**Watchdog Group Kept Out Of Nike Supplier’s Factory After Worker Strike**

Nike insists it can’t help, but labor group says it’s a troubling sign.

By Dave Jamieson

A prominent labor rights group that monitors working conditions in overseas factories says apparel giant Nike refused to let it inspect a plant in Vietnam roiled by employee strikes.

Workers at the Hansae Vietnam factory who produce university-branded Nike clothes held a pair of walkouts over working conditions late last year. The Worker Rights Consortium, an independent monitor affiliated with nearly 200 U.S. colleges, says it wanted to inspect the factory on behalf of its member schools to find out what the problem was.

What Nike and the WRC can agree on is that Nike didn’t help facilitate any access for the group. Nike says that it can’t control who inspects a supplier’s factory, and that it wouldn’t normally assist an outside group like the WRC. “These are not our factories to control,” Hannah Jones, Nike’s chief sustainability officer, told The Huffington Post.

But the WRC says the rebuff from Nike signals a turnabout after years of reasonable cooperation from the brand. Scott Nova, the group’s director, said he was “surprised and concerned” that Nike “effectively refused to let us in the door.”

“What it boils down to is Nike prefers not to be accountable to an independent investigative body,” Nova said. “They want to police the working conditions themselves. The reason there are mandatory standards is it’s not prudent to allow companies to police themselves.”

To understand the row, you have to understand Nike’s long history with labor watchdogs and activists. The company’s public image was battered by a series of sweatshop scandals back in the 1990s. Tales of paltry wages and harsh conditions for foreign workers producing Nike shoes, clothes and athletic equipment led U.S. students to protest the iconic brand. At the time, Nike said it shouldn’t be held responsible for the actions of suppliers it doesn’t own.

The company eventually took major strides toward transparency. It became the first big U.S. retailer to publish a list of the overseas factories producing its goods, and it took a far more active role in monitoring the working conditions inside factories. The company evolved into something of a poster child for corporate social responsibility, the concept in which brands are accountable to the working conditions at the bottom of their supply chains.

Despite the progress that’s been made, independent watchdogs like the WRC have never been comfortable with the system of monitoring adopted by Nike and other brands. Most U.S. retailers devise their own voluntary monitoring plans that critics say leave them without much skin in the game. And though they subject themselves to audits, those audits are often done by monitoring groups that are funded at least in part by the retailers themselves. Such monitoring came under heavy scrutiny after 2012 press coverage of conditions at Foxconn, the Chinese supplier to Apple, and the collapse of Rana Plaza, which killed more than a hundred garment workers in Bangladesh in 2013.

Nike’s Jones said the company works closely with the nonprofit Fair Labor Association. The group has corporate board members and receives much of its funding through its corporate affiliates — including Adidas, Apple, Fruit of the Loom and Under Armour — though it also counts many universities and nongovernmental organizations among its members. Jones said the FLA runs factory assessments over which Nike has no control. She also said Nike works with the International Labour Organization, an agency of the United Nations, to address complaints at its factories.

In the case of the Hansae factory, Jones said, Nike products account for about 9 percent of what’s manufactured in the facility. She said Nike was first notified about the worker strikes by the WRC. The company then did its own investigation, relying on the FLA and the ILO, finding that the strikes resulted from “a very poor relationship between workers and a new manager” at the factory, she said.

“That’s how we’ve always operated with the WRC. We went in, did our own monitoring, and we asked the FLA to come in and do an independent assessment, which they are about to do,” Jones said. “We don’t have a formal relationship with the WRC, and it’s quite important that brands have an arm’s length with watchdog institutions.”

The WRC says that Nike has helped facilitate its factory audits in the past, and that, in the case of Hansae, it has an obligation to. Scores of universities have contracts with Nike, licensing their school logos to go on Nike apparel. Many of those schools are WRC affiliates who have their own codes of conduct that suppliers are expected to adhere to.

Two weeks ago, hundreds of college faculty members signed onto a letter criticizing Nike for not assisting the WRC in investigating the situation at Hansae. The letter, led by Richard Appelbaum, a sociology professor at the University of California, Santa Barbara, accused the company of “attempting to turn back the clock on transparency and worker rights.”

Rutgers, too, has waded into the tiff. In a December letter to Nike obtained by The Huffington Post, Rutgers’ president, Robert Barchi, said that if Nike didn’t help the WRC access the Hansae factory, the company would be taking “a step backward” on its labor rights record. “Rutgers feels that it is essential that all companies producing Rutgers branded products not only adhere to all applicable labor codes of conduct but also be perceived as maintaining the highest standards of labor rights,” Barchi wrote.

“We have reversed nothing,” Nike’s Jones insisted. “Nike remains firmly committed to transparency.”

College students have considerable influence on apparel makers because of how lucrative the college licensing contracts are. The pressure at Rutgers has come from students affiliated with a group called United Students Against Sweatshops, which has been agitating on campuses since the late 1990s.

In 2012, the group succeeded in getting Rutgers to drop its relationship with Adidas after students criticized the company for not paying severance to laid-off workers at a supplier in Indonesia. (Adidas later agreed to pay into a fund for the employees.) Morgan Currier, an organizer with USAS, said students are adamant that Nike assist the WRC in investigating any problems at Hansae.

“Students are very upset with Nike,” Currier said. “They’re undermining 19 years of work by garment workers and students.”

Nike has learned there were two strikes that lasted three days each at Hansae. According to Jones, some of the worker unrest there stemmed from how production bonuses were being awarded. She said that she would not call management there “gold star,” but that they were in the process of “full remediations.”

Nova, of the WRC, said his group was doing labor rights research in the area when it learned of the strikes last year through local sources.

“We only have limited information because of Nike,” Nova said. “But we do have enough information to have serious concerns about it.”

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| Nike’s Response to Georgetown University’s Cancellation of Contract*Nike provided the Business Journal the following statement in response to questions about working conditions at the Hansae Vietnam factory:**Nike’s been deeply committed to workers and improving conditions in contract factories for more than 20 years, and that commitment remains as strong today as ever. We established a Code of Conduct in 1992, were the first in our industry to disclose our supply chain locations to drive collaboration and transparency, and have led in establishing a consistent process for independent third party investigations across our 665 contract factory suppliers. The Fair Labor Association (FLA) is Nike’s accredited auditor and we remain committed to the vital role they play in the industry. We helped co-create the FLA as the international body for conducting audits representing universities, academics, NGOs, civil society and companies. They have been resolute in making significant progress for workers across the industry. We respect the Worker Rights Consortium’s (WRC) commitment to workers’ rights while recognizing that the WRC was co-created by United Students Against Sweatshops, a campaigning organization that does not represent the multi-stakeholder approach that we believe provides valuable, long-lasting change. We value the role of campaigning bodies; however, we believe there are inherent conflicts of interest between campaigning and auditing. We have been consistent and transparent in our position with all of our University partners, including Georgetown, from the inception of our relationships through to now. Our transparency on factory locations enables other non-affiliated groups to rapidly alert us to issues they may see, and we take every alert seriously, responding with both internal, external and independent monitoring. Upon discovering issues, we engage with the management of the factory, providing resources, a roadmap of expectations on changes and remediation, and where necessary, we trigger meaningful sanctions, up to and including a severance of our contract. For over a year, Nike has engaged extensively with Hansae factory management recognizing that the issues in their factory are complex, systemic and require sustained rigor and diligence to correct.**Regarding Hansae, in July, the FLA completed a comprehensive audit of the entire Hansae manufacturing facility, which includes 12 factory buildings across more than 30 brands. Nike manufacturing occurred in two buildings and, at the time represented approximately 9% of factory production. In October, under specifically agreed terms with Georgetown University and the FLA, the FLA facilitated access to the WRC to conduct a joint investigation of the factory in an effort to overcome an impasse among all parties. We continue to stand by our commitment to encourage the FLA and WRC to partner together as we did in the recent Hansae situation.**Hansae management, with Nike and FLA’s oversight, has developed a comprehensive remediation plan that addresses all of the issues identified in the joint investigation. Many corrective actions have already been implemented and we are closely monitoring Hansae’s progress against its remediation plan. Nike has also imposed sanctions on the factory that have reduced our production orders so that Nike now represents 3% of current production volume.**Our investment in transparency and commitment to protect worker’s rights is unwavering. We are committed to going far beyond simply uncovering the issues, and to working to elevate standards across not just our supply chain but the industry as a whole. Our Code of Conduct is the strongest in the industry. We remain hopeful of reaching an agreement on Georgetown’s licensing contract.* |