party auditors, to verify compliance with the Code Standards, CLS Requirements and applicable country law with or without prior notice.
- b. Submission to verification and monitoring includes:
 - i. Granting physical access of auditors to contractor's manufacturing premises and premises where pertinent documents are located. If needed for determining the actual status of working conditions on the premises, this may include areas of the workplace usually restricted from visitors for safety or intellectual property reasons.
 - ii. Facilitating unrestricted access to contractor's employees for purposes of confidential verification interviews. Contractors shall not 'coach' employees with respect to potential auditor questions or interfere with or retaliate against employees in connection with audits; and
 - iii. Making available documentation required to be maintained by the CLSs or otherwise needed to demonstrate compliance with the Code or applicable country law.
- c. **Document Retention**
 - i. The contractor is required to maintain all documentation needed to demonstrate compliance with the Code and applicable laws and specifically required to maintain those documents identified in the CLSs. Such documentation must be maintained on contractor's premises and organized so as to be readily identifiable and easily accessible by Nike or Nike's designated auditors.
 - ii. Documents are to be retained for at least 12 months or as required by country law, which ever period of time is longer.
- d. **Transparency.** Contractor is to be fully transparent (open and honest) regarding its implementation of and compliance with the Code and CLSs. Documentation must be maintained in an original/unaltered condition. Information and documents are not to be falsified or misrepresented.

For example, contractor is prohibited from maintaining and showing to auditors “double books” containing false or misleading information on wages or hours worked.

- e. **Remediation.** Contractor shall exercise its best efforts to timely address and remediate any issues of non-compliance identified during an audit. Failure to do so may result in sanctions within the framework of the sourcing agreement, including a reduction in orders or possible divestment.

5. UNAUTHORIZED SUB-CONTRACTING IS PROHIBITED

The contractor may not sub-contract out the production of Nike or Nike Affiliate product to third-parties or contractor owned facilities not previously approved without the prior written approval of Nike or Nike Affiliate.

6. COMMUNICATION AND TRAINING

- a. The Contractor shall post the Code in all major workspaces, translated into the language(s) of its employees.
- b. **Employee orientation and training.** Contractor shall provide an orientation to new employees at the time of hiring, which includes explanations of the contractor’s rules, benefits, and other entitlements and human resources policies, industrial relations, including respect of the right to freedom of association, and health and safety. Training should be updated on a regular basis, and in particular, when any policies and procedures are revised.
- c. Workplace rules, policies, and practices shall be communicated to employees in the language(s) spoken by its employees if different from the local language.
- d. **Supervisor training.** Contractor shall ensure that supervisors are trained in applicable country laws, Code and CLS standards.
- e. **Training Documentation.** Contractor must document such training including topic(s), date(s) and attendee name(s).

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.