

BE IT RESOLVED: Shareholders request that NIKE, Inc. (“Nike”) report to shareholders on the effectiveness of the Company's diversity, equity, and inclusion efforts (“DEI”). The reporting should be done at reasonable expense, exclude proprietary information, and address outcomes, using quantitative metrics for recruitment, retention, and promotion of employees, including data by gender, race, and ethnicity.

SUPPORTING STATEMENT: Quantitative data is sought so that investors can assess, understand, and compare the effectiveness of companies’ diversity, equity, and inclusion programs and apply this analysis to investors’ portfolio management and securities’ selection process.

WHEREAS: Numerous studies by respected organizations such as The Wall Street Journal, Credit Suisse, Morgan Stanley, McKinsey, PwC and BCG have pointed to the material benefits of a diverse workforce.

Companies should look to hire the best talent. However, Black and Latino applicants face recruitment challenges. Results of a meta-analysis study of 24 field experiments, dating back to 1990, found that, with identical resumes, White applicants receive, an average of 36 percent more callbacks than Black applicants and 24 percent more callbacks than Latino applicants.”¹

Promotion rates show how well diverse talent is nurtured at a company. Unfortunately, women and non-White employees experience “a broken rung” in their careers. For every 100 men who are promoted, only 86 women are promoted. Non-White women are particularly impacted, comprising 17 percent of the entry-level workforce and only 4 percent of executives.² Employees with the potential for advancement have a higher retention rate.³

Morgan Stanley has found that: “Employee retention that is above industry peer averages can indicate the presence of competitive advantage. This advantage may lead to higher levels of future profitability than past financial performance would indicate.”⁴

¹ <https://hbr.org/2017/10/hiring-discrimination-against-black-americans-hasnt-declined-in-25-years>

² https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2021.pdf

³ <https://www.benefitspro.com/2019/04/17/promotions-play-a-key-role-in-employee-turnover/?slreturn=20210926165506>

⁴ https://www.morganstanley.com/im/publication/insights/articles/article_culturequantframework_us.pdf



Companies with high employee satisfaction have also been linked to annualized outperformance of over two percent.⁵

BrandFinance estimates that Nike has the world’s most valuable apparel brand.⁶ An important portion of Nike’s marketing focuses on indicating allyship with the Black community.^{7,8} Nike’s CEO, John Donahoe, has said, “Our brand would not be what it is today without the powerful contributions of Black athletes and Black culture.”⁹

Investors seek data that shows that Nike’s DEI policies achieve more than corporate puffery or marketing (referred to as performative allyship or “woke-washing”). If Nike is not integrating best practices into its own operations it may erode the trust and brand loyalty of its key consumer demographics and employees.

Nike’s shareholders are right to be concerned, as the company has had a number of public missteps related to diversity and inclusion within the last five years. This includes serious allegations of a pervasive culture of sexual harassment and discrimination at the company.¹⁰

Alphabet, Apple Inc, BlackRock, Citigroup, CVS Health Corp, Gap, General Motors, Goldman Sachs, Hasbro, Lululemon Athletica, McDonald's, Netflix, PVH and Twitter, among many others, have released, or committed to release, more detailed inclusion data than Nike.

⁵ https://www.institutionalinvestor.com/article/b1tx0zzdhnf5x/Want-to-Pick-the-Best-Stocks-Pick-the-Happiest-Companies?utm_medium=email&utm_campaign=The%20Essential%20I%20100721&utm_content=The%20Essential%20I%20100721%20CID_eb103a9e15359075f72a85f7ff534c79&utm_source=CampaignMonitorEmail&utm_term=Want%20to%20Pick%20the%20Best%20Stocks%20Pick%20the%20Happiest%20Companies

⁶ <https://brandfinance.com/press-releases/nike-does-it-again-claiming-title-of-worlds-most-valuable-apparel-brand-for-7th-consecutive-year>

⁷ <https://www.youtube.com/watch?v=drcO2V2m7lw>

⁸ <https://www.youtube.com/watch?v=SY4PI75BJPQ>

⁹ <https://purpose.nike.com/ceo-letter>

¹⁰ <https://www.nytimes.com/2018/04/28/business/nike-women.html>