

PWC ASSURANCE REPORT



Report of Independent Accountants

To the Board of Directors of NIKE, Inc.

We have reviewed the accompanying NIKE, Inc. (“NIKE”) Management Assertion, that the sustainability metrics identified below, for the year ended May 31, 2019, are presented in conformity with the assessment criteria set forth in management’s assertion (the “assessment criteria”).

- Total energy consumption (MWh)
- Scope 1 (Direct) Emissions (Metric tons CO₂e)
- Scope 2 (Indirect) Location-Based Emissions (Metric tons CO₂e)
- Scope 2 (Indirect) Market-Based Emissions (Metric tons CO₂e)
- Scope 3 (Indirect) Emissions from Commercial Air Travel (Metric tons CO₂e)

NIKE’s management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the sustainability metrics. Our responsibility is to express a conclusion on management’s assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (“AICPA”) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management’s assertion in order to be fairly stated. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

In performing our review, we have complied with the independence and other ethical requirements of the Code of Professional Conduct issued by the AICPA.

We applied the Statements on Quality Control Standards established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

GHG emissions quantification is subject to inherent measurement uncertainty because of such things as GHG emission factors that are used in mathematical models to calculate GHG emissions and the inability of those models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could result in materially different amounts or metrics being reported.

Data related to total energy consumed is subject to inherent limitations given the nature and the methods used for determining such data. The selection by management of different but acceptable measurement techniques could result in materially different amounts or metrics being reported.

As discussed in the accompanying NIKE, Inc. Management Assertion, NIKE has estimated GHG emissions for certain emission sources for which no primary usage data is available.

Based on our review, we are not aware of any material modifications that should be made to the accompanying NIKE, Inc. Management Assertion in order for it to be fairly stated.

February 6, 2020

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NIKE, INC. MANAGEMENT ASSERTION

Fiscal Year ended May 31, 2019 Scope 1, 2 and 3 (Commercial Air Travel) Energy Consumption and Greenhouse Gas (GHG) Emissions

SELECTED SUSTAINABILITY METRICS ("FY19")

Fiscal Year ended
May 31, 2019

Total Energy Consumption (MWh)	830,854
Scope 1 (Direct) Emissions (Metric tons CO ₂ e)	46,714
Scope 2 (Indirect) Location-Based Emissions (Metric tons CO ₂ e)	258,171
Scope 2 (Indirect) Market-Based Emissions (Metric tons CO ₂ e)	209,065
Scope 3 Emissions from Commercial Air Travel (Metric tons CO ₂ e)	89,464

Prior to conversion to CO₂e, metric tons of GHG emissions by gas are 254,095, 17, and 3 of CO₂, CH₄, and N₂O, respectively.

OVERVIEW

NIKE, Inc. ("NIKE") captures, calculates, and reports direct and indirect GHG emissions data in accordance with the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) *Greenhouse Gas Protocol Initiative's Corporate GHG Accounting and Reporting Standard (Revised Edition)* ("GHG Protocol") and the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, which are recognized external standards.

NIKE management is responsible for selecting or developing, and upholding, the assessment criteria, which management believes provide an objective foundation for measuring and reporting on the selected sustainability metrics (the "metrics") presented in the table above. NIKE management is also responsible for the assessment, collection, quantification, and reporting of energy and emissions data, and for the completeness, accuracy, and validity of the GHG emissions calculations for the Fiscal Year ended May 31, 2019.

ORGANIZATIONAL BOUNDARY

NIKE uses the operational control approach in conformance with the GHG Protocol to report energy consumption and direct and indirect GHG emissions for 100% of the facilities where NIKE has operational control.

SCOPE

NIKE's Scope 1 and 2 reporting is outlined below. Scope 3 (commercial air travel only) is also shown.

Emissions source	Scope description
Retail	<ul style="list-style-type: none"> Includes NIKE owned or operated Nike Brand, Converse, and Hurley¹ stores globally. Energy consumed includes natural gas and electricity. Natural gas usage outside of the U.S. and Canada (and for landlord-managed sites in the U.S. and Canada), and electricity usage outside of the U.S., Canada, and EU (and for landlord-managed sites in the U.S., Canada, and EU), is estimated. Our estimation methodology is described below. Refrigerant leakage from HVAC units are not included in reporting at this time.
Distribution Centres (DCs)	<ul style="list-style-type: none"> Includes top 31 NIKE owned or operated Distribution Centers ("DCs") globally as of May 31, 2019, which represent about 88% of shipped units. Energy consumed includes natural gas, hi-sene, diesel, propane, electricity, onsite solar, and onsite wind. Diesel is used in backup generators. Propane is used in at least two DCs for scrubbers/floor sweepers. A portion of propane usage is estimated leveraging known propane usage. Our estimation methodology is described below. In addition, emissions include fugitive emissions from refrigerant gas loss.
Headquarters (HQs)	<ul style="list-style-type: none"> Includes emissions from building facilities at 5 HQs: World Headquarters U.S. ("WHQ"), European HQ, Greater China HQ, Converse HQ, and Hurley¹ HQ. This covers over 8 million ft². Emissions from new construction at HQ locations are reported separately under Other Offices & WHQ Building Construction discussed below until buildings become operational. There weren't any facilities that made this shift in FY19. Energy consumed includes natural gas, diesel, propane, electricity, and onsite solar. Diesel is used in backup generators. Propane is used in food services, vendor landscaping services, and some forklifts. Refrigerant leakage from HVAC units are not included in reporting at this time.
Air Manufacturing Innovation	<ul style="list-style-type: none"> Includes NIKE-owned manufacturing facilities and related facilities that are the primary producers of NIKE air units. Energy consumed includes natural gas, diesel, propane, and electricity. Diesel is used in backup generators. Propane is used in a single limited application in one Air Manufacturing Innovation ("Air MI") facility. Refrigerant leakage from HVAC units are not included in reporting at this time.
Other (NON-HQ) Offices and HQ Building Construction	<ul style="list-style-type: none"> Includes non-HQ office facilities (such as regional sales offices) and new building construction at WHQ prior to newly constructed sites becoming operational. Once new construction becomes operational, in alignment with NIKE's financial reporting approach, new construction is reclassified to HQ scope. In FY19, no facilities transitioned into HQ scope. Energy consumed includes natural gas and electricity. Natural gas usage outside of the U.S. and Canada (and for landlord-managed sites in the U.S. and Canada), and electricity usage outside of the U.S., Canada, and EU (as well as for landlord-managed sites in the U.S., Canada, and EU), is estimated. Our estimation methodology is described below.
Vehicles	<ul style="list-style-type: none"> Vehicles include service vehicles at WHQ. Company-leased vehicles for use by employees in other geographies are not included in reporting at this time.
Jets	<ul style="list-style-type: none"> Includes jet aviation fuel from our business travel using NIKE's two corporate jets, operated from the U.S.
Commercial Travel	<ul style="list-style-type: none"> Data represents commercial business air travel across 47 countries. Commercial air travel emissions are estimated based on mileage calculated from number and route distance of trips.

¹ NIKE divested of Hurley in FY20. Hurley is included in reported FY19 figures.



NIKE, INC. MANAGEMENT ASSERTION

EXCLUSIONS

Each year, we aim to increase the quality of the data reported. As tenants of leased facilities, we do not yet have access to complete refrigerant sources and certain energy sources for shared building common spaces.

GHG BASE DATA

FY15 is used as the base year in alignment with FY20 targets baseline year. Activity data used to calculate Scope 1 (direct) emissions is sourced from direct measurements or third-party invoices (e.g., diesel, jet fuel and natural gas). Activity data used to calculate Scope 2 (indirect) emissions is sourced from third-party invoices (e.g., electricity) wherever possible and is collected across the business via a variety of internal processes and systems. Scope 3 (commercial air travel) data used to report GHG emissions from transporting our employees is obtained from reports provided by third parties which includes number of flights and distance data.

As described in this assertion, activity data for Scope 1 and Scope 2 is sourced from estimates where actual consumption data is not available. NIKE continues to work on obtaining systematic access to more actual consumption data – in FY19, actual consumption data for retail and non-HQ offices in the EU was integrated into reported figures. Estimates are described in more detail below. Reported data has been rounded to the nearest whole number.

ESTIMATION METHODOLOGY

Estimation methodologies employ reasonable assumptions to avoid understating NIKE's emissions footprint and are described below.

Estimated data	Estimation methodology
Natural Gas (retail and non-HQ offices outside of the U.S. and Canada)	Natural gas usage is estimated for sites outside of the U.S. and Canada, and for landlord-managed sites in the U.S. and Canada where visibility on energy consumption is low. Square footage of retail and non-HQ offices per country is used, along with country-level climate assumptions and CBECS energy use intensity (kWh per square foot) based on climate region. In the U.S. and Canada, where some sites are landlord-managed and visibility on energy consumption is low, our internal known average country-level energy use intensity is used instead of the external CBECS benchmark. Approximately 90% of retail scope 1 emissions in FY19 were estimated, and approximately 50% of non-HQ scope 1 emissions in FY19 were estimated.
Electricity (retail and non-HQ offices outside of the U.S., Canada, and EU)	Electricity usage is estimated for sites outside of the U.S., Canada, and EU and for landlord-managed sites in the U.S., Canada, and EU where visibility on energy consumption is low. Square footage of retail and non-HQ offices per country is used, leveraging actual FY19 square footage data, along with electricity intensity (kWh per square foot of known FY19 NIKE electricity usage in retail or offices). About 63% of retail scope 2 market-based emissions in FY19 were estimated. About 65% of non-HQ scope 2 market-based emissions in FY19 were estimated.
Propane (DC)	Propane usage at one DC is estimated leveraging propane consumption intensity at a comparable DC based on relative square footage.
Fugitive emissions from refrigerant gas loss	Refrigerant leakage from HVAC units was calculated by applying an operating emissions factor (i.e. leak rate) of 10% (sourced from EPA's <i>Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases</i>) to the total system capacity across all units. The Global Warming Potential ("GWP") of R410a was sourced from the <i>Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report</i> published in 2014.



NIKE, INC. MANAGEMENT ASSERTION

EMISSIONS FACTORS

Emissions are reported in metric tons of carbon dioxide equivalent and include CO₂, CH₄, and N₂O.

Exceptions to reporting CH₄ and N₂O are as follows:

- Facilities' emissions are reported in CO₂e, however, within a limited subset of consumption data, emissions factors for other gases (CH₄, N₂O) are not provided. These exceptions include AIB/ EU Residual Mix Emissions factors, Green-E/ US Residual Mix, and certain supplier-specific emissions factors. In these cases, CH₄ and N₂O emissions are sourced from the next available step in the market-based emissions factors hierarchy.

- Commercial Travel emissions are in CO₂ due to data availability. The emissions from other gases are not material to NIKE's reported GHG emissions.

Carbon dioxide emissions and equivalents resulting from the activities and business units described above have been determined on the basis of measured or estimated fuel and electricity usage, multiplied by relevant, published carbon emission factors, which are updated annually according to an internal policy to use the most recent emissions factors available before the annual internal cutoff date, which is 15 days after the fiscal year end. Carbon dioxide equivalent emissions utilize GWPs

primarily sourced from the Intergovernmental Panel on Climate Change Fifth Assessment Report (Assessment Report 5 – 100 year), and EPA emissions factor sources use Assessment Report 4.

In quantifying market-based electricity GHG emissions, GHG Protocol Scope 2 Guidance defines a hierarchy of factors for quantifying market-based emissions, in order from highest to lowest precision

The table below describes the hierarchy and the relevance to NIKE for the current year reporting.

EMISSION SOURCE TYPE	EMISSION FACTOR EMPLOYED
Direct Line Connection	Not applicable
Energy Attribute Certificates	NIKE applies a zero emission factor for onsite solar and wind generation where Renewable Energy Credits (or Guarantees of Origin) generated are retained by NIKE; and for purchased renewable energy attribute certificates applied to NIKE's operations. Biomass renewable energy credits employ a zero emission factor for CO ₂ ; however, biomass source-specific emissions factors are applied for CH ₄ and N ₂ O.
Electricity Contracts	NIKE applies a zero emission factor for all sites in scope of its power purchase agreement.
Energy Supplier-Specific Emissions Factors	U.S., Canada, and EU: NIKE applies publicly available supplier-specific emission factors where available.
Residual Mix	U.S. and Canada: NIKE applies residual mix emission factors from Green-e Energy U.S. Residual Mix Emissions Rates. EU: NIKE applies country emission factors from the AIB.
Location-Based Factors	If none of the above options are available, NIKE uses location-based factors as described in the table below.



NIKE, INC. MANAGEMENT ASSERTION

The table below outlines the emissions factor sources used in FY19 emissions calculations.

EMISSION SOURCE	EMISSION SOURCE TYPE	EMISSION FACTOR EMPLOYED
Scope 1	Natural Gas	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Hi-sene	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Diesel	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Propane	EPA Center for Corporate Climate Leadership's Emission Factors for Greenhouse Gas Inventories
Scope 1	Gasoline	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Refrigerants	<i>Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report; EPA's Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases</i>
Scope 2	Electricity (U.S. and EU)	Contractual instruments (Power purchase agreements [PPA]; energy attribute certificates [EAC]) <i>In FY19, we employed a zero emissions factor for facilities at NIKE facilities in Oregon, U.S. that are in scope of NIKE's PPA with Avangrid. Similarly, we used a zero emissions factor for facilities in Europe that purchase GOs/EACs.</i>
Scope 2	Electricity (U.S., Canada, and EU)	Supplier-specific emission factors (various sources) <i>In the absence of a contractual instrument (or electricity consumption that exceeds onsite renewables and contractual instruments), we apply supplier-specific emission factors where they are available and meet a third-party quality criteria review. In FY19, supplier-specific emission factors covered 78% of NIKE's electricity consumption in the U.S. and Canada and 4% of consumption in EMEA.</i>
Scope 2	Electricity (U.S. and Canada)	Green-e Energy US Residual Mix Emissions Rates <i>For facilities in the U.S. that do not have contractual instruments or supplier-specific emissions factors available, NIKE uses residual mix factors.</i>
Scope 2	Electricity (U.S.)	eGRID (location-based) <i>In the absence of contractual instruments, supplier-specific emissions factors, and residual mix factors, NIKE applies a regional/national grid mix factor. This only applies to landlord-managed facilities in the U.S.</i>
Scope 2	Electricity (EU)	AIB European Residual Mixes <i>For facilities in the EU that do not have contractual instruments or supplier-specific emissions factors available, NIKE uses residual mix factors.</i>
Scope 2	Electricity (Global)	IEA World Electricity CO ₂ Emissions Factors <i>In the absence of contractual instruments, supplier-specific emissions factors, residual mix factors, and a regional/national grid mix factor, NIKE applies a protocol that covers all countries globally. This global protocol serves as a catch-all for any sites that haven't obtained an emission factor from a more granular step in the market-based hierarchy.</i>
Scope 2	Biomass	2006 IPCC Guidelines for National Greenhouse Gas Inventories <i>NIKE purchases biomass RECs at one distribution center.</i>
Scope 3 (Commercial Travel only)	Air travel	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017

UNCERTAINTY

GHG emissions quantification is subject to inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy

use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could result in materially different amounts of metrics being reported.

Data related to total energy consumed is subject to inherent limitations given the nature and the methods used for determining such data. The selection by management of different but acceptable

measurement techniques could result in materially different amounts or metrics being reported.

NIKE recognizes that commercial air travel remains an estimate since unforeseen circumstances can occur (e.g., different routes due to adverse weather or unforeseen aircraft fleet changes), however the figure presented is considered to be a reasonable estimate of NIKE's commercial air travel emissions.

