

ENGAGEMENT FACTSHEET



ENGAGEMENT RATIONALE

Nike previously had a UNGC watchlist status due to labour conditions for its Cambodian workforce. Nike is not on the watchlist anymore, however we want to make the company aware that the UNGC status is important to us.

We want to get a better understanding of the current status of labour conditions in Cambodia. Furthermore, we are part of the engagement with Nike on Living Wages in its supply chains through Platform for Living Wage Financials.

BACKGROUND

Even though Nike is not a 'Watchlist' company anymore, we want to better understand the situation in Cambodia to assess future risks. We also want to make sure the company has taken sufficient steps to address conditions in its supply chains, including payment of living wages.

THEME FOR ENGAGEMENT

- x Disclosure, improved practices
- x Payment of living wages in supply chain

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ENGAGEMENT OBJECTIVES

- x Raising awareness at Nike about our concerns regarding the labour conditions in Cambodian factories
- x Improve insight in the situation and current status and get a status update from Nike on the topic.
- x Assurance that Nike is committed to ensure workers in supplier factories are paid a living wage. We will encourage the company to further develop its approach and move from 'maturing' to 'leading' approach in 2020 scoring on living wages.

DEVELOPMENT



MILESTONE



ENGAGEMENT RESULTS

- x Our engagement with Nike started in 2018. Through dialogue we started to create awareness about our concerns on allegations of conditions in Cambodian factories.
- x During the conference call representatives of Nike acknowledged the issue. They described the general policies for labour practices in the supply chain. All suppliers are audited and if a rating of a supplier becomes too low, the supplier will be replaced. Nike wants to use less suppliers going forward.
- x By the end of 2019 all factories in Cambodia that supply Nike were enrolled in a Better Work programme aimed at improving overall working conditions.
- x In the Platform Living Wage Financials Nike is in 'maturing' category with regards to it's approach. Its approach has improved from the 'developing' category

NEXT STEPS

- x Have a conference call with the 'subject specialist specifically on Cambodia' at Nike
- x Get a formal status update on the topic, preferably a public statement
- x Continue engagement on the topic of living wages



COMPANY

NIKE engages in the design, development, marketing, and sale of athletic footwear, apparel, accessories, equipment, and services.

COUNTRY

USA

SECTOR

Consumer Discretionary

MARKET CAP

Large cap

ISSUE

Previous UNGC 'Watchlist' status

MATERIALITY

Kempen sustainable funds cannot invest in companies with a 'Fail' on UNGC. Nike is currently a pass but we want to assess the risk of the company becoming a 'Watchlist' or 'Fail' in the future.

The topic of labour conditions in supply chain is an important topic in the apparel industry and we seek to contribute to improvements where we can. We are also a participant of the 'Platform for Living Wage Financials'.

RISK

- x Potential UNGC 'Fail' status
- x Reputational risk and employee wellbeing linked to non payment of living wages

MSCI ESG RESEARCH

UN Global Compact: Pass
ESG Rating: A