

NIKE'S HONG SENG STATEMENT

Nike is deeply committed to ethical and responsible manufacturing. Our goal is to ensure all people who make our product are valued and treated fairly and with respect. In August of 2020, the Worker Rights Consortium (WRC) shared allegations with Nike of forced worker furloughs and other issues at Hong Seng Bangkok, a contract manufacturing facility in Thailand that produces finished goods for Nike and other brands. Nike takes every allegation it receives seriously and promptly engaged a third party to review and investigate these allegations.

The investigation found that the furlough program was consensual and voluntary and was consistent with local law and labor guidelines. It also found that a subset of workers who did not consent to furloughs were, in fact, owed back-pay, and Nike required Hong Seng to pay these workers in accordance with local law and Nike's Code of Conduct.

After allegations persisted in 2022, Nike conducted a second investigation, and was prepared to take further action based on the new review. However, this investigation concluded again that all workers had been compensated in accordance with local law and Nike's Code of Conduct. At this time, after two independent third party investigations, there is no evidence that any workers are legally owed back-pay or compensation. We appreciate WRC bringing the situation at Hong Seng Bangkok to Nike's attention and look forward to continued engagement on these important issues.

WRC REJOINDER

Nike denies that Hong Seng Knitting committed mass wage theft and offers in support of this denial only one substantive claim: that thousands of workers at the factory freely consented not to be paid wages to which they had a legal right. Since the Worker Rights Consortium (WRC) [published](#) overwhelming evidence in 2021 that workers were coerced into surrendering their wages, Nike is stating, in effect, that when an employer forces a worker to do something, the worker can still be said to have freely consented. The WRC is not aware of any other brand that uses this definition of consent in assessing labor rights compliance.

In order to conclude that the workers consented to ceding the money they were legally owed, Nike and the commercial auditing firm it hired at Hong Seng (Elevate, a firm with a history of failing to uncover rights abuses, as documented [here](#) by Human Rights Watch, [here](#) by Clean Clothes Campaign and [here](#) by the WRC), either ignored the following evidence of management's coercion of workers or considers succumbing to that coercion to be a consensual act.

1. Abundant documentary and testimonial evidence that Hong Seng carried out a scheme to avoid paying wages that Thai law legally requires for temporarily suspended workers, by *instructing* all employees to sign a form falsely stating that they wished to take "voluntary" *unpaid* leave and then using these falsified forms as a basis for withholding wages.
2. A ruling by the Thai Government in response to a Hong Seng worker complaint that found that the unpaid leave form presented by Hong Seng to workers did not constitute a valid agreement that justified nonpayment of wages.
3. Testimony from workers who refused to sign, or indicated that they wanted to consult the Thai government or labor rights organizations, who were then called into meetings by management and intimidated: threatened with dismissal, with even more days of

suspension, and with other reprisals (including that they would have to “take responsibility for any problems that could arise” for the factory if they consulted outside parties).

4. Other documented intimidation of workers not consenting to the wage theft such as the Hong Seng Facebook page that threatens workers with legal prosecution for posting about the situation on social media.
5. The police report filed by Hong Seng against a Burmese migrant worker, [Kyaw San Oo](#), who had shared concerns with other workers about the wage issue on Facebook Messenger, resulting in the worker fleeing to Myanmar with his wife and infant child in justified fear of false arrest and imprisonment.
6. Management’s refusal to pay wages even to those few workers who withstood the pressure and refused to sign the document accepting unpaid leave, proof that management never intended to pay anyone.

There has been no explanation from Elevate or Nike as to how they concluded, on the basis of this evidence, that workers freely consented to give up their pay. Indeed, Nike has denied repeated requests to make Elevate’s findings public, or even to allow the WRC to review them.

Nike claims to have conducted a second ‘investigation,’ however its reference is to a legal opinion solicited from a law firm, DLA Piper, that undertakes other paid work for Nike. The firm which exclusively represents employers in its Thai practice, did not interview workers. Nor did it draw any conclusions of fact; it merely echoed the apparent belief of Nike and its auditor that coercion and consent are compatible under Thai law.

The only investigation of the Hong Seng matter carried out by a party that is independent of the companies involved was the WRC’s, which found that Hong Seng committed mass wage theft. It should be noted that 70 of Nike’s own investors have sufficient confidence in the WRC’s conclusions, and sufficient distrust of Nike’s, that they have [called](#) on the company to require Hong Seng to correct its wage theft by paying employees more than \$800,000 in legally owed back pay and interest.

The WRC urges Nike to make public the report it commissioned from Elevate and the legal opinion it solicited from DLA Piper, so all parties can understand the basis of Nike’s position that succumbing to management coercion is a form of voluntary consent. The WRC urges Nike, as it has since 2021, to require Hong Seng to pay workers the money they are legally owed and for which they have now waited for more than three years.