

NIKE, Inc. Annual Shareholder Meeting Transcript
September 9, 2022

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PRESENTATION

Operator:

Good morning and welcome to the Nike Inc. 2022 annual meeting of shareholders. I would now like to introduce Nike's executive chairman, Mark Parker, please go ahead.

Mark Parker, Executive Chairman, NIKE, Inc.:

Good morning, everyone. And welcome to Nike's 42nd annual meeting of shareholders. I'm Mark Parker, executive chairman of Nike. And I will chair today's meeting. I now call this meeting to order to begin. I'll first ask our corporate secretary, Mimi Hunter, to explain the mechanics of today's meeting. I will then introduce certain key participants who are attending this meeting virtually, including our board of directors. Once introductions are complete, we will move to the proposals to be voted on. There are five proposals to be voted on at this annual meeting, each of which is described in your proxy statement.

The election of directors, an advisory vote to approve executive compensation, ratification of the appointment of PricewaterhouseCoopers as Nike's independent auditors for the current fiscal year, amendment of Nike's employees stock purchase plan to increase authorized shares, and a shareholder proposal regarding a policy on China sourcing. After voting has ended on these matters, John Donahoe, our president and CEO and a member of our board of directors, will review our performance during fiscal year 2022. We will then have a question-and-answer period followed by a preliminary report on the voting results. Mimi, will you review the mechanics of this meeting?

Mimi Hunter, NIKE, Inc., Corporate Secretary:

Thank you, Mark. First, if you have not already voted your shares or if you previously voted your shares and would like to change your vote, you may do so by clicking on the vote here button at the bottom of the webcast screen. Voting will remain open until we conclude our presentation of the five matters to be voted on at this meeting. Second, during the Q&A period, we will answer as many questions as possible. As noted in your proxy statement, shareholders were permitted to submit questions to management prior to the annual meeting, and we have already received a number of questions. You may also submit a question during the meeting by typing your question in the box at the bottom left of the webcast screen.

In order to answer as many shareholder questions as possible, if we receive multiple questions on the same or similar topic, we will consolidate those questions and answer them together. Finally, we note that a recording of this virtual meeting will be available on our website approximately 24 hours after the meeting ends. We therefore ask that you please were afraid from recording this meeting.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thank you, Mimi. I would like to introduce our current board of directors consisting of the 11 individuals you see pictured on your screen. You will hear from John Donahoe and myself during the course of this meeting. Representing our outside auditor, we have Kelly Keller from PricewaterhouseCoopers in attendance today. PWC has been Nike's outside independent accounting firm for many years. And finally, Tony Caro[?] is in attendance today from Broadridge Financial Services and has been appointed the inspector of elections for this meeting. All right let's move on to the proposals.

I've been advised by the corporate secretary that the notices of this meeting were duly and properly given, being mailed in accordance with the bylaws on July 28th, 2022, and that a quorum of both class A and class B common stock are present today. Since a quorum is present, I declare this annual meeting of the shareholders of Nike Inc duly convened. We will dispense with the reading of the minutes of the last annual meeting and proceed with the matters to be voted on. Mimi, I'd like to ask you to present the proposals and the board of directors' recommendations to the shareholders at this time.

Mimi Hunter, NIKE, Inc., Corporate Secretary:

Thank you, Mark. The first matter we will vote on is the election of directors. The board's nominee for the election by the class A shares are Kathy Banco, Tim Cook, John Donahoe, Thasunda Duckett, Travis Knight, Mark Parker, John Rogers, Jr. The board's nominees for election by the class B shares are Alan Graph, Jr., Peter Henry, Michelle Peluso. The board recommends a vote for each of these nominees.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thank you, Mimi. I'd also like to take this opportunity to thank Beth Comstock as she retires from over a decade of extraordinary service on the Nike board. In accordance with the company's bylaws in corporate governance guidelines, the board has reviewed and considered all other nominations received by the company. Therefore, I declare the nominations closed.

Mimi Hunter, NIKE, Inc., Corporate Secretary:

The second matter to be voted on is an advisory vote on executive compensation. The board recommends a vote for approval of the advisory vote on executive compensation. The third matter to be voted on is shareholder ratification of the appointment of PricewaterhouseCoopers as the company's independent registered public accounting firm for fiscal 2023. The board recommends a vote for ratification of the appointment of PricewaterhouseCoopers. The fourth matter to be voted on is the amendment of Nike's employee stock purchase plan to increase the authorized shares. The board recommends a vote for this proposal. The fifth matter to be voted on is a shareholder proposal regarding a policy on China. Sourcing the board recommends a vote against this proposal for the reasons set out in the company's proxy statement, we will now play a pre-recorded statement from Laura Murphy to present the proposal. Operator, please play the statement from Ms. Murphy at this time.

Laura Murphy:

Hello, my name is Laura Murphy and I'm professor of human rights at Sheffield Hallam University's Helena Kennedy Center for International Justice. And I'm here today to urge you to vote in favor of item five related to China sourcing and risks of forced labor filed by Domin impact investments and Vand[?] city. In the winter of 2017, we began to receive frightening calls from Weaver friends, worried that their family members in China were disappearing or arbitrarily arrested. We soon learned alongside the rest of the world that hundreds of thousands of people were being sent to internment camps, where they are indoctrinated tortures, sterilized, rape, and subjected to other horrible rights violations, including forced labor government reports tell us that the forced labor is not happening in internment camps alone, but that the PRC government requires that all Uyghurs be compelled to work. For the majority of Uyghurs, this means being assigned to jobs by state agencies, typically in factories, often thousands of miles away from their families and their communities. The government puts their children and elders into state run facilities and appropriates their land to "liberate" them to work. The programs forced Uyghurs to reject their families, cultures, traditions, and religions, and firsthand reports indicate that the work is unpaid or wildly underpaid. Refusal to participate is punishable by interment and imprisonment. No one can refuse.

As an expert in forced labor and modern slavery, I have never seen a situation of forced labor so extensive, so systematic or one that affects international supply chains so pervasively. Nike was one of the first major fashion retailers to be identified as sourcing products made through these forced labor programs. It seems that Nike did the right thing because soon thereafter, at least one major supplier ceased the practice. I applaud Nike for working with their first-tier suppliers to ensure that there are no Uyghur force laborers manufacturing Nike's end products, but what does Nike know about where the yarn and thread and cotton and polyester and leather and fabrics that goes into those final products come from? 85% of China's cotton comes from the Uyghur region and is farmed and processed by Uyghur forced labor. This forced labor tainted cotton is stored in China's reserves and sold all over the country. It is then often spun into yarn and woven into fabric and made into the clothes by Uyghur forced laborers.

Nike assures us that they do not directly source anything from the Uyghur region, but shareholders and customers should be able to trust that Nike can say the same for its entire supply chain and be certain that no Nike product is tainted by

forced labor, but the Chinese government and Chinese companies currently make it impossible for Nike to determine where their raw materials come from. No audit or supplier attestation can guarantee that Nike products are not made with Uyghur force labor. So long as Nike suppliers are operating in China, a vote for this proposal is crucial to ensuring that Uyghur force labor does not taint Nike's products as public awareness grows and legislation protecting consumers from forced labor expands, the unacceptable financial, legal, ethical, and reputational risks increase for both Nike and the shareholders. Thank you.

Mimi Hunter, Inc., Corporate Secretary:

Thank you. We have now covered the shareholder proposal.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thank you, Mimi. I now declare the polls closed. I will now turn the meeting over to John Donahoe, our president and CEO to review our fiscal year 2022 performance. John?

John Donahoe, President & CEO, NIKE, Inc.:

Thank you, Mark. And good morning. Nice to be with all of you this morning. This has been a special year for Nike as we're celebrating our 50th anniversary. It was on May 1st, 1972, that Phil Knight wrote the letter ending Nike's run as a distributor for another company and beginning our journey as our own standalone brand. At that point, Nike only had about 30 employees and they had no way of knowing what Nike would become today. Nike has taken that dream of serving athletes to become a global champion for athletes in sport. We moved the world forward through the power of sport, and I believe our ability to bring hope and inspiration to people everywhere has never mattered more.

In fiscal 2022, our focus on serving athletes defined us. We continued to innovate for them as we redefine and expand sport for new generations. Year after year, we've stayed on the front of the pack by doing what we do best bringing inspiration and innovation to athletes all over the world. As has been the case since the beginning of the pandemic, I am so proud of the way our entire team has navigated through a dynamic operating environment, across four geographies and three brands in Nike, Jordan and Converse. Our team has demonstrated our ability to manage through turbulence

with creativity and resilience to emerge even better positioned. This year, our roughly 79,000 teammates worldwide yet again proved their ability to operate through uncertainty. We focus on what we can control while leveraging the many options at our disposal. Our team is the reason behind our strong performance and current momentum, and I sincerely thank them.

Our financial performance this year was led by strong double-digit growth in our own digital business. Even as physical retail returns two years after the start of the pandemic, Nike owned digital continues to increase market share these results, speak to our core belief in always having a direct connection with the consumer no matter how they interact with our brand. Nike continues to drive growth by fueling rich meaningful one to one consumer experiences at scale. Fiscal 2022 reflects our second year under our new consumer direct acceleration strategy. We're excited by what we see as we invest against our consumer construct of men's women's and kids, as well as in our digital transformation, as we unlock more growth and efficiency for the business fueled by our unique competitive advantages, our results this year illustrate that our strategy is working.

And what's more, as we look ahead, the structural changes, we see give us confidence in our strategy and in our growth ahead. These tailwinds, including the consumer's movement toward health and wellness and a fundamental shift in behavior toward digital, represent a consumer led transformation that we believe will create energy for us for many years to come. As always, for us at Nike, it starts with innovation. As other companies pull back amid macroeconomic challenges, we continue to invest. Our relentless product pipeline is fueled by our culture of innovation as Nike continues to push what's possible. For instance, as we look at our vast opportunity in the women's business, we're fueling new growth led by our yoga business that features multiple industry defining innovations, including dry fit and Infinalon. We continue to set the pace with innovation in sports bras having introduced this year the Nike dry fit ADV swoosh bra. Dry fit ADV offers the ultimate in cooling fabrics and speaks to our investment in materials that inspire athletes.

Looking at footwear, key franchises continue to win in the marketplace. We remain focused on bringing fresh points of view to our most beloved and iconic footwear. The Air Force One, Air Jordan One and our deep lineup of Air Max. Our deliberate strategy to add styles and colors continues the expansion of these popular platforms. And we continue to supplement these powerhouses with new innovations. For example, in kids, we're helping make spontaneous play easy

as one of our goals. The new dynamo go uses fly ease technology to help kids quickly get their shoes on and off. And what's more, we've enhanced and strengthened our competitive advantage in innovation by opening two remarkable buildings on our Beaverton campus this year.

At over 750,000 square feet, the LeBron James innovation center is the new home for our innovation teams coming in at five times the size of our previous lab. We expect this facility to act as an accelerant, as it helps extend our advantage in innovation even further. And the Serena Williams building at a million square feet is the new home for our design and product creation teams. This includes more than 200,000 square feet dedicated to lab space, which allows our teams to test new ideas in developing, presenting, and merchandising product. In short, these facilities combine to represent the single greatest investment in sports science, research, innovation and design in the world.

Our work to innovate the future can also be felt across the marketplace. We continue to bring to life our vision of giving consumers, personalized digital experiences, regardless of channel. We know that consumers expect us to know who they are online or offline and across the full array of mono brand and stores, Nike digital, and our wholesale partners. This year, our app ecosystem grew into an even greater share of our total digital demand. This is a shift being led by the consumer as they pursue the most personalized shopping experiences that Nike provides. And we do not take lightly the choice made by consumers to put us in the most prized real estate that exists today, the home screen of their phone, no other athletic or sportswear brand occupies that space globally like Nike. And it remains one of our biggest competitive advantages.

In fiscal 2022, we continue to set the pace in our industry by building a premium, consistent and seamless experience for the consumer at physical retail. One key element of that work is our investment in online to offline services that drive growth. Today, 100% of our North American retail stores offer at least one element of O to O. And in addition to our own physical retail, we continue to innovate and co-design partner experiences to better know and serve consumers. We started this journey through connected inventory and we're increasingly serving our consumers as Nike members, even when shopping through our retail partners. This is an exciting step in our journey within our marketplace strategy, because it continues to prove how powerful it is when brands and retailers work together.

As I look to fiscal 2023 and beyond, I'm encouraged by what I see. Our 50th anniversary this year has our entire team energized and excited. We've never been more confident as we face the vast growth opportunity still ahead of us. Nike will always stay on the offense as we continue to create the future of sport. We have the right team and right strategy in place, and I wouldn't trade our position with anyone. Thank you. And now, Mark, back over to you.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thank you, John. We have now reached the Q&A portion of the meeting, and I should say that many questions were submitted in advance of this meeting. And we have also monitored any questions submitted during the meeting. Several key themes have emerged with shareholders expressing interest in hearing more about Nike's strategy, our diversity equity and inclusion initiatives, our product innovation, our business, and China, the supply chain, our purpose, and more. As Mimi previously noted, we have consolidated similar questions based on these key themes so that we will have time to address as many topics as possible.

Joining me to answer these questions are John Donahoe, as well as Matt Friend, our chief financial officer, and Monique Matheson, our chief human resources officer. I will read the questions and then ask the team to answer them. So, let's begin with the first question, which is about Nike's strategy. We're now two years into the consumer direct acceleration, or as we call it the CDA strategy. What's working and how has it evolved since the beginning? John, why don't you take this one?

John Donahoe, President & CEO, NIKE, Inc.:

Yeah, thanks, Mark, and maybe I'll start with a couple comments, and Matt, you can maybe comment as well. I'd just kick off by reiterating that the progress we're seeing on CDA tells us that Nike strategy's working. We continue to see structural tailwinds. As I mentioned in my remarks around health and the wellness movement, and a consumer led shift toward digital that drives competence in our direction in our strategy. And our operational transformation is giving us the agility we need to serve consumers more directly as we create a digital led marketplace of the future.

And over the past couple of years, as we've said repeatedly in our quarterly calls and other settings, we've accelerated our digital transformation in order to capture higher engagement with consumers and market share. And we've seen this in our fiscal 2022 results. So, our capabilities and efficiencies are allowing us to move at the speed of the consumer and to drive continued competitive separation in the market. Matt, what would you add to that?

Matt Friend, Chief Financial Officer, NIKE, Inc.:

Yeah, John, fundamentally, the consumer direct acceleration strategy's changing our financial and operating model resulting in healthy profitable growth for Nike. In fact, over the last two years, our gross margins have expanded by over 260 basis points to 46%. And as you've heard earlier, our financial performance this year was led by strong double-digit growth in our own digital business now representing 24% share of our overall brand revenue. And that compares to 10% share in fiscal 2019. One of Nike's longstanding competitive advantages is the deep relationships that we have with our consumers. And we know that our consumer wants to have a direct connection with Nike. And we're excited for what's ahead as we continue to leverage technology throughout our value chain to enable us to be present and expand everywhere that consumers live in play.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thanks, John and Matt. Our next question relates to diversity equity and inclusion or DEI at Nike. And it reads, can you talk about how Nike implements DENI programs and standards across its talent pool? Mo, why don't you take this one?

Monique Matheson, Chief Human Resources Officer:

Sure, Mark. Thanks. We are committed to building a diverse and inclusive team at Nike to reflect the unique communities of the athletes we honor, and the people who love our products. This commitment to diverse talent begins at the highest level with the board of directors, currently with 30% gender diversity and 30% racial or ethnic diversity. At the corporate level, as reported in our most recent impact report, we increased the percentage of women in our global corporate workforce to 50.4% and women in leadership positions to 43%. We also increased the percentage of US racial and ethnic minorities at director level and above to 30.3%. We expanded diversity recruitment, our focus development for our US racial and ethnic minorities, and continued our use of transparent data driven talent practices and decisions.

At the retail level, we are committed to enhancing opportunities and marketing of open roles for first line athletes to compete for corporate roles. We are also asking suppliers to meet certain requirements that implement strong policies and practices that incorporate gender equity. And finally, to create lasting change, we believe gender equity needs to be approached holistically throughout organizational culture as well as business operations.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thanks, Mo. Our next question is about one of my favorite topics, innovation. As the world continues to prioritize health and wellness, how is Nike thinking about new ways to innovate and serve the consumer? John?

John Donahoe, President & CEO, NIKE, Inc.:

Well, Mark, as you know, innovation is deeply, deeply woven into every dimension of Nike's culture, and innovation continues to be our greatest competitive advantage. And so, our drive to continue to create and refine and reimagine lead us toward our focus on serving the future of athletes in a sport. We're one of the few companies in the world with the ability and the resources to consistently and deeply rethink our product lines with trend setting design that delivers both performance and sustainability. I mentioned earlier in my remarks that we're currently excited by the opportunity in the women's business. For instance, this year we introduced new footwear technology in women's with the Nike spark flynet, which was a huge step forward as the Nike sports research lab increasingly focuses on lifestyle product. And this project focused on how we could take performance technology that we develop for a performance product and apply them into lifestyle products.

And so, we're continuing to scale use of our performance technology, where Nike has a clear and distinct advantage and invest through the NSL. I mentioned earlier, the LeBron James innovation center, that investment and performance technology is unique. And we are increasingly leveraging that across lifestyle products, particularly in the women's business. We also just launched our newest apparel innovation, which we're very excited about which we've named Nike forward, which introduces a new aesthetic while showing how Nike takes action to create a better world with major new breakthroughs and sustainability. You're going to be hearing a lot more about that in the coming months, quarters and years. And so, Mark, whether it was the world track championships in Eugene or the world's Euro champs in England, we saw the world's premier

athletes wearing our most innovative performance shoes across running and global football. So, our focus on helping all athletes reach their potential through innovation continues to excite and drive us.

Mark Parker, Executive Chairman, NIKE, Inc.:

Great. Thanks, John. The next question relates to Nike's business in China. China has always played a key role in Nike's growth story. How is Nike thinking about the business today and how can we expect to see any strategic shift in that marketplace? John?

John Donahoe, President & CEO, NIKE, Inc.:

Well, Mark, Nike's, as you would know, always taken a very long-term view in China. We've been in China for over 40 years, and it remains an important market with significant growth potential to unlock. Nike's got very strong equity with Chinese consumers. And as we shared in our Q4 remarks, we continue to invest in China for China, with China right product that's relevant and grounded in hyper local athlete insights. So, these decisions help us to continue to build locally relevant experiences and locally relevant content via the app, which is now local in China. And it enables us to serve our Chinese members with even more deeply directly and with agility and speed.

The last thing I'd say, Mark, is that our outstanding leadership team in China continues us to lead us the way. They have shown such remarkable focus and resilience and teamwork through a very dynamic couple of years. We were seeing them, we had JDI day this week, as you know, and in China, our team was celebrating, and I talked with Angela Don and got videos of that team and their celebration. They are so focused on continuing to grow our business in China, it's unique local team and creating a very distinct and authentic connection with our Chinese consumers. Anything you'd add, Matt, about our team and business in China?

Matt Friend, Chief Financial Officer, NIKE, Inc.:

Sure. John, over the past year, we've seen encouraging signs as we've re accelerated investment in the marketplace, and that's come to life in growing brand strength and deeper consumer connections in China. We were once again rated the number one cool and the number one favorite brand in China with expanding separation in our two global cities in that market of Shanghai and Beijing. Additionally, we recently highlighted in our Q4 earnings call that Nike's Tmall super brand

A offense drove approximately a billion impressions and saw 90%-member demand penetration over that period. Nike also created separation as the undisputed number one store and number one brand on Tmall sport channel for the important commercial day of 06/18, a top shopping holiday and our performance outperformed the market.

Finally, we continue to proactively manage towards a healthy marketplace. And we talked about this last quarter, recognizing the risks that continue to exist related to ongoing disruptions from COVID 19. But with that said, we're really encouraged by the brand momentum we're seeing as we continue to invest in our consumer direct acceleration strategy to drive growth in this marketplace over the long term.

Mark Parker, Executive Chairman, NIKE, Inc.:

Oh, thanks, John and Matt. Our next question relates to some of the operational challenges faced by Nike over the past year. And that is how is Nike thinking about its supply chain in the face of continued uncertainties? Matt, why don't you weigh in on this one?

Matt Friend, Chief Financial Officer, NIKE, Inc.:

Thanks, Mark. Well, first, we continue to prioritize healthy poll markets across all our geographies. And over the past three quarters, we've been in an environment where consumer demand for our products has outpaced available supply. And while we faced a number of challenges during this last year, we enter fiscal 2023 with our source base fully operational and with our supply of inventories flowing again into our largest geographies. That said, the situation remains dynamic. And so, we'll continue to monitor consumer demand for our brands and ensure that we have appropriate levels of supply, taking into consideration changing transit trends. We have the experience and an established playbook to manage through this dynamic environment. And we're prepared to navigate near term challenges that we may face.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thanks, Matt. Our final question relates to purpose here at Nike and it reads at Nike. You talk about how your purpose guides you. What does that mean? And how do you see that playing out across our teams and the business? Mo, why don't you take this one?

Monique Matheson, Chief Human Resources Officer:

Sure. Thanks, Mark. Nike's purpose is to move the world forward through the power of sport. We believe in the power of sport to bring out the best in people and the potential of people to bring out the best in our world. We bring our purpose mission to life through the lens of how we support our people, the planet, and our communities. Our ambition across our people works, as I mentioned earlier, is to break barriers and build communities to change the game for all by building a diverse, inclusive team and culture and living the values that we share. In our planet work, we don't wait for solutions. We create them. We are focused on innovating in the areas of carbon waste, water, chemistry, and more. We believe that we along with our industry have a responsibility to reduce our impact on the planet. And that's why we're reimagining how we make products through the lens of sustainability and circularity.

Across our communities, Nike takes action to create a better world. We work with more than 330 world class organizations and grassroots nonprofits that are dedicated to advancing equality, getting kids active and leveling the playing field for all. I would also add that in addition to our approach to people planet and our community, we value fair play. We believe a world class supply chain is grounded in demonstrating respect for the environment, the people who make and move our product and the principles of a healthy and safe workplace. And this belief is reflected in our foundational expectations target. Today, 100% of facilities in our extended supply chain are expected to meet Nike's foundational labor, health, safety, and environmental standards. In the end, we find that when we lead with our values, it not only serves our purpose, it serves the health and strength of our business.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thank you, John, Matt and Mo, and thank you everyone for your thoughtful questions. And at this time, I'd like to hear the voting results. Mimi?

Mimi Hunter, Inc., Corporate Secretary:

Thank you, Mark. I have received the preliminary tabulation from Broadridge and based on that tabulation, I am pleased to report that the 10 nominees have been duly elected as directors of this company for the ensuing year. The compensation of the named executive officers has been approved. PricewaterhouseCoopers as the independent registered public accounting

firm for the current fiscal year has been ratified. The amendment of Nike's employee stock purchase plan to increase the number of authorized shares has been approved. And the shareholder proposal regarding a policy on China sourcing was not approved.

Mark Parker, Executive Chairman, NIKE, Inc.:

Thank you, Mimi. Since there are no other matters to discuss, I will adjourn the meeting with best wishes to everyone to stay safe and healthy. And as we create and define our future for the next 50 years, we'll close with one more look at Nike's belief in the continual pursuit of progress.