

PURPOSE MOVES US



SAE SHIGEMOTO



LETTER FROM OUR CEO

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.

And we will continue to strive to bring sport to kids and communities everywhere by scaling more sustainable solutions that teams across NIKE are tirelessly developing every day. We will continue to innovate for all athletes everywhere to help ensure an equal playing field for all and to challenge existing systems while we drive toward a more circular future.

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.



John Donahoe

John Donahoe
President and CEO



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

TRAINED COACHES

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



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

ACTIVE KIDS

>17M
kids got active with the help of NIKE and its 90+ community partners around the world



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

WATER

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

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

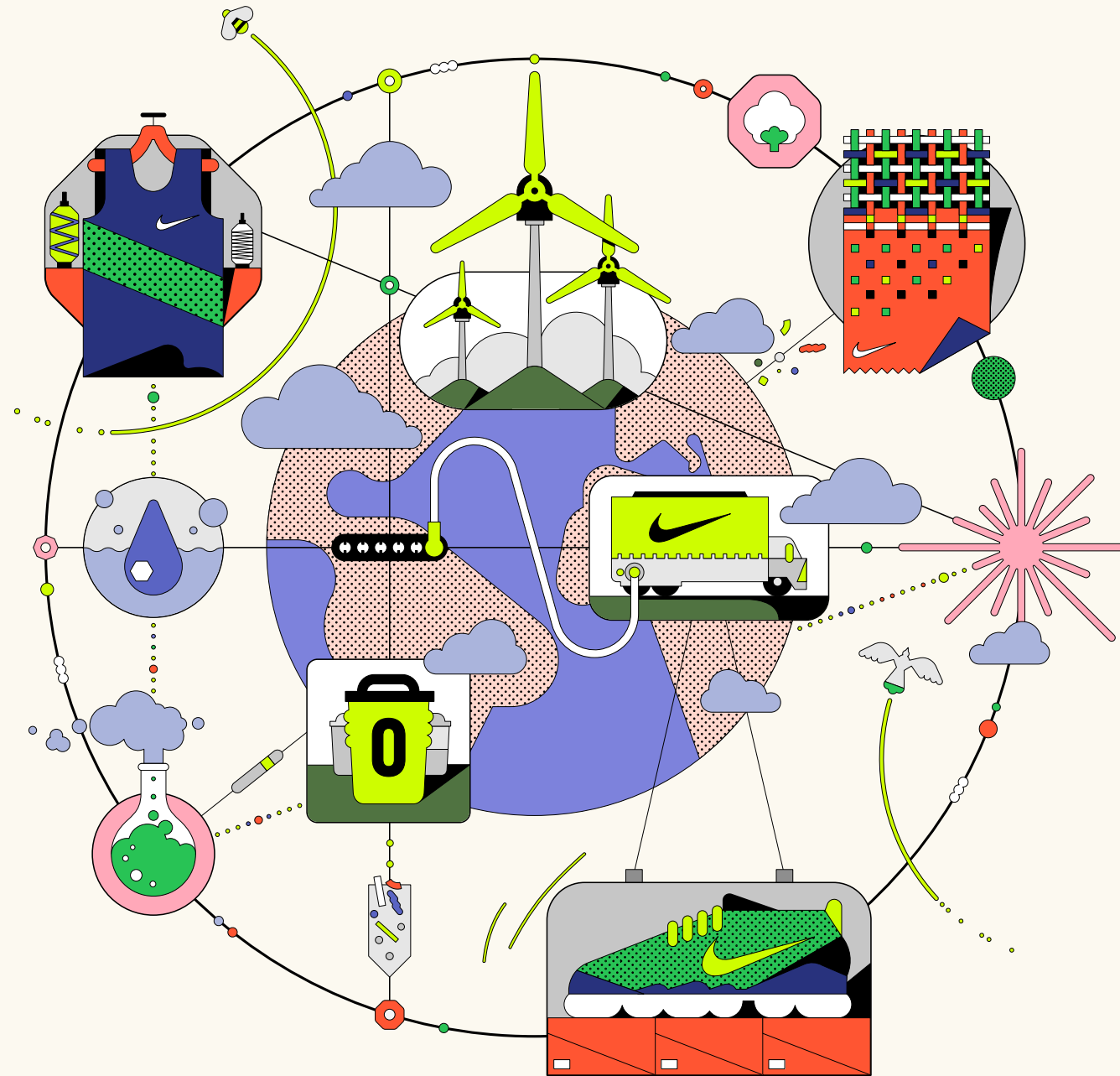
75%
recycled materials in Air sole of VaporMax Random, also made from discarded Flyknit yarn and CDs in its heel counter

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



FY19 TARGET DATA

Key	▲ Increase	▼ Decrease
Favorable	▲	▼
Unfavorable	▲	▼

Unit of Measurement	FY15 Baseline	FY16	FY17	FY18	FY19	FY19 Change vs. Baseline	Target
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UNLEASH HUMAN POTENTIAL

COMMUNITY IMPACT

Annual Investments as % of Pre-Tax Income	%	1.9%	1.8%	1.9%	1.8%	1.9%	N/A¹	1.5%
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TRANSFORM MANUFACTURING

MANUFACTURING²

Factories Rated Bronze or Better	%	86%	87%	91%	93%	93%	▲ 44 p.p.³ (vs. FY11 baseline)	100%
Factories with Excessive Overtime	%	3.3%	3.2%	3.9%	2.4%	2.3%	▼ 1 p.p.	0%

MINIMIZE ENVIRONMENTAL FOOTPRINT

PRODUCT

Average Product Carbon Footprint ⁴	(kg CO ₂ e/unit)	7.33	7.19	7.15	7.45	7.33	0%⁵	▼ 10%
Product Scored on Sustainability Performance ⁶	%	27%	68%	71%	73%	69%	▲ 42 p.p.	80%

MATERIALS

Sustainable Materials – Apparel (AP) ⁷	%	19%	21%	33%	34%	41%	▲ 22 p.p.	Increase
Sustainable Materials – Footwear (FW) ^{7,8}	%	31%	31%	32%	32%	30%	▼ 1 p.p.	Increase
Cotton Sourced More Sustainably ⁹	%	24%	35%	53%	60% ¹⁰	86%	▲ 62 p.p.	100%

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

1 This is an annual target. Baseline and change vs. baseline are not relevant to this target.

2 Scope includes all finished goods manufacturing.

3 p.p. = percentage points.

4 This target includes NIKE-designed/developed Nike Branded, Brand Jordan, and NIKE Golf Global apparel styles, and Nike Branded, Brand Jordan, and NIKE Golf Global footwear styles. We are using CO₂e emissions as a proxy for other environmental impacts (e.g., energy, other air emissions).

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). The product target represents Tiers 1 through 4 (which includes materials manufacturing and raw materials production).

6 Product scope includes all product engines across Nike brand, Converse, and Hurley and Nike brand licensees.

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.



FY19 TARGET DATA

Key	▲ Increase	▼ Decrease
Favorable	▲	▼
Unfavorable	▲	▼

	Unit of Measurement	FY15 Baseline	FY16	FY17	FY18	FY19	FY19 Change vs. Baseline	Target
MINIMIZE ENVIRONMENTAL FOOTPRINT (CONTINUED)								
CARBON AND ENERGY								
Renewable Energy – Owned or Operated ¹¹	%	14%	20%	22%	22%	27%	▲ 13 p.p.	100%
Energy Consumption Per Unit – Key Operations ¹²	(kWh/unit)	5.28	4.75	5.32	5.42	5.51	▲ 4%	▼ 25%
Carbon Emissions Per Unit – Key Operations ¹²	(kg CO ₂ e/unit)	1.89	1.73	1.90	1.97	1.94	▲ 3%	▼ 25%
Energy Consumption Per kg – Textile Dyeing and Finishing ¹³	(kWh/kg)	15.86	15.46	14.95	14.40	13.44	▼ 15%	▼ 35%
Carbon Emissions Per kg – Textile Dyeing and Finishing ¹³	(kg CO ₂ e/kg)	4.78	4.68	4.55	4.33	4.06	▼ 15%	▼ 35%
WASTE								
Waste to Landfill – Footwear Manufacturing ¹⁴	%	-	6.6%	3.9%	1.8%	0.1%	▼ 6.5 p.p.	0%
Waste Index – FW Manufacturing, Distribution Centers (DCs), and Headquarters (HQs) ¹⁵	-	100	98	100	103	102	▲ 2%	▼ 10%
Landfill Diversion DCs and HQs ¹⁶	%	88%	87%	88%	87%	89%	▲ 1 p.p.	Increase
WATER								
Freshwater Use Per Kg – Textile Dyeing and Finishing ¹³	L/kg	-	126.5	117.2	109.3	94.3	▼ 25%	▼ 20%
CHEMISTRY								
Tested Material in Compliance with NIKE Restricted Substance List	%	95%	99%	98%	99%	98%	N/A¹⁷	100%
Compliance with the ZDHC Manufacturing Restricted Substances List (MRSL) ¹⁸	%	-	-	-	67% ¹⁸	79%	▲ 12 p.p.	100%
Focus Suppliers Meeting NIKE's Wastewater Quality Requirements – Textile Dyeing and Finishing ¹⁹	%	-	-	-	40%	51%	▲ 11 p.p.	100%

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

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 BSR 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.




COMMITMENTS & COLLABORATIONS

COMMITMENTS

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.




 **Learn more:**
[Arctic Shipping Pledge](#)

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.




 **Learn more:**
[Science-Based Targets](#)

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](#).




 **Learn more:**
[Circular Fashion System Commitment](#)

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.




Learn more:
[Responsible Labor Initiative](#) 

Renewable Energy Buyers Alliance

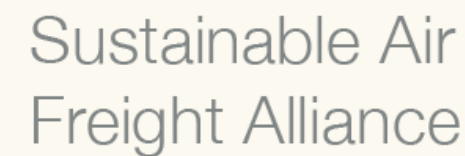
We are founding members of the new Renewable Energy Buyers Alliance, a coalition of large clean energy buyers who are unlocking the marketplace for all nonresidential energy buyers and leading a rapid transition to a cleaner, prosperous, zero-carbon energy future.




Learn more:
[Renewable Energy Buyers Alliance](#) 

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.



Learn more:
[Sustainable Air Freight Alliance](#) 



DOWNLOAD THE FULL REPORT AT

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