

2021 NIKE SHAREHOLDER PROPOSAL

RESOLVED: Shareholders request that Nike, Inc. (“Nike” or “the Company”) publish a Human Rights Impact Assessment, at reasonable cost and omitting proprietary/confidential information, examining the actual and potential human rights impacts of its cotton sourcing practices, throughout the full supply chain.

SUPPORTING STATEMENT:

Nike has demonstrated leadership in supply chain transparency since it first disclosed its independent factories, contracted to make NIKE products since 2005. It has become increasingly clear, however, that some of companies’ most significant and adverse social impacts occur at the very end of the supply chain, often related to the sourcing of raw materials. Recent events have increased human rights risks associated with cotton sourcing, a significant input in Nike’s products. Unfortunately, the Company’s current disclosures do not provide visibility on that level and efforts to engage the Company directly have not yielded meaningful dialogue.

Concerns about forced labor in cotton supply chains have led to significant media attention and regulatory and legislative action. For example, pursuant to US federal laws, on January 2021, the US government issued Withhold Release Orders against cotton and their downstream products produced in whole or in part in the Xinjiang region, including downstream products produced outside the Xinjiang region that incorporate these inputs. Supply chain disruptions like these may have material impacts on the Company’s costs, gross margins and profitability.

The lack of transparency on cotton sourcing also introduces challenges for investors seeking to fulfill their commitments to conduct robust human rights due diligence, under the UN Guiding Principles on Business and Human Rights (“UNGPs”) and in support of the UN Sustainable Development Goals (“SDGs”). Principle 13 of the UNGPs states: “The responsibility to respect human rights requires that business enterprises... seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”

Recent legislative developments, particularly in the EU, support this level of transparency. The French Duty of Vigilance Law as well as child labor due diligence laws in the Netherlands are current examples of mandatory human rights due diligence. The European Parliament is currently considering mandatory human rights due diligence at the enterprise level. The EU Regulation on Disclosures (“SFDR”) may also require asset managers to conduct due diligence on the principal adverse impacts of their investment decisions.