PURPOSE

MOVES

US

FA19 NIKE, Inc. Impact Report Executive Summary

SAE SHIGEMOTO
NIKE’s purpose is to unite the world through sport to create a healthy planet, active communities, and an equal playing field for all.
NIKE exists to progress sport. But in recent years, we also face a broader challenge: to help protect sport itself.

Today, that’s why we’re thinking even bigger than delivering inspiration and innovation for athletes. To best serve future generations, we’re also bringing the best of NIKE to respond to some of the most pressing challenges of our time.

NIKE’s purpose is to unite the world through sport to create a healthy planet, active communities, and an equal playing field for all. These are more than aspirations – they are foundational priorities that shape decisions across every aspect of our business.

As of this FY19 NIKE, Inc. Impact Report, I have been President and CEO of NIKE for less than two months. Yet the extraordinary impact NIKE can have is already clear to me. This is the power of sport. Like so many across our company, I came to NIKE because I believe in sport. I believe in sport’s capacity to transform lives and communities. And at a time when our society is more fragmented than ever, when polarization is wearing down our institutions and climate change is threatening our very survival, I believe in the power of sport to bring us together to change the world for the better.

Nowhere does that capacity for impact matter more urgently than with regard to our changing planet. When it comes to the growing climate emergency, the data is crystal clear – and so too are the voices of our athletes. As marathon start times get moved into pre-dawn hours and players and fans suffer from heat exhaustion due to extreme weather conditions, those who work in sport see first-hand the damaging effects of climate change. This crisis is affecting the athletes we serve – not someday, but right now – and in turn compelling us to swiftly evolve our business.

If there is no planet, there is no sport. It is this understanding that drives the urgency of our commitment to sustainability and impact.

In FY19, we made some incredible progress toward our goals. We invested more than $81 million to drive impact in our communities and got more than 17 million kids active. When we help unleash the power of play and sport for kids, we can change lives. That’s why our priority in our community work is to get kids moving. And because a good coach can make all the difference in a kid’s experience – we’ve helped train nearly 100,000 community coaches through NIKE-supported programming.

One particular focus for us is increasing the number of female coaches, as we know they are such powerful catalysts in inspiring more girls to get active. From partnering with community organizations to recruit and train female coaches to launching a training guide with the United States Olympic and Paralympic Committee to help all coaches create a girl-inclusive culture, we continue to invest in creating safe spaces where girls can learn, grow, and become the leaders we know they can be, in sport and in life.

We’ve previously set a target to reach 100% renewable energy in our owned or operated facilities by 2025. We recently achieved 100% renewable energy across North America – an impressive stride toward our global energy goals. We are also working to eliminate footwear manufacturing waste to landfill or incineration. In FY19, 99.9% of footwear manufacturing waste was recycled by NIKE contract factories or converted to energy. In addition, we are increasing the use of more sustainable materials across our products, transforming some 1 billion plastic bottles per year into recycled polyester for jerseys as well as other materials for both apparel and footwear.

Across our supply chain, we’re also investing in creating a skilled, valued, and engaged workforce. One key, we believe, is enabling contract factory workers to share in productivity gains. This year, we scaled our supplier Engagement and Wellbeing Survey, which provides a holistic, comprehensive view of the worker experience and captures an actionable data set for our suppliers. In FY19, we increased participation in the survey to 45 facilities, nearly doubling the reach to 270,000 people in their combined workforce.

We also continue to think critically about the change we want to drive inside NIKE. In FY19, we maintained the global pay equity ratio for men to women, and white to underrepresented groups (URG) in the U.S., that we achieved last year. Over the past year, we increased VP-level representation for women by 3 percentage points (p.p.) to 39% globally and for U.S. URG by 2 p.p. to 21%. While this is good progress, we know there is more work to do. We will continue to increase representation and strengthen our culture of belonging.

To me, the same qualities that have made NIKE the world’s leader in sport – our boldness, our creativity, our ambition – are the same qualities that position us for wider impact in the face of today’s global challenges. This is why I’m so hopeful. Already, I can see the meaningful difference that our teams are making in the world – for our people and our planet. The stakes couldn’t be any higher.

And yet, the opportunities couldn’t be any greater.

Like so much else at NIKE, it’s not enough to be in the game. At NIKE, we lead. And as we challenge ourselves to always do better and think bigger, we can and will create the future we want to see.
UNLEASH HUMAN POTENTIAL

REPRESENTATION

3 p.p.¹
Increase of VP-level representation of women globally, bringing the total to 39%

Increase of VP-level representation of U.S. URG, bringing the total to 21%

>50%
of global employees took unconscious bias awareness training

PAY AND BENEFITS

1:1
Pay equity maintained for women globally and U.S. URG

Family Benefits
Increased support for fertility treatments and adoption and added new benefits for surrogacy and parents caring for children with learning, social, or behavioral challenges

Sports Centers
Made available to employees at World Headquarters at no cost

RECRUITMENT

52/40%
Women/URG participated in NIKE’s U.S. Internship Program

1 p.p. = percentage points

DEVELOPMENT

Mentoring Program to advance career and culture piloted with ~1,000 employees

¹ FY19 NIKE, INC. Impact Report
Executive Summary
UNLEASH HUMAN POTENTIAL

EMPLOYEE ENGAGEMENT

147,000 hours volunteered by employees

2,700+ organizations received support from employees

5,400 retail employees in 24 countries served as volunteer youth coaches through the NIKE Community Ambassadors program

COMMUNITY INVESTMENT

$417M invested from FY15–FY19 in our communities, of which $130 million helped advance equality and level playing fields for all

$81M invested in FY19 to drive impact in our communities

$9.8M donated through Employee Matching Gifts, Volunteer Rewards, and NIKE Foundation match

TRAINED COACHES

~100,000 community coaches trained, with the help of partners, to create positive sport experiences for kids

ACTIVE KIDS

>17M kids got active with the help of NIKE and its 90+ community partners around the world
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FY19 NIKE, INC. Impact Report

TRANSFORM MANUFACTURING

SUSTAINABLE SOURCING

>1M workers in our source base in 41 countries

~93% of NIKE’s 525 contract factories were rated Bronze or better, our definition of sustainable

FLA Reaccreditation of NIKE’s Sustainable Manufacturing Program, aligning us with the gold standard for systems-level approach to human rights compliance and social responsibility

>100,000 workers in our Tier 1 supplier factories completed training sessions on fire prevention and fire protection since 2015

ENGAGED WORKFORCE

270,000 workers from 45 contract factories in 11 countries reached through NIKE’s Engagement and Wellbeing (EWB) Survey

Compensation and Benefits
Published results of our four-year study on how approaches to compensation at one factory affected both worker and facility performance

$437M disbursed through a trade finance program between NIKE and the International Finance Corporation (IFC), which incentivizes supplier performance by offering lower trade finance terms for facilities rated Bronze or better

Responsible Labor Initiative (RLI)
Joined RLI, a collaboration between leading companies and expert organizations, to drive positive change in the way migrant workers are recruited in our value chain

PARTNERSHIPS TO ACCELERATE INDUSTRY CHANGE

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MINIMIZE ENVIRONMENTAL FOOTPRINT

MATERIALS

>7.5B plastic bottles diverted from landfills and waterways and transformed into recycled polyester footwear and apparel since 2010

53.5B liters of water saved and 200,000 fewer kilograms of pesticides used by shifting to sustainable cotton

76% of Nike brand footwear and apparel products use some recycled material, from footwear uppers to entire jerseys

PRODUCT

23M pairs of Flyknit shoes produced, leveraging recycled plastic content equivalent to >31M plastic bottles

50% recycled manufacturing waste included in every Nike Air sole

75% recycled materials in Air sole of VaporMax Random, also made from discarded Flyknit yarn and CDs in its heel counter

ENERGY/CARBON

600,000 megawatt hours of renewable energy contracted per year, representing >75% of our global electricity load

>30% of NIKE global stores are LEED certified

7.33 kg CO₂e/unit is NIKE’s average product carbon footprint

WATER

23B liters of freshwater avoided through efficiency programs implemented by our key material vendors since FY16
MINIMIZE ENVIRONMENTAL FOOTPRINT

CIRCULARITY

Circular Design Guide
Created with students and staff of Central Saint Martins, University of the Arts London, and with inspiration from Global Fashion Agenda, to share a common language for circularity

120M pounds of footwear factory material recycled by Nike Grind to date

>30M pairs of shoes recycled into running tracks, playgrounds, and other surfaces since the launch of Reuse-A-Shoe

WASTE

99.9% of footwear manufacturing waste was recycled by contract factories or converted to energy

2M kilograms of waste prevented each year due to the installation of over 1,000 modern and efficient cutting machines by contract factories in our value chain

Single Use Plastic Bottles eliminated at our HQs globally and most key cities, including LA, NY, and London

25% reduction in Converse packaging by shifting from two boxes per product to one specifically designed box (OneBox)
## FY19 TARGET DATA

### UNLEASH HUMAN POTENTIAL

#### COMMUNITY IMPACT

<table>
<thead>
<tr>
<th>Unit of Measurement</th>
<th>FY15 Baseline</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
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<th>FY19 Change vs. Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Investments as % of Pre-Tax Income</td>
<td>%</td>
<td>1.9%</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.9%</td>
<td>N/A 1.5%</td>
</tr>
</tbody>
</table>

1. This is an annual target. Baseline and change vs. baseline are not relevant to this target.
2. Scope includes all finished goods manufacturing.

### TRANSFORM MANUFACTURING

#### MANUFACTURING

<table>
<thead>
<tr>
<th>Factories Rated Bronze or Better</th>
<th>%</th>
<th>86%</th>
<th>87%</th>
<th>91%</th>
<th>93%</th>
<th>93%</th>
<th>▲ 44 p.p.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factories with Excessive Overtime</td>
<td>%</td>
<td>3.3%</td>
<td>3.2%</td>
<td>3.9%</td>
<td>2.4%</td>
<td>2.3%</td>
<td>▼ 1 p.p.</td>
</tr>
</tbody>
</table>


### MINIMIZE ENVIRONMENTAL FOOTPRINT

#### PRODUCT

<table>
<thead>
<tr>
<th>Average Product Carbon Footprint (kg CO₂e/unit)</th>
<th>FY15 Baseline</th>
<th>FY16</th>
<th>FY17</th>
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</thead>
<tbody>
<tr>
<td>7.33</td>
<td>7.19</td>
<td>7.15</td>
<td>7.45</td>
<td>7.33</td>
<td>0% 5</td>
<td>▼ 10%</td>
<td>80%</td>
</tr>
</tbody>
</table>

5. Average product carbon footprint is flat compared to the FY15 baseline due to an increase in both material per unit (apparel getting heavier) and manufacturing emissions intensity (driven by grid electricity in Vietnam and style/model mix). NIKE has two other FY20 carbon targets, which represent Tier 1 (finished goods manufacturing) combined with other key operations, and Tier 2 (materials finishing).

#### MATERIALS

<table>
<thead>
<tr>
<th>Sustainable Materials – Apparel (AP)</th>
<th>%</th>
<th>19%</th>
<th>21%</th>
<th>33%</th>
<th>34%</th>
<th>41%</th>
<th>▲ 42 p.p.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Materials – Footwear (FW) 8</td>
<td>%</td>
<td>31%</td>
<td>31%</td>
<td>32%</td>
<td>32%</td>
<td>30%</td>
<td>▲ 22 p.p.</td>
</tr>
<tr>
<td>Cotton Sourced More Sustainably</td>
<td>%</td>
<td>24%</td>
<td>35%</td>
<td>53%</td>
<td>60% 6</td>
<td>86%</td>
<td>▲ 62 p.p.</td>
</tr>
</tbody>
</table>

6. FY16 and FY18 FW EPM percentages have been restated due to reporting variances identified through NIKE’s data governance processes.
7. We define more sustainable materials as those that reduce the environmental impact of a product through better chemistry, lower resource intensity, less waste, and/or recyclability.
8. FY16 and FY18 FW EPM percentages have been restated due to reporting variances identified through NIKE’s data governance processes.
9. Certified organic, Better Cotton (cotton grown according to the Better Cotton Standard system), or recycled.
10. FY18 has been restated due to a reporting variance identified through NIKE’s data governance processes.

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MINIMIZE ENVIRONMENTAL FOOTPRINT (CONTINUED)

CARBON AND ENERGY

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</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy – Owned or Operated¹¹</td>
<td>%</td>
<td>14%</td>
<td>20%</td>
<td>22%</td>
<td>22%</td>
<td>27%</td>
<td>13 p.p.</td>
</tr>
<tr>
<td>Energy Consumption Per Unit – Key Operations¹²</td>
<td>(kWh/Unit)</td>
<td>5.28</td>
<td>4.75</td>
<td>5.32</td>
<td>5.42</td>
<td>5.51</td>
<td>4%</td>
</tr>
<tr>
<td>Carbon Emissions Per Unit – Key Operations¹²</td>
<td>(kg CO₂e/unit)</td>
<td>1.89</td>
<td>1.73</td>
<td>1.90</td>
<td>1.97</td>
<td>1.94</td>
<td>3%</td>
</tr>
<tr>
<td>Energy Consumption Per kg – Textile Dyeing and Finishing¹³</td>
<td>(kWh/kg)</td>
<td>15.86</td>
<td>15.46</td>
<td>14.95</td>
<td>14.40</td>
<td>13.44</td>
<td>15%</td>
</tr>
<tr>
<td>Carbon Emissions Per kg – Textile Dyeing and Finishing¹³</td>
<td>(kg CO₂e/kg)</td>
<td>4.78</td>
<td>4.68</td>
<td>4.55</td>
<td>4.33</td>
<td>4.06</td>
<td>15%</td>
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WASTE

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<tbody>
<tr>
<td>Waste to Landfill – Footwear Manufacturing¹⁴</td>
<td>%</td>
<td>-</td>
<td>6.6%</td>
<td>3.9%</td>
<td>1.8%</td>
<td>0.1%</td>
<td>6.5 p.p.</td>
</tr>
<tr>
<td>Waste Index – FW Manufacturing, Distribution Centers (DCs), and Headquarters (HQs)¹⁵</td>
<td>-</td>
<td>100</td>
<td>98</td>
<td>100</td>
<td>103</td>
<td>102</td>
<td>2%</td>
</tr>
<tr>
<td>Landfill Diversion DCs and HQs¹⁶</td>
<td>%</td>
<td>88%</td>
<td>87%</td>
<td>88%</td>
<td>87%</td>
<td>89%</td>
<td>1 p.p. Increase</td>
</tr>
</tbody>
</table>

WATER

<table>
<thead>
<tr>
<th>Unit of Measurement</th>
<th>FY15 Baseline</th>
<th>FY16</th>
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</thead>
<tbody>
<tr>
<td>Freshwater Use Per Kg – Textile Dyeing and Finishing¹⁷</td>
<td>L/kg</td>
<td>-</td>
<td>126.5</td>
<td>117.2</td>
<td>109.3</td>
<td>94.3</td>
<td>25%</td>
</tr>
</tbody>
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CHEMISTRY

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Tested Material in Compliance with NIKE Restricted Substance List</td>
<td>%</td>
<td>95%</td>
<td>99%</td>
<td>98%</td>
<td>99%</td>
<td>98%</td>
<td>N/A¹⁷</td>
</tr>
<tr>
<td>Compliance with the ZDHC Manufacturing Restricted Substances List (MRSL)¹⁸</td>
<td>%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67%¹⁹</td>
<td>79%</td>
</tr>
<tr>
<td>Focus Suppliers Meeting NIKE’s Wastewater Quality Requirements – Textile Dyeing and Finishing¹⁹</td>
<td>%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40%</td>
<td>51%</td>
</tr>
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</table>

¹¹ The target scope includes electricity only, where we make energy purchase decisions on strategic assets. Equivalent to absolute reductions in Scope 1 and 2 CO₂e emissions of at least 50% by FY25. Target year to achieve 100% is FY25, not FY20. FY18 performance data for this target has been restated due to enhancements in NIKE’s PPA tracking processes (FY18) that have resulted in more comprehensive and accurate reporting.

¹² Key operations represent finished goods manufacturing, inbound and outbound logistics, DCs, HQs, and NIKE-owned retail. Historical performance data for this target has been restated due to a shift in NIKE’s logistics’ emissions data source (FY15–18) and to enhancements in NIKE’s PPA tracking processes (FY18) that have resulted in more comprehensive and accurate reporting.

¹³ Measure includes focus suppliers only. Focus suppliers represent key suppliers involved in the dyeing and/or finishing of materials that directly support finished product assembly.

¹⁴ Target covers waste to both landfill and incineration. Incineration does not include waste to energy recovery unless otherwise noted.

¹⁵ The waste index is a weighted average of our footwear manufacturing waste per unit, DCs waste per unit, and HQs waste per occupant. Baseline is FY15 except for Tier 1 FW Manufacturing and Converse HQ, which are FY16 and are included in Inc.-wide baseline for comparability across years.

¹⁶ Baseline is FY15 except for Converse HQ, which is FY16 and included in Inc.-wide baseline for comparability across years.

¹⁷ As we add new chemicals and tighten the limits, we may see a small number of failures as the supply chain adapts to the more stringent requirements. Due to these changes, we do not recognize a baseline or change vs. the baseline.

¹⁸ FY18 was NIKE’s first year tracking this metric. FY18 has been restated due to a reporting variance identified through NIKE’s data governance processes.

¹⁹ This target is now measured and reported using the ZDHC Wastewater Guidelines. Previously, this target was measured and reported using the BFR Standard. In FY17, we introduced the ZDHC Wastewater Guidelines, holding suppliers accountable to 24 additional conventional parameters and 202 hazardous chemicals, to vendors who produce approximately 80% of our materials. FY18 was the first year testing against the ZDHC Standard.

Refer to our FY19 NIKE, Inc. Impact Report (purpose.nike.com) for more detail on our 2020 targets.
COMMITMENTS & COLLABORATIONS

Arctic Shipping Pledge
We teamed up with the Ocean Conservancy to establish an Arctic Shipping Pledge, a commitment to not intentionally send ships through the Arctic out of concern for the negative environmental impact. Initial corporate pledge signatories include Bestseller, Columbia, Gap Inc., H&M Group, Kering, Li & Fung, PVH Corp., and several ocean carriers.

Science-Based Targets
We set bold and ambitious targets to reduce our carbon footprint by the year 2030 through Science-Based Targets, committing to an absolute reduction of Scope 1 and 2 emissions by 65% and Scope 3 emissions by 30% by 2030.

Circular Fashion System Commitment
As a Global Fashion Agenda (GFA) strategic partner, we are committed to GFA's 2020 Circular Fashion System Commitment and are moving toward implementing circular design strategies, as defined in NIKE's Circular Design Guide.

COLLABORATIONS

Responsible Labor Initiative
We joined the RLI, a multi-stakeholder, cross-sectoral initiative of the Responsible Business Alliance, focused on helping buyers and suppliers develop tools and resources to manage risks of forced labor.

Renewable Energy Buyers Alliance
We are founding members of the new Renewable Energy Buyers Alliance, a coalition of large clean energy buyers who are unlocking the marketplace for all nonresidential energy buyers and leading a rapid transition to a cleaner, prosperous, zero-carbon energy future.

Sustainable Air Freight Alliance
We are a founding member of the Sustainable Air Freight Alliance, a buyer-supplier collaboration between shippers, freight forwarders, and air freight carriers who aim to track and reduce carbon dioxide emissions from air freight and promote responsible freight transportation.
DOWNLOAD THE FULL REPORT AT
PURPOSE.NIKE.COM