

purpose²⁵



FY20 NIKE, Inc. Impact Report | Executive Summary

BREAKING BARRIERS



Letter From Our President and CEO

NIKE's journey began in 1964, with a handshake between a runner and his coach. As our company has grown, so has our belief in NIKE's role and vision for impact in the world. Today, we're proud of our long history of helping to create a brighter future.

Our strong values have guided us through this past year. As I write this letter, we continue to navigate a global pandemic, a climate crisis, a reckoning of racial inequity, and more. This has been a defining moment for our society – and a defining moment for NIKE.

NIKE is a brand of hope and inspiration. 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. Ultimately, everything we do is grounded in a greater purpose: to redefine human potential – in the game and around the globe.

For our team at NIKE, FY20 proved how much our people and purpose matter. It showed the difference that our voice and our actions can make. In the face of our society's most pressing challenges, we embrace NIKE's unique opportunity to lead the way.

Our FY20 NIKE, Inc. Impact Report represents a true inflection point.

First, this past year we used NIKE's scale and influence to raise the bar for sustainability. We launched our Supplier Climate Action Program to develop pathways for carbon reduction for our material and finished goods manufacturers. And we saw real progress throughout our supply chain:

- We are currently using 100% renewable energy in the United States and Canada in our owned or operated facilities.
- Our textile dyeing and finishing suppliers reduced freshwater use by 30%, far exceeding our FY20 target.
- Our Tier 1 finished goods footwear suppliers diverted 99.9% of our manufacturing waste from landfill.

We're also investing in solutions that create lasting change in our communities around the world. Building on collaborations with partners, such as the U.S. Olympic & Paralympic Committee, we created a training

module called Coaching Girls for volunteer youth coaches to help build a culture that makes sport fun and inclusive for girls.

And through Made to Play – our global commitment to get kids moving through play and sport – we engaged our own teammates in the effort: more than 6,700 of our store employees across 29 countries volunteered more than 60,000 hours in FY20 to inspire kids to be active.

At the same time, as our society continues to reckon with systemic racial injustice, we are committed to standing up for one of NIKE's core values – equality. Our brand would not be what it is today without the powerful contributions of Black athletes and Black culture. And our belief in human potential inspires us to lead in addressing equality's most persistent barriers. That's why we're taking meaningful action to support organizations focused on advancing racial equality in the U.S., including a combined \$140 million commitment from NIKE, Converse, Jordan Brand, and Michael Jordan.

We are also focused on building a diverse, inclusive team and culture, one in which all voices are welcomed and heard. This culture of belonging reflects the diversity of the athletes we honor, the people who love our products, and the communities we serve.

Our efforts have increased representation of women globally across the enterprise to 49.5% and representation of racial and ethnic minorities to 29% of our VP Leadership Team in the United States.

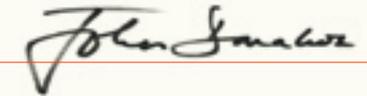
We're proud of the successes we've seen, but we know the work is still just beginning. We will continue to strive to lower emissions across our key operations, to shrink our product carbon footprint, to accelerate diversity and inclusion across our teams, to enable kids to have access to play and sport. We will always challenge ourselves to do better. Always.

Our progress to date is measured against five-year targets we set for ourselves. As we've closed out these FY20 targets, we undertook a rigorous companywide effort to establish NIKE's new five-year roadmap for global impact – our Purpose 2025 Targets.

Today, as we close one set of targets, we begin our next journey. Our Purpose 2025 Targets are not just aspirations. They are a call to action – with clear goals, strategies, and accountabilities. We are also redefining what responsible leadership looks like. For the first time, we will tie executive compensation to NIKE's progress in deepening diversity and inclusion, protecting the planet, and advancing ethical manufacturing.

Our goal is, and always will be, for NIKE's people and purpose to come together for good. At NIKE, we'll never stop striving for better. Our purpose will always guide us, and our values will always push us forward – toward that better future we believe in.

John Donahoe
President and CEO
NIKE, Inc.



PURPOSE GUIDES US BECAUSE WE BELIEVE PROGRESS IS POSSIBLE.



Welcome to the FY20 NIKE, Inc. Impact Report – Executive Summary.

This year's report is unique in three ways:

Firstly, the events of this past year were unprecedented in many ways, and felt by all around the globe. We're more aware than ever of the collective action that's needed to strengthen society.

Secondly, our reporting cycle is ending for the corporate targets we set in 2015. We want to share our progress and our learnings over that five-year journey.

Lastly, we have set new corporate targets to get us to 2025. They reflect the ambitious work we, at NIKE, intend to get after to create a better tomorrow.

What matters is investing in people, our planet, and building community. Through sport, we break barriers and move the world forward.

[Access the full FY20 NIKE, Inc. Impact Report here.](#)



ACCELERATION



NIKE has set 2025 Targets that are ambitious – and attainable. In the race toward a better tomorrow, there is no finish line.

Teams all across NIKE were part of our target-setting process, helping create plans to deliver our ambitions and accelerate our work.

The 2025 Targets we have set are industry-leading in how we:

- Tie executive compensation to our 2025 target performance
- Leverage annual milestones to improve performance management
- Extend accountability of targets deeper into our value chain, with new targets focused on waste, labor and supplier diversity
- Align with Science Based Targets and Sustainable Development Goals



Coming to the end of a target period allows for a moment of reflection. We are committed to building on our successes and learning from our setbacks.

2020 PERFORMANCE



2020 HIGHLIGHTS

We've made significant gains over the last five years.

From utilizing electric vehicles for last-mile delivery of product, to Black Community Commitment grants in seven U.S. cities and London, to youth coaching programs across the globe, we made strides in 2020.

But the road hasn't always been linear and there are areas where we have further to go. When the landscape changed or the challenge was greater than expected, we have pushed ourselves to understand why, and how we will pivot to meet our ambition.



Representation

Women now make up **49.5%** of our total employee base.

Racial and ethnic minorities at the Vice President (VP) levels in the U.S. increased 8 p.p. in 2020 to **29%**.

Recruiting

The 2020 intern class was our most diverse yet: **55%** of our 310 interns were women and **49%** were U.S. racial and ethnic minorities.

Labor

More than **\$717 MILLION** disbursed to 46 factories through a trade finance program between NIKE and the International Finance Corporation (IFC).

Community Investment

NIKE invested **\$89.8 MILLION** in community impact.

Employee Engagement x Made to Play

As part of Made to Play, and through our NIKE Community Ambassador program, we've trained **6,700+** retail athletes from **560+** stores and across **29** countries to help kids get moving through play and sport.

Black Community Commitment

NIKE, Converse, Jordan Brand, and Michael Jordan have committed a combined **\$140 MILLION** over 10 years to support organizations focused on economic empowerment, education, and social justice to address racial inequality for Black Americans.



Water

NIKE exceeded its FY20 target by achieving a **30% REDUCTION** in textile dyeing and finishing supplier freshwater use per kilogram of material, which translates to a cumulative **40 BILLION LITERS** of freshwater avoided by our suppliers since FY16.

Carbon

We are currently using **100%** renewable energy in the U.S. and Canada for our owned or operated sites. Globally, NIKE was powered by **48%** renewable energy in FY20.

Since FY15, our footwear suppliers have achieved a nearly **10%** reduction in energy consumption per pair produced.

Waste

99.9% of our manufacturing scraps at our Tier 1 finished goods footwear suppliers were diverted from landfills.

Since FY15, more than **47 MILLION** kg of manufacturing scraps were recycled into new footwear products.



2020 Targets Overview

Metric	Unit of Measurement	FY15 Baseline	FY20	FY20 Change vs. Baseline	Final status
Community Impact					
Invest a minimum of 1.5% of pre-tax income to drive positive impact in our communities	%	1.9%	1.9%	N/A	✓
Manufacturing					
Source 100% from factories that meet our definition of sustainable (rated bronze or better)	%	86%	94%	▲ 45 p.p. (vs. FY11 BASELINE)	⦿
Eliminate excessive overtime (EOT)	%	3.3%	0.8%	▼ 2.5 p.p.	⦿
Product					
80% product scored on sustainability performance	%	27%	60%	▲ 33 p.p.	⦿
10% reduction in the average product carbon footprint per unit	(kg CO ₂ e/unit)	7.33	7.33	0%	✗
Materials					
Increase use of more sustainable materials in apparel	%	19%	59%	▲ 40 p.p.	✓
Increase use of more sustainable materials in footwear	%	31%	29%	▼ 2 p.p.	⦿
Source 100% of our cotton more sustainably	%	24%	100%	▲ 76 p.p.	✓
Carbon and Energy					
100% renewable energy in owned or operated facilities (by FY25)	%	14%	48%	▲ 34 p.p.	✓
25% reduction in energy use in key operations	(kWhe/unit)	5.79	5.62	▼ 3%	✗

✓ Target met ⦿ Substantial progress ✗ Target not met

Metric	Unit of Measurement	FY15 Baseline	FY20	FY20 Change vs. Baseline	Final status
25% reduction in carbon emissions per unit in key operations	(kg CO ₂ e/unit)	2.02	1.91	▼ 5%	✗
35% reduction in energy use in textile dyeing and finishing	(kWhe/kg)	15.86	13.30	▼ 16%	⦿
35% reduction in carbon emissions in textile dyeing and finishing	(kg CO ₂ e/kg)	4.78	4.05	▼ 15%	⦿
Waste					
Eliminate footwear manufacturing waste to landfill or incineration	%	–	0.1%	▼ 6.5 p.p.	✓
10% reduction in waste index, covering FW Manufacturing, Distribution Centers, and HQs	–	100	97	▼ 3%	✗
Increase landfill diversion at Distribution Centers and HQs	%	88%	88%	0 p.p.	✗
Water					
20% reduction in freshwater in textile dyeing and finishing	L/kg	–	88.2%	▼ 30%	✓
Chemistry					
100% compliance with NIKE Restricted Substance List (RSL)	%	95%	98%	N/A	✓
100% compliance with the zero discharge of hazardous chemicals (ZDHC) Manufacturing Restricted Substance List (MRSL)	%	–	85%	▲ 18 p.p.	⦿
100% of focus suppliers meeting NIKE's wastewater quality requirements for textile dyeing and finishing processes	%	–	69%	▲ 29 p.p.	✗

Key ▲ Increase ▼ Decrease
 Favorable ▲ ▼
 Unfavorable ▲ ▼

Learn about our 2020 Targets in the [FY20 NIKE, Inc. Impact Report](#).



In Our Sights

2025 VISION

Over the next five years, we will bring our purpose to life with a focus on people, planet, and play.



We have developed 29 targets to achieve our ambitions. Our targets are aggressive, but achievable. We're committing to clear action plans with clear goals, clear measures – and clear accountability. Above all, we're committing to helping shape a better future, across our company and around the world.

EMPOWERED VOICES ARE THE POWER OF NIKE.

2025 Target Highlights

50%

Representation of women in global corporate workforce

100%

Women in supply chain have increased access to career opportunities

50%

Girl participation in Made to Play community programs



INNOVATION IS AN OUTCOME OF INCLUSIVITY.

2025 Target Highlights

35%

Representation of racial and ethnic minorities in U.S. corporate workforce

\$125M

Invested to support organizations leveling the playing field and addressing racial inequality

\$10M

Investment in historically Black colleges and universities and Hispanic-serving institutions to increase intern and direct hires



THE PLANET IS OUR PLAYING FIELD.

2025 Target Highlights

70%

Absolute reduction in GHG emissions in owned or operated facilities

10x

Amount of finished product waste refurbished, recycled or donated



THROUGH SPORT, WE BUILD STRONGER COMMUNITIES.

2025 Target Highlights

2%

Investment of prior-year pre-tax income to drive positive impact in communities

For context, in FY20, NIKE invested **\$89.8M** to positively impact communities



2025

2025 Targets Overview

People

Representation and Hiring	<p>50% representation of women in global corporate workforce and 45% in leadership positions</p> <p>30% representation of U.S. racial and ethnic minorities at Director level and above; increase pipeline of Black and Latinx talent at Director and above</p> <p>35% representation of racial and ethnic minorities in our U.S. corporate workforce</p> <p>\$10 MILLION investment earmarked for historically Black colleges and universities (HBCU) and Hispanic-serving institutions (HSI) in the form of scholarships and academic partnerships to increase intern and direct hires</p> <p>ENHANCE OPPORTUNITIES and marketing of open roles for first-line athletes to compete for corporate roles</p> <p>100% of strategic suppliers are increasing access to career opportunities and upward mobility for women employed in their facilities</p>
Pay & Benefits	<p>Maintain 100% pay equity across all employee levels on an annual basis</p> <p>Provide competitive and equitable benefits for all employees</p>
Health & Safety	<p>100% of strategic suppliers are building world-class, safe, and healthy workspaces for the people making our products</p>
Inclusive Culture & Engagement	<p>TOP QUARTILE in benchmarked companies for both engagement and inclusion</p> <p>Continue to focus on improving access to athletes* of all abilities for our brand, our experiences, our product, our facilities and our company</p> <p>100% of strategic suppliers are measuring and improving the engagement of the people making our products</p>
Education & Professional Development	<p>100% of Vice Presidents complete and be credentialed on Inclusive Leadership education</p> <p>2X INVESTMENTS focused on professional development for racial and ethnic minorities in the U.S. and women globally</p>
Business Diversity & Inclusion	<p>\$1 BILLION cumulative spend on diverse suppliers</p>
Foundational Expectations	<p>100% of facilities in our extended supply chain meet NIKE's foundational labor, health, safety, and environmental standards demonstrating respect for the rights of their workers and communities where they operate</p>

For more details on our 2025 Targets, see the [FY20 Nike Impact Report](#)

Community

Active Kids	<p>Drive sustained community impact by getting kids moving in our key cities and sourcing backyards with 50% girl participation</p>
Inclusive Communities	<p>Invest \$125 MILLION to support organizations working to level the playing field and addressing racial inequality</p>
Employee Engagement	<p>Increase the number of employees engaged in their communities to a minimum of 35%</p>
Community Investment	<p>Invest 2% of prior-year pre-tax income to drive positive impact in communities</p>
Planet	
Carbon	<p>70% absolute reduction of greenhouse gas (GHG) emissions in owned or operated facilities through 100% renewable electricity and fleet electrification</p> <p>GHG emissions from key suppliers' manufacturing and transportation operations will be AT OR BELOW 2020 LEVELS, DESPITE ANTICIPATED BUSINESS GROWTH, through use of renewable energy, energy efficiency and alternative fuels</p> <p>0.5 MILLION tons of GHG emissions reduced through increasing our use of environmentally preferred materials to 50% of all key materials</p>
Waste	<p>10% waste reduction per unit in manufacturing, distribution, headquarters, and packaging through improved design and operational efficiency</p> <p>100% waste diverted from landfill in our extended supply chain with at least 80% recycled back into NIKE products and other goods</p> <p>10X the amount of finished product waste refurbished, recycled, or donated</p>
Water	<p>25% reduction in freshwater usage per kg in textile dyeing and finishing</p> <p>13 BILLION liters restored through a portfolio of watershed projects that support long-term resilience for water-stressed ecosystems and communities within our extended cotton supply chain</p>
Chemistry	<p>Adopt clean chemistry alternatives for our 10 priority chemistries across our supply chain</p>



purpose²⁵

