

Elliott Hill
Chief Executive Officer of NIKE, Inc.
NIKE, Inc. headquarters
One Bowerman Drive
Beaverton, OR 97005

February XX, 2025

Request for a meeting regarding Nike's human rights due diligence approach in high-risk countries

Dear Mr. Hill,

We, the undersigned investors in Nike, Inc. ("Nike") representing X in assets under management, extend our congratulations on your new role as President and CEO. As long-term stakeholders in the company, we appreciate your leadership and vision for Nike, particularly during this critical transition. As you settle into your role, we urge you to consider how this moment of leadership transition may offer an opportunity to evaluate and elevate Nike's approach to respecting human rights.

We are writing to express our concerns regarding Nike's approach to human rights supply chain due diligence and longstanding human rights impacts, particularly in high-risk areas, such as wage theft, which have been left unaddressed. These issues were raised recently at the 2024 Annual Meeting of Shareholders in Shareholder Proposal Number 6 on Worker-Driven Social Responsibility, which several of the undersigned investors co-filed. The proposal received support from 17% of Nike's independent shareholders, signaling growing investor interest in robust human rights practices that build on current approaches, which do not appear to be effective, particularly in high-risk sourcing countries.

As one of the world's largest apparel companies, Nike operates a complex global supply chain that includes over 1.1 million workers in 505 factories across 36 countries. Many of these factories are located in high-risk countries for labor rights such as Cambodia, Thailand, and Vietnam, where systemic labor rights abuses persist amid weak enforcement and an environment that presents threats to safety for labor organizing.¹ While we recognize and appreciate that Nike has implemented human rights due diligence (HRDD) practices, we are concerned that the company relies too heavily on voluntary mechanisms and social audits, which often fail to uncover systemic abuses and do not provide adequate remedies for workers. This lack of stakeholder engagement in the design, monitoring and oversight threatens workers' rights and poses a serious reputational risk to both the company and its investors.

The UN Guiding Principles on Business and Human Rights – that is referenced in Nike's human rights policy² – emphasize the need for businesses to adopt a differentiated approach to human rights risks, especially in high-risk contexts. We believe Nike would benefit from exploring Worker-Driven Social Responsibility models and binding agreements such as the Pakistan Accord, which

¹ <https://www.hrw.org/report/2022/11/21/only-instant-noodle-unions-survive/union-busting-cambodias-garment-and-tourism>

² Human Rights and Labor Compliance Standards

have proven effective in safeguarding worker rights and enhancing brand integrity in the apparel industry. Binding agreements are a prime example of these models, enabling brands and suppliers to work together through effective and accountable structures, which ensure enforceable commitments and provide transparency in regions where corruption or intimidation may be prevalent. Such examples include the International Accord for Health and Safety in the Textile and Garment Industry or ACT Agreements between the garment industry and IndustriALL in Cambodia on living wages.³ In filing or supporting Shareholder Proposal Number 6, shareholders encouraged Nike to take a more risk-sensitive and comprehensive approach in these locations, specifically one that centers workers, is binding, and is responsive and accountable to workers.

We believe this moment of transition also offers an opportunity to open channels for dialogue and constructive engagement with your shareholders and key stakeholders to reinforce trust and transparency. As you will know, the Shareholder Proposal Number 6 builds on a history of investor engagement with Nike. For instance, on September 7, 2023, a coalition of investors sent a joint letter to Nike, urging the company to address outstanding wage payments owed to over 4,500 garment workers in Cambodia and Thailand, employed by its largest international suppliers, the Ramatex Group and Hong Seng Knitting Group. These workers were collectively owed USD 2.2 million in unpaid wages and benefits following factory shutdowns in 2020. Despite being aware of these violations for over three years, including through the submission of a specific instance to the U.S. National Contact Point for the OECD Guidelines for Multinational Enterprises,⁴ Nike has yet to take up its responsibility in providing a remedy and has not engaged substantively with its shareholders on these critical issues.

In the past year, there has been a significant reduction in Nike's workforce dedicated to sustainability initiatives. Public reports indicate that approximately 30% of sustainability employees were laid off, voluntarily resigned or transferred to other roles.⁵ As long-term investors, we are concerned about the potential impact that this loss of capacity and expertise may have on Nike's ability to fulfill its human rights commitments amidst the longstanding and complex challenges it faces in its supply chain.

To discuss these pressing concerns and explore potential strategies for improvement, we would like to request a meeting with you and relevant members of your leadership team within the next 3 months. We believe that fostering an open dialogue will enable us to collaborate on sustainable solutions that uphold Nike's values and enhance shareholder confidence.

We thank you for considering our request and look forward to your response shortly.

Please address all communication regarding this message to Mary Beth Gallagher, Director of Engagement, Domini Impact Investments who will coordinate with the undersigned investors.

³ <https://internationalaccord.org/> ; <https://actonlivingwages.com/where-we-work/cambodia/>

⁴ <https://globallaborjustice.org/wp-content/uploads/2023/02/OECD-Fact-Sheet-Nike.pdf>

⁵ <https://www.propublica.org/article/nike-layoffs-sustainability-climate-change>

With kind regards,

Mary Beth Gallagher
Director of Engagement
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Lisa Hayles
Director of Sustainability and Stakeholder Engagement
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Investor Signatories