Triodos Investment Management

NIKE INC.

MEETING DATE	Thu, 22 Sep 2016 10:00 am	TYPE	AGM	ISSUE DATE	Fri, 02 Sep 2016
MEETING LOCATION	Tiger Woods Conference Center, One Bowerman Drive, Beaverton, Oregon 97005-6453				
CURRENT INDICES	S&P500				
SECTOR	Rubber and plastics footwear				

	PROPOSALS	ADVICE
1.01	**Elect Alan B. Graf, Jr.** Non-Executive Director. Not considered independent as he has been on the Board for more than nine years. There is insufficient independent representation on the Board.	**Withhold**
1.02	**Elect Michelle A. Peluso** Independent Non-Executive Director.	**For**
1.03	**Elect Phyllis M. Wise** Independent Non-Executive Director.	**For**
2	**Advisory Vote on Executive Compensation** The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDC. The Company awarded stock options and restricted stock awards which have no performance conditions. Stock options vest over a four-year period and restricted stock awards vest in three equal instalments on each of the first three anniversaries of the grant date. For the fiscal year, the CEO, Mr. Parker, was rewarded with compensation of $70.20m, which is excessive. Based on these concerns, Triodos opposes this resolution.	**Oppose**
3	**Amend Qualified Employee Stock Purchase Plan** The Company is seeking shareholder approval to increase the number of shares reserved for issuance under the Employee Stock Purchase Plan (the 'ESPP') by 11.0m shares. An aggregate of 40,000,000 shares of Class B Stock (as adjusted to reflect the two-for-one stock split of Class B Stock effected on December 23, 2015) has been reserved for issuance under the ESPP. As of May 31, 2016, only 6,113,198 shares of Class B Stock were available for purchase under the ESPP. It is considered that it is in the best interests of the Company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership through payroll deductions. The plan is open to the majority of employees and is capped at $25,000 per annum, at purchase price of no less than 85% of fair market value (max of 20% discount). The maximum number of shares that any employee may purchase in any single offering is 500 shares. Acceptable proposal.	**For**

4 Shareholder Resolution: Report on Political Contributions **For**

Proposed by: Mercy A. Rome, c/o Newground Social Investment.

The Proponent requests that the Company provide a report, updated semi-annually, that discloses NIKE's: 1) Policies and procedures for making, with corporate funds or assets, direct or indirect contributions and expenditures to: (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum. 2) Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including: a. The identity of the recipient as well as the amount paid to each; and b. The title(s) of person(s) at NIKE responsible for decision-making.

Proponent's Supporting Argument: The Proponent argues that it favours transparency and accountability in corporate spending on political activities. Gaps in reporting keep shareholders in the dark and expose NIKE to reputational and business risks that could threaten shareholder value. NIKE's current policy regarding political spending has a number of significant gaps: In 2011 NIKE pledged annual disclosures, but the 2013 and 2014 reports (the first released) reported only on Oregon, and the 2015 report only included California. NIKE's disclosure policy is stated in a fashion that is the most convoluted and difficult to understand. The language seems to ensure that only one state per year will ever be reported on, and that NIKE will only report "direct" (not indirect) or "cash" (not in-kind) payments. This leaves quite a lot to be desired - and potentially significant amounts of shareholder dollars unaccounted for. According to reputable public sources, NIKE has contributed at least $2.46 million in corporate funds since the 2004 election cycle. However, public data does not provide a complete picture and NIKE does not report on the most important avenue of hidden corporate money into politics: Payments to trade associations and 501(c)(4)s.

Board's Opposing Argument: The Board of Directors recommends that shareholders vote AGAINST this shareholder proposal because: Its current policies and public disclosures already address many of the items requested by the proposal; In the Board's judgement, more disclosure than the Company already provides would not be in the best interests of shareholders; and In 2012, 2013, and 2015, virtually identical proposals were rejected by approximately 78%, 82%, and 73%, respectively, of shares voted.

5 Appoint the Auditors **Oppose**

PwC proposed. Non-audit fees represented 7.31% of audit fees during the year under review and 11.79% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B- The annual cash bonus was based on income before income taxes (PTI). Full disclosure of the target was provided. Long term incentives were granted in the form of cash LTIP awards, stock options and restricted stock awards. LTIP awards are based on cumulative revenue (50%) and diluted earnings per share (EPS) (50%) over a three-year performance period. Threshold, target and maximum levels are disclosed in the compensation analysis.

Balance: D- The Company awarded stock options and restricted stock awards which have no performance conditions. Stock options vest over a four-year period and restricted stock awards vest in three equal instalments on each of the first three anniversaries of the grant date. For the fiscal year, the CEO, Mr. Parker, was rewarded with compensation of $70.20m, which is excessive.

Contract: C-The Company has a compensation 'claw back' policy and 'double-trigger' change-in-control equity acceleration. However, 'good reason' includes a material reduction in the total package of benefits under cash incentive, stock incentive and other employee benefit plans.

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