

PURPOSE MOVES US



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About This Report

NIKE, Inc. (“NIKE”) is a brand of Innovation, Growth, and Purpose and our mission is to bring inspiration and innovation to every athlete¹ in the world. And, we do that by building creative and diverse global teams, making a positive impact in the communities where we live and work and by making products responsibly and more sustainably. We are driven by a commitment to transparency, accountability, and purposeful impact, reflected by our approach to sharing our priority issues and reporting our progress toward the NIKE 2020 targets.²

The targets and measures in this NIKE Impact Report represent the full suite of our public corporate responsibility commitments and are an aggregated view of long-term goals and commitments to meet stakeholder³ expectations and align with NIKE’s business priorities. Building on NIKE’s reporting tradition since 2001, we expect to report progress against our social and sustainability targets and material issues annually.

In this report, we cover NIKE’s fiscal year 2018 (June 1, 2017 through May 31, 2018), with the notable exception of calendar year 2018 data for the Employee and Occupational Health and Safety sections. We will refer to the fiscal year as FY18 and the calendar year as CY18 for the rest of the report. Unless otherwise stated, the baseline for the majority of our targets is fiscal year 2015.

For the first time, we have obtained external assurance on select reported metrics (Scope 1 and 2 energy consumption and emissions, and Scope 3 commercial air travel emissions). More information can be found in the [Appendix](#).

For news, updates and more detail about NIKE, please visit purpose.nike.com.

This report has been prepared in accordance with the **GRI STANDARDS: CORE** option.

Note: The information in this report and NIKE, Inc.’s corporate responsibility/sustainability reporting and website, inclusive of charts, graphs and discussion, and all other information presented, may contain forward-looking statements, estimates or projections based on expectations as of the original date of those materials. Those statements, estimates and projections are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed in our reports filed with the U.S. Securities and Exchange Commission, including Forms 8-K, 10-K and 10-Q. Presented information may also discuss non-public financial and statistical information and non-GAAP financial measures. All information was current only as of the date originally presented. We do not update or delete outdated information contained in website materials, and we disclaim any obligation to do so. All content is the property of NIKE, Inc.

¹ “If you have a body, you are an athlete.” – Bill Bowerman

² Definitions of [Priority Issues](#).

³ Stakeholders are defined as customers, consumers, shareholders, employees, communities, NGOs, academics, or any group with a vested interest in a company’s strategies and development plans.



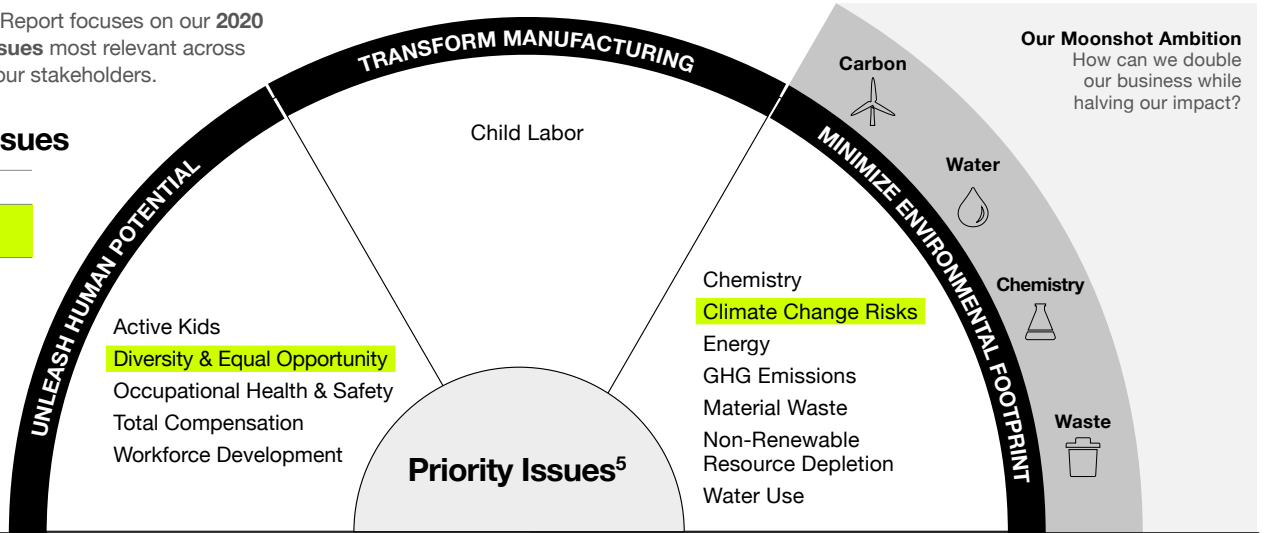
Report Content

The FY18 NIKE Impact Report focuses on our **2020 Targets** and **Priority Issues** most relevant across our value chain and to our stakeholders.

FY18 Priority Issues

Existing Priority Issue

Issues with Increased Relevance in FY18⁴



2020 Targets and Measures

UNLEASH HUMAN POTENTIAL

Employees	
Target	Attract and develop an increasingly diverse, engaged, and healthy workforce
Measure	<ul style="list-style-type: none"> Provide visibility to our diversity and inclusion progress Build stronger bodies and minds through Health and Wellness efforts Provide comprehensive, competitive, and equitable pay and benefits
Community Impact	
Target	Invest a minimum of 1.5% of pre-tax income to drive positive impacts in our communities
Measure	<ul style="list-style-type: none"> Get kids (ages 7-12) moving through play and sport Inspire a majority of NIKE employees to engage with their communities and support their giving of expertise, time, and money Drive sustained community impact in primary markets and sourcing backyards

TRANSFORM MANUFACTURING

Sustainable Sourcing	
Target	Source 100% from factories that meet our definition of sustainable
Measure	<ul style="list-style-type: none"> Eliminate excessive overtime (EOT)
Engaged Workforce	
Target	Ensure contract factory workers share in productivity gains
Partnerships to Accelerate Industry Change	
Target	Establish partnerships that support the needs of workers both inside and outside of the factories
Measure	<ul style="list-style-type: none"> Scale services to support management and workers for improved engagement and wellbeing

MINIMIZE ENVIRONMENTAL FOOTPRINT

Product	
Target	Deliver products for maximum performance with minimum impact, with a 10% reduction in the average environmental footprint
Measure	<ul style="list-style-type: none"> Greater than 80% of all NIKE, Inc. product will be scored on sustainability performance
Materials	
Target	Increase use of sustainable materials in footwear and apparel
Measure	<ul style="list-style-type: none"> Source 100% of our cotton more sustainably across NIKE, Inc.
Carbon and Energy	
Target	Reach 100% renewable energy in owned or operated facilities by the end of FY25 and encourage broader adoption as part of our effort to control absolute emissions
Measure	<ul style="list-style-type: none"> Decrease energy use and CO₂e emissions 25% unit in key operations Decrease energy use and CO₂e emissions 35% per kg in textile dyeing and finishing
Waste	
Target	Eliminate footwear manufacturing waste to landfill or incineration, while continuing to reduce overall waste
Measure	<ul style="list-style-type: none"> Reduce waste index by 10% in footwear manufacturing, DCs and HQs Increase landfill diversion at DC and HQs
Water	
Target	Innovate and adopt new approaches to reduce water use in our supply chain, with a 20% reduction in freshwater use in textile dyeing and finishing (l/kg per unit of production)
Measure	<ul style="list-style-type: none"> Build resilience through supplier water risk mitigation plans with material processors
Chemistry	
Target	Enable Zero Discharge of Hazardous Chemicals (ZDHC)
Measure	<ul style="list-style-type: none"> 100% compliance with NIKE restricted substance list (RSL) 100% compliance with ZDHC manufacturing restricted substance list (MRSL) Achieve better chemical input management through scaling more sustainable chemistries Lead industry change through collective action 100% of focus suppliers meeting NIKE's wastewater quality requirements for textile dyeing and finishing processes

⁴ These issues, which have always been a key focus for NIKE, have seen increased relevance to stakeholders in the past year.
⁵ We removed the following priority issues in FY18: Employment, Excessive Overtime, and Freedom of Association. See [Issue Prioritization](#) for more detail.





INTRO DUCTION



Letter From Our CEO

Sports can move the world forward as nothing else can.

Call it crazy. Dismiss it as a dream. But this belief has long been the heart and soul of NIKE, and this year, our teams rallied to bring it to life for an even broader community. Our “Dream Crazy” campaign became a catalyst for conversation around the world, inspiring athletes to speak up about how their passion for sport drives them to challenge the status quo.

The sweeping message of empowerment connected deeply with consumers. It also inspired many of us who work at NIKE to continue to think bigger about the impact we can create.

In the face of today’s challenges – from climate change to inequality to how we unleash the potential of the next generation – I believe we need our boldest dreams yet. We need a broader vision for leadership and a greater openness for risk. We need to question and transform existing models. And above all, we need to back our aspirations with purposeful action.

Over the decades, as NIKE’s role in the world has grown, we’ve seen what’s possible when our business invests in what’s best for future generations. That starts with building communities of young people who have opportunities to access the life-changing impact of sport and play. I’m incredibly proud that in 2018, our Made to Play community programs reached 16.5 million kids worldwide. This past year, we also reached nearly 100,000 coaches through NIKE-supported programming, with a specific focus on increasing the number of female coaches to help inspire young girls, who have so much potential to move the world.

At the most fundamental level, protecting the future of sport also means providing safe places to play. For sport to thrive, we need clean air and open spaces. That’s why we set a bold target to source 100% renewable energy across our global operations by 2025, which saw major momentum this year as we committed to 100% renewable energy in North America and Europe.

Protecting our planet’s future goes beyond lessening our own environmental footprint.

For NIKE, it also means using our voice to power greater change. As the urgency of climate change calls for significant industry shifts, we’re joining coalitions such as the Global Fashion Agenda and the United Nations Framework Convention on Climate Change (UNFCCC) Fashion Industry Charter for Climate Action that seek to accelerate progress across borders and sectors.

As an innovation-driven company, we will always make room for experimentation. But for NIKE, sustainability has never been a test case. Over the decades, it’s shaped some of our most popular products and fastest-growing platforms. Now, I believe we’re entering a new phase for NIKE innovation – one where sustainability at scale is becoming a reality.

Take Nike Air as an example. All Nike Air-Sole innovations since 2008 are composed of at least 50% recycled material, diverting more than 50 million pounds of waste from landfills each year. Its success speaks for itself: if Nike Air was a standalone athletic company, based on revenue, it would be the third-largest in the world. Nike Flyknit, which transforms recycled polyester into our highest-performing products, is now a multi-billion dollar business. And we continue to scale Nike Flyleather, a sustainable new super material made from at least 50% leather fiber, across our most beloved products.

Even as our business grows in scale and complexity, we’re increasing transparency throughout our supply chain. A decade and a half ago, NIKE was the first company in our industry to publicly disclose its supply base for all our finished goods manufacturing facilities. Last year, we deepened our disclosures to include our core materials supply base. By driving greater accountability for ourselves and our suppliers, we open up more opportunities to advance worker engagement and wellbeing across our value chain.

As we deepen our positive impact in the world, we’re also thinking critically about the change we want to drive inside NIKE. Our employees come to NIKE to be part of something greater, to experience the joy and pride of working on a team that can transcend what we could ever accomplish on our own. Time and again, I’ve seen that when our teams commit to complex change, we don’t just exceed our own benchmarks, we take the industry someplace new. I believe it’s our culture that makes it all possible – and we don’t take that for granted.

That’s why we’re more focused than ever on growing and developing our people. We’re stepping up support for career development and increasing our investment in key resources, such as our employee networks. And this year, we achieved a global pay equity ratio for men to women, and white to underrepresented groups in the U.S.

Yet we know there is still much more work to do. Over the past year, we increased the VP-level representation of women by 4% to 36% globally and the VP-level representation of U.S. underrepresented groups by 3% to 19%. We know that we can do better, and we know that we can be better as a more diverse company. Incremental change is not enough.

So, we’re taking intentional action to increase representation, especially across our leadership. That includes continuing to expand our pipeline of diverse candidates at leadership levels. It also includes holistic approaches across our organization, from mitigating potential bias in the interviewing process to increasing training programs that will help strengthen a culture of belonging.

Moving forward, with each Impact Report, we’ll use the opportunity to build on where we’re making progress and face head-on the areas where we can improve. Yet we also understand that living up to our potential means earning it every day.

That’s really what NIKE’s impact is all about. It’s about leading with actions, not words. It’s about showing up for our teammates and for our communities. It’s about accepting nothing less than our very best – then asking ourselves how we can do even better.

We know that we have a long way to go. Yet, just as our athletes have shown us, I believe some of NIKE’s craziest dreams are just beginning to take flight.



Mark Parker
Chairman,
President and CEO



Purpose Committee

The Purpose Committee provides direction and oversight for the end-to-end integration of NIKE's work in diversity and inclusion, community, labor, and environmental impact. They challenge our business to better understand our social and sustainability impacts, set ambitious targets for improvement, and overcome obstacles in achieving progress. The Purpose Committee, which includes the scope of the former Performance and Disclosure Committee established in 2012, meets regularly to review these targets, performance, and disclosures.

This Committee is a key contributor in shaping NIKE's evolving approach to transparency. We believe that companies like NIKE play an important role in helping to address some of the complex challenges facing our global community today.

Learn more:
[Governance](#)

Purpose Governance at NIKE

Board
Accountability

CORPORATE RESPONSIBILITY, SUSTAINABILITY AND GOVERNANCE COMMITTEE (BOARD OF DIRECTORS)

Executive Leadership and
Corporate Accountability

Purpose Committee

Cross-Functional Leadership
and End-to-End Integration

Purpose Leadership Team

Cross-Functional
Working Group

Purpose Subcommittee

Functional Leadership
and Execution

**Diversity and
Inclusion**

Community

**Supply Chain
Labor, Health
and Safety**

Environment

Purpose Committee

This Committee includes:

EVP, Chief Financial Officer
Andy Champion

Chief Marketing Officer
Dirk-Jan van Hameren

President, Consumer and Marketplace
Elliott Hill

EVP, CAO and General Counsel
Hilary Krane

EVP, Global Human Resources
Monique Matheson

VP/GM, Global Categories
Amy Montagne

President, NIKE Direct
Heidi O'Neill

EVP, Chief Communications Officer
Nigel Powell

President, Categories and Product
Michael Spillane

Chief Operating Officer
Eric Sprunk

President, Jordan Brand
Craig Williams



OUR APPROACH



Issue Prioritization

For over 20 years, NIKE has been striving to create a better future for our people and planet by better understanding the most pressing issues confronting our global community, and trying to innovate solutions to address them.

We continuously learn, grow, and refresh our perspective by considering the global perspective of our internal and external stakeholders⁶ in our analysis of priority sustainability issues. Similar to last year, in FY18 we surveyed a wide range of stakeholders, including employees, NGOs, academics, suppliers, and corporate peers, to determine the most relevant issues at each stage of our value chain and the impacts most directly linked to those issues.

Learn more:
[FY16/17 Issue Prioritization Process](#)
[Stakeholder Engagement](#)
[NIKE's Value Chain](#)

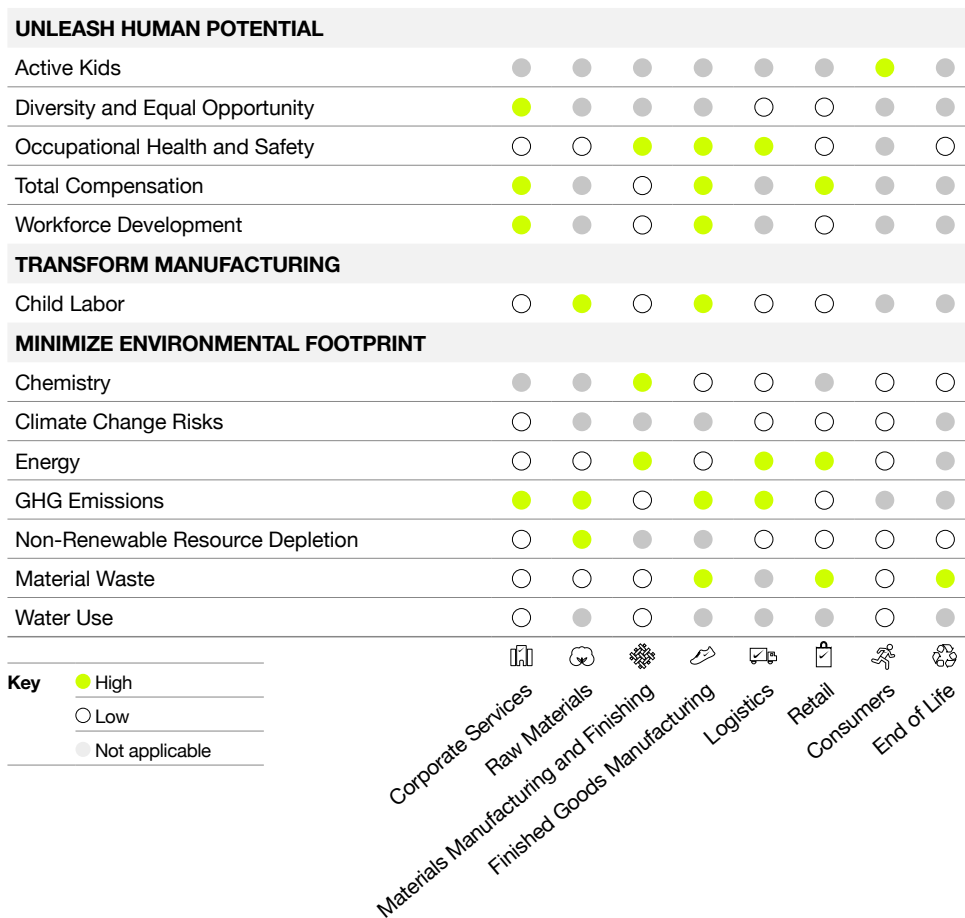
FY18 Changes

While there was great alignment between this year's issue prioritization survey and last year's survey results, "**Diversity and Equal Opportunity**" and "**Climate Change Risks**" were identified as key issues with a strong increase in relevance for both internal and external stakeholders.

At NIKE, we know that our culture is at its best when all employees feel included, respected, and heard. The increased relevance of "**Diversity and Equal Opportunity**" is consistent with our continued and enhanced internal focus on building an inclusive and accountable culture across our company.

FY18 Priority Issues

This chart details the high and low priority issues for each stage in the value chain.



Learn more:
[Employees](#)

We know that climate change is one of the defining issues of our time and the FY18 survey results support this. "**Climate Change Risks**," which is related, but different, from Energy and GHG Emissions, focuses on the risk climate change poses to our business, our industry, and our planet. Climate issues, like pollution and extreme weather conditions, affect how athletes perform. And as a global business, climate change introduces risk across our value chain. We're tackling climate change head-on by investing in lower-carbon materials and renewable energy and building resilience to climate uncertainty by reducing costs and innovating new operating models.

Learn more:
[Energy and Carbon](#)










For the past few years, "**Employment**," "**Excessive Overtime**," and "**Freedom of Association**" have received low relevance scores from our stakeholders, so they are not listed as top priority issues in FY18. However, NIKE recognizes that excellent management in these areas is important, and we continue to provide relevant information on these topics in our external disclosures.

Learn more:
[Employment](#)
[Excessive Overtime](#)
[Freedom of Association](#)

⁶ In FY18, we considered the input of over 100 internal and external stakeholders in the analysis of our prioritization issues.



Priority Issue Definitions

UNLEASH HUMAN POTENTIAL			
Priority Issue	Definition	Location	
Active Kids	Helping kids reach their full potential through play and sport and creating more equal playing fields for all	<u>Community Impact</u>	
Diversity and Equal Opportunity	Representation of female and minority employees in workforce and management positions equal to the consumers and communities we serve, and the gap in average remuneration	<u>Employees</u>	
Occupational Health and Safety	Worker health and safety practices throughout the value chain	<u>Occupational Health and Safety</u>	
Total Compensation	Economic value generated for employees through wages and benefits	<u>Employees</u>	
Workforce Development	Training and development for workers to build capability and career opportunities	<u>Employees</u>	
TRANSFORM MANUFACTURING			
Priority Issue	Definition	Location	
Child Labor	Operations and suppliers identified as having significant risk for incidents of child labor	<u>Child Labor</u>	
MINIMIZE ENVIRONMENTAL FOOTPRINT			
Priority Issue	Definition	Location	
Chemistry	Chemicals used in making materials and products and substances released to the environment (air and water) that are toxic to humans and ecosystems	<u>Chemistry</u>	
Climate Change Risks	Financial risks to NIKE due to operations exposed to changing climate impacts throughout the value chain	<u>Energy and Carbon</u>	
Energy	Energy used for electricity, use of fossil fuels, and other energy sources	<u>Energy and Carbon</u>	
GHG Emissions	Greenhouse gas emissions from energy, transportation, and NIKE's other business activities	<u>Energy and Carbon</u>	
Non-Renewable Resource Depletion	Non-renewable resources depleted through materials and fuels used	<u>Materials</u>	
Material Waste	Waste generated throughout NIKE's value chain and activities to reduce, reuse, or recycle	<u>Waste</u>	
Water Use	Water used throughout our value chain and monitoring our impacts in water-scarce regions	<u>Waste</u>	

Targets Summary

Key	▲ Increase	▼ Decrease
Favorable	▲	▼
Unfavorable	△	▽

UNLEASH HUMAN POTENTIAL							
Metric	Unit of Measurement	FY15 Baseline	FY16	FY17	FY18	FY18 Change vs. Baseline	FY20 Target
Community Impact							
Annual Investments as % of Pre-Tax Income	%	1.9%	1.8%	1.9%	1.8%	N/A ⁷	1.5%
TRANSFORM MANUFACTURING							
Metric	Unit of Measurement	FY15 Baseline	FY16	FY17	FY18	FY18 Change vs. Baseline	FY20 Target
Manufacturing⁸							
Factories Rated Bronze or Better	%	86%	87%	91%	93%	44 p.p. ⁹ (vs. FY11 BL)	100%
Factories with Excessive Overtime	%	3.3%	3.2%	3.9%	2.4%	▼ 0.9 p.p.	0%
MINIMIZE ENVIRONMENTAL FOOTPRINT							
Metric	Unit of Measurement	FY15 Baseline	FY16	FY17	FY18	FY18 Change vs. Baseline	FY20 Target
Product							
Average Product Carbon Footprint ¹⁰	kg CO ₂ e/unit	7.33	7.19	7.15	7.45	△ 2% ¹¹	▼ 10%
Product Scored on Sustainability Performance	%	27%	68%	71%	73%	▲ 46 p.p.	80%
Materials							
Sustainable Materials ¹² – Apparel (AP)	%	19%	21%	33%	34%	▲ 15 p.p.	▲
Sustainable Materials ¹² – Footwear (FW)	%	31%	33%	32%	31%	0 p.p.	▲
Cotton Sourced More Sustainably ¹³	%	24%	35%	53%	58%	▲ 34 p.p.	100%
Carbon and Energy							
Renewable Energy – Owned or Operated ¹⁴	%	14%	20%	22%	19% ¹⁵	▲ 5 p.p.	100% ¹⁶
Energy Consumption Per Unit – Key Operations ¹⁷	kWhe/unit	4.74	4.29	4.74	4.39	▼ 7%	▼ 25%
Carbon Emissions Per Unit – Key Operations ¹⁷	kg CO ₂ e/unit	1.75	1.62	1.75	1.71	▼ 2%	▼ 25%
Energy Consumption Per Kg – Textile Dyeing and Finishing ¹⁸	kWhe/kg	15.86	15.46	14.95	14.40	▼ 9%	▼ 35%
Carbon Emissions Per Kg – Textile Dyeing and Finishing ¹⁸	kg CO ₂ e/ kg	4.78	4.68	4.55	4.33	▼ 9%	▼ 35%
Waste							
Waste to Landfill ¹⁹ – Footwear Manufacturing	%	N/A (FY16 BL)	6.6%	3.9%	1.8%	▼ 4.8 p.p.	0%
Waste Index ²⁰ – Footwear Manufacturing, DCs, and HQs	N/A	100 ²¹	98	100	103	△ 3	▼ 10%
Landfill Diversion – DCs and HQs ²²	%	88%	87%	88%	87%	▽ 1 p.p.	▲
Water							
Freshwater Use Per Kg – Textile Dyeing and Finishing ¹⁸	L/kg	N/A (FY16 BL)	126.5	117.2	109.3	▼ 14%	▼ 20%
Chemistry							
Tested Material in Compliance with NIKE Restricted Substance List (RSL)	%	95%	99%	98%	99%	N/A ²³	100%
Compliance with the ZDHC Manufacturing Restricted Substances List (MRSL)	%	N/A	N/A	N/A	68% ²⁴	N/A	100%
Focus Suppliers Meeting NIKE's Wastewater Quality Requirements – Textile Dyeing and Finishing ^{18, 25}	%	N/A (FY16 BL)	58%	73%	69%	▲ 11 p.p.	100%

Targets Summary

Footnotes

- 7 This is an annual target. Baseline and change vs. baseline are not relevant to this target.
- 8 Scope includes all finished goods manufacturing.
- 9 p.p. = percentage points.
- 10 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).
- 11 Average product carbon footprint has increased 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). While NIKE has two other FY20 carbon targets that are both trending in the right direction, these other carbon targets 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).
- 12 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.
- 13 Certified organic, Better Cotton (cotton grown according to the Better Cotton Standard System) or recycled.
- 14 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.
- 15 Slight decline in FY18 is due to the delay between WHQ and Air Manufacturing Innovation (Air MI) facility expansions and building construction going live and being incorporated into the Oregon Power Purchase Agreement (delay is a regulatory requirement).
- 16 Target year to achieve 100% is FY25, not FY20.
- 17 Key operations = finished goods manufacturing, inbound and outbound logistics, DCs, HQs, and NIKE-owned retail. Previous years have been restated due to inclusion of estimated retail natural gas consumption outside of the U.S. and Canada.
- 18 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.
- 19 Target covers waste to both landfill and incineration. Incineration does not include waste to energy recovery unless otherwise noted.
- 20 The waste index is a weighted average of our footwear manufacturing waste per unit, DCs waste per unit and HQs waste per occupant.
- 21 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.
- 22 Baseline is FY15 except for Converse HQ, which is FY16 and included in Inc.-wide baseline for comparability across years.
- 23 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.
- 24 FY18 was NIKE's first year tracking this metric.
- 25 Measurement of supplier adherence to NIKE's wastewater quality standards between FY16 and 18 in this table is based on a prior standard.

WE UNLEASH



FY18 Highlights

10%

Percentage of employees who received an **adjusted base salary** as part of ongoing competitive pay management

10,000

Number of employees who completed **Manager Expectations Training**

4%

Increase of **VP-level representation of women**, bringing the total to 36%

3%

Increase of **VP-level representation of U.S. underrepresented groups**, bringing the total to 19%

\$7.5m

Amount that NIKE **employees**, supported by the NIKE Foundation's matching gift program, contributed to charitable causes globally

\$79.4m

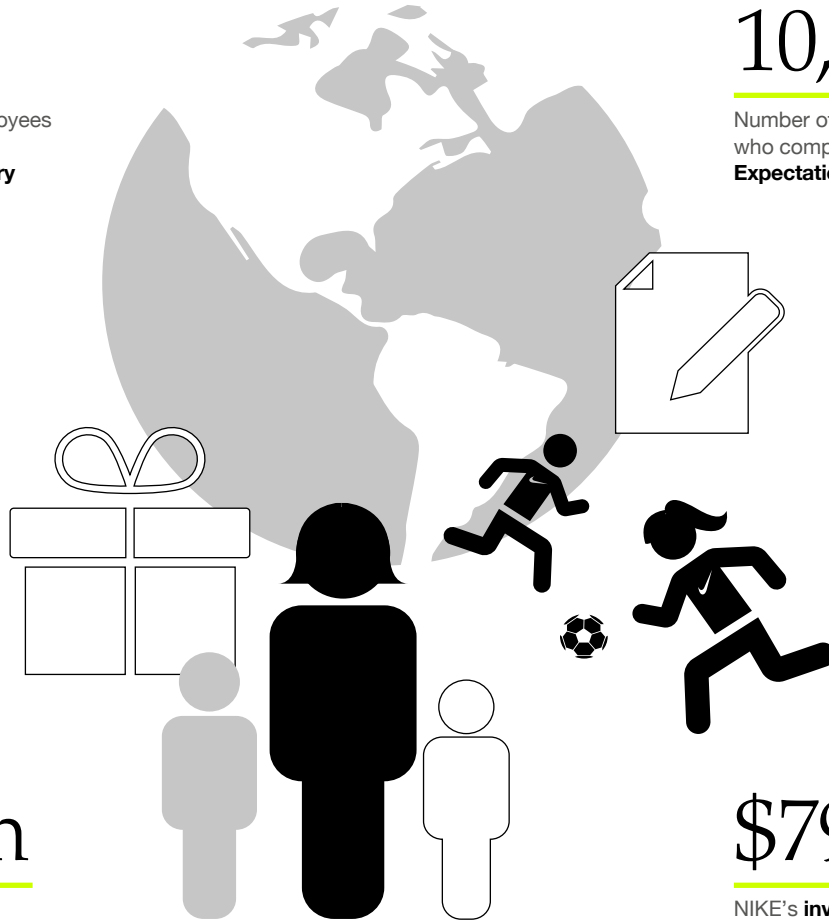
NIKE's **investments in communities** around the world in FY18, totaling over \$396m since FY14

1:1

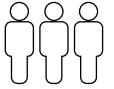
Pay ratio for men to women (globally) and white to underrepresented groups (U.S.)

16.5m

Number of **kids** that NIKE helped to get moving through its Made to Play commitment



Employees



Target

Attract and develop an increasingly diverse, engaged, and healthy workforce

Our employees are at the heart of our success as a business. We know that NIKE is at its best when every member of the team feels respected. That's why we're committed to fostering a culture of inclusion and an environment where all employees are empowered to move the world forward through the power of sport.

This past year was a challenging and inspiring year, marked by growth and learnings, and an increased focus on our team and culture. NIKE is at its best when every member of the team feels included and heard – when everyone can show up fully as themselves and do their best work every day. And we have made new commitments to strengthen our culture of inclusion, empowerment, and respect, including increasing diversity across our organization – with a focus on leadership. Of course, there is no finish line and we continue to make progress and invest in the change we want to see within our teams.

Our global HR Strategy is focused on stewarding a people-first culture and we're empowering our teams and strengthening our culture by:

1

Creating aligned and effective organizations

2

Investing in great leaders and managers

3

Empowering diverse and innovative teams

4

Ensuring opportunity for everyone to learn

5

Fostering an environment where everyone feels valued and is engaged

We want everyone who works at NIKE to experience a level playing field and have the opportunity to reach their full potential. In order to advance this vision, we have taken several important steps this past year including: elevating diversity and inclusion to sit at the heart of our HR strategy to drive systemic progress; enhancing our HR processes; and elevating our Employee Relations function. We have also invested in more career development and training for employees, managers, and leaders across NIKE.

To ensure we remain competitive to the marketplace, we have adjusted base salary for about 10% of our employees across all bands, geographies, functions, and brands. And, at the beginning of FY19, we moved to one annual bonus plan, our Performance Sharing Plan, for eligible employees to reinforce our culture and reward behaviors that support collaboration and teamwork. We also continue to strive to reflect the diversity of our global consumer base.

Total Employees²⁶

	CY16 ²⁷	CY17	CY18
% Change	-	2%	-2%
Employee Count	65,216	66,739	65,332

²⁶ Employee numbers exclude external or temporary workers (ETWs) and seasonal retail workers. Also, as part of our ongoing investment in development and career experiences, we have approximately 45 U.S. underrepresented groups (URG) employees working outside of the U.S. in international assignments. These employees are not included in our U.S. URG reporting. Upon return to their U.S. home location, they will be included in U.S. representation going forward.

²⁷ For this reporting period, we have adjusted our employee section reporting to reflect calendar year data to provide more timely information. Data included is through December 31, 2018 as opposed to fiscal year ending on May 31, 2018, as used historically. To aid in comparisons to past years' data, NIKE has also reclassified its fiscal year data into calendar year data.



NIKE office – Johannesburg, South Africa



Employees



Measure

Diverse representation and culture of inclusion

As we outlined in our last report, one of our key strategies is to increase the diversity of our workforce, focusing on women globally and U.S. underrepresented groups (URG)³¹ within our workforce, with a focus on our leadership. We know increasing diversity of leadership is fundamental to progress, as they help shape our culture. We remain committed to continuing to expand representation across other dimensions over time.

As part of this effort, we have provided our senior leaders with information, guidance, and tools – to enable them to increase representation across their teams by developing plans to increase the recruitment, promotion, and retention of diverse employees. We know visibility helps drive accountability and strategies for progress.

Over the past three years, our global number of full-time employees has remained relatively constant. During this same period, we have also increased the number of positions within our Director level and above population. Our strategies to drive representation at our leadership levels are yielding improvements and we are committed to making ongoing progress throughout our business.

Women, as a percentage of our employee population, have increased to 49% and our U.S. URG employee base is now 55% – a slight decrease over the past year.

NIKE, Inc. Totals by Gender (Global)

Gender ²⁹	All Employees			Directors+ ²⁸			VPs		
	CY16	CY17	CY18	CY16	CY17	CY18	CY16	CY17	CY18
Female	48%	48%	49%	37%	38%	39%	28%	32%	36%
	31,338	32,082	31,800	2,091	2,146	2,414	116	119	145
Male	52%	52%	51%	63%	62%	61%	72%	68%	64%
	33,878	34,657	33,532	3,553	3,513	3,731	299	258	257
Total	65,216	66,739	65,332	5,644	5,659	6,145	415	377	402

²⁸ All employees who are Director level and above. Director, in this instance, refers to a certain management level within the company.

²⁹ Numbers include those employees who identified a gender.

NIKE, Inc. Employee Totals by Race/Ethnicity (U.S.)³⁰

Race/Ethnicity	All Employees			Directors+			VPs		
	CY16	CY17	CY18	CY16	CY17	CY18	CY16	CY17	CY18
American Indian or Alaskan Native	0.4%	0.3%	0.4%	0.3%	0.2%	0.2%	-	-	-
	124	121	122	11	9	8	-	-	-
Asian	8.0%	8.1%	8.5%	9.7%	10.4%	10.8%	4.6%	4.6%	5.2%
	2817	2949	2831	388	417	477	16	15	18
Black or African American	22.6%	23.5%	21.6%	4.7%	4.5%	4.5%	8.3%	7.6%	8.1%
	7963	8530	7161	190	183	198	29	25	28
Hispanic/Latino	18.1%	19.0%	18.5%	5.1%	5.0%	5.0%	2.6%	2.1%	2.9%
	6399	6911	6115	204	203	220	9	7	10
Native Hawaiian or Other Pacific Islander	0.7%	0.8%	0.7%	0.1%	0.2%	0.2%	-	-	-
	253	275	240	5	9	10	-	-	-
Two or More Races	4.8%	4.8%	5.5%	2.5%	2.5%	3.2%	1.1%	1.2%	2.3%
	1693	1727	1826	102	101	141	4	4	8
Unknown	0.1%	0.4%	0.6%	0.1%	1.5%	2.1%	0.3%	2.4%	2.6%
	15	141	190	4	61	92	1	8	9
White	45.4%	43.1%	44.2%	77.5%	75.6%	74.0%	83.1%	82.0%	78.8%
	16,029	15,661	14,630	3,112	3,043	3,270	290	268	271
Total	35,293	36,315	33,115	4,016	4,026	4,416	349	327	344

³⁰ Percentages may not add up to 100 due to rounding.

Board of Directors

At the Board level, NIKE has adopted qualification standards for nominees for Director which can be found at our corporate website³², and includes diversity and inclusion as a factor to be considered, among others³³. The Board believes that a variety and balance of perspectives on the Board results in more thoughtful and robust deliberations. The company views diversity broadly, including gender, ethnicity, differences of viewpoints, geographic location, skills, education, and professional and industry experience, among others.

Since July 2018, NIKE has appointed three new Board Directors, one woman and two persons from URG. Specifically, the Board added: Cathleen Benko, Former Vice Chairman and Managing Principal of Deloitte LLP, also serving as Deloitte's first Chief Talent Officer and the leader of Deloitte's award-winning Women's Initiative and broader inclusion focus; Peter B. Henry, Dean Emeritus of New York University's Leonard N. Stern School of Business and William R. Berkley Professor of Economics and Finance; and John W. Rogers, Jr., Chairman, Chief Executive Officer and Chief Investment Officer of Ariel Investments, LLC.

Board of Directors (BOD) Totals by Gender

Gender	BOD		
	CY16	CY17	CY18
Female	25%	18%	23%
	3	2	3
Male	75%	82%	77%
	9	9	10
Total	12	11	13

BOD Totals by Race/Ethnicity

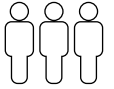
Race/Ethnicity	BOD		
	CY16	CY17	CY18
American Indian or Alaskan Native	-	-	-
Asian	8%	-	-
	1	-	-
Black or African American	17%	18%	23%
	2	2	3
Hispanic/Latino	-	-	-
Native Hawaiian or Other Pacific Islander	-	-	-
Two or More Races	-	-	-
Unknown	-	-	-
White	75%	82%	77%
	9	9	10
Total	12	11	13

³¹ At NIKE, our working definition of an underrepresented group (URG) is someone whose racial or ethnic makeup is from one of the following: American Indian or Alaskan Native, Asian, Black or African American, Hispanic/Latino, Native Hawaiian or Other Pacific Islander, or Two or More Races.

³² investors.nike.com

³³ In accordance with the 2018 Proxy Statement and NIKE's corporate governance guidelines, nominees for Director are selected on the basis of, among other things, distinguished business experience or other non-business achievements; education; significant knowledge of international business, finance, marketing, technology, human resources, diversity and inclusion, law, or other fields that are complementary to, and balance the knowledge of, other Board members; a desire to represent the interests of all shareholders; independence; character; ethics; good judgment; diversity; and ability to devote substantial time to discharge Board responsibilities.

Employees



Staying Focused on Representation

4%

increase of VP-level representation of women, bringing the total to 36% (8% increase since CY16)

3%

increase of VP-level representation of U.S. URGs, bringing the total to 19% (2% increase since CY16)

At our Director and above level, year over year we've seen a slight increase for representation of women and our U.S. URG population.

Our increase in representation at this level has been driven by internal promotions, external hiring and by staying focused on retention. We continue to focus on hiring from within and promoting and advancing our own team at a higher rate than external hiring. This has been, and continues to be, a key focus and is an important lever for increasing representation.

Over the last year we've promoted more women and U.S. URGs at Director level and above and have seen the representation within these promotions increase since 2016. In addition, we have increased the number of external hires at Director level and above in the past year, and seen diverse representation for both women and U.S. URGs increase from 2016. We are committed to increasing the diversity of our workforce, and while we've seen some measurable progress at our leadership levels, we know we have more work to do to increase the diversity of our workforce overall.

To support our efforts to increase diversity, we will continue to provide visibility to career opportunities, and invest in growth and development for all employees. We have also implemented a number of new strategies.

Building Diverse Pipelines

Through a significant investment in our Diversity Sourcing and Programs Team, which is focused on developing a pipeline of external diverse candidates at leadership levels, we have proactively formed partnerships with professional organizations and nonprofits to source diverse talent. Most recently, we also announced a new internal recruiting team – solely dedicated to supporting current employees in their career journey at NIKE.

The Diversity Sourcing and Programs Team has also created new pipelines for recruiting talent. For example, NIKE has developed a two-year program designed to provide relevant and dynamic work experiences for retired/retiring WNBA players. Through the initiative, former professional basketball players are provided an opportunity to join teams at NIKE World Headquarters in various roles across the organization. In addition to a competitive salary and benefits package, program participants also have a robust professional development curriculum and dedicated mentors to support a successful transition from the court to a NIKE career.

To develop new talent pipelines in design, our teams have also created an apprenticeship experience with the community college system of Los Angeles. This program offers students an opportunity to gain work experience in design, footwear, apparel graphics, and color as part of a six-month rotational program.

At the conclusion of the program, students will have an opportunity to apply for open positions within the company.

We will continue to evaluate and explore possible pipelines for recruiting diverse talent.

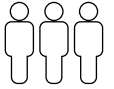
Evolved Hiring Practices

We remain focused on delivering a transparent and consistent candidate experience and are also focused on building capabilities for our HR teams and hiring managers. In the U.S., we have implemented a new sourcing capability requiring diverse slates for our Director and above positions. We have also begun posting all Director and below positions – both internally and externally – to increase the transparency around our hiring process and available opportunities. In addition, also starting in the U.S., we are optimizing job descriptions to attract a more diverse candidate pool and have eliminated the collection of candidate salary history.



NIKE retail employees – NYC SoHo store

Employees



Measure

Provide comprehensive, competitive, and equitable pay and benefits

We know a personalized and holistic rewards system is essential to attracting, inspiring, and developing talent. Through our Total Rewards program, we strive to meet the diverse needs of our employees, deliver differentiated, competitive pay and benefits, and support a culture in which employees feel included and empowered.

Equal Pay for Equal Work

We are committed to competitive pay and to reviewing our pay and promotion practices annually. At NIKE, we define pay equity as equal compensation for women, men, and all races/ethnicities who undertake the same work at the same level, experience, and performance.

FY18 Global Pay Equity

\$1 to \$1

Women vs. Men (global)

\$1 to \$1

URG vs. White (U.S.)

We are committed to maintaining these pay equity ratios every year and will continue to monitor this data.

New Benefits Initiatives: Taking Care of Those Who Care for Others

Several new benefits launched in early 2019 to provide even greater support for employees to meet their personal needs. These include a U.S. Military Leave benefit, increased adoption and surrogacy benefits, as well as resources for families caring for children with learning, social, or behavior challenges.

With the new Military Leave benefit, NIKE now provides up to 12 weeks of paid time off every 12 months.

For employees who need to step away from work to care for their families, NIKE extended family care benefits effective January 1, 2019 in the Netherlands, our European Headquarters. We significantly increased leave for non-birth parents (including adoption and surrogacy) to eight weeks paid leave. We also now pay Short-Term Care Leave at 100% of salary for up to ten days per year.

Measure

Employee growth, development, and wellbeing

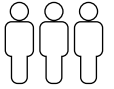
We engage and inspire our workforce by investing in learning and development opportunities that help them build on their capabilities through learning tools, like the more than 5,600 courses available online to employees. With Career Central, we have created a single resource to help employees navigate their careers. The internal site equips employees with tips, tools, and in-person labs for their critical career-building moments. Managers can also find tools here to better support and guide their employees in planning their careers and development.

Over this past year, we also created a new required training called Manager Expectations: Living a Culture of Respect, Inclusion, and Accountability. To date more than 10,000 employees at NIKE worldwide have participated in this training.



WHO Just Do It Day celebration

Employees



Enabling Great Leadership

Leadership Defined, a new leadership framework, was launched with our senior leaders in November 2018. The framework provides common language for what great leadership looks like at every level. We expect to roll this framework out across NIKE in FY20. We have increased our focus on and investment in developing our current and future leaders. Our most senior leadership have been through an assessment and development experience aligned with NIKE's leadership behaviors and growth drivers. We will expand our development approach to next level leaders and continue to develop high potential future leaders through a combination of 360 assessment, coaching, development programs, and career experiences.

Continuing Our Commitment to a Culture of Inclusion

We have continued to deliver Unconscious Bias Awareness trainings to teams live and have developed a new Unconscious Bias Awareness digital training. This new accessible training will be made available for all employees and offered in 30 languages. The training will help build awareness of where bias may occur, and the tools will help create meaningful

discussions and suggestions of how to mitigate the potential for bias. The training and tools will focus on everyday scenarios and look at moments that matter such as how teams are created, decision-making, hiring, and developing relationships.

Investing in Diverse Talent

In June 2018, we launched Amplify, an internal development program for high-potential women and URGs at the Director and Senior Director levels. We currently have 101 employees in our first cohort, which ends in June 2019. We will continue to review and expand our leadership development offerings in support of diverse talent.

Mentoring Future Leaders

We launched employee mentoring programs in New York, Los Angeles, Memphis, and Converse headquarters in Boston, with a sharp focus on career development. We are also piloting a digital mentoring platform at our World Headquarters location in collaboration with members of our NIKEUNITED employee resource groups to provide broad and diverse insights and measure effectiveness and future scalability across the company.

NIKEUNITED Networks

NIKE has eight employee networks, collectively known as NIKEUNITED: Ability & Friends, Ascend Network & Friends, Black Employee & Friends, Latino & Friends, PRIDE, Nike Military Veterans & Friends, Native American & Friends, and Women of Nike & Friends.

These employee-formed and managed communities are sponsored by our Global Diversity and Inclusion team and offer resources to a diverse spectrum of individuals across NIKE. They advance the development of their members, promote cultural awareness, and strengthen our commitment to diversity and inclusion by working with NIKEUNITED and our employee base generally. In 2018, we increased our investment in these networks and supported a focus on programs advancing career and culture. Our NIKEUNITED teams meet regularly with their executive sponsors and bi-annually with our executive leadership team to review programming success.

Wellness for All

As a brand committed to sport, we encourage our workforce to engage in a healthy lifestyle to the best of their ability. In fact, we see health as imperative to a high-performing workplace. To help our employees live healthy, active lifestyles, we provide fitness facility discounts and various wellness services. For example, NIKE has partnered with Headspace to enable employees at our World Headquarters to access its meditation and mindfulness services.

NIKE has an enduring commitment to serve athletes and to be a workplace where our employees feel empowered and inspired to create the next chapter of the NIKE story. As we look ahead, we will continue to sharpen our focus against the following three areas:

- Align our resources and investments against our key areas for growth – for our business and for our people
- Invest in great leaders and managers
- Build an increasingly diverse and inclusive team

We will continue to seek opportunities to both lead and be better.



Yoga class – NIKE WHQ Michael Krzyzewski Fitness Center

Community Impact

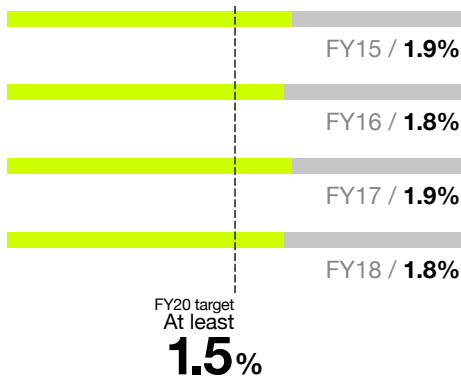


Target

Invest a minimum of 1.5% of pre-tax income (PTI) to drive positive impact in our communities

Performance

Annual Investment as % of PTI



Community isn't just something we do, it's who we are. And our communities need our help more than ever; the world is moving less, and today's kids are part of the least active generation ever. That's why NIKE is committed to inspiring and supporting communities to get kids moving, and the potential pay-offs are big. Active kids are healthier, happier, and do better – on the playing field, in the classroom and, one day, in their careers and communities.

Made to Play is the focus of our community efforts – working with partners around the world to get kids moving. Our impact portfolio also includes other initiatives, such as NIKE Community Ambassadors and the NIKE Community Impact Fund. In FY18, we drove impact in communities around the world by investing \$79.4 million, more than 1.5% of PTI – exceeding our stated target.

Learn more: [Made to Play](#)

Through Made to Play, NIKE and our partners have helped more than 16.5 million kids get active by engaging with more than 80 organizations around the world and supporting more than 21,000 community coaches to help kids enjoy play and sport.

16.5m

kids moving

21,000+

community coaches

80+

organizations



In addition to getting kids moving, we fuel the efforts of our NIKE employees to give back to their communities and support the causes they care about. During the past five years, NIKE employees have generated \$23.5 million through their donations and our matching gift program, supporting more than 2,400 charities. Similarly, \$12 million has been donated to community organizations over five years through employee-led grantmaking initiatives like the NIKE Community Impact Fund (NCIF) – an innovative approach that engages NIKE employees to advise where grants are awarded to support local organizations in the communities where they live and work. In FY18, NCIF granted more than \$1.3 million globally.

Measure

Through the power of our brands and partnerships, get kids (ages 7–12) moving through play and sport

Kids who move, move the world. But kids today are less active than they've ever been before, a trend NIKE is working to reverse. In FY18, we launched and deepened programming with organizations around the world to transform the lives of kids through play and sport. We focused on where kids spend most of their time – in schools and with community organizations – working with local leaders, community groups, governments, and other organizations.



Community Impact



Our efforts focused on providing early, fun, and positive experiences in play and sport, with the goal of inspiring a lifelong love of movement.

In the U.K., NIKE worked with Discovery Education, one of the leading sources of educational content for teachers in the country, to create an innovative online platform on physical education. This initiative aims to reach 250,000 kids by the end of FY20 to get them moving more by working with parents and schools. In February 2018, Olympic medalist and NIKE athlete Daryll Saskia Neita joined 250 kids from the Beatrix Potter Primary School in South London to officially launch [Active Kids Do Better UK](#), which offers free online teacher resources to get kids active.

In July 2017, NIKE and China's Ministry of Education (MOE) hosted the country's first national Active Schools Innovation Awards ceremony at Beijing's iconic Water Cube. Out of more than 1,000 applicants, the ceremony recognized 100 of the country's most creative and inspiring teachers who are transforming the culture of sport and physical activity in their schools. The Active Schools program is part of a long-term strategic relationship between NIKE and the Chinese MOE, which began in 2013, and in 2016 we set a goal of getting 2 million kids active — both inside and outside

of their classrooms. Legendary athletes Li Na and Liu Xiang attended the ceremony that culminated with football star Cristiano Ronaldo presenting a limited edition pair of CR7 Mercurial Campeones boots to Mr. Lv, one of the award-winning PE teachers. Forty-nine pairs of boots were auctioned off, with NIKE matching the proceeds to donate, to the China Education and Development Foundation, NIKE's Active Schools program, and Mr. Lv's HeKou Primary School in Gansu Province in northwest China, which used the funds to build a soccer pitch using Nike Grind.

When it comes to getting kids to move, girls, in particular, urgently need our help; only about one-third of girls aged 6–11 meet healthy physical activity guidelines. Years worth of third-party impact data made the case for focusing on girls within our Made to Play portfolio, and also confirmed the need for more gender-inclusive programming and coaching. For example, only 23% of U.S. youth coaches are female, down from 28% in 2016. In FY18, NIKE announced a new relationship with Girls Inc. in the U.S. The work extends and builds on NIKE's commitment to creating equal playing fields by integrating physical literacy and high-quality coaching into Girls Inc.'s curriculum for girls across the country.



Let's Move! Active Schools

In 2013, NIKE committed to investing \$50 million over five years to get kids moving across the U.S., as part of then-First Lady Michelle Obama "Let's Move! Active Schools" initiative. As part of this commitment, NIKE teamed up with Partnership for a Healthier America (PHA) to:

- Increase the physical activity of kids in schools and communities, reaching millions of kids in more than 23,000 schools in all 50 states
- Help develop PHA's seven Essential Practices for Youth Physical Activity
- Support the efforts of advocacy groups working to promote physical activity

We've learned that most school champions want to be part of a national initiative, with a singular focus on physical activity. By 2016, more than half of them (57%) had implemented new programs as a result of Let's Move! Active Schools.

23,000

schools reached through Let's Move! Active Schools



Community Impact



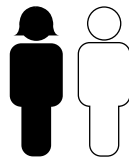
Measure

Inspire a majority of NIKE employees to engage with their communities and support their giving of expertise, time, and money

Our employees are talented, generous, passionate about sport and enthusiastic about giving back to their communities. We are proud to fuel their efforts. The NIKE Foundation matches donations to charitable causes, dollar-for-dollar, up to \$10,000 each year per employee. For causes supporting sport and play in the community, we give \$2 for every \$1 donated by employees. In FY18, our employees, supported by the NIKE Foundation's matching gift program, contributed approximately more than \$7.5 million to more than 1,900 schools and charitable organizations around the world.

We also give employees who volunteer \$10 per hour to donate to the cause of their choice.

In FY18...



nearly

7,000

employees



in

31

countries



tracked more than

116,000

volunteer hours

This is great progress and we will continue to offer opportunities for our employees to engage in their communities.

The NIKE Community Ambassador program gives NIKE retail employees the opportunity to pass their love of sport on to the next generation. Community Ambassadors aren't just getting kids active today – they're inspiring them to be active for life. Global retail employees learn quality coaching skills, and then coach kids in sport and play in their local schools and communities. Since the program's inception in FY16, nearly 8,000 of our NIKE retail employees have regularly coached kids in their communities.

The NCIF brings employees into the grant-making process to advise on where grants should be awarded to support the work of local organizations in the communities where they live and work. In FY18, NCIF expanded to Barcelona and Memphis, bringing the total of NCIF programs operating around the world to 11. In Barcelona and Memphis alone, employees helped direct more than \$200,000 in grants to local charities that use the power of sport to positively impact kids in their respective communities.

Community Impact



Measure

Drive sustained community impact in all of our primary markets and sourcing backyards

In FY18, NIKE continued its sponsorship of the Portland-based bike-share program, **BIKETOWN**, with 1,002 bikes and 147 bike stations across the city. Launched in FY17, the five-year commitment will provide \$10 million to the program, contribute designs for BIKETOWN's stations and bicycles, and increase accessibility. In FY18, NIKE, in partnership with the Portland Bureau of Transportation and other community organizations, helped launch Adaptive BIKETOWN, with the goal of increasing biking access for people of all abilities. NIKE also launched the BIKETOWN Community Design Challenge, a contest to create bike wraps representing the five "quadrants" of Portland.

Throughout FY18, NIKE expanded its relationships and programming investments to get kids moving in several cities.

- **Berlin:** NIKE celebrated the launch of Berlin Kickt, a community football program created with two organizations: the International Rescue Committee and local NGO buntkicktgut. Berlin Kickt combines the universal language of football with social and emotional skills training to help girls and boys from primary schools across Berlin (including many refugees) to play, learn, and realize their potential in a safe and secure environment.
- **Los Angeles and New York City:** We inspired more than 12,000 runners to participate in the NIKE Go Races. These races helped raise funds to support local schools and community organizations, like Students Run LA, the LA84 Foundation, Lower East Side Girls Club, and Power Play NYC.
- **Mexico City:** NIKE brought play to schools through "Juega Más: Escuelas Activas" (Play More: Active Schools) in partnership with the nonprofit Yo Quiero, Yo Puedo (I Want To, I Can), an initiative designed to improve the quality of physical education in the city's primary schools.



300+

hours invested by top industry professionals in footwear and apparel design to share their knowledge with students

- **Tokyo:** NIKE worked with The Foundation for Promoting Sound Growth of Children to launch JUMP-JAM, an innovative program that merges sport and free play to give elementary school aged children both the physical activity and social skills they need.

In our sourcing communities, we worked with educators and community leaders to invest in Unlock School Gates in Guangzhou and in Active With Sport in Ho Chi Minh City and Hanoi. With the goal of improving the quality of physical education for primary school kids, the NIKE-supported programs offered coach and educator training, and sport field days for families to drive activities for local kids. In FY18, these programs reached more than 11,000 primary school kids across 17 schools.

The Jordan Brand **Wings** initiative supports underserved youth around the world, with a particular interest in communities that have traditionally faced challenges accessing quality education. The Jordan Scholars Program provides access to educational opportunities, enabling young people around the world to dream beyond their circumstances and

empowering teachers to help promising students plan and work towards their high school and college dreams. In FY18, the Wings Scholars Program awarded full ride college scholarships to 31 high school seniors in North America; 350 students in Greater China made it through their third and final year of high school with the Wings scholarship. The scholars program works in partnership with over 30 nonprofit organizations around the world who provide high school and college readiness services to underserved youth. In FY18, Wings provided operational grants to each partner to enable their powerful work in the communities they serve.

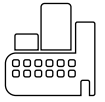
First-class product design is core to the Jordan Brand and Wings provides opportunities for young people to pursue educational and career opportunities in the art and design fields through the Jordan Designers Program. In FY18, top industry professionals in footwear and apparel design invested over 300 hours in sharing their knowledge with Chicago students. Several student participants received the Jordan Wings scholarship and are pursuing higher education in the field of design.

From our home state of Oregon to offices worldwide, NIKE invests in communities where we have a large employee presence. Below is a snapshot of two of our Oregon initiatives.

Initiative	Goal	FY18 Recipients	FY18 Giving Totals
NIKE School Innovation Fund	Increase Oregon high school graduation rates and help all students reach their full potential	99 high schools	\$1.07 million
NIKE Community Impact Fund	Support local organizations in Oregon communities and engage NIKE employees in grantmaking	44 organizations	\$550,000



Unleash Human Potential: Priority Issues



Through our issue prioritization process, we identified a set of priority sustainability issues for NIKE in FY18 which determined the focal topics for this Impact Report. Most of these issues overlapped with our existing 2020 sustainability targets. For FY18 priority issues not specifically covered by a 2020 target, we have provided additional space in this report to describe challenges faced and progress underway. **Occupational Health and Safety** falls into this category.

Learn more:
[Issue Prioritization](#)

Occupational Health and Safety

NIKE believes that the protection of life and health in the workplace is a fundamental right. Our vision is to provide a safe, hygienic, and healthy workplace, develop safety management systems, and foster a strong culture of safety in NIKE facilities as well as at NIKE's suppliers.

Achieving this vision requires a clearly communicated corporate safety policy, integration of safety leadership capabilities, standardized and repeatable safety management systems, and an active and engaged workforce that is properly informed and adequately trained on the hazards of their job and how to perform their work safely. We have begun to factor these safety capabilities into how we measure safety performance at NIKE owned and operated facilities and contract manufacturers.

NIKE's occupational health and safety (OH&S) philosophy is anchored in our corporate Environment, Health, and Safety (EHS) Policy; Code of Conduct; Code Leadership Standards; and adherence to local law. With this foundation in place, we build innovative approaches for advancing safety systems and creating a culture of safety.

We monitor compliance to OH&S standards at NIKE owned and operated facilities and contract manufacturers through external audits and internal assessments. Gaps in implementation are treated as opportunities to develop management skills and tools to close gaps and improve performance. Additionally, we factor the results into our sourcing strategies in how we evaluate contract factory manufacturers performance, and how we determine with whom we will engage and grow our business. We have begun to extend this approach deeper into our supply chain.

Creating a Culture of Safety in Contract Factories

Fire safety, building safety, occupational health and machine safety issues remain the highest risk issues in the footwear and apparel manufacturing industry. When we find issues of non-compliance in these high-risk areas, we respond immediately and work with contract factories to remediate. We divest from those factories that fail to elevate performance.

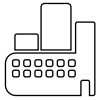
- **Fire Safety:** We require Tier 1 suppliers³⁴ to adopt fire prevention and emergency action plans to protect workers during normal working operations and emergency situations. To accelerate management capability, worker involvement, and understanding of fire safety issues and preventative measures, NIKE engaged with the Fair Labor Association (FLA) and Institution of Occupational Safety and Health on a global initiative to develop and implement a portfolio of fire prevention and fire safety tools for factories. In FY18, the program expanded to over 33 factory locations – more than 2,100 workers were trained as safety leaders, and more than 90,000 workers completed training sessions on fire safety.



Factory workers – Ho Chi Minh City, Vietnam

³⁴ Tier 1 suppliers are finished goods contract manufacturers.

Unleash Human Potential: Priority Issues



- **Building Safety:** Buildings must be constructed or retrofitted according to the laws of the manufacturing country, international standards if local laws do not exist, or certified structural engineering construction standards.
- **Occupational Health:** Additionally, we require our suppliers to anticipate, recognize, evaluate, and control occupational health and hygiene hazards in the workplace, use routine monitoring and analytical methods to determine the potential health effects of hazards that are present in the workplace, and control worker exposure to these health hazards.
- **Machine Safety:** Our new Code Leadership Standards require our contract manufacturers to implement machine management programs and track their performance against international machine safety standards.

Establishing a culture of safety is a continual journey. We recognize that individual contract factories and facilities are at different levels of maturity. NIKE has developed a safety maturity model, based on existing academic research and published white papers, and assessment tools to allow our contract manufacturing partners to self-evaluate their capabilities to implement a world-class safety management system in their factories. The ability to self-criticize, accurately assess strengths, and identify areas for improvement is a critical enabler of establishing a mature culture of safety. To support this capability and accelerate safety culture in our factory contract manufacturers, NIKE has developed an online training on how to use our self-assessment tools.

Factories self-assess their safety culture using the maturity model. The self-assessment can be supported by third party consultants or NIKE staff, and the results are calibrated with a worker/management safety perception survey. The calibrated results are used as a leading indicator of safety performance.

OH&S³⁴ Data for NIKE Employees and Tier 1 Focus Factories³⁵

		CY16	CY17	CY18 ³⁶
NIKE employees^{37 38}				
Distribution (industry code: 493110)				
Total Case Incident Rate (TCIR)	NIKE	1.93	1.81	1.74
	Industry ³⁹	5.10	5.20	5.20
Lost Time Injury Rate (LTIR)	NIKE	1.08	1.24	1.21
	Industry	1.70	1.90	1.90
AIR MI (industry code: 326113)				
TCIR	NIKE	2.80	3.70	3.56
	Industry	4.30	5.20	5.20
LTIR	NIKE	0.82	0.72	1.31
	Industry	1.10	1.40	1.40
Offices (industry code: 551114)				
TCIR	NIKE	0.24	0.27	0.32
	Industry	0.80	0.90	0.90
LTIR	NIKE	0.08	0.07	0.17
	Industry	0.30	0.20	0.20
Tier 1 Focus Factories⁴⁰				
Footwear (industry code: 3162)				
TCIR	NIKE	0.50	0.40	0.39
	Industry	6.70	4.20	4.20
LTIR	NIKE	0.30	0.30	0.25
	Industry	2.10	1.10	1.10
Apparel (industry code: 3152)				
TCIR	NIKE	0.90	0.60	0.57
	Industry	2.10	2.30	2.30
LTIR	NIKE	0.50	0.40	0.42
	Industry	0.60	0.50	0.50
Equipment				
TCIR	NIKE	1.70	0.80	0.54
	Industry	N/A	N/A	N/A
LTIR	NIKE	1.10	0.80	0.54
	Industry	N/A	N/A	N/A

³⁴ OH&S data is reported using calendar year instead of fiscal year to align data with regulatory reporting requirements, including OSHA and BLS (which is used as an industry standard).

³⁵ Focus factories are key strategic contract factories within our source base that represent the majority of finished goods production of NIKE footwear, apparel, and Converse footwear.

³⁶ Using CY17 BLS rates as BLS rates for CY18 have not been published at the time of the FY18 NIKE Impact Report publication.

³⁷ The reported injury rates reflect a combination of NIKE full-time and certain external temporary workers.

³⁸ Data is collected based on U.S. legal reporting requirements, reporting on all NIKE operations except retail which is excluded from OSHA recordkeeping requirements. Retail will be included in future reports.

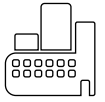
³⁹ The industry average comes from the U.S. Department of Labor; Bureau of Labor Statistics. Each industry classification (such as DC, Air MI, Offices, Footwear Manufacturing, Apparel Manufacturing) reports a separate average for recordable injuries and lost time rates (which are captured).

⁴⁰ For Tier 1 focus factories by Product Engine for calendar year 2016. Self-reported by factories. The BLS does not calculate manufacturing rates for equipment.



NIKE Air Force 1 Flyleather customization event

Unleash Human Potential: Priority Issues



Factory worker – Putian, China

As we continue our journey to elevate a culture of safety within our supply chain and across our industry, we actively seek opportunities to team up with others beyond NIKE to resolve common OH&S issues. In addition to our engagement with the FLA, we work closely with Better Work – a joint program of the International Labour Organization and the International Finance Corporation – to advance issues of health and safety in our industry. Safe operation of boilers and pressure vessels is an emerging issue in our industry. NIKE benchmarked Better Work's approach to boiler safety, and we have

strengthened our program through our new Code Leadership Standard. Additionally, we worked jointly to develop simple tools and training on boilers and pressure vessels for the benefit of all Better Work factories, not only NIKE contract manufacturer factories. NIKE actively participates in local Better Work programs in Cambodia, Indonesia, Vietnam, Nicaragua and Jordan. Our local teams in these countries, along with Better Work, continue to work closely with our contract manufacturers to build management capabilities and enhance the health and wellbeing of their workers.

For example, in Cambodia, all NIKE factories are monitored under the Better Work program. In 2017, the Cambodian Labor Ministry drafted safety and health guidelines that included items on preventing incidents of fainting among factory workers. In partnership with Better Work, the NIKE team confirmed that the factories were meeting these requirements. Better Work has specifically called out the issue of poor nutrition – as one of many contributing factors to mass faintings – and we continue to explore with Better Work and our suppliers how to best address this and other drivers behind this complex issue.

Committed to Creating a Safe and Healthy Workplace at NIKE Facilities

In FY18, NIKE developed a comprehensive, enterprise-wide Environmental Health & Safety Policy. The policy affirms our commitment to operating in a safe and responsible manner in order to protect the environment and safeguard the health and safety of our employees, contract manufacturers and customers. It formally extends NIKE's Code of Conduct and Code Leadership standards to NIKE's own facilities as well as our supply chain manufacturers. The policy also outlines the ways in which we meet our commitments. NIKE published the policy as a public dedication of our commitment to continually innovate and improve the way in which we create a safe and healthy workplace.

General OH&S compliance remain a constant goal for NIKE owned and operated facilities, with individual business operations focusing on the biggest risks to their operation. NIKE's global OH&S program centers on developing and implementing consistent management systems to enable risk-based prioritization. Machine safety, chemical management, controlling hazardous energy, and implementing comprehensive injury reporting are examples of ongoing enterprise-wide initiatives.

Learn more:

[Environmental Health & Safety Policy](#)



WE TRANS FORM



FY18 Highlights

93%

Percentage of NIKE's 542 contract factories that were rated **Bronze or better**, our definition of sustainable

140,000

Number of workers in contract factories deploying NIKE's **engagement and wellbeing survey**

0

Number of **child labor** findings

1m

Number of **contract factory workers** in NIKE supply base

50%

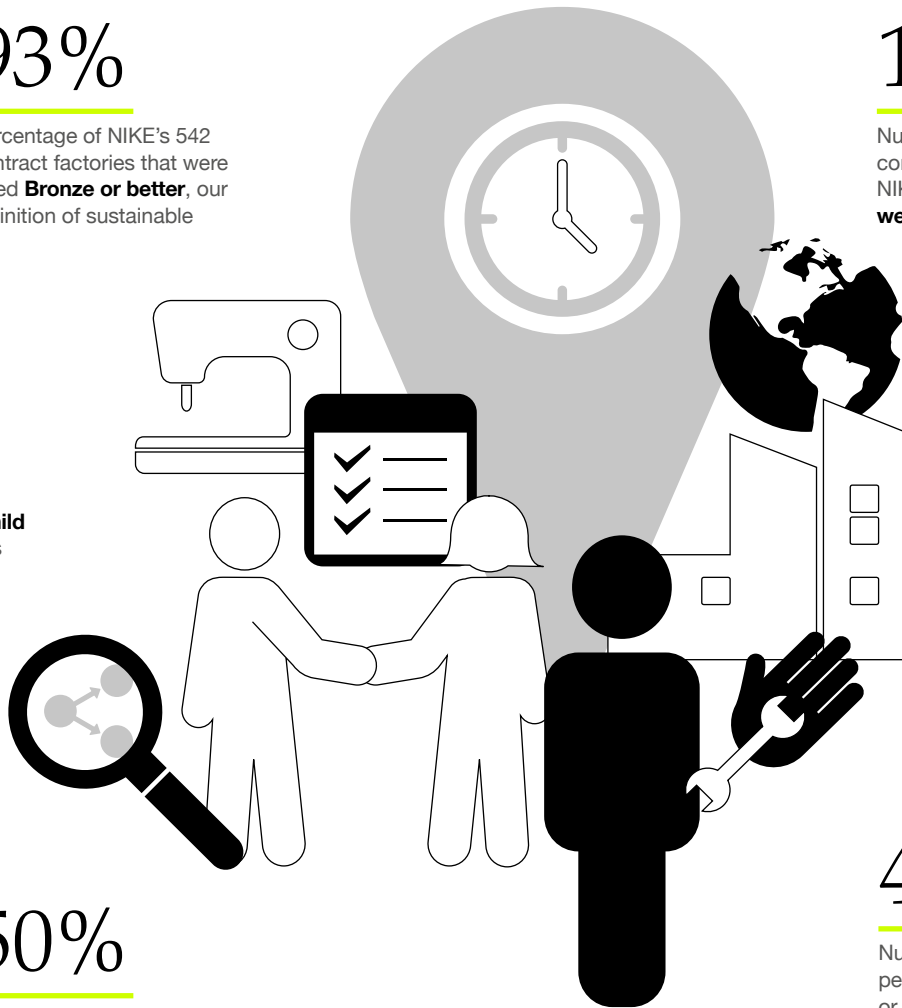
Increase of contract factories participating in a **trade finance program** with the International Finance Corporation (IFC)

471

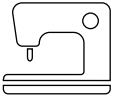
Number of **audits** performed by NIKE or on our behalf

Tier 2

NIKE added additional strategic material suppliers (Tier 2) to our **Manufacturing Map**



Sustainable Sourcing⁴¹



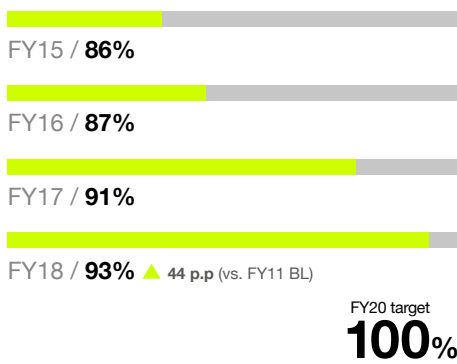
NIKE Air Force 1 showcasing the capacity of Nike Flyleather to take print

Target

Source 100% from factories that meet our definition of sustainable

Performance

Factories Rated Bronze or Better (%)



NIKE views compliance as the foundation for business relationships that provide fair and safe working conditions, sustainable livelihoods, and protect the environment. Our relationship with factories is based on the standards set out in the NIKE Code of Conduct and Code Leadership Standards, which are aligned with leading international standards to protect worker rights, create a safe working environment, safeguard communities where suppliers operate, and advance environmental protections. Across our compliance and capability building initiatives, our approach is grounded in supplier ownership.

Learn more: [NIKE Commitment to Labor Standards](#)

We regularly review supplier factories to assess their ability to meet our high standards. These assessments take the form of audit visits – both announced and unannounced – by internal and external parties who measure against our Code Leadership Standards and the Code of Conduct. NIKE also works with third-party organizations to independently audit facilities.

Manufacturing Map

An interactive list of our Tier 1 finished goods manufacturers and strategic Tier 2 materials suppliers is available at <http://manufacturingmap.nikeinc.com>. The map includes detailed information on factory location, supplier group, type of product made, number of workers, gender and migrant percentage, and average age.

These include the FLA and Better Work, a joint program of the International Labour Organization (ILO) and the IFC.

NIKE continuously seeks to improve our approach to evaluating working conditions in our supply chain and works with our suppliers to enhance their capabilities. In recent years, we have made significant changes to improve supplier compliance monitoring with our Code of Conduct and Code Leadership Standards. For example, in FY18, we increased the number of unannounced audits, use of third-party auditors, and auditor rotation.

Audit Counts⁴²

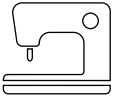
	FY16	FY17	FY18
NIKE	538	390	415
FLA	7	1	5
Better Work	31	15	51
Total	576	406	471

⁴² Audit counts were lower in FY17 and FY18 primarily due to NIKE's introduction of the Factory Compliance Ownership (FCO) program. As the next step in evolving sustainability and compliance management, NIKE introduced the FCO program in early 2016. The program provides incentive opportunities for factories that maintain NIKE's compliance standards and move beyond minimum compliance. Included in the incentives is reduced audit frequency with self-assessments when a factory has met thresholds for maintaining compliance over a number of years.

When factories are audited based on NIKE standards, their rating informs our Sustainable Manufacturing and Sourcing Index (SMSI). Ratings of Yellow or Red indicate performance below NIKE's minimum compliance expectations; Bronze reflects baseline compliance; Silver signals enhancing capabilities to leverage sustainability as a business driver within our industry; and Gold indicates world-class in sustainability in any industry.

⁴¹ We removed the "ELEVATE A CULTURE OF HEALTH AND SAFETY" measure from this section because we cover it in the "Additional Priority Issues: Occupational Health and Safety" section of the report.

Sustainable Sourcing



Sustainable Manufacturing and Sourcing Index (SMSI): Factory Ratings



- Footwear
- Apparel
- Equipment

IN COMPLIANCE with NIKE Code of Conduct and Code Leadership Standards

	RED	YELLOW	BRONZE	SILVER	GOLD ⁴³
NO RATING	UNSUCCESSFUL	INCONSISTENT	MEETS	EXCEEDS	GLOBAL LEADER
1 factory	23 factories	12 factories	499 factories	7 factories	0 factories
0	4	0	113	7	0
1	11	11	305	0	0
0	8	1	81	0	0

43 World-leading manufacturing standards and innovation

When facilities receive a below compliance rating, they are expected to remediate the issue with onsite verification of the remediation within six months. For example, in FY18, as a result of our enhanced audit program, we found a few isolated instances of foreign migrant worker employment practices that were in violation of NIKE's Code of Conduct and Code Leadership Standards. The issues involved workers paying fees related to their recruitment and employment and one instance where the facility had penalties for early contract termination. In each case, we worked with the supplier to remediate the identified issues and to strengthen their Human Resource systems

and processes to prevent future reoccurrence. For the situations where it was found workers had paid fees for their employment, we required suppliers to repay workers for such fees. In all instances, full re-audits are conducted to verify corrective actions have been completed.

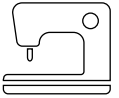
If a facility does not sufficiently address an issue, it is placed on probation. Further failure to meet compliance will lead to NIKE potentially considering a responsible exit, which includes providing early notice and a clear ramp-down schedule. If critical issues are found, immediate remediation is required.

We continue to review the most frequent areas of non-compliance, such as hours, wages, and benefits (see "Audits, Non-Compliance" table) to identify ways we can work with our contract factories to strengthen compliance.

After the SMSI was launched in 2012, NIKE set the target of having 100% Bronze or better factories by 2020. In 2012, 49% of 910 contract factories were rated Bronze. By the end of FY18, just over 93% of NIKE's 542 contract factories were rated at Bronze or beyond. The higher percentage of Bronze is due both to improvements in factory compliance levels and a reduction of factories failing to achieve baseline compliance in our source base.



Sustainable Sourcing



Factory Ratings

	FY16	FY17	FY18
No Rating	2	3	1
Red	27	23	23
Yellow	60	28	12
Bronze	570	532	499
Silver	4	5	7
Gold	0	0	0
Total	663	591	542

We continuously search for opportunities – like improving the quality of audit data, addressing the root causes of issues, and working with other brands in the supply chain – to drive consistent performance as we strive for 100% compliance.

NIKE is a signatory of the Social Labor Convergence Program, which seeks to drive industry convergence on factory compliance to reduce audit duplication and free up resources to invest in improving working conditions. It is also based on a model of supplier ownership that aligns with NIKE's approach to sustainable and consistent performance. During FY18, NIKE was actively involved in supporting the development of this tool and verification methodology and in FY19 will work to pilot this approach in our supply chain.

Learn more:

[Social Labor Convergence Program](#)

Factory Ratings: by Product Engine⁴⁴

	FY16	FY17	FY18
T1 Apparel	394	363	328
No Rating	2	0	1
Red	15	14	11
Yellow	42	18	11
Bronze	335	331	305
Silver	0	0	0
Gold	0	0	0
T1 Equipment	127	101	90
No Rating	0	2	0
Red	7	3	8
Yellow	8	6	1
Bronze	112	90	81
Silver	0	0	0
Gold	0	0	0
T1 Footwear	142	127	124
No Rating	0	1	0
Red	5	6	4
Yellow	10	4	0
Bronze	123	111	113
Silver	4	5	7
Gold	0	0	0
Total	663	591	542

⁴⁴ Represents Tier 1 (T1) or finished goods manufacturing.

Audits, Non-Compliance (%)⁴⁵

	FY16	FY17	FY18
Working Hours	39	43	39
Wages and Benefits	35	36	34
Regular Employment	11	2	7
Forced Labor Risks	0	6	5
Harassment and Abuse	4	4	3
Discrimination	2	2	3
Freedom of Association and Collective Bargaining	0	0	1
Age Standards	0	1	0
Other	8	5	8

⁴⁵ The top issues identified in audits in FY16, 17, and 18 remained similar with working hours, wages, and benefits being the most common types of findings. For all findings, the factories were required to remediate the identified issues and the corrective actions were verified through another onsite audit.

Worker Count Results⁴⁶

	FY15	FY16	FY17	FY18
Americas	87,234	71,904	77,833	72,986
EMEA	17,197	18,674	18,396	19,114
N Asia	236,142	233,561	198,877	170,724
S Asia	287,862	304,932	296,984	286,938
SE Asia	386,293	436,970	444,907	473,258
Total	1,014,728	1,066,041	1,036,997	1,023,020

⁴⁶ Count of workers in NIKE source base at fiscal year-end for period shown.

Measure

Eliminate excessive overtime (EOT)

Performance

Factories with EOT (%)

FY15 / **3.3%**

FY16 / **3.2%**

FY17 / **3.9%**

FY18 / **2.4%** ▼ 0.9 p.p. (vs. FY15 baseline)

FY20 target

0%

As part of requiring fair working conditions at our contract manufacturers, NIKE is continuing its work to incentivize contract manufacturers to eliminate EOT under the 100% Bronze audit program. This issue is prevalent throughout our industry and can affect the wellbeing of workers, result in errors in product quality, and has been shown to be of uncertain benefit as the additional hours can be less productive than normal hours.

One of the requirements of the NIKE Code Leadership Standards is to eliminate excessive working hours so that workers at supplier factories do not work more than 60 hours a week and have at least 24 hours off in every seven-day period.

In FY18, we saw a decrease in the number of factories failing to meet NIKE's baselines expectations for EOT, from 23 factories in FY17 to 13 factories, representing 2.4% of the supply base.

However, a low rate of repeat findings continues to make it challenging to predict and anticipate where EOT will occur. For example, of all the factories with an EOT finding in FY18, none were repeat offenders from FY17. In fact, 45% of factories with EOT incidents during FY18 either resolved the issues and went on to return to a Bronze rating by the end of the year or were no longer NIKE factories.

While the Code of Conduct focuses on what our suppliers do, we recognize that there is more work that NIKE can do to accelerate compliance and progress in our suppliers' factories. We are actively working to support improvements in the enforcement of local laws through our support of Better Work and training of factory management through Lean 2.0. NIKE is also continuing to evolve demand and production planning with our suppliers to smooth volume fluctuations and enhance predictability. However, some of these factories are multi-brand facilities and require a collaborative approach. Our long-term vision is to facilitate greater industry engagement and alignment that shifts the approach suppliers take to forecasting.

Engaged Workforce



Target

Ensure contract factory workers share in productivity gains

Every contract factory worker in our supply chain has the right to compensation sufficient to meet their basic needs and provide some discretionary income. We are engaging with our suppliers to progressively meet this requirement. We know that factory worker wages can increase as overall factory operational efficiency improves, and we know that valued workers accelerate factory performance to the benefit of workers, factories, and NIKE.

Piloting New Compensation and Benefit Models

We worked with Dara O'Rourke and Niklas Lollo from the University of California at Berkeley from FY15–18 to explore new methods to increase the value created in factories and share that with workers. The resulting Compensation and Benefits research pilot focused on changing compensation structures and tracking increases in both factory productivity levels and take-home pay.

The research pilot implemented an alternative approach to compensation, including improved transparency for employees around how pay is calculated and incentive systems that are better aligned to productivity goals. The results were encouraging; the factory we worked with has independently chosen to further scale versions of the approach to all lines within the pilot factory as well as to other factories in their network.

Learn more:

[Compensation and Benefits Research Pilot](#)

We are continuing to deepen our understanding of what elements of the pilot were key to its success, such as information systems that connect business and operator data, lean processes that focus on enabling workers through standard processes and skilling, problem-solving and engagement activities, worker-management communication channels, and strong employee input throughout the process of implementing a new compensation system. Our unique academic relationship has produced a truly multi-stakeholder approach



Factory worker – Putian, China

that presents a robust alternative to the current model of compensation used in most factories. This is a complex issue and while this pilot alone cannot address the complex challenge of wages, it is an important step forward.

Compensation systems that reward performance and attract talent will benefit all stakeholders. We are now collaborating internally with our leading suppliers, and with external experts, to explore next steps on scaling the learnings from this research pilot.

Reducing Absenteeism and Turnover

Since NIKE supplier facilities have relatively low rates of unplanned absenteeism and turnover relative to comparable facilities. In FY18, NIKE focused on working with a select set of facilities where we believed the greatest additional improvements could be made.

Ten facilities were selected, each with higher than average rates of unplanned absenteeism and/or turnover relative to their peers. NIKE field teams worked closely with each facility to perform a thorough root cause analysis on their respective rates and to support development by factory management of a customized improvement plan. Each engagement also included a detailed cost analysis and

tracking, which increased facility buy-in and measurement of impact. We observed greatest improvements with facilities that invested broadly in their HR management system, such as their HR information systems (HRIS), recruitment and hiring practices, benefits procedures, communications, and training and development systems.

For example, one facility in Indonesia had higher than comparable rates of unplanned absenteeism. After evaluating, management discovered that workers had difficulty understanding the complex process to take leave, so they took leave without notice. A simpler leave application procedure was introduced and implemented across the factory with clear guidance and training to ensure awareness of the workers. The factory also invested in HRIS and provided onsite HR kiosks to make it more convenient for the workers to apply for leave in advance. This resulted in a significant reduction (approximately 25%) in unplanned absenteeism during the measured period against FY17 data.

In FY19, we will expand this targeted approach with an additional set of supplier facilities.

Partnerships to Accelerate Industry Change



Target

Establish partnerships that support the needs of workers both inside and outside the factory

Measure

Scale services to support management and workers for improved engagement and wellbeing

Many of the challenges we face are too complex for any individual brand or organization to solve alone. We therefore work with a wide range of stakeholders to think creatively and pool our skills to improve outcomes for workers and their communities. That includes identifying third party service providers who can work directly with our contract manufacturers on improving the workplace experience.

Third Party Solutions

In FY18, we expanded by 34% the number of facilities where we accept participation in the ILO's Better Work Program in lieu of NIKE specific labor audits (from 47 factories in FY17 to 63 factories in FY18), including facilities producing licensed products for NIKE.

At the end of FY18, 35 factories were participating in a trade finance program with the IFC, which incentivizes supplier performance by offering lower trade finance terms for facilities rated Bronze or better. This represents a more than 50% increase from FY17.

In FY17 and FY18, NIKE worked with two technology providers, MicroBenefits and Workplace Options, in our efforts to support contract manufacturers in adopting technology to improve communication, enhance worker knowledge and experience, and improve ease of access to HR tools and policies. At the end of FY17, six NIKE supplier facilities were using one of the two platforms for services to workers. In FY18, three new facilities adopted these technology platforms. In FY19, we look to further expanding this work at NIKE supplier facilities – either with the adoption of these or similar platforms or the development of suppliers' own digital solutions.

Measuring Engagement and Wellbeing

Supplier ownership of worker engagement is NIKE's long-term goal. We have continued to scale our Engagement and Wellbeing (EWB) approach, which includes a survey that was piloted and refined over several years and is statistically validated and correlated with key business metrics. The approach is grounded in creating opportunities for suppliers to gain a deeper understanding of their employees' experience to drive engagement and wellbeing improvements through a factory-owned model.

In FY17, we revised the existing EWB survey and translated it into six languages. By the end of FY18, four more languages were added as well as additional refinements based on stakeholder input.

In FY18, the revised EWB survey was deployed in 22 supplier facilities in nine countries, employing over 140,000 workers. The surveys were conducted online, onsite and remotely by two third-party vendors, MicroBenefits, and Workplace Options.

We also rolled out a standardized reporting template in FY18. This protects worker anonymity by disaggregating survey results by gender and job role as well as any other facility-selected segmentation. The reports do not contain a single score on engagement. Instead, suppliers are encouraged to identify areas of weakness from the survey, understand more about the reasons behind the results, and take action to address issues raised. In FY18, we launched a toolkit for our internal teams to use in association with facility management. The toolkit assists with interpretation, root cause evaluation and identifying ways to resolve issues. It also contains an evolving set of tools such as readings, case studies, trainings, and other resources to help factories address key areas where they want to improve.

NIKE also established key performance indicators for suppliers based on timely communication of survey results to their workers and action planning against results. This aligns with our objective for suppliers to use the tool to drive improvement and strengthen accountability among factory teams.

As in many areas, NIKE recognizes the strength of creating common industry approaches to reduce duplication and identify the most effective approaches. In FY17 and FY18, NIKE worked closely with a number of brands to understand different approaches to worker engagement and wellbeing and identify opportunities to harmonize and accelerate this work across the industry.



34%

of facilities participate in the ILO's Better Work Program in lieu of a NIKE specific labor audit



Transform Manufacturing: Priority Issues



Factory worker – Jakarta, Indonesia

Through our issue prioritization process, we identified a set of priority sustainability issues for NIKE in FY18, which determined the focal topics for this FY18 Impact Report. Most of these issues overlapped with our existing 2020 sustainability targets. For FY18 priority issues not specifically covered by a 2020 target, we have provided additional space in this report to describe challenges faced and progress underway. **Child Labor** falls into this category.

Learn more:
[Issue Prioritization](#)

Advancing Respect for Human Rights

At NIKE, we are deeply invested in advancing respect for human rights throughout our operations and extended value chain. We evaluate the impact of our business and set public targets to drive holistic, continuous improvements against our commitment to conducting business ethically and sustainably. NIKE supports human rights as defined by the Universal Declaration of Human Rights, which recognizes that “all human beings are born free and equal in dignity and rights.”

NIKE contracts with, rather than owns or operates, the facilities that produce its products. However, we are prioritizing and growing relationships with suppliers who share our commitment to respect human rights and are investing in their workforces. NIKE’s expectations for suppliers start with our Code of Conduct and Code Leadership Standards. NIKE’s Code of Conduct is aligned with international standards and contains the foundational requirements all suppliers must meet in producing Nike-branded products. The Code Leadership Standards contain more detailed requirements on how the NIKE Code of Conduct must be implemented. They also include specifications on the development of robust management systems that are essential to consistently maintaining compliance with local law and our standards.

Learn more:
[Code of Conduct](#)
[Code Leadership Standards](#)
[Human Rights](#)

Child Labor

NIKE specifically and directly forbids the use of child labor in facilities contracted to make NIKE products. The NIKE Code of Conduct requires that workers must be at least 16 years of age, or past the national legal age of compulsory schooling and minimum working age, whichever is higher. The requirements also specify that workers between the ages of 16 and 18 cannot be employed in positions which may be hazardous, such as working with chemicals or heavy machinery, nor can they work at night. Our Code of Conduct age requirements exceed those of the ILO which, in specific circumstances, allows some work for workers under the age of 16.

NIKE’s Code Leadership Standards include specific requirements on how suppliers must verify workers’ age prior to starting employment. They also contain specific requirements for actions the facility must take to remediate a situation where the supplier violates NIKE’s standards, with the focus on protecting the rights and wellbeing of the worker. Those requirements include:

- Removing the underage employee from the workplace
- Providing support to enable the underage employee to attend and remain in school or vocational training until the age of 16 or the minimum legal working age, whichever is higher
- Agreement to rehire the underage employee when they reach the age of 16 or legal working age if the worker wishes

Teamwork

During FY18, we continued our relationship with the FLA, Better Cotton Initiative implementing-partner İyi Pamuk Uygulamaları Derneği (IPUD), and several other international brands to improve employment practices in the Turkish cotton sector. The project focuses on preventing and addressing child labor risks and improving labor recruitment practices at the farm level.

Child Labor Findings

	FY16	FY17	FY18
Number of Child Labor Findings/Events	0	0	0
Number of Other Age Standard Findings/Events	0	1	0



WE MINIMIZE



FY18 Highlights

73%

Percentage of Nike brand footwear and apparel styles that used some **recycled materials**

75%

Percentage of **renewable energy** secured in our owned or operated facilities through existing agreements

99.9%

Percentage of footwear finished goods manufacturing **waste** that was recycled or converted to energy in the fourth quarter of FY18

6.4bn

Number of **plastic bottles** transformed into recycled polyester footwear and apparel since 2010

0

Amount of **PFC-based finishes** in our products by 2021

10m

Pounds of athletic footwear and surplus manufactured scrap turned into performance products through the **Nike Grind** program

32bn

Liters of **water saved** by sourcing sustainable cotton



Environmental Moonshot

In the FY14/15 Sustainable Business Report, we introduced our intent to double our business with half the environmental impact. This bold moonshot was meant to spur progressive thinking within our organization and serves as a north star for our work in sustainability, guiding our efforts in the near-term and informing the development of our long-term commitments.

Our current 2020 targets are milestones towards the moonshot. Our 2025 targets will expand the scope of coverage and aim to further reduce our impact. In addition to improving performance, we are also enhancing our capability to track performance further back in the supply chain. Right now, like most

in our industry, NIKE extrapolates much of our data in Tier 2, 3, and 4 using industry averages. We plan to work with our industry to expand our ability to get accurate, reliable environmental impact assessments across the value chain and embrace more systemic change to scale low-impact solutions.

Product



\$2bn

of revenue generated
by Flyknit products

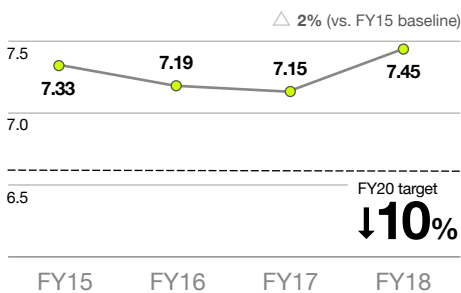


Target

Deliver products for maximum performance with minimum impact, with a 10% reduction in the average environmental footprint

Performance

Average Product Carbon Footprint
(kg CO₂e/unit)



We innovate for the athlete with zero compromise between performance, style, and sustainability.

NIKE is known for creating innovative performance products. Today's consumers demand that brands create and manufacture products that both perform and look great but also have a lighter impact on the environment. At NIKE, material innovations – such as recycled polyester, Flyknit, Flyleather, and Nike Air – continue to change the world of sustainable performance.

To track the environmental impact of products, we look at sustainability attributes of product through our Material Sustainability Index (MSI), Apparel Sustainability Index (ASI), and our Footwear Sustainability Index (FSI). These indices provide an environmental profile of each product. This transparency enables us to make better choices in designing, product creation, and planning.

However, average carbon footprint has increased compared to the FY15 baseline due to an increase in both material per unit (apparel getting heavier) and overall manufacturing emissions intensity (driven by grid electricity in Vietnam and style/model mix).

While this target tracks our product carbon footprint, our efforts to integrate sustainability impact also have an impact on a wide range of environmental factors such as water, chemicals, and waste.

Learn more:

[Product and Materials Sustainability Indices](#)
[Explore NIKE's Value Chain Footprint](#)

Footwear

In our footwear manufacturing, we continued to focus on our biggest impact areas in FY18: materials and waste. Our teams leveraged improved manufacturing methods, such as automation in die cutting, stitching and cementing, to reduce waste, energy, water and/or improve worker safety and health.

In FY18, we continued to embed sustainability into core decision-making. For example, a cross-functional team (including footwear, engineering, cost engineering, and product sustainability) set seasonal pattern efficiency targets for the category teams. This effort helped NIKE Footwear use a waste metric to help manage category performance. Additionally, Kids and Women's NIKE Sportswear – two of NIKE's biggest categories – created strategies, processes, and product reviews focused on sustainability.

Shoes made with Flyknit create 60% less scrap waste than a typical shoe upper. To date, products with Flyknit have totaled over \$2 billion in revenue. As we scale, we rely on the innovation of our vendors in the value chain. Nike's Flyknit supplier, Unifi, continues to invest in new technologies and materials that allow us to produce product that is low waste and contains a high percentage of recycled content (90% on average).

Learn more:

[NIKE's Waste to Landfill 2020 Target](#)



Product



We have scaled Nike Air – one of our most sustainable innovations – to 50% of our NIKE footwear. Since 2008, all Nike Air soles are composed of at least 50% recycled manufacturing waste. Released in FY18, the Nike Air Max 270 air sole contains more than 70% recycled manufacturing waste – a tribute to the ever-increasing quality of our repurposed materials. Our Air Manufacturing Innovation facilities also divert over 95% of manufacturing waste from landfills.

Apparel

In FY18, NIKE Apparel saw recycled polyester usage increase by 13% compared to FY17. This was driven by high volume products like Legend Tee Shirt, NBA jerseys and shorts, global football kits (World Cup 2018 and clubs), and Women’s (bras and pants) and Men’s Training (Therma Fleece).

We continue to observe a shift in consumer and market demand toward cotton rich products, like cotton fleece and sportswear fabrics. We know that cotton can have a large impact on our water and chemical footprint. As a result, NIKE Sportswear apparel teams are increasing their focus on efficiency to counteract fabric weight increases while continuing to develop our portfolio of sustainable cotton options (organic cotton, recycled cotton and BCI cotton). We are committed to responding to consumer taste, while also balancing sustainability impacts.

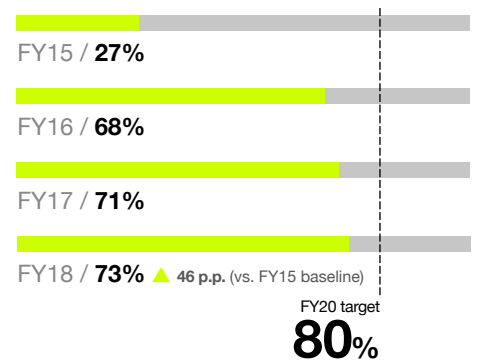
NIKE continues to invest in research and development efforts on textile-to-textile recycling technologies with a goal of scaling them in upcoming seasons. In addition, our ASI includes points for a “Single Fiber Garment”, which is a look forward to post-consumer recycling, rewarding our product teams who are thinking this way now.

Measure

Greater than 80% of all NIKE product will be scored on sustainability performance

Performance

Product Scored on Sustainability Performance (%)



NIKE’s Product Creation teams continue to add new product areas to the scope of the targets, to better measure our progress and drive continued sustainability improvements in all our products. In FY18, NIKE Apparel added large volume product groups to the ASI scoring process including Asia-Sized versions, NIKE Direct Product, and Extended Size Range.

13%

increase of recycled polyester in Nike brand apparel in FY18



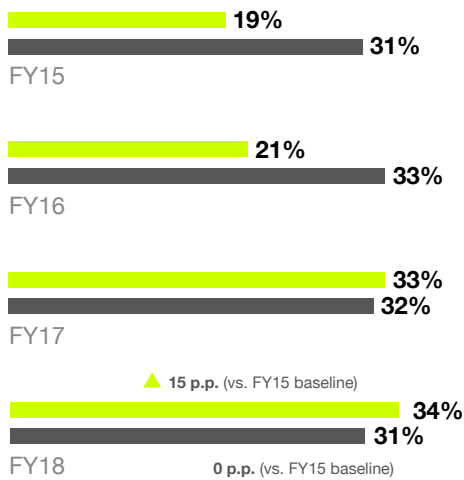
Materials



Target
Increase use of more sustainable materials

Performance
% More Sustainable Materials

- Apparel
- Footwear



FY20 target
Increase

70%

recycled manufacturing waste in every Nike Air Max 270 Air sole



Our materials – where they come from and how they are used – represent the biggest opportunity to reduce our environmental footprint, which is why we place so much emphasis on this area.

The MSI provides our material and product teams with the information they need to choose the best options from amongst 70,000 different materials from more than 600 vendors. This allows them to make better decisions around which materials are the most sustainable with the ultimate goal of driving our environmental footprint lower.

In FY18, our relative use of Environmentally Preferred Materials (EPM) remained flat across apparel and footwear, although it has done so during a period of growth for our overall material buys. This indicates that we have

continued to increase the use of EPMs in our products, growing their usage alongside our overall material usage. In Apparel, NIKE's continued ramp-up of Better Cotton and strategic conversions to recycled polyester has led to a steady increase in sourcing of sustainable materials. Footwear's use of lower impact materials, specifically recycled polyester in Flyknit footwear, remains constant.

In FY18, some recycled materials were used in 73% of Nike brand footwear and apparel styles. While we grew the number of styles that used recycled materials in FY18, the overall number of styles also increased, leading to an overall decrease of 2 percentage points since FY17.

Cotton

See our [Cotton measure](#) for detail on our move towards sourcing cotton more sustainably.

Better Choices

Materials in scope: Footwear Apparel

Polyester
Recycled

Cotton
Organic
Recycled
BCI Better Cotton

Leather
Leather working group certified
Environmentally preferred leather

Synthetic leather
Recycled

EVA
Recycled

Rubber
Environmentally preferred rubber formulations
Grind

Thermoplastic Polyurethane (TPU)
Recycled



Materials



Recycling facility – Putian, China

Transforming Polyester to Lessen Our Impact

Polyester is a high-performance, comfortable material. It is the number one material used in our products by volume, and represents approximately 32% of our overall carbon footprint. Because of this, we are constantly looking for ways to reduce that impact through greater adoption of recycled polyester and other technologies.

As of FY18, 19% of the polyester used in our products was recycled. All core Flyknit yarns continue to be recycled polyester. Our global football kits and NBA on-court and retail jerseys and shorts are made with 100% recycled polyester. We developed a new fleece fabric

with 60% recycled polyester content which quickly became NIKE's highest volume performance fleece material used across multiple programs.

Since 2010, NIKE has transformed more than 6.4 billion plastic bottles into recycled polyester footwear and apparel. As a result, NIKE has been recognized as using the most recycled polyester in the industry for the sixth straight year by the Textile Exchange.

Learn more:
[2018 Preferred Fiber and Materials Market Report](#)

Rubber

By FY18, 92% of the rubber used in our products was environmentally preferred. This increase is due to our increased use of environmentally preferred compounds, while slowly phasing out the less preferred compounds.

Innovating New Super Materials – Flyleather

For NIKE, leather is featured across many iconic footwear styles – and it has the second-highest environmental impact on the company's carbon emissions. Flyleather can change that – a new super material made with at least 50% leather fiber introduced by NIKE in FY18.

During a typical leather manufacturing process, up to 15% of a cow's hide falls to the tannery floor, eventually going to landfill. To create Flyleather, we combine those leather fibers with synthetic ones, using a process that fuses everything into one material.

Flyleather is lighter and more durable than traditional leather (based on abrasion testing) and creating it has a lower carbon footprint than traditional leather manufacturing. Furthermore, because Flyleather is delivered on a roll rather than as an irregularly shaped hide, it improves cutting efficiency and creates less waste than traditional full-grain leather.

In FY18, we included this new material in a limited release of the Nike Flyleather Tennis Classic SE. As we think about the future, Flyleather becomes an answer to retaining the qualities intrinsic to some of NIKE's greatest icons (i.e., Air Force 1 and Air Jordan 1) with an EPM.

Top Five Materials by Volume (kg)

	FY15	FY16	FY17	FY18
Cotton				
Organic	4,123,000 (7%)	4,613,000 (7%)	5,622,000 (8%)	7,147,000 (8%)
Recycled	68,000 (<1%)	75,000 (<1%)	183,000 (<1%)	375,000 (<1%)
BCI	9,879,000 (17%)	17,629,000 (27%)	32,487,000 (45%)	42,335,000 (50%)
Total	59,058,000	64,416,000	72,195,000	85,514,000
Polyester				
Recycled	22,769,000 (16%)	25,481,000 (18%)	25,856,000 (17%)	29,429,000 (19%)
Total	138,494,000	144,499,000	156,492,000	157,611,000
Corrugate/Paper				
Recycled	95,424,000 (84%)	103,977,000 (84%)	107,052,000 (84%)	129,087,000 (84%)
Total	113,568,000	123,622,000	127,236,000	153,425,000
Rubber				
Environmentally Preferred	63,414,000 (89%)	59,460,000 (91%)	65,808,000 (98%)	68,543,000 (92%) ⁴⁷
Total	71,380,000	65,382,000	67,382,000	74,379,000
Ethylene-Vinyl Acetate (EVA) Foam				
Recycled	185,000 (<1%)	151,000 (<1%)	66,000 (<1%)	158,000 (<1%)
Total	81,221,000	97,214,000	103,182,000	97,001,000

47 Decline due to shifts in model mix.

Materials

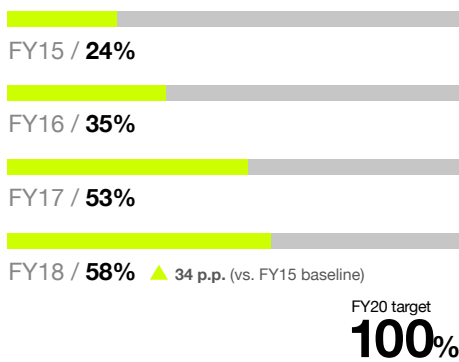


Measure

Source 100% of our cotton more sustainably (certified organic, Better Cotton Initiative, or recycled) across NIKE by the end of calendar year 2020

Performance

Cotton Sourced More Sustainably (%)



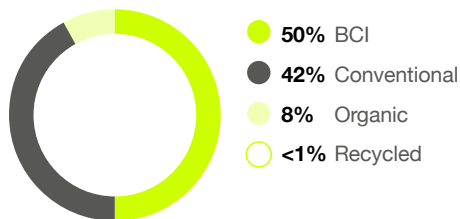
Leading in Advancing Better Approaches to Cotton

As one of our top-volume materials, cotton represents more than one-half of our water footprint, consumed mostly during the agricultural phase. In addition, 78% of global cotton farming water footprint is in high to extremely-high water stress areas. We believe we can create the most positive impact on our

overall environmental footprint by developing more sustainable cotton options that promote not only better water stewardship, but pesticide reduction and fairer labor practices.

NIKE is a leader in advancing better approaches to cotton. Since 1998, we've been blending organic cotton into our cotton products, and in 2002, we co-founded Organic Exchange (now Textile Exchange) to drive industry transformation in preferred fibers, integrity and standards, and responsible supply networks.

Cotton Type Used in FY18



In 2011, we made the commitment to ensure that, by 2020, 100% of our cotton is sourced more sustainably – certified organic, Better Cotton (BCI), or recycled cotton. In FY18, we sourced over 58% more sustainable cotton, saving more than 32 billion liters of water and 111,000 kilograms of pesticides. The biggest challenge is growing our sustainable cotton sourcing at a faster rate than our overall cotton consumption – which grew about 20% in FY18, driven by increased consumer preference for cotton-rich products like fleece and tee shirts.

Over 90% of our cotton is used by three product groups: Nike brand apparel, socks, and Converse footwear. In FY18, Nike brand apparel led the company by sustainably sourcing 68% of its cotton, with Converse-branded apparel close behind at 67%.

We blend a minimum of 10% organic cotton into nearly every Nike brand apparel cotton fabric, a strategy that has made us one of the top four buyers of certified organic cotton globally according to Textile Exchange's (TE) 2018 Preferred Fibers and Materials Report. We also rank fifth in Better Cotton sourced (per BCI's report on 2017 calendar year).

Currently we rank third in volume of recycled cotton (TE) but aim to grow this much further. We strive to continuously innovate so we can scale our cotton recycling and close the loop on textile waste.

Looking ahead, we believe that converting the final 20% of our cotton supply chain will be the most difficult. We also need to further address water risk by collaborating beyond the standards and our 2020 target. We aim to be a leader by using our influence and reach to drive the cotton industry toward sustainability and helping others on their journeys.

NIKE Women Sportswear popular Leg-A-See and Gym Vintage collections feature both organic cotton and recycled polyester in their fabric blends.



NIKE Flyknit and Vapor Max Air sole

FY18 External Engagements

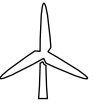
Global Fashion Agenda 2020 Circular Fashion System Commitment

NIKE joined other leading brands in calling on fashion brands and retailers to accelerate the transition to a circular fashion system to urgently work towards creating a sustainable future.

Sustainable Cotton Challenge

This initiative brings together leading industry brands, retailers, and textile companies to champion the greater use of more sustainable cotton in marketplaces globally.

Energy and Carbon



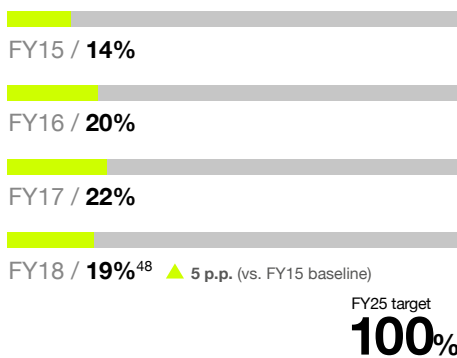
European Logistics Center – Laakdal, Belgium

Target

Reach 100% renewable energy in owned or operated facilities through FY25 and encourage broader adoption, as part of our effort to control absolute emissions

Performance

Renewable Energy – Owned or Operated (%)



⁴⁸ Slight decline in FY18 is due to the delay between buildings going live and the period of time required before the electricity meters can be incorporated into the Oregon Power Purchase Agreement.

NIKE exists to serve athletes. Climate issues, like pollution and extreme weather conditions, affect how athletes perform. And as a global business, climate change introduces risk across our value chain.

We're tackling climate change head-on by investing in lower-carbon materials and renewable energy and building resilience to climate uncertainty by reducing costs, innovating new operating models, and strengthening our supply chain.

While this target focuses specifically on renewable energy, we're working to reduce our carbon footprint in several ways:

1. Innovating low-impact materials
2. Driving energy efficiency within our supply chain
3. Increasing renewable energy throughout our operations and supply chain
4. Working with other organizations (i.e. corporate peers, government, NGOs, manufacturing partners) to scale impact and create better market conditions for clean energy

Renewable Energy in NIKE Owned or Operated Facilities

In 2015, NIKE joined RE100, a coalition of businesses that have pledged to source 100% renewable energy in their operations. As a Fortune 100 company, we have an opportunity to drive increased renewable energy production and access globally.

Learn more:

[RE100](#)

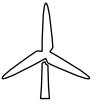
We currently have two agreements in the U.S. that together are expected to produce roughly 460,000 MWh/year of wind energy and deliver on more than one-half of our global commitment. One powers NIKE's World Headquarters in Oregon with wind power from three farms in the nearby Columbia River Gorge. NIKE also powers our European Logistics Campus (ELC) in Laakdal, Belgium, with 100% renewable energy through five sources (onsite wind, solar, geothermal, and locally produced biomass and hydro). More than 30% of the electricity consumed at our China Logistics Center in Taicang, China, is generated through rooftop solar.

At our ELC, our six windmills have been an example of our commitment to sustainability since 2005. In FY18, we took a step to have more control over our own power supply and improve efficiencies while lowering costs. Electricity generated from the windmills now feeds directly into our facility. This step helps open the door to new approaches, including energy storage and potential future conversion to other energy sources.

In FY18, we began pursuing options to procure renewable energy for all of our European operations that, when operational, will help to bring us to 75% of our global commitment. In addition, we continued to advance efforts for onsite solar at several NIKE-leased distribution centers globally and furthered our understanding of renewable energy options in the Asia Pacific and Greater China geographies.

As we pursue coverage for the rest of our global operations, we see challenges in finding solutions that fit all our guiding principles including cost, risk, proximity, and additionality. We understand the need for urgent action and are working with other leading brands and governments to advance renewable energy globally.

Energy and Carbon



Factory Adoption of Renewables in the Supply Chain

A comprehensive focus on energy management and carbon emissions reduction, including scaling renewable energy, has been a priority for NIKE and its factory partners for more than a decade. NIKE works with suppliers to identify, design, and execute strategies for unlocking competitive renewable energy opportunities in strategic manufacturing markets globally.

A top priority for NIKE has been accelerating the adoption of onsite rooftop solar photovoltaic (PV) projects by supply partners. The technology for rooftop solar PV is both proven and widely available with fewer policy hurdles to overcome for implementation. By the end of FY18, seven footwear factories in China had installed solar PV systems to account for as much as 10% of their total energy use. NIKE also kicked off a joint solar PV procurement initiative in FY18 with all of our contracted footwear and vertically integrated apparel factories in China and Vietnam.

Onsite solar PV projects have typically covered approximately 20% of electricity demand for our contract manufacturers. To cover the remaining portion, NIKE is also working with them to identify competitive commercial renewable contracts or cost-effective utility-scale projects. Through FY18, four factories have signed direct power purchase agreements (PPAs) for grid-delivered renewable electricity in Brazil, Turkey, and India.

Expanding renewable energy use in key Asian manufacturing regions has proven challenging due to rapidly evolving conditions and regulatory environments. NIKE is partnering on several collective action initiatives in these markets with key stakeholders from government, industry and civil society to help catalyze change. For example, in FY18 NIKE continued to support USAID's Vietnam Low Emission Energy Program aimed at accelerating clean energy development in Vietnam. In the area of public policy for example, NIKE is working together with the Vietnamese government and stakeholders on legislation advocacy to grow NIKE renewable energy via improved local regulations.



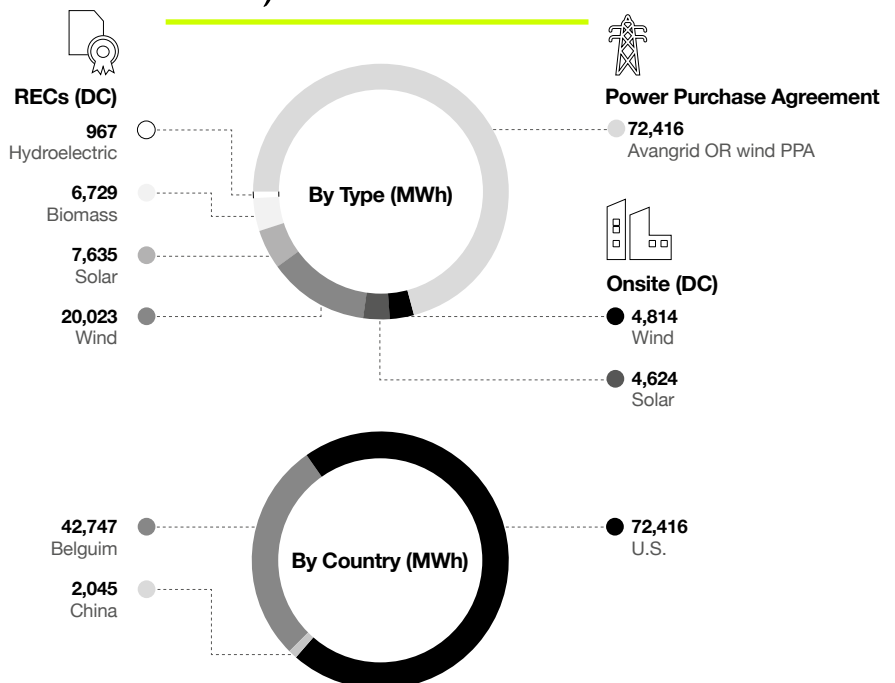
European Logistics Center – Laakdal, Belgium

Total Renewable Energy (MWh)

	FY15	FY16	FY17	FY18
FW Manufacturing and Textile Dyeing and Finishing				
Total MWh	550,000	571,000	602,000	621,000
% of total	14	13	13	14
Owned or Operated				
Total MWh	66,798	108,761	125,339	117,207
% of total	14	20	22	19

FY18 Renewable Energy

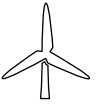
117,207 MWh⁴⁹



⁴⁹ Reported breakdowns may slightly exceed the total due to rounding.



Energy and Carbon



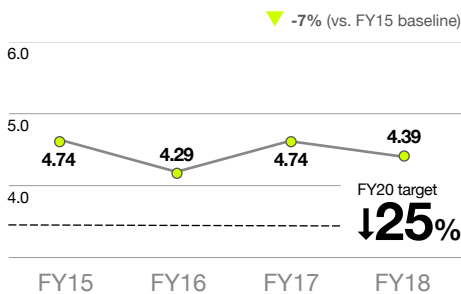
Product leaving NIKE European Logistics Center – Laakdal, Belgium

Measure

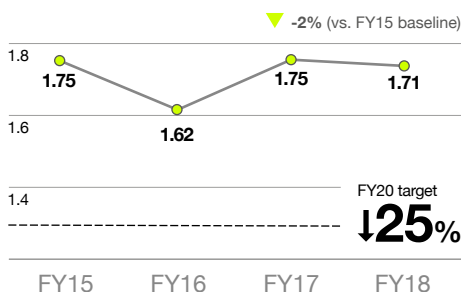
Decrease energy use and CO₂e emissions 25% per unit in key operations (inbound and outbound logistics, distribution centers, headquarter locations, finished goods manufacturing, and NIKE-owned retail)

Performance

Energy Consumption Per Unit – Key Operations (kWh/unit)



Carbon Emissions Per Unit – Key Operations (kg CO₂e/unit)



In FY18, NIKE’s energy and carbon intensity in key operations decreased compared to the FY15 baseline due to the increased effectiveness of our energy management at owned and operated facilities, boiler elimination and electric motors upgrades in our focus footwear contract manufacturers, and a reduction of air freight in our inbound logistics. Even though we are moving in a positive direction, we are currently facing significant headwinds to meet our target. The root causes for this trend include challenges to scaling new technologies that would offer enhanced energy savings, an increasing volume of high-performance footwear styles that require more energy to manufacture, and a considerable increase in the carbon intensity of Vietnam’s electricity grid due to new coal power plants brought online.

Inbound Logistics

The most significant driver of carbon emissions for logistics continues to be shipping product from origin to destination by air. On the inbound leg (origin to destination geography), air freight is 25 times more carbon intensive than ocean freight.

As part of our efforts to optimize air freight and help ensure decisions are demand-driven, in FY18 cross-functional teams completed a robust review of the current processes and tools. Through this work, teams identified key metrics, tools, operating models, and communications needed to support demand-driven decision-making. With the new process, we are now using signals from the marketplace as we near the start of a season to gain clarity on when product is needed. This helps to ensure that we use air freight only when necessary.

In parallel, we implemented or expanded alternative modes of transportation, including international trucking, international rail, and sea-air (freight transport that is part-ocean, part-air, which is faster than all-ocean and less carbon-intensive than all-air transport).

FY18 was the second year we used our Supply Chain Sustainability Index (SCSI) with our inbound ocean freight and air freight providers. We saw positive improvement from logistics service providers from FY17 to FY18. Driving our logistics service providers to meet and surpass minimum sustainability requirements has led them to fully integrate sustainability into how they deliver and operate. The SCSI has also helped us elevate discussions with providers on innovative offerings currently available and on the roadmap for the future.

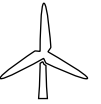
Outbound Logistics

Outbound logistics (transportation from a NIKE distribution center to point of sale or consumer) continues to be challenging for sustainability due to continued strong e-commerce growth and evolving consumer trends. In a marketplace demanding speed, we are looking for creative alternatives to deliver in ways that are not at the expense of our sustainability goals. For example, we are working to understand the value of sustainable fulfillment services to our consumer. We can then begin to curate experiences our consumers want that include their values on sustainability.

One initiative implemented in North America, and expanding across regions, is the switch to shipping e-commerce apparel orders in envelopes, which are significantly lighter and take up less space in transportation than boxes. For apparel shipments that are switched to envelopes, the estimated carbon savings per unit is at least 50%.

We are also working with our logistics service providers to elevate their sustainable service offerings. One way we have done this is by deploying our SCSI for outbound logistics services. As with inbound transportation, the SCSI establishes clear minimum sustainability requirements and drives innovation discussions. Through partnering with our providers, we have begun taking advantage of available alternative fuels for transportation in Europe and China.

Energy and Carbon



Distribution Centers

Energy use in our distribution centers is trending higher than our target, with energy used per shipped unit up approximately 26% from our FY15 baseline. A continuing factor is that more extreme temperatures across seasons have increased air conditioning and heating requirements. In FY18, work to make our distribution centers more energy efficient included the ongoing retrofitting of buildings to LED lighting and roof renovations, which increases insulation.

At our China Logistics Center, alternative, innovative solutions include tubular sky lighting, which channels daylight along its tunnel to bring the light inside, and solar-powered charging stations, which have seating areas for employees equipped with solar film attachments linked to USB chargers.

During FY18, we opened a new reverse logistics distribution center in North America (approximately 1.1 million square feet), which received U.S. Green Building Council LEED (Leadership in Energy and Environmental Design) Gold certification for commercial interiors.

Contract Manufacturing: Footwear

As part of our comprehensive energy and carbon emissions reduction program across the supply chain, we have engaged our footwear finished good factories to either eliminate or optimize centralized boiler systems. In FY18, more than 90% of these factories successfully improved their boiler systems, creating an average energy saving of between 15 to 20% for factories in Asia. As part of the initiative, in FY18 the last footwear finished goods factory successfully converted its coal-fired boiler system to use sustainably-sourced, renewable biomass – marking the end of coal use in any of NIKE's footwear focus factories.

NIKE's footwear modernization teams have rolled out several new technologies offering energy reductions, including an improved midsole manufacturing process, a new assembly oven, and material cutting technologies that have reduced energy use by approximately 5%. While we expected the savings to be higher, the failure to scale technologies that offer enhanced energy savings offset some of our gains. To drive further energy reductions in footwear manufacturing, in 2018, NIKE officially launched

the Electric Motors Management Program to our contracted factories. This encourages factories to retrofit existing electric motors to more efficient motors. An important additional feature is the setup of the management process that uses a detailed inventory to promote and enable tracking use and sourcing further savings. As more of our contract manufacturers implement the program, we expect to see reductions in energy use in footwear manufacturing as well as dyeing and finishing.

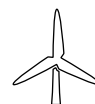
As carbon emissions are directly related to energy use, any improvements in energy management or shifts to renewable energy would equate to reductions in carbon emissions. In FY18, the carbon intensity of Vietnam's grid electricity increased significantly, which directly impacted NIKE's footwear focus factories' carbon footprint. By implementing NIKE's energy and carbon reduction programs, these factories partially mitigated the carbon footprint impacts of new coal-fired power plants brought online. NIKE will continue to work with contract manufacturers on renewable energy initiatives as well as work through collaborative action within our industry to promote renewable energy.



90%

of focus footwear factories
successfully improved their
boiler systems in FY18

Energy and Carbon



For the first time, NIKE has externally verified its Scope 1 and 2 emissions and Scope 3 commercial air travel emissions.

Learn more:
[PwC Assurance Report](#)
[NIKE, Inc. Management Assertion](#)

Headquarter Facilities

At our Global HQs we continue to focus on implementing our 100% renewable energy commitment and reducing energy usage through the following programs:

- Workspace optimization by reviewing the amount of new office space needed to fuel NIKE's growth versus historic square footage requirements while enhancing the employee workplace experience
- Energy efficient building standards for new construction globally
- HVAC and other equipment upgrades to high efficiency models
- LED lighting retrofits and maximizing natural light for new and renovated spaces
- HVAC SMART controls or other mechanisms to manage energy in occupied vs. unoccupied spaces

In FY18, we completed the newly constructed Sebastian Coe and Coach K buildings at our World Headquarters. The Coach K building has been awarded LEED Platinum certification and the Sebastian Coe building is on track for certification. In addition, at our World Headquarters all HVAC and other equipment replacements were upgraded to high efficiency models.

At our Greater China Headquarters, the team implemented air conditioning controls to reduce air conditioning of unoccupied spaces. A facility operations strategy which leverages weather forecasts to adjust morning cooldown scheduling has reduced air conditioning electricity consumption. And at our Hurley Headquarters, we completed an LED lighting retrofit.

Fuel Consumption (MWh) and Scope 1 Emissions (Metric Tonnes CO₂e) by Business Division

	FY15		FY16		FY17		FY18	
	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1
Air MI	580	125	525	114	679	145	2,399 ⁵⁰	496
Car Emissions	1,616	406	2,130	535	2,653	666	2,496	627
Corporate Jets	12,411	3,576	16,972	4,392	13,105	3,391	14,586	3,773
Distribution Centers	40,970	8,084	34,026	6,698	39,872	7,861	52,377	10,048
HQs	22,292	4,448	28,379	5,678	33,859	6,794	30,955	6,213
Other Offices and Building Construction	27,456	5,561	29,347	5,945	31,471	6,375	23,513	4,763
Retail	66,269	13,423	68,935	13,963	73,593	14,907	79,098	16,022
Total: NIKE, Inc.	171,595	35,623	180,314	37,325	195,232	40,139	205,421	41,942⁵¹

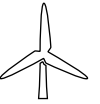
Electricity Consumption (MWh) and Scope 2 Emissions (Metric Tonnes CO₂e) by Business Division

	FY15	FY16	FY17	FY18
Electricity				
Air MI				
Grid Electricity	39,121	40,647	50,249	66,508 ⁵⁰
Distribution Centers				
Grid Electricity	128,408	153,671	165,004	165,422
Onsite Solar	1,639	1,467	3,530	4,623
Onsite Wind	-	-	-	4,814
HQs				
Grid Electricity	77,437	86,001	89,359	95,681
Onsite Solar	81	7	-	-
Other Offices and Building Construction				
Grid Electricity	52,113	54,557	56,907	53,487
Retail				
Grid Electricity	185,280	199,352	209,300	216,982
Steam	1,007	614	865	764
Total: NIKE	485,087	536,316	575,213	608,282
Grid Electricity	482,359	534,229	570,818	598,081
Onsite Solar	1,721	1,474	3,530	4,623
Onsite Wind	-	-	-	4,814
Steam	1,007	614	865	764
Scope 2 Emissions				
Air MI				
Location-Based	25,792	25,028	33,737	34,492
Market-Based	18,099	14,873	18,156	36,781
Distribution Centers				
Location-Based	66,426	79,381	82,971	77,899
Market-Based	58,152	67,752	61,084	55,257
HQs				
Location-Based	33,457	31,481	39,176	33,235
Market-Based	27,038	15,935	14,577	14,317
Other Offices and Building Construction				
Location-Based	27,046	26,795	28,158	20,170
Market-Based	27,238	27,254	27,280	19,908
Retail				
Location-Based	97,772	99,670	103,215	93,307
Market-Based	98,154	99,959	103,393	91,978
Total: NIKE, Inc.				
Location-Based	250,493	262,354	287,256	259,103 ⁵¹
Market-Based	228,680	225,772	224,489	218,240 ⁵¹

⁵⁰ Growth in FY18 energy consumption due to expansion of an existing Air MI facility and opening of an additional Air MI facility. Before the expansion, natural gas was only used to heat a small section of the Beaverton Air MI facility. With the expansion, additional equipment was installed, some of which consumes natural gas.

⁵¹ This metric is part of Management's Assertion on select sustainability metrics, which PwC has performed limited assurance over for the period from June 1, 2017 to May 31, 2018, as indicated in the Report of Independent Accountants.

Energy and Carbon



Nike Direct Stores

NIKE Direct saw reductions in energy consumption per square foot due to investments in LEED stores and energy efficiency projects such as HVAC and lighting upgrades. Energy management systems (EMS) provide centralized control and automation of HVAC and electrical systems. NIKE Direct has EMS installed in all U.S. and most Canadian stores and is developing strategies to pilot these systems in new markets across the globe.



FY18 External Engagements

Oregon Business for Climate

The Oregon Business Alliance for Climate is a statewide initiative focused on mobilizing industry support and business leadership towards advancing climate policy and instituting a price on carbon emissions while investing in Oregon's clean economy.

Science Based Target Initiative

We are setting ambitious emissions reduction targets through the Science Based Targets Initiative, a relationship between Climate Disclosure Project, World Resources Institute (WRI), World Wildlife Fund, and the UN Global Compact. Participating businesses make commitments to set science-based targets and then have two years to submit their targets for validation by the initiative's team of experts.

Energy Consumption Outside of the Organization (MWh)

	FY15	FY16	FY17	FY18
Inbound Logistics	2,355,055	1,878,244	2,521,478	2,252,525
Outbound Logistics	250,606	273,722	275,661	279,127
FW Manufacturing	2,154,045	2,209,104	2,226,619	2,205,108
AP Manufacturing (Estimated)	283,000	292,000	311,000	329,000
EQ Manufacturing (Estimated)	205,000	206,000	176,000	186,000
Textile Dyeing and Finishing	1,800,730	2,100,084	2,313,869	2,304,448

Scope 3 Emissions (metric tonnes CO₂e)

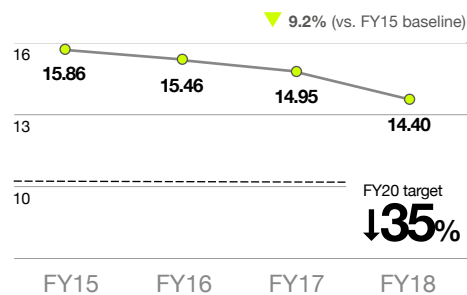
	FY15	FY16	FY17	FY18
Inbound Logistics	599,788	478,475	642,287	573,890
Outbound Logistics	66,379	72,465	73,080	74,017
FW Manufacturing	962,300	986,749	1,041,646	1,138,282
AP Manufacturing (Estimated)	176,000	181,000	193,000	205,000
EQ Manufacturing (Estimated)	114,000	114,000	98,000	103,000
Textile Dyeing and Finishing	542,089	635,676	703,731	693,518

Measure

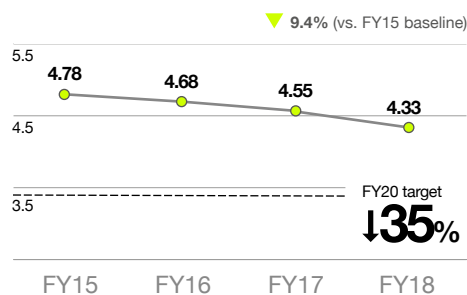
Decrease energy use and CO₂e emissions 35% per kg in textile dyeing and finishing processes

Performance

Energy Consumption Per kg – Textile Dyeing and Finishing (kWh/kg)



Carbon Emissions Per kg – Textile Dyeing and Finishing (kg CO₂e/kg)

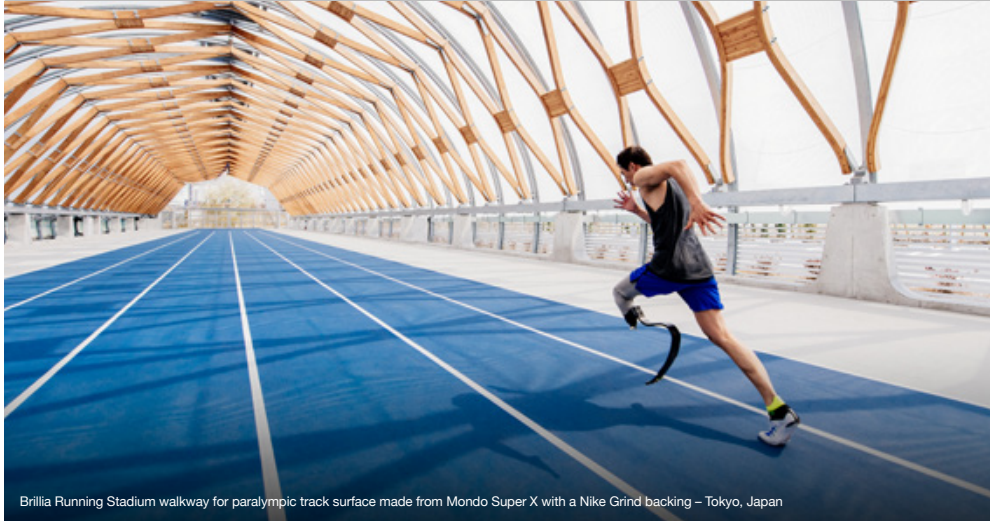


NIKE continues to see significant improvements in energy use from dyeing and finishing facilities.

During FY18, we identified our top 10 dyeing and finishing materials suppliers, and we analyzed efficiency projects at those suppliers to help drive improvements. As part of this work, we developed an energy deployment plan that highlights projects that each vendor can use to meet energy targets. Specifically, NIKE encourages factories to optimize their thermal systems by eliminating steam leaks, maintaining proper steam traps, using condensate recovery, and optimizing their boiler efficiency.

We also conducted an energy assessment of one of our largest contract manufacturing factory's dyeing and finishing materials facilities. This analysis identified future potential for 23% further energy reductions. We used insights from this assessment to develop training materials for the textile dyeing and finishing industry to encourage energy reductions at scale.

Waste



Brillia Running Stadium walkway for paralympic track surface made from Mondo Super X with a Nike Grind backing – Tokyo, Japan

We Imagine a World Where There is No Waste

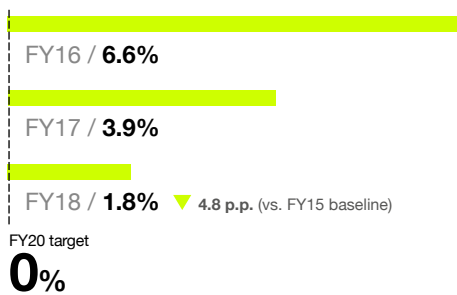
We have an exciting opportunity to transform everything around the design solution, how we source, how we make, how the product's used, how it's returned, and how it's ultimately reimaged – and to solve problems holistically. Achieving a circular future is a collective effort and we're working with partners like the Ellen MacArthur Foundation to explore new approaches to unlocking the circular economy for our industry. In FY18, we also joined the Global Fashion Agenda 2020 Circular Fashion System Commitment which calls on fashion brands and retailers to accelerate the transition to a circular fashion system.

Target

Eliminate footwear manufacturing waste to landfill or incineration, while continuing to reduce overall waste

Performance

Waste to Landfill – Footwear Manufacturing (%)



NIKE is pushing the boundaries of the circular economy – from reducing waste generation wherever possible to transforming remaining waste into value. Our focus is on diverting waste from landfill or incineration⁵² by reducing waste generation, increasing recycling, and converting waste that can't be recycled into energy. It doesn't just make sense for the planet, it makes business sense too. NIKE recognizes that the amount of materials that we extract and refine increases our carbon emissions, water use, and chemical footprint.

By the fourth quarter of FY18, 99.9% of our footwear finished goods manufacturing waste was recycled or converted to energy⁵³. Additionally, 100% of in-scope footwear finished goods manufacturing factories fully implemented the Waste Minimum Program, which sets expectations for:

- Waste management commitment
- A hierarchy of waste where disposal is a last resort
- Separation and handling of waste for recycling
- Data collection and reporting for accountability

In addition, we are exploring new and better uses of factory scrap through the expansion of the Nike Grind program and the NIKE Open Innovation Challenge, which launched with a focus on developing higher value recycling markets for manufacturing materials currently going to energy recovery. To enable this, we are also working to improve scrap quality control, inventory data, processing infrastructure, supply chain operational efficiency, and cost competitiveness.

Nike Grind

Driven by the belief that “waste” is simply excess materials in the wrong person's hands, the Nike Grind program is a platform to recycle athletic footwear and surplus manufacturing scrap into performance products. Internally, we upcycle Nike Grind materials back in NIKE performance footwear and apparel. Externally, NIKE has recovered and supplied Nike Grind materials – such as rubber and foam – to sports surface manufacturers since 1992, which have been incorporated into more than 1 billion square feet of running tracks, gym floors, and other surfaces worldwide.

⁵² Incineration without energy recovery.

⁵³ Waste to energy refers to a method of converting waste and non-recyclable materials into electricity, heat, or fuel. Methods include combustion, gasification, pyrolysis, anaerobic digestion, and cement kiln co-processing. Using waste as energy reduces the need for virgin fossil fuel energy sources such as coal. Facilities are equipped to burn at EU level standards to protect air quality.

Waste



Footwear Waste Volumes (Lbs) by Nike Grind Program⁵⁴

	FY16	FY17	FY18
Factory Waste	9,336,826	11,257,883	9,374,920
Post-Consumer ⁵⁵	587,810	1,356,021	1,196,390

⁵⁴ Measured in pounds of Nike Grind for use in sports and other flooring surfaces.

⁵⁵ Post-consumer includes waste from distribution centers, Reuse-A-Shoe program, defective samples, and returns.

NIKE's premium materials are made with athletes in mind. By recycling those materials into Nike Grind sports surfaces, we continue to support the athlete in all of us. This year, NIKE worked with Olympic marathoner Joan Benoit Samuelson and the community of Freeport, ME to install a new competition level track and field using Nike Grind at the local high school.

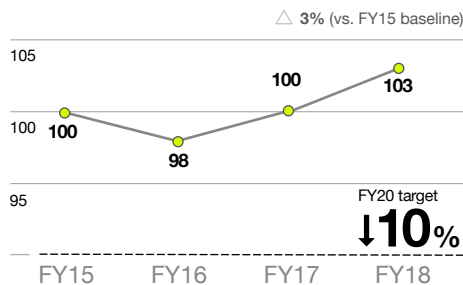
Looking to the future, NIKE is exploring new, non-sport uses for Nike Grind through relationships across the automotive, furniture, technology, and built-environment industries. In April, Nike Grind launched the Design with Grind Open Innovation Challenge, calling upon designers, engineers, and scientists to create new products using Nike Grind materials. After receiving over creative 600 submissions from 50 countries, we selected five winners and are now supporting them to develop scalable, beautiful products made with Nike Grind.

Measure

Reduce waste index by 10%, covering footwear manufacturing, distribution centers, and headquarter locations

Performance

Waste Index – FW Manufacturing, Distribution Centers (DCs), and Headquarters (HQs)



NIKE is actively working towards reducing waste from footwear manufacturing, DCs, and HQs. While HQ are on track with waste reduction efforts, footwear manufacturing and DCs, are experiencing challenges which are offsetting our gains, making the overall measure increase by 3% versus the FY15 baseline.

We've made some progress in waste reduction at our HQs, due in large part to a durable dishware program introduced in 2017 at NIKE's World Headquarters (WHQ) that replaces single-use plastic alternatives. And while this is good progress, we continue to review ways to address other complex factors in footwear manufacturing that make waste reduction challenging, including more complicated designs that can increase defect rates, new production shifting to factory locations that have less experience managing waste efficiency programs, and an overall tension between innovation and speed-to-consumer versus material efficiency. For DCs, we have seen customer orders trend away from full-case cartons, driving the need to debox inbound factory cartons in our distribution centers, resulting in additional waste.

NIKE's cross-functional Material Efficiency Team has identified and is driving a portfolio of manufacturing waste reduction initiatives intended to mitigate the increase in manufacturing waste. Through data analysis and engagement of suppliers and key NIKE stakeholders, broad agreement has been reached on the most significant drivers of increased manufacturing waste. This is informing development of additional initiatives and 2025 waste reduction targets.

From Apparel to Acoustic Panels – Distribution Centers

Corrugated cardboard cartons are the biggest source of waste at our DCs, accounting for about 85% of DC waste. Cardboard waste generation continues to grow because of changing customer order profiles to greater variety of products and/or smaller orders at any given time. This, in turn, means that our DCs must debox cartons delivered from our factories and repackage products into more customized orders, a process that inherently creates more waste.

The most impactful initiative that we can implement within our DCs to mitigate increasing waste generation is the Re-Use-A-Box program which focuses on reusing the deboxed corrugated cardboard carton waste on outbound shipments. Several of our DCs worked on optimizing their Re-Use-A-Box program during FY18.



Yogo – NIKE Circular Innovation Challenge Top Idea Grand Prize



Waste



1.2m kg

of material saved through investment in new cutting machines by contract footwear factories

More than half of the soles of NIKE shoes are made using a process in which rubber or plastic-based material is injected into a mold – through channels – and formed into parts. When this process is completed, the parts are removed and there is leftover material in the channels. Some material also gets pushed out the sides of the mold. These sources of waste account for 18% of total footwear waste. In FY18, we rolled out guidelines for designing injection molds in a way that minimizes the volume of the injection channels and associated waste. These guidelines will be applied when new molds are designed. This is expected to reduce waste from 500,000 to 1 million kilograms per year and save more than \$1 million starting in FY19.

Unfortunately, efforts such as those outlined above were offset by unexpected new sources of waste, with the net result that footwear manufacturing waste per-unit increased. We analyzed the root causes of this and found broad agreement within NIKE and across our suppliers on the most significant drivers. Some of these include new product innovations that have yet to be fully optimized in manufacturing, more complex designs leading to higher defects, production shifts to regional locations with less mature waste avoidance programs, and misaligned incentives for mitigating waste.

We have begun to attack some of these root causes working cross-functionally and with our factory partners. However, achieving this 2020 waste target is likely out of reach, so we are focused on getting footwear manufacturing waste per-unit back down to, and driving below, the FY16 baseline. Key focus areas in the next year will be reducing bottom component defects through better tracking and troubleshooting and reducing inbound materials packaging by switching some single-use cardboard boxes to reusable totes.

Looking forward, we recognize that we need to improve the effectiveness of efforts to design waste out of products to truly achieve global and long-lasting change. We also need to incentivize manufacturing factories to focus on the sources of waste that they can influence. For instance, midsole and outsole waste accounts for two-thirds of the increase in global waste generation FY16 to FY18. We know that by focusing on better management of molds and overall operational and process excellence, factories can reduce this waste.

Looking ahead, we are actively piloting alternative packaging solutions, such as reusable shipping totes. We are also exploring and implementing proof of concepts with end-of-life product. One example of this is at our European Logistics Campus, which repurposed end-of-life apparel into acoustic panels used in office conference rooms.

Keeping Waste out of Landfills – HQs

At our HQs globally we continue to focus first on eliminating waste from our operations and then second on diverting waste from landfill. Our primary sources of waste are driven by onsite food and catering services and include coffee cups, grab 'n go food/beverage containers, and waste from food storage. We continue to focus on waste elimination through the following programs:

- Reusable dishware and coffee cup program
- Optimizing food production for campus demand to reduce food waste
- Direct line water machines throughout campus encouraging refill of reusable water bottles

Because of its size, waste reductions for global headquarter facilities are driven by our WHQ, which saw nearly a 10% decrease in waste per occupant versus the FY15 baseline.

NIKE programs such as the expansion of reusable dishware, food waste optimization and diversion programs, and water machines at headquarters have contributed to decreases.

For food waste optimization, Nike Food Services partners with Beaverton-based software Leanpath to closely monitor daily food production and waste levels at our WHQ. By using Leanpath's smart meters to measure and analyze cafe food waste, culinary teams use real-time data to alter their recipes for efficiency, to make leaner purchasing decisions, and to ultimately reduce food waste levels at their locations. As a result, we were able to keep a total of over 36,000 kgs of food waste out of landfills in FY18.

Contract Manufacturing: Footwear

Cutting scraps from upper materials such as textiles, leather, synthetic leather, and foams accounts for about 40% of NIKE's footwear manufacturing waste. One driver of this waste is the gap between cut parts. Modern cutting equipment can achieve smaller gaps between parts than traditional die cutting can. In collaboration with our factory partners, nearly 700 state-of-the-art cutting machines were deployed to 48 factories, saving nearly 1.2 million kilograms of material with an estimated value of \$12 million in FY18.



Waste



Waste (metric tonnes)

	FY15	FY16	FY17	FY18
Distribution Centers				
Landfilled	2,719	3,117	3,270	3,507
Recycled	29,391	29,593	32,687	34,183
Composted	247	274	197	219
Waste to Energy Incineration	560	715	1,022	1,040
Total DC Waste	32,917	33,699	37,176	38,949
HQs				
Landfilled	1,626	1,816	1,807	2,105
Recycled	2,063	1,708	1,927	2,325
Composted	707	1,042	1,157	868
Total HQs Waste	4,396	4,566	4,891	5,298
FW Manufacturing⁵⁶				
Reused and Recycled	-	49,800	48,055	45,887
Energy Recovery	-	30,356	38,335	45,389
Landfilled and Incinerated	-	5,639	3,550	1,702
Total FW MFG Waste	-	85,794	89,941	92,979

56 FW manufacturing waste baseline is FY16.



Reuse-a-Shoe Facility – Memphis, Tennessee USA

Measure

Increase landfill diversion at distribution centers and headquarter locations

Performance

Landfill Diversion DCs and HQs (%)

FY15 / **88%**

FY16 / **87%**

FY17 / **88%**

FY18 / **87%** ▾ 1 p.p. (vs. FY15 baseline)

FY20 target

Increase

Despite NIKE's effort to reduce overall waste, DCs and HQs are facing challenges in increasing landfill diversion rates, leading to 1 p.p. decrease from the FY15 baseline. One factor was a change in the municipal composting program at WHQ that eliminated non-food waste materials from compost streams, ultimately directing compostable cups to landfills. In addition, headcount has gone up, which led to an increase in cafeteria and recycling waste that once contaminated

can't be recycled. In locations where recycling and composting infrastructure is non-existent for particular waste streams, some DCs are exploring alternative options for waste disposal, as well as material substitution.

Seeking New Opportunities to Reduce Waste – Distribution Centers

The waste diverted from landfills by our DCs has remained fairly constant since the FY15 baseline at 91%.

Our European Logistics Campus, as well as Japan and Converse Ontario distribution centers, all continued to have 100% landfill diversion.

At five of our largest North America distribution centers in Memphis, Tennessee, we worked with an independent third-party to conduct a comprehensive waste audit. The objective was to have an in depth understanding of our waste components to reduce overall waste and minimize, if not eliminate, sending waste to landfill. In FY19, we will prioritize the opportunities identified during the audits and develop a roadmap for implementation.

Headquarter Facilities

We continue to focus on waste diversion through the following programs:

1. Composting food waste from campus services
2. Recycling for paper/corrugate, glass, plastic, and miscellaneous streams such as construction waste

Though some smaller programs have helped diversion rates in our HQs globally, a change in the municipal composting program at WHQ has eliminated non-food waste materials from compost streams. Since WHQ account for approximately 80% of the total HQs facility waste, this has negatively influenced our overall diversion rates. However, Hurley HQ saw an increase in landfill diversion due to increased focus on employee engagement programs to promote recycling. The remaining campuses have consistent diversion rates due to limited waste diversion opportunities in local markets.

We continue to implement and explore viable options to improve diversion rates at our HQs, including:

- Kitchens, cafes, and breakrooms have well-marked compost bins
- Construction projects have waste diversion features such as well-marked recycling bins and construction waste reduction policies
- A focus on reducing the amount of printing – including quarterly employee engagement. Converse has experienced over a 30% reduction in printing due to this program

Water

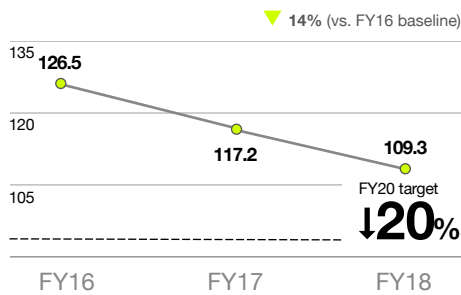


Target

Innovate and adopt new approaches to reduce water use in our supply chain, with a 20% reduction in freshwater use in textile dyeing and finishing per unit of production

Performance

Freshwater Use Per Kg – Textile Dyeing and Finishing (L/kg)



NIKE employees at T-shirt dyeing workshop – WHQ, Beaverton, Oregon

At NIKE, we take a whole-facility approach⁵⁷ to water sustainability, meaning that when we reduce our water footprint, we help to reduce the facility's overall impact on the surrounding watersheds. We work with 38 material vendor facilities – representing almost 80% of our global materials production – that primarily dye and finish fabric. All 38 facilities have been reporting their freshwater withdrawals since 2015.

NIKE encourages each vendor to have a short-term strategy based on improving manufacturing process efficiencies – fixing leaks; replacing old dyeing machines with more water-efficient equipment; optimizing rinsing and scouring steps; and ensuring their wastewater meets the requirements of the ZDHC Wastewater Guideline – since all of these will result in a more cost-effective long-term strategy for wastewater recycling.

By the end of FY18, we were 68% of the way to our FY20 target. Our key material vendors saved a cumulative 8.7 billion liters of freshwater from our FY16 baseline, of which 2.5 billion liters was the reduction of NIKE's freshwater footprint. For context, 8.7 billion liters can supply approximately 50,000 Vietnamese households with freshwater for a year⁵⁸. Because we share our supply chain manufacturing capacity our whole-facility approach helps advance the industry at large.

One of our success stories is Vertical Knits in Merida, Mexico, which primarily dyes cotton fabric. The facility was consistently ranked 25th of our 38 material vendor facilities in terms of water efficiency. Through adopting NIKE's Minimum Water Program, installing a 50% wastewater recycling system, and

investing in manufacturing efficiency, they realized a 70% reduction in their freshwater withdrawals by the end of FY18 from their FY16 baseline and became NIKE's third most water-efficient vendor.

The number of key material suppliers installing or pursuing wastewater recycling continues to grow. In FY15, only 10% of our key vendor facilities were operating or planning to install wastewater recycling systems. By the end of FY18, 55% of those same vendor facilities were operating, building, or working to install water recycling systems. As we move into FY19, we're expecting continued water savings as our vendors meet their commitments, moving towards and possibly exceeding our 2020 commitment.

⁵⁷ Some facilities have non-NIKE-related water-intensive manufacturing on property that are included in our overall key metric of liters freshwater withdrawn per kilogram of fabric produced. This requires the facility to improve in all aspects of their operation, not just the portion that is related to NIKE business. Why take on a whole-facility approach that could put our 2020 target at risk? Because it's the right thing to do.

⁵⁸ Reference: "Vietnam's Future Water Usage Model: A Controlled Living Experiment", Journal of Water Resources and Protection, 18, 10, 204-214.

Water



Measure

Build resilience through supplier water risk mitigation plans with materials processors

Performance

Focus Factories in High-risk Zones with Risk Mitigation Plans (%)

FY18 / 79%

FY20 target
100%

Water (million liters)

	FY16	FY17	FY18
Air MI			
Total Freshwater Use	31.9	41.9	82.7 ⁵⁹
HQs			
Total Freshwater Use	597.8	604.7	792.5
Other Offices⁶⁰			
Total Freshwater Use	28.0	30.3	25.2
Textile Dyeing and Finishing⁶¹			
Condensate Use	367.1	389.5	344.7
Ground Water	4,810.0	5,272.3	4,958.1
Municipal/City Water to Facility	8,480.2	9,269.7	9,887.6
Rain Water Collection	44.2	13.0	0.8
Surface Water	2,175.0	2,159.1	1,333.6
Total Freshwater Use	15,876.4	17,103.6	16,524.8

⁵⁹ Increase in water consumption due to expansion of existing Air MI facility and additional facilities brought online.

⁶⁰ Scope includes U.S. only.

⁶¹ Includes focus suppliers only. Focus suppliers represent key suppliers involved in the dyeing and/or finishing of materials, which directly support footwear and apparel finished product assembly.



Nike Flyleather uses less water than traditional leather manufacturing

Extreme weather events, like flooding and drought, due to climate change have the potential to interrupt our supply chains so we are proactively working with our key finished goods factories and material vendors to help them prepare for a water event.

We use the WRI's Aqeduct Tool to regularly monitor the "baseline" water scarcity and flooding risks of each of our key suppliers.

Learn more: [WRI Aqeduct Tool](#)

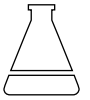
NIKE developed a Water Risk Mitigation Guideline for suppliers, giving them an overview of what is expected of them as they better understand their water risks. Our local field consultants work with these suppliers to validate their WRI risk score, taking local conditions into consideration, and help them develop mitigation and management plans. Once these plans are developed, we recalculate their risk score to determine if their plans are effective.

For example, after a severe flood one of our key footwear finished goods factories in Indonesia installed flood gates, elevated some of their buildings, and undertook other protective measures. When their risk was recalculated, they were no longer in high risk.

Mitigation Efforts are Effective

Of the 529 finished good factories across the globe, only ten key finished goods factories in four countries – Brazil (1), India (1), China (3), and Indonesia (5) – are in regions flagged as having a high baseline risk of flooding or drought. Of the 38 key material vendor facilities, only three facilities in the Greater China region were identified with a high baseline water risk. By the end of FY18, all ten key finished goods factories completed their water risk mitigation plans and were acting against those plans. The three material vendors located in regions of high-water risk are on track to have their risk mitigation plans complete by the end of FY19. If there are no significant changes to our supply chain, we are on track to achieve 100% of focus factories in high-risk zones acting against plans one year ahead of schedule.

Chemistry



Target

Enable zero discharge of hazardous chemicals (ZDHC)

Chemistry is essential to our business. From raw material processing to product creation, it is used to manufacture the products we sell and enables us to innovate new methods of make. Chemistry deeply influences product design, performance, and the sustainability of our overall product creation process.

We know that chemicals must be managed properly to protect our workers, the environment, and our consumers. To achieve this, we operate a chemistry program that manages chemicals throughout the entire product creation process – from innovation and development, right through to raw material and product creation. Chemical compliance is the foundation of our program, and our suppliers must adhere to our updated Code of Conduct, which includes greater emphasis on chemical management.

In April 2018, NIKE launched the Chemistry Playbook to support our compliance program and explain our end-to-end chemistry strategy.

It clearly outlines the expectations we place on our suppliers in one single supplier-facing document and along with our updated chemistry website, it represents a significant step forward for how we communicate our compliance requirements.

Learn more: [NIKE's Chemistry Playbook](#)

In a shared supply base, industry-wide action is essential for helping us work toward our goal of ZDHC. We continue to work within the ZDHC Foundation, a global industry collaboration of currently 122 contributors, from co-creating the ZDHC Wastewater guideline in FY17 to actively monitoring continued compliance of our focus suppliers. We also use software tools to measure the uptake of manufacturing restricted substance list (MRSL) compliant formulations within key facilities and actively support use of the ZDHC Chemical Gateway to help procure compliant chemicals.

Beyond our current chemical compliance programs, further work is being advanced across three core areas to move us closer to our ZDHC goal:

1. Elevating Chemicals Management Capability

Association with the ZDHC, Sustainable Apparel Coalition (SAC) and Apparel and Footwear International RSL Management Group (AFIRM) is being centered on the creation of tools to improve chemicals management across the supply chain

2. Assessing New Chemicals

By expanding the Chemistry Assessment process, we can evaluate not just the attributes, but also the risks of new chemistries used within materials and manufacturing processes. Through our review, we aim to protect both human health and the environment

3. Prioritizing Chemicals

Following a multi-year effort to landscape the chemicals used in our industry, we are now able to prioritize key chemicals for phase-out and action, reducing our overall chemical footprint

By combining compliance activities with actions that go beyond compliance, and by using industry-wide tools to support and measure progress, we can scale practices that move us closer towards achieving our ZDHC goal.



NIKE HyperShield Waterproof Jacket



Chemistry



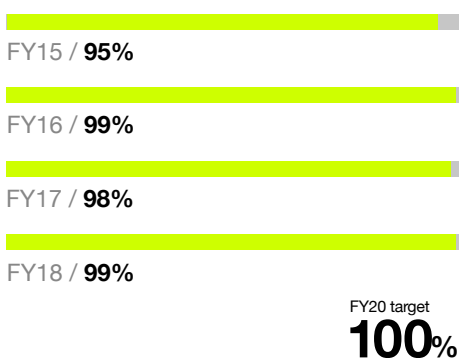
NIKE Women's Metallic Sheen Apparel

Measure

100% compliance with NIKE Restricted Substance List (RSL)

Performance

Tested Material in Compliance with NIKE RSL (%)



Since 2001, NIKE's RSL program has been at the center of our approach to managing restricted chemicals. Continued commitment to meeting global requirements supports our goal of achieving 100% compliance and enables us to see improvements in program performance. However, we recognize that tightening our own voluntary commitments or adapting manufacturing to meet new regulations can result in materials initially not meeting our RSL requirements. Such failures are resolved before products are placed on the market.

Consistently meeting increasingly stringent requirements demands a strong foundation of capability across our supply base. To elevate supplier understanding of our requirements, we built a global RSL and chemicals management training program and launched this to our supply base during FY16. We annually review the training curriculum to meet suppliers' needs and make training available to all suppliers across the globe. To date, we have trained over 1,000 facilities. NIKE also leads an effort within the AFIRM Group to better coordinate and align training across our shared facilities and the greater industry. Once trained, it is essential that suppliers implement these learnings and strengthen

their chemicals management practices where needed. To assess such management behaviors within a supplier's facility and evaluate how effectively they can meet our requirements, we launched a new set of Code Leadership Standard for Restricted Substance Management, which we integrated into our global audit framework for finished goods facilities. This builds upon our updated Code of Conduct and is also an expectation of our raw material vendors, with assessments carried out through industry-centric tools, such as the Sustainable Apparel Coalition's (SAC) Facilities Environment Module (FEM).

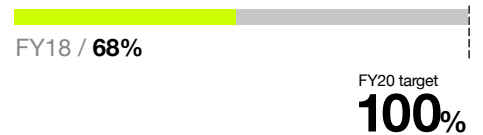
We continue to integrate the core requirements of the RSL program into our materials sourcing and supplier management practices. This included work completed in FY18 which created a stronger integration of RSL testing and training into our standard onboarding procedures for new material vendors.

Measure

100% compliance with ZDHC MRSL

Performance

Compliance with the ZDHC MRSL⁶²

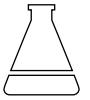


⁶² FY18 was the first year we had a ZDHC standard.

We believe that certain chemicals should not be used to manufacture the materials and products that we place on the market due to potential health and environmental risks. Controlling the chemicals used within manufacturing is therefore a critical part of our chemicals management program, as this can reduce risk to our workers, the environment and support the efforts of our product compliance (RSL) program. However, we operate in a complex multi-tiered supply chain and achieving this requires us to work across the industry to develop globally relevant solutions.



Chemistry



The ZDHC Foundation is a center for sustainable chemicals management and is one of the industry's leading examples of how engagement across the supply chain can positively impact the way chemicals are used to produce footwear and apparel products globally. Through our continued efforts to support and strengthen ZDHC solutions, and further integrate these into our business, FY18 represented a year of progress on many levels. This included:

- Improving credibility of the ZDHC MRSL by creating a transparent governance framework that now includes oversight from a range of independent stakeholders that represent NGO, academia, regulators, and industry
- Launching the ZDHC Gateway – a database of MRSL compliant formulations – to enable suppliers to source MRSL compliant chemistry
- Continuing to roll-out “Cleanchain®” software to our key raw material vendors, enabling us to gain systematic visibility into chemical formulations used across our manufacturing sites and compare this against the ZDHC Gateway. Currently, all NIKE's focus suppliers are disclosing their chemical inventories into this system.
- Requiring focus suppliers to perform bi-annual wastewater testing against the ZDHC Wastewater Guideline to determine presence of MRSL chemicals. During FY18, 68% of facilities were shown to be compliant against the ZDHC MRSL through wastewater testing.

Measure

Achieve better chemical input management through scaling more sustainable chemistries

To scale more sustainable chemistry, NIKE has launched several tools including our internal chemical assessment process to help our suppliers and vendors align on what better chemistry looks like. Through this assessment process we apply a standard method for evaluating new chemistries which provides a consistent measure that can be used across a variety of chemistry types and ensures new chemistries coming into the supply chain support our sustainable chemistry goals. We work closely with our innovation teams and contract manufacturers to assess chemical hazards, allowing us to reduce the use of particular chemicals and replace them with better alternatives. Alongside this program, we have implemented methods to baseline our chemistry footprint and to track our progress toward reducing the usage of controversial chemicals.

One example of our efforts is our commitment to eliminate all PFC-based finishes from our products by 2021 – while still enabling the aesthetics and functionality customers expect. All PFC alternatives undergo our chemical assessment process to ensure that regrettable substitutions are not introduced into the supply chain.

Measure

Lead industry change through collective action

As we commit to scaling sustainable chemistry across our supply chain, we are actively exploring even broader avenues for engagement across the industry. Without continued and sustained commitment to industry collaboration, the tools that we use would not be as effective in shaping the global supply chain. The value of multiple brands aligning on a common approach is clear: it increases awareness, adoption, compliance and, importantly, reduces confusion.

Our external focus is on advancing work with three groups:

- **AFIRM:** We've actively engaged within AFIRM for over a decade and remain focused on providing leadership via our position on the AFIRM Steering Committee, further enabling achievement of the Group's goals. We continue to support the evolution of the AFIRM RSL and have integrated this into our own Chemical Playbook.
- **SAC:** The roll-out of the updated SAC Higg FEM enables an assessment of our supply chain's chemical management capabilities. Use of the Higg FEM supports a unified approach to measuring the environmental performance of our supply chain and identifying areas for improvement.
- **ZDHC:** NIKE continues to provide leadership within ZDHC and across all of ZDHC's core focus areas (Input, Process, and Output). We have also leveraged technical expertise to guide the continued development of the ZDHC Gateway, the ZDHC Wastewater Guidelines, and future ZDHC Air Emissions Guidelines.

Our industry has made strong progress by aligning on common lists of restricted substances and developing tools to elevate capability and measure compliance. We are proud to be part of this effort and remain dedicated to shaping the future of the global industry.



NIKE Just Do It Pack Mercurial 360, Hypervenom, Magista and Tiempo

Chemistry

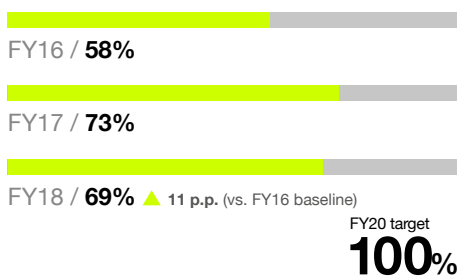


Measure

100% of focus suppliers meeting NIKE's wastewater quality requirements for textile dyeing and finishing processes

Performance

Suppliers Meeting NIKE's Wastewater Quality Requirements – Textile Dyeing and Finishing (%)⁶³



⁶³ FY16 is the baseline for this measure. Measurement of supplier adherence to NIKE's wastewater quality standards between FY16 and FY18 in this table is based on a prior standard.

Legal compliance for discharging wastewater is a minimum requirement for NIKE suppliers. But legal compliance differs from country to country. This is why, through collective action with other brands, we helped develop and adopt the ZDHC Wastewater Guideline.

In FY11, we helped develop an industry standard that held our materials vendors accountable to five key conventional wastewater parameters. In FY17, 73% of our key material vendors met these requirements, but we saw a slight dip in FY18, with 69% compliance. We attribute this fluctuation to training and capability issues within the supply chain. Moving forward, we will strive to unleash the human potential of our vendors by focusing on training and capability building to ensure their wastewater treatment operations are consistent and robust.

In FY17, we introduced the ZDHC Wastewater Guidelines, holding suppliers accountable to 24 additional conventional parameters and 202 hazardous chemicals, to vendors that produce approximately 80% of our materials. Because we raised the bar for our key materials



NIKE collaboration with London Cloth Yields women's-only footwear collection created with hand-woven, indigo-dyed fabric

vendors, we expected a significant decrease in those vendors who met our new requirements. In FY18, the first year of testing against the ZDHC standard rather than the previous standard, approximately 40% of our key materials vendors reported compliance to our new requirements.

These results tell us that the textile industry is ripe for disruption when it comes to wastewater treatment. We are proactively changing the industry with these initiatives:

- **Innovation:** In a first for the textile industry, NIKE, in conjunction with TÜV SÜD Water Services Singapore, Ramboll Group A/S, and Elevate Textiles, demonstrated the effectiveness of the PetWin⁶⁴ computer modeling software to predict the performance of textile wastewater treatment systems⁶⁵. This game-changing approach enables faster compliance to the ZDHC Wastewater Guideline and NIKE's new wastewater discharge requirements, and can be used to assist in the design of new treatment systems before they are constructed.
- **Networking:** We developed a global network of wastewater treatment professionals and consulting firms experienced in treating difficult wastewaters who are readily available to assist vendors. In October 2017, one vendor in Indonesia was unable to meet our new wastewater requirements for seven conventional parameters. After hiring one of our recommended consultants to perform a site visit, they were quickly able to eliminate all but one parameter with minor adjustments to their wastewater treatment system. The

last parameter is requiring more time to resolve since it involves capital construction. In addition, other consultants are also working with other vendors in various parts of the world to address their wastewater issues.

- **Basic Training:** In regions where we see a common issue among several facilities, we hire an expert to provide training in the local language at the site of one of the affected vendors. In FY18, we provided a full-day training session in Suzhou, China for a half-dozen vendors on how to perform proper chemical dosing. As a result, several vendors saw a 10-20% reduction in chemical use in their wastewater treatment systems.
- **Collective Action:** NIKE's water program through FY19 and FY20 will be focused on building and improving wastewater treatment capability at our materials vendors. Because we share our suppliers with other brands, we realize the key to long-term success is to leverage collective action. We will continue to occupy leadership positions in the ZDHC and to champion the deployment of the FEM of the SAC.

Moving to 100% compliance with the new NIKE wastewater requirement by the end of FY20 will be challenging. But as NIKE has seen firsthand, industry transformation is not just possible – it is well underway. As we push for cleaner wastewater discharges, we are enabling cost-effective water recycling to reduce our freshwater footprint. Our vision is to be so successful with closed-loop water that we make the need for any wastewater quality guidelines obsolete.

⁶⁴ PetWin was developed by EnviroSim Associates, Ltd., Hamilton, Ontario, Canada (<https://envirosim.com/>)

⁶⁵ J. Rydzewski, S. Pattanayak, R. Woodling, and J. Summers, "Activated Sludge Modeling for Evaluating Textile Wastewater Treatment Plant Operations and Performance," WEF-EESS Conference on Advancement in Water and Wastewater Treatment and Reuse, AWWTR 2019, Singapore, July 31-August 1, 2019.



APPENDIX

DIX





PwC Assurance Report

Report of Independent Accountants

To the Board of Directors of NIKE, Inc.

We have reviewed the accompanying NIKE, Inc. (“NIKE”) Management Assertions management assertion, included in the accompanying Appendix (Management Assertion), that the sustainability metrics identified below, for the year ended May 31, 2018, 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 tonnes CO₂e)
- Scope 2 (Indirect) Location-Based Emissions (Metric tonnes CO₂e)
- Scope 2 (Indirect) Market-Based Emissions (Metric tonnes CO₂e)
- Scope 3 (Indirect) Emissions from Commercial Air Travel (Metric tonnes 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.

May 15, 2019

PricewaterhouseCoopers LLP



PricewaterhouseCoopers LLP, 805 SW Broadway, Suite 800 Portland, OR 97205
www.pwc.com



NIKE, Inc.'s Management Assertion

Fiscal Year ended May 31, 2018 Scope 1, 2, and 3 (Commercial Air Travel) Energy Consumption and Greenhouse Gas (GHG) Emissions

SELECTED SUSTAINABILITY METRICS	Fiscal Year ended May 31, 2018 (FY18)
Total Energy Consumption (MWh)	813,703
Scope 1 (Direct) Emissions (Metric tonnes CO ₂ e)	41,942
Scope 2 (Indirect) Location-Based Emissions (Metric tonnes CO ₂ e)	259,103
Scope 2 (Indirect) Market-Based Emissions (Metric tonnes CO ₂ e)	218,240
Scope 3 Emissions from Commercial Air Travel (Metric tonnes CO ₂ e)	75,645

Prior to conversion to CO₂e, metric tonnes of GHG emissions by gas are 258,803, 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 and the World Business Council for Sustainable Development's *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, 2018.

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.



NIKE, Inc.'s Management Assertion

Scope

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

SCOPE DESCRIPTION

RETAIL	<ul style="list-style-type: none"> Includes NIKE owned or operated Nike Brand, Converse, and Hurley stores globally. Energy consumed includes natural gas, electricity, and steam. Natural gas and electricity usage outside of the U.S. and Canada, as well as for landlord-managed sites in the U.S. and Canada, is estimated. Our estimation methodology is described below. Refrigerant leakage from HVAC units are not included in reporting at this time.
DISTRIBUTION CENTERS (DCs)	<ul style="list-style-type: none"> Includes top 21 NIKE owned or operated DCs globally as of May 31, 2018, which represent more than 94% of shipped units and square footage. 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. Refrigerant leakage from HVAC units are not included in reporting at this time.
HEADQUARTERS (HQs)	<ul style="list-style-type: none"> Includes emissions from building facilities at five HQs: World HQ U.S. (WHQ), European HQ, Greater China HQ, Converse HQ, and Hurley HQ. This covers over 8 million square feet. Emissions from new construction at HQ locations are reported separately under Other Offices and WHQ Building Construction discussed below until buildings become operational. Energy consumed includes natural gas, diesel, propane, and electricity. 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. Included four sites in FY18, one of which was closed (ancillary storage site), one of which was opened, and one of which was expanded. 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 WHQ 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. Three facilities transitioned to HQ scope during FY18. Energy consumed includes natural gas and electricity. Natural gas and electricity usage outside of the U.S. and Canada, as well as for landlord-managed sites in the U.S. and Canada, 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 48 countries. Commercial air travel emissions are estimated based on mileage calculated from number and route distance of trips.

NIKE, Inc.'s 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. We are pursuing this data, as well as company-leased vehicles operated in geographies outside of the U.S. for future reports.

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. 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.

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 applied to NIKE square footage based on climate type. 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 88% of retail Scope 1 emissions in FY18 were estimated, and approximately 72% of non-HQ Scope 1 emissions in FY18 were estimated.
Electricity (retail and non-HQ offices outside of the U.S. and Canada)	Electricity 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 using actual FY18 square footage data, along with electricity intensity kWh per square foot of known FY15 NIKE retail or offices electricity. About 72% of retail Scope 2 emissions in FY18 were estimated. About 87% of non-HQ Scope 2 emissions in FY18 were estimated.
Propane (DC)	Propane usage at one DC is estimated leveraging propane consumption intensity at a comparable DC based on relative square footage.

NIKE, Inc.'s Management Assertion

Emissions Factors

Emissions are reported in metric tonnes 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 except within a limited subset of consumption data where emissions factors for other gases (CH₄, N₂O) are not provided. These exceptions include AIB/EU Residual Mix Emissions factors and certain supplier-specific emissions factors. Although Green-E/US Residual Mix only provides CO₂, NIKE back-calculates CH₄ and N₂O leveraging eGRID.
- Commercial Travel emissions are in CO₂ due to data availability. The emissions from other gases are not material to our 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 Global Warming Potentials (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.

The tables below outline the emissions factors sources used in emissions calculations.

EMISSION SOURCE	EMISSIONS 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
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 2	Electricity (U.S.)	Contractual instruments (Power purchase agreement)
Scope 2	Electricity (U.S. and Canada)	Supplier-specific emission factors (various sources)
Scope 2	Electricity (U.S.)	Green-e Energy U.S. Residual Mix Emissions Rates
Scope 2	Electricity (U.S.)	EPA Center for Corporate Climate Leadership's Emission Factors for Greenhouse Gas Inventories
Scope 2	Electricity (U.S.)	eGRID (location-based)
Scope 2	Electricity (EU)	Association of Issuing Bodies (AIB) European Residual Mixes
Scope 2	Electricity (Global)	IEA World Electricity CO ₂ Emissions Factors
Scope 2	Steam	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Scope 3 (Commercial Travel Only)	Air Travel	U.K. Department for Environment Food and Rural Affairs (DEFRA) and the Department of Energy and Climate Change (DECC); GHG Protocol

NIKE, Inc.'s Management Assertion

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.: NIKE applies publicly available supplier-specific emission factors where available.
Residual Mix	U.S.: NIKE applies residual mix emission factors from Green-e Energy U.S. Residual Mix Emissions Rates. Europe: 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 above.

Uncertainty

GHG emissions quantification is subject to inherent measurement uncertainty because of such things as the 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.

Global Reporting Initiative (GRI) Index

This report is aligned with the GRI Standards at the **Core level**. The Sustainable Development Goals (SDGs) and the United Nations Global Compact (UNGC) Principles are also referenced below.

GENERAL DISCLOSURES

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
ORGANIZATION PROFILE	102-1	Name of the organization	NIKE, Inc.			
	102-2	Activities, brands, products, and services	FY18 10-K: Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: page 73 (Annual Report)			
	102-3	Location of headquarters	One Bowerman Dr, Beaverton, OR 97005			
	102-4	Location of operations	FY18 10-K: Item 1. Business: pages 55–59 and Item 2. Properties: page 68 (Annual Report) NIKE Manufacturing Map			
	102-5	Ownership and legal form	FY18 Proxy Statement Company Bylaws FY18 10-K: Item 1. Business: page 55 (Annual Report)			
	102-6	Markets served	FY18 10-K: Item 1. Business: pages 55–59 (Annual Report)			
	102-7	Scale of the organization	FY18 10-K: Item 1. Business: pages 55–59 (Annual Report)			
	102-8	Information on employees and other workers	Unleash Human Potential: Employees: page 14 FY18 10-K: Item 1. Business: page 59 (Annual Report) d. We do not have a significant portion of the organization's activities performed by people who are not employees. e. No significant variations	102-8a, b: We currently do not have temporary workers in our data sources.		

Additional Information

TOTAL EMPLOYEES BY EMPLOYMENT TYPE AND GENDER¹ (102-8C)

	CY16		CY17		CY18	
	Female	Male	Female	Male	Female	Male
Regular Full-Time	21,599	23,824	21,628	23,875	23,581	25,345
Regular Part-Time	9,741	10,052	10,456	10,780	8,219	8,187
TOTAL REGULAR	31,340	33,876	32,084	34,655	31,800	33,532
FULL-TIME	69%	70%	67%	69%	74%	76%

¹ Temporary employees excluded.

NIKE, INC. EMPLOYEE TOTALS BY ETHNICITY (U.S.)



	ALL EMPLOYEES			DIRECTORS+			VPs		
	CY18	CY17	CY16	CY18	CY17	CY16	CY18	CY17	CY16
URG	55.2%	56.5%	54.6%	23.9%	22.9%	22.4%	18.6%	15.6%	16.6%
Unknown	0.6%	0.4%	0.0%	2.1%	1.5%	0.1%	2.6%	2.4%	0.3%
White (Not Hispanic/Latino)	44.2%	43.1%	45.4%	74.0%	75.6%	77.5%	78.8%	82.0%	83.1%

ORGANIZATION PROFILE	102-9	Supply chain	Transform Manufacturing: Sustainable Sourcing: page 28 FY18 10-K: Item 1. Business: pages 57–58 (Annual Report) Stages of Our Value Chain Value Chain Footprint		
	102-10	Significant changes to the organization and its supply chain	FY18 10-K: Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: page 73 (Annual Report) FY18 10-K: Item 2. Properties: page 68 (Annual Report)		
	102-11	Precautionary Principle or approach	Issue Prioritization: page 8 Targets Summary: page 10 Minimize Environmental Impact: pages 34–56		
	102-12	External initiatives	Sustainability Commitments Industry Standards & Assessment Tools We also mention external initiatives throughout the report.		
STRATEGY	102-13	Membership of associations	Transform Manufacturing: Partnerships to Accelerate Industry Change: page 32 Partnerships & Collaborations We also mention memberships throughout the report.		
ETHICS AND INTEGRITY	102-14	Statement from senior decision-maker	Letter From Our CEO: page 5 Purpose Committee: page 7		
	102-16	Values, principles, standards, and norms of behavior	Letter from Our CEO: page 5 NIKE Code of Conduct NIKE Code Leadership Standards NIKE Code of Ethics Sustainability Policies		



Global Reporting Initiative (GRI) Index

GENERAL DISCLOSURES

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
GOVERNANCE	102-18	Governance structure	FY18 Proxy Statement: Corporate Governance: pages 14–23 Purpose Committee: page 6 Sustainability Governance			
<p>Additional Information Corporate Responsibility, Sustainability and Governance Committee The purpose of the Corporate Responsibility and Sustainability Committee of the Board of Directors of NIKE, Inc. is to review NIKE's significant strategies, activities, and policies regarding sustainability (including labor practices), and community impact and charitable activities, and make recommendations to the Board. Learn more.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> Review and provide guidance to management on sustainability issues and impacts, and the integration of sustainability into NIKE's business, including innovation, product design, manufacturing and sourcing, and operations. Review, provide guidance to management, and report to the Board on sustainability (including labor practices) within NIKE's supply chain, and review reports of NIKE's sustainability audits. Review and provide guidance to management regarding NIKE's work with industry organizations and non-governmental organizations concerning corporate responsibility. Annually review the activities of the NIKE Foundation and NIKE community impact initiatives. Review and make recommendations to management on reporting to shareholders and other communities regarding corporate responsibility activities. Review, provide guidance to management, and report to the Board regarding the involvement of significant corporate responsibility issues in major business decisions, to protect NIKE's valuable goodwill, and human and intellectual capital. Review and make recommendations to the Board with respect to any shareholder proposal that relates to the matters overseen by the Committee. Annually evaluate the performance of the Committee and report the results of the evaluation to the Board. Review and assess annually the adequacy of the Committee's charter. Perform such other duties and functions as may, from time to time, be assigned to the Committee by the Board. 						
	102-29	Identifying and managing economic, environmental, and social impacts	FY18 10-K: Item 1A. Risk Factors: pages 60–67 (Annual Report) FY18 10-K: Risk Management and Derivatives: pages 113–116 (Annual Report) Minimize Environmental Impact: Energy and Carbon: pages 41–46			
	102-30	Effectiveness of risk management processes	Minimize Environmental Impact: Energy and Carbon: pages 41–46			
STAKEHOLDER ENGAGEMENT	102-40	List of stakeholder groups	Issue Prioritization: page 8 Partnerships & Collaborations			
	102-41	Collective bargaining agreements	FY18 10-K: Item 1. Business: page 59			
	102-42	Identifying and selecting stakeholders	Partnerships & Collaborations			
	102-43	Approach to stakeholder engagement	See below Partnerships & Collaborations Sustainability Governance			
	102-44	Key topics and concerns raised	Issue Prioritization: page 8			
REPORTING PRACTICE	102-45	Entities included in the consolidated financial statements	About This Report: page 2 FY18 10-K: Item 1. Business: page 55 (Annual Report)			
	102-46	Defining report content and topic Boundaries	Issue Prioritization: page 8			
	102-47	List of material topics	Issue Prioritization: page 8			
	102-48	Restatements of information	In cases where shifts in scope, methodology, and/or data quality have led to changes in previously reported performance results, we've restated historically reported results. Details are provided below.			
DATA	PAGE	REASON				
Employee Data	14–15	All previously reported data was restated to show calendar year figures instead of fiscal year figures.				
Occupational Health & Safety Industry Rates & Codes	24	CY17 Industry Rates were adjusted to align with CY17 BLS rates, as at the time of NIKE's FY16/17 Sustainable Business Report publication, CY17 BLS rates hadn't yet been published and CY16 BLS rates were used instead. The Air MI Industry Code changed from 326100 (Plastics product manufacturing) to 326113 (Unlaminated plastics film and sheet [except packaging] manufacturing) to reflect a more accurate classification of the current manufacturing practices at NIKE, Inc. facilities. The Offices Industry Code changed from 561400 (Business Support Services) to 551114 (Corporate, subsidiary, and regional managing offices), which reflects a more accurate classification of the current NIKE, Inc. office activities.				
<ul style="list-style-type: none"> Materials Target: Increase use of more sustainable materials Materials Measure: Source 100% of our cotton more sustainably (certified organic, better cotton initiative or recycled) across NIKE by the end of calendar year 2020 	10, 38, 39, 40	FY16 and 17 target and measure performance values were adjusted, along with underlying reported cotton and polyester volumes. Due to data availability limitations in the past, we reported Fall through Summer product in each fiscal year's performance value (e.g. FY17 was reported as FA16–SU17). To align with the 2020 target year Spring through Holiday 20 (SP–HO20), we're now able to report SP–HO product for each fiscal year. Additionally, an error discovered in underlying data was corrected and the source for some material volume data was shifted.				
<ul style="list-style-type: none"> Waste Target: Eliminate footwear manufacturing waste to landfill or incineration, while continuing to reduce overall waste. Waste Measure: Reduce waste index by 10%, covering footwear manufacturing, distribution centers, and headquarter locations 	10, 47, 48, 50	FY17 target and measure performance values were adjusted, along with underlying reported manufacturing waste volumes. The changes are due to improved data integrity and alignment with NIKE guidelines/definitions.				

Global Reporting Initiative (GRI) Index

GENERAL DISCLOSURES

DATA	PAGE	REASON
<ul style="list-style-type: none"> Carbon Measure: Decrease energy use and CO₂e emissions 25% per unit in key operations (inbound and outbound logistics, DCs, HQs, finished goods manufacturing, and NIKE-owned retail) Scope 1 Energy Consumed and Emissions 	10, 42, 43, 45, 46	<p>FY15 through FY17 measure performance values were adjusted to include estimated natural gas consumption and associated emissions for retail facilities outside of the U.S. and Canada (and landlord-managed retail facilities within the U.S. and Canada), in alignment with Scope 1 and 2 emissions assurance activities, as well as other minor data integrity improvements that slightly adjusted FY17 reported indirect energy consumption and emissions.</p> <p>Scope 1 energy consumption and emissions data were also restated to reflect a broader scope of coverage, with the addition of estimated natural gas consumption and associated emissions for retail facilities and non-HQ office facilities outside of the U.S. and Canada (and for landlord-managed sites within the U.S. and Canada), along with diesel, propane, and gasoline.</p>

Data Integrity

Sustainability data is shaped by a landscape of evolving methodologies, advancing standards, and expansions in data accessibility over time. Adapting to these changes while maintaining comparability in our data is critical to instilling integrity and confidence in the validity of the insights the data provides. We understand that we must adapt and be nimble to keep pace with broadening data sets and emerging standards. We continue to focus on the internal controls in our sustainability data processes and systems.


For the first time, we have obtained external assurance on select reported metrics (Scope 1 and 2 energy consumption and emissions, and Scope 3 commercial air travel emissions). More information can be found in the appendix.

In cases where shifts in scope, methodology, and/or data quality have led to changes in previously reported performance results, we've restated historically reported results and provided context on the changes in the Restatements section of the Appendix.

The data presented in this report has been collected, reviewed, and internally validated and represents the most complete and accurate information at the time of publication. NIKE will continue to be transparent on revisions to reported data in the future.

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
	102-49	Changes in reporting		Issue Prioritization: <i>page 8</i> About This Report: <i>page 2</i>		
	102-50	Reporting period		About This Report: <i>page 2</i>		
	102-51	Date of most recent report		We published the FY16/17 Sustainable Business Report in May 2018.		
	102-52	Reporting cycle		NIKE reports on an annual reporting cycle.		
	102-53	Contact point for questions regarding the report		sustainability@nike.com		
	102-54	Claims of reporting in accordance with the GRI Standards		About This Report: <i>page 2</i>		
	102-55	GRI content index		GRI Index: <i>pages 66-74</i>		
	102-56	External assurance		PwC Assurance Letter: <i>page 58</i> NIKE, Inc. Management Assertion: <i>pages 59-63</i>		

ECONOMIC

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
ECONOMIC PERFORMANCE						
MATERIAL ASPECTS: Climate Change Risks						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries		Issue Prioritization: <i>page 8</i> Minimize Environmental Impact: Energy and Carbon: <i>pages 41-46</i> Energy & Emissions		
	103-2	The management approach and its components		Minimize Environmental Impact: Energy and Carbon: <i>pages 41-46</i> Energy & Emissions		
	103-3	Evaluation of the management approach		Minimize Environmental Impact: Energy and Carbon: <i>pages 41-46</i>		
GRI 201: ECONOMIC PERFORMANCE	201-2	Financial implications and other risks and opportunities due to climate change		Minimize Environmental Impact: Energy and Carbon: <i>pages 41-46</i> Minimize Environmental Impact: Water: <i>pages 51-52</i> Energy & Emissions		

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MATERIALS

MATERIAL ASPECTS: Non-Renewable Resource Depletion

GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Minimize Environmental Impact: Materials: <i>pages 38–40</i>	8
	103-2	The management approach and its components	Minimize Environmental Impact: Materials: <i>pages 38–40</i> Materials	
	103-3	Evaluation of the management approach	Minimize Environmental Impact: Materials: <i>pages 38–40</i>	
GRI 301: MATERIALS	301-1	Materials used by weight or volume	Minimize Environmental Impact: Materials: <i>pages 38–40</i>	8

Additional Information

The top five material volumes reported include renewable materials: cotton and corrugate/paper; and non-renewable materials: polyester, rubber, and EVA foam. All material types reported are purchased from external suppliers except for EVA foam, which is sourced internally. Data reported consists of both direct measurements and estimates. While many materials are measured directly for a wide variety of products, total corrugate volumes are estimated using average packaging material used for each product group. The majority of cotton and polyester volume data is sourced using direct measurements, though product creation data is used to estimate material volumes for certain parts of the business. In FY18, NIKE shifted the data source used for reporting Nike brand apparel and footwear volumes as well as polyester volumes across all product engines.



ENERGY

MATERIAL ASPECTS: Energy

GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i> Energy & Emissions	8
	103-2	The management approach and its components	Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i> Energy & Emissions	
	103-3	Evaluation of the management approach	Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i>	
GRI 302: ENERGY	302-1	Energy consumption within the organization	Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i>	8



WATER

MATERIAL ASPECTS: Water Use

GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Minimize Environmental Impact: Water: <i>pages 51–52</i> Water	8
	103-2	The management approach and its components	Minimize Environmental Impact: Water: <i>pages 51–52</i> Water	
	103-3	Evaluation of the management approach	Minimize Environmental Impact: Water: <i>pages 51–52</i>	
GRI 303: WATER	303-1	Water withdrawal by source	Minimize Environmental Impact: Water: <i>pages 51–52</i>	8

Additional Information

Contract manufacturers report their freshwater withdrawal volumes and source to NIKE in accordance with NIKE's Water Program, which outlines measurement practices and defines freshwater sources. The facility boundary is equivalent to the property boundary, and freshwater is inclusive of domestic and manufacturing uses.



EMISSIONS

MATERIAL ASPECTS: GHG Emissions

GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 9</i> Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i> Energy & Emissions	8
	103-2	The management approach and its components	Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i> Energy & Emissions	
	103-3	Evaluation of the management approach	Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i>	
GRI 305: EMISSIONS	305-1 305-2 305-3	Direct (Scope 1) GHG emissions Direct (Scope 2) GHG emissions Direct (Scope 3) GHG emissions	Minimize Environmental Impact: Energy and Carbon: <i>pages 41–46</i>	8



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Additional Information

NIKE converts all energy consumed to kWh using net calorific value of the direct fuels consumed, including transportation fuels. Emissions data for HFCs, PFCs, and SF₆ are not reported. NIKE has phased out SF₆ and therefore doesn't have SF₆ emissions. Emissions for other greenhouse gases are either not relevant, immaterial or data is not available.

SCOPE 1 AND 2

For information on direct and indirect energy consumption, scope 1 and 2 emissions and the scope 3 emissions accounting standard used, see the [Management Assertion letter](#). Additional breakdowns of scope 1 and 2 emissions are shown below.

FUEL CONSUMPTION BY FUEL TYPE (MWh)

	FY15	FY16	FY17	FY18
Natural Gas	153,342	157,002	175,197	183,861
Gasoline	1,616	2,130	2,653	2,496
Jet Fuel	12,411	16,972	13,105	14,586
Recycled Oil ¹	2,470	2,439	2,507	-
Hi-Sene	-	-	-	2,648
Diesel	1,236	1,251	1,251	1,308
Propane	520	520	519	523
TOTAL	171,595	180,314	195,232	205,421

¹ Recycled oil was only consumed at one distribution center. Usage stopped in FY17. Reported values reflect consumption at this single facility.

² Hi-sene is only consumed at one distribution center, starting in FY18. Reported values reflect consumption at this single facility.

FUEL CONSUMPTION (MWh) & SCOPE 1 EMISSIONS (METRIC TONNES CO₂e) BY COUNTRY/REGION

	FY15		FY16		FY17		FY18	
	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1
Argentina	1,030	209	1,090	221	1,138	231	1,205	244
Australia	1,146	232	1,213	246	1,268	257	1,342	272
Austria	680	138	721	146	755	153	800	162
Belgium	11,399	2,309	10,959	2,220	15,155	3,070	12,745	2,582
Brazil	3,074	625	3,268	664	3,438	699	3,651	742
Canada	7,144	1,447	8,535	1,556	8,802	1,606	10,255	1,870
Chile	630	128	669	136	703	142	745	151
China	26,671	5,326	28,348	5,663	29,558	5,913	30,827	6,180
Croatia	209	42	218	44	224	45	235	48
Czech Republic	309	63	324	66	334	68	352	71
Denmark	432	88	456	92	473	96	500	101
Finland	96	20	99	20	99	20	103	21
France	3,504	710	3,712	752	3,885	787	4,115	834
Germany	5,316	1,077	5,589	1,132	5,787	1,172	4,643	940
Greece	-	-	-	-	-	-	-	-
Hong Kong	370	75	380	77	380	77	393	80
Hungary	391	79	413	84	429	87	453	92
India	242	49	248	50	248	50	257	52
Indonesia	225	46	231	47	231	47	239	48
Ireland	273	55	290	59	305	62	324	66
Israel	-	-	-	-	-	-	-	-
Italy	1,990	403	2,112	428	2,215	449	2,349	476
Japan	5,300	1,020	5,218	1,009	5,946	1,141	6,402	1,227
Malaysia	386	78	410	83	432	87	459	93
Mexico	3,454	700	3,685	747	3,896	789	4,147	840
Netherlands	1,183	240	1,253	254	1,310	265	1,387	281
New Zealand	84	17	89	18	93	19	98	20
Norway	422	86	440	89	450	91	472	96
Panama	21	4	21	4	21	4	22	4
Philippines	56	11	57	12	57	12	59	12
Poland	832	169	882	179	923	187	978	198
Portugal	-	-	-	-	-	-	-	-
Russia	2,207	447	2,349	476	2,474	501	2,629	533

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ENVIRONMENT

FUEL CONSUMPTION (MWh) & SCOPE 1 EMISSIONS (METRIC TONNES CO_{2e}) BY COUNTRY/REGION CONTINUED

	FY15		FY16		FY17		FY18	
	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1	Fuel Consumed	Scope 1
Singapore	630	128	656	133	669	135	699	142
Slovakia	88	18	95	19	101	20	107	22
South Africa	795	161	859	175	900	183	954	194
South Korea	5,007	1,250	5,115	1,269	5,289	1,310	5,587	1,245
Spain	2,560	519	2,735	554	2,897	587	3,087	625
Sri Lanka	8	2	8	2	8	2	8	2
Sweden	452	92	471	95	481	97	503	102
Switzerland	515	104	543	110	565	114	597	121
Taiwan	38	8	40	8	43	9	46	9
Thailand	405	82	430	87	452	92	479	97
Turkey	1,173	238	1,246	252	1,308	265	1,116	226
United Arab Emirates	6	1	6	1	6	1	7	1
United Kingdom	5,057	1,024	5,390	1,092	5,689	1,152	6,051	1,226
United States	75,481	16,047	79,129	16,893	85,468	17,978	93,833	19,562
Uruguay	151	31	162	33	172	35	-	-
Vietnam	150	30	154	31	154	31	160	32
TOTAL	171,596	35,623	180,314	37,325	195,232	40,139	205,421	41,941

SCOPE 1 EMISSIONS BY GAS (METRIC TONNES CO_{2e})

	FY15	FY16	FY17	FY18
CH ₄	166	171	179	110
CO ₂	35,423	37,115	39,921	41,800
N ₂ O	35	37	38	31
TOTAL	35,624	37,324	40,138	41,941

STEAM CONSUMPTION (MWh)

	FY15	FY16	FY17	FY18
Steam	1,007	614	865	764
Heat	0	0	0	0
Cooling	0	0	0	0

BIOMASS CO₂ EMISSIONS (METRIC TONNES CO₂)

	FY15	FY16	FY17	FY18
Biomass	4,696	4,254	3,051	2,422

CARBON SCOPE MATRIX¹

● IN SCOPE ● OUT OF SCOPE

NIKE VALUE CHAIN TERMINOLOGY

	RE100	25% ENERGY AND CARBON PER UNIT REDUCTION	35% ENERGY AND CARBON PER UNIT REDUCTION	10% PRODUCT CARBON FOOTPRINT PER UNIT REDUCTION ²	MOONSHOT	FULL VALUE CHAIN IMPACTS
CORPORATE SERVICES						
HQs	●	●	●	●	●	●
Other Office Facilities and WHQ Building Construction	●	●	●	●	●	●
Air MI	●	●	●	●	●	●
Corporate Jets	●	●	●	●	●	●
Commercial Air Business Travel	●	●	●	●	●	●
RAW MATERIALS PRODUCTION						
Raw Materials Production	●	●	●	●	●	●
MATERIALS MANUFACTURING						
Materials Manufacturing	●	●	●	●	●	●
MATERIALS FINISHING						
Textile Dyeing and Finishing	●	●	●	●	●	●
FINISHED GOODS MANUFACTURING						
FW, AP, and EQ Manufacturing	●	●	●	●	●	●
LOGISTICS						
Inbound Logistics	●	●	●	●	●	●
Outbound Logistics	●	●	●	●	●	●
Distribution Centers	●	●	●	●	●	●
RETAIL						
NIKE Direct	●	●	●	●	●	●
CONSUMER USE						
Consumer Use	●	●	●	●	●	●
END OF LIFE						
End of Life	●	●	●	●	●	●

¹ Only NIKE-owned Retail (NIKE Direct) and Logistics (Distribution Centers, Inbound and Outbound Logistics) are in scope of NIKE commitments where designated as in scope. Non-NIKE-owned Retail and Logistics are included in the Full Value Chain Impacts.
² Target covers Nike brand apparel and footwear only.



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ELECTRICITY CONSUMPTION (MWh) & SCOPE 2 EMISSIONS (METRIC TONNES CO ₂ e) BY COUNTRY/REGION				
	FY15	FY16	FY17	FY18
Australia				
Grid Electricity	1,399	1,456	1,487	808
Total Electricity	1,399	1,456	1,487	808
Location-Based Scope 2	1,129	1,122	1,097	613
Market-Based Scope 2	1,129	1,122	1,097	613
Belgium				
Grid Electricity	24,022	25,445	34,135	30,399
Onsite Solar	1592	1,418	1,624	2,579
Total Electricity	25,613	26,863	35,759	37,971
Onsite Wind				4,814
Location-Based Scope 2	5,242	5,073	7,104	6,913
Market-Based Scope 2	89	81	58	241
Brazil				
Grid Electricity	3,155	3,110	2,178	1,939
Total Electricity	3,155	3,110	2,178	1,939
Location-Based Scope 2	315	422	350	304
Market-Based Scope 2	315	422	350	304
Canada				
Grid Electricity	3,582	4,972	4,786	4,332
Total Electricity	3,582	4,972	4,786	4,332
Location-Based Scope 2	567	748	698	659
Market-Based Scope 2	179	456	354	293
China				
Grid Electricity	45,558	51,626	53,977	59,537
Onsite Solar	48	49	1906	2,045
Total Electricity	45,606	51,675	55,883	61,581
Location-Based Scope 2	33,268	36,788	36,880	39,300
Market-Based Scope 2	33,268	36,788	36,880	39,300
Japan				
Grid Electricity	6,363	6,719	7,313	7,797
Total Electricity	6,363	6,719	7,313	7,797
Location-Based Scope 2	3,585	3,852	4,086	4,228
Market-Based Scope 2	3,585	3,852	4,086	4,228
Mexico				
Grid Electricity	1,445	1,352	1,603	1,536
Total Electricity	1,445	1,352	1,603	1,536
Location-Based Scope 2	718	653	735	708
Market-Based Scope 2	718	653	735	708
Netherlands				
Grid Electricity	8,635	8,869	9,025	10,047
Total Electricity	8,635	8,869	9,025	10,047
Location-Based Scope 2	3,823	3960	4,283	4,933
Market-Based Scope 2	4,982	5117	4,891	5,354

ELECTRICITY CONSUMPTION (MWh) & SCOPE 2 EMISSIONS (METRIC TONNES CO ₂ e) BY COUNTRY/REGION				
	FY15	FY16	FY17	FY18
New Zealand				
Grid Electricity	91	62	94	144
Total Electricity	91	62	94	144
Location-Based Scope 2	17	10	13	18
Market-Based Scope 2	17	10	13	18
South Africa				
Grid Electricity	-	1,104	951	835
Total Electricity	-	1,104	951	835
Location-Based Scope 2	-	1,045	965	831
Market-Based Scope 2	-	1,045	965	831
South Korea				
Grid Electricity	1,599	1,742	1,874	1,864
Total Electricity	1,599	1,742	1,874	1,864
Location-Based Scope 2	886	937	972	985
Market-Based Scope 2	886	937	972	985
United States of America				
Grid Electricity	285,364	318,111	337,669	357,141
Onsite Solar	81	7	-	-
Steam	1,007	614	865	764
Total Electricity	286,452	318,731	338,534	357,904
Location-Based Scope 2	153,273	157,752	177,067	159,661
Market-Based Scope 2	135,843	125,298	121,083	125,416
Regional Extrapolation: Asia (excluding China)				
Grid Electricity	38,790	42,510	44,670	46,745
Total Electricity	38,790	42,510	44,670	46,745
Location-Based Scope 2	26,603	28,246	30,765	17,230
Market-Based Scope 2	26,603	28,246	30,765	17,230
Regional Extrapolation: Europe				
Grid Electricity	62,357	67,149	71,054	74,957
Total Electricity	62,357	67,149	71,054	74,957
Location-Based Scope 2	21,067	21,745	22,240	22,720
Market-Based Scope 2	21,067	21,745	22,240	22,720
Total: NIKE, Inc.				
Grid Electricity	482,359	534,229	570,818	598,081
Onsite Solar	1,721	1,474	3,530	4,623
Onsite Wind	-	-	-	4,814
Steam	1,007	614	865	764
Total Electricity	485,087	536,316	575,213	608,282
Location-Based Scope 2	250,493	262,354	287,256	259,103
Market-Based Scope 2	228,680	225,772	224,489	218,240

SCOPE 3 EMISSIONS BY CATEGORY AND OPERATIONAL BOUNDARIES

EMISSIONS	EMISSIONS FACTOR	SOURCE
SCOPE 3	IEA World Electricity CO ₂ Emissions Factors	
	Network for Transport Measurement (NTM)	
	Clean Cargo Working Group (CCWG) Nominal Trade Lane Average Port – Port	
	U.K. Department for Environment Food and Rural Affairs (DEFRA) and the Department of Energy and Climate Change (DECC) & GHG Protocol	

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SCOPE 3 EMISSIONS BY CATEGORY AND OPERATIONAL BOUNDARIES

SCOPE 3 EMISSIONS IN SCOPE OF MOONSHOT AMBITION

EMISSIONS SOURCES	FY18 METRIC TONNES CO ₂ e AND/OR EVALUATION STATUS	SCOPE OF REPORTED EMISSIONS	EMISSIONS CALCULATION METHODOLOGY
UPSTREAM			
1 - PURCHASED GOODS AND SERVICES	10,497,428	Includes emissions across Nike brands and product engines, including from raw materials production, materials manufacturing, materials finishing, and finished goods manufacturing.	Emissions data is calculated using primary activity data and extrapolations. CO ₂ e emissions include CO ₂ , CH ₄ , and N ₂ O. Nike Brand and Converse footwear finished goods manufacturing emissions data is derived from 100% primary data and represents nearly 90% of the emissions in finished goods manufacturing. For this subset, vendors provide monthly energy consumption: from the local utility grid, onsite generators, other fuels, and purchased steam. For electricity: kWh values are multiplied by CO ₂ e emissions factors for electricity purchased from the local utility grid by the country/region the factory resides in. For onsite generation and other fuels: CO ₂ e emissions are calculated using the IPCC bottoms up calculation methodology. CO ₂ e methodologies are used for emissions estimates outside of footwear finished goods manufacturing based on lifecycle analysis data and employ conservative assumptions to avoid understating NIKE's footprint.
4 - TRANSPORTATION AND DISTRIBUTION (UPSTREAM)	647,907	Includes ~95% of global inbound transportation and ~90% of global outbound transportation via the following modes of transportation: air, ocean, truck, and rail. Excludes non-NIKE paid freight.	Transactional data is applied to a third-party transportation carbon calculator against industry standard emissions factors. For Air: Distance traveled (km) x cargo weight (kg) x Emission factor [g of CO ₂ / (TEU x km)]. For all other modes: Distance traveled (km) x cargo volume (TEU) x Emission factor [g of CO ₂ / (TEU x km)].
6 - BUSINESS TRAVEL	75,645 ¹	Includes emissions from commercial air travel.	Air CO ₂ emissions are estimated based on number and distance of trips. Short haul trips are less fuel efficient per mile flown. Longer-haul flights become less efficient due to the need to carry more fuel.
DOWNSTREAM			
12 - END-OF-LIFE TREATMENT OF SOLD PRODUCTS	448,759	These emissions are associated with the disposal of products including landfill, recycling, and incineration.	There is no primary emissions data available for end of life treatment of NIKE's products. To evaluate NIKE's value chain footprint, we identified and quantified CO ₂ e emissions created at each stage of the value chain. The impact of each individual product differs considerably, based on its profile, materials used, size and weight, method of manufacture, and location of production, use and disposal. Several internal and external tools were used to develop this estimation including NIKE's Business and Environmental Scenario Tool (BEST), Enablon database, NIKE's Apparel Sustainability Index, NIKE's Footwear Sustainability Index, and NIKE's Materials Sustainability Index. End of Life Stage: at the disposal stage we assumed the finished good is disposed of at the end of one year.
5 - WASTE GENERATED IN OPERATIONS	2,245	Emissions relative to the fate of the waste generated in our own operations including HQs and DCs.	Total HQs and DC waste not diverted from landfill multiplied by a lifecycle assessment-based emission factor for municipal waste sent to landfill.
9 - TRANSPORTATION AND DISTRIBUTION (DOWNSTREAM)	113,173	Includes emissions from non-NIKE paid freight. Excludes emissions from consumers traveling to stores.	Transactional data is applied to a third-party transportation carbon calculator against industry standard emissions factors. For Air: Distance traveled (km) x cargo weight (kg) x Emission factor [g of CO ₂ / (TEU x km)]. For all other modes: Distance traveled (km) x cargo volume (TEU) x Emission factor [g of CO ₂ / (TEU x km)]. Non-NIKE paid freight is determined by subtracting NIKE-paid inbound and outbound freight from total units, separately.
11 - USE OF SOLD PRODUCTS	8,090,266	These emissions are associated with washing and drying NIKE's sold apparel and socks. We assumed for the value chain footprint exercise that footwear and equipment were not washed. Based on our footprinting work, we estimate that about 36% of the emissions throughout our value chain are emitted during the use phase of NIKE products. These emissions are out of scope of NIKE's moonshot ambition.	There is no primary emissions data available from use of NIKE's products. To evaluate NIKE's value chain footprint, we identified and quantified CO ₂ e emissions created at each stage of the value chain. The impact of each individual product differs considerably, based on its profile, materials used, size and weight, method of manufacture, and location of production, use, and disposal. Several internal and external tools were used to develop this estimation including NIKE's Business and Environmental Scenario Tool (BEST), Enablon database, NIKE's Apparel Sustainability Index, NIKE's Footwear Sustainability Index, and NIKE's Materials Sustainability Index. Consumer Usage: Water and Energy Usage was estimated based on the following assumptions – only apparel units and socks were considered. Each item was assumed washed 52 times in one year. The washing assumptions were based on regional consumer washing practices and estimates of washing machine types by region. CO ₂ e was based on regional conversion factors applied to the estimated energy usage.

¹ This metric is part of Management's Assertion on select sustainability metrics, which PwC has performed limited assurance over for the period from June 1, 2017 to May 31, 2018, as indicated in the Report of Independent Accountants.



Global Reporting Initiative (GRI) Index

ENVIRONMENT

SCOPE 3 EMISSIONS – NOT RELEVANT/NOT YET CALCULATED

EMISSIONS SOURCES	FY18 METRIC TONNES CO ₂ e AND/OR EVALUATION STATUS	SCOPE OF REPORTED EMISSIONS	EMISSIONS CALCULATION METHODOLOGY
UPSTREAM			
2 - CAPITAL GOODS	Not relevant	NIKE does not have significant investment in capital goods as most manufacturing equipment is owned and operated by contracted factories.	N/A
3 - FUEL AND ENERGY-RELATED ACTIVITIES NOT INCLUDED IN SCOPE 1 OR 2	Not relevant	NIKE does not have significant use of fuel and energy-related activities as our manufacturing is completed by contract factories.	N/A
7 - EMPLOYEE COMMUTING	Relevant, not yet calculated	Employee commuting is a relevant metric for NIKE, Inc. as we had over 14,000 employees commuting just to our World Headquarters daily in FY18. We have not yet calculated the corresponding CO ₂ emissions for employee commuting.	N/A
8 - UPSTREAM LEASED ASSETS	Not relevant	NIKE does not have significant emissions from upstream leased assets.	N/A
DOWNSTREAM			
10 - PROCESSING OF SOLD PRODUCTS	Not relevant	NIKE's products are finished consumer goods and do not undergo any additional processing once sold.	N/A
13 - DOWNSTREAM LEASED ASSETS	Not relevant	NIKE does not have significant emissions from downstream leased assets.	N/A
14 - FRANCHISES	Not relevant	NIKE does not have significant emissions from franchises.	N/A
15 - INVESTMENTS	Not relevant	NIKE does not have significant emissions from investments.	N/A

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
EFFLUENTS AND WASTE						
MATERIAL ASPECTS: Effluents and Waste						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Minimize Environmental Impact: Waste: <i>pages 47–50</i>			
	103-2	The management approach and its components	Minimize Environmental Impact: Waste: <i>pages 47–50</i> <u>Waste</u>			
	103-3	Evaluation of the management approach	Minimize Environmental Impact: Waste: <i>pages 47–50</i>			
GRI 306: EFFLUENTS AND WASTE	306-2	Waste by type and disposal method	Minimize Environmental Impact: Waste: <i>pages 47–50</i>		8, 9	
Additional Information						
Distribution center and office waste disposal method has been determined by information provided by waste disposal contractors. In some facilities, NIKE directly contracts with disposal providers for material-specific streams or specific containers. In other facilities, NIKE uses one provider for all waste streams.						
Contract manufacturers report their solid waste generation and disposal method to NIKE in accordance with NIKE's Waste Program, which outlines separation and handling practices for non-hazardous waste and defines waste items and management methods.						
TOTAL WEIGHT OF HAZARDOUS WASTE (TONNES) GENERATED IN FOOTWEAR MANUFACTURING^{1,2}						
	FY16	FY17	FY18			
Total Weight	6,858	7,311	8,178			



¹ Best available data reported to NIKE by manufacturing partners of finished goods. Excluded from scope is any hazardous waste generated from non-manufacturing activities.

² Annual compliance audits verify that our partners are meeting the requirements in the NIKE Code Leadership Standards (CLS) for suppliers. Auditors confirm that partners have obtained all required permits and that hazardous waste vendors selected by the partners are properly qualified and licensed. The CLS also outlines storage requirements for any location that generates or stores 100 kg or more of hazardous waste each month.





Global Reporting Initiative (GRI) Index

SOCIAL

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
OCCUPATIONAL HEALTH AND SAFETY						
MATERIAL ASPECTS: Occupational Health and Safety						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Transform Manufacturing: Sustainable Sourcing: <i>pages 28–30</i> Unleash Human Potential: Priority Issues: <i>pages 23–25</i>			
	103-2	The management approach and its components	Unleash Human Potential: Priority Issues: <i>pages 23–25</i> Culture of Health and Safety			
	103-3	Evaluation of the management approach	Unleash Human Potential: Priority Issues: <i>pages 23–25</i>			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Unleash Human Potential: Priority Issues: <i>pages 23–25</i>	We disclose Total Case Incident Rate (TCIR) and Lost Time Injury Rate (LTIR), which is considered industry standard.		 

TRAINING AND EDUCATION

MATERIAL ASPECTS: Workforce Development						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Unleash Human Potential: Employees: <i>pages 14–18</i>			
	103-2	The management approach and its components	Unleash Human Potential: Employees: <i>pages 14–18</i> People at NIKE			
	103-3	Evaluation of the management approach	Unleash Human Potential: Employees: <i>pages 14–18</i>			
GRI 404: TRAINING AND EDUCATION	404-3	Percentage of employees receiving regular performance and career development reviews	Unleash Human Potential: Employees: <i>pages 14–18</i>			 

Additional Information




EMPLOYEES WHO RECEIVE PERFORMANCE REVIEW (CFE RATING)

		CY2017	CY2018			CY2017	CY2018
GENDER		%		EMPLOYMENT TYPE		%	
Female	CFE Rating	92.21%	92.23%	Full-time	CFE Rating	93.67%	93.35%
	No CFE Rating	7.79%	7.77%		No CFE Rating	6.33%	6.65%
Male	CFE Rating	92.46%	92.63%	Part-time	CFE Rating	88.83%	89.34%
	No CFE Rating	7.54%	7.37%		No CFE Rating	11.17%	10.66%
Grand Total	CFE Rating	92.34%	92.43%				
	No CFE Rating	7.66%	7.57%				

Notes:








- Excludes temporary workers.
- With the shift in timing to Calendar Year for this report it allows us to provide information on our Annual Performance Review processes when they are complete. Previously, our data cut-off (May 31) was in the early stages of our Performance Review cycles so we saw more employees without a performance rating. With the timing of our data being focused on later in the calendar year it allows us to provide information once our annual processes are complete which leads to the variance from previous reports.
- Employees without a CFE include "Null" or "No Rating" values.
- Employees with a "Too New to Rate" are included with employees with a rating.

DIVERSITY AND EQUAL OPPORTUNITY

MATERIAL ASPECTS: Total Compensation						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Unleash Human Potential: Employees: <i>pages 14–18</i>			
	103-2	The management approach and its components	Unleash Human Potential: Employees: <i>pages 14–18</i> People at NIKE			
	103-3	Evaluation of the management approach	Unleash Human Potential: Employees: <i>pages 14–18</i>			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	405-2	Ratio of basic salary and remuneration of women to men	Unleash Human Potential: Employees: <i>pages 14–18</i>			  

Global Reporting Initiative (GRI) Index

SOCIAL

GRI STANDARD	NUMBER	GRI DISCLOSURE	LOCATION AND NOTES	OMISSION	UNGC PRINCIPLE	SDG
CHILD LABOR						
MATERIAL ASPECTS: Child Labor						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Transform Manufacturing: Priority Issues: <i>page 33</i> Code of Conduct Code Leadership Standards (CLS)			
	103-2	The management approach and its components	Transform Manufacturing: Priority Issues: <i>page 33</i> Human Rights			
	103-3	Evaluation of the management approach	Transform Manufacturing: Priority Issues: <i>page 33</i>			
GRI 408: CHILD LABOR	408-1	Operations and suppliers at significant risk for incidents of child labor	Transform Manufacturing: Priority Issues: <i>page 33</i>		1, 5	 
CHEMISTRY						
MATERIAL ASPECTS: Chemistry						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Minimize Environmental Footprint: Chemistry: <i>pages 53–56</i>			
	103-2	The management approach and its components	Minimize Environmental Footprint: Chemistry: <i>pages 53–56</i> Approach to Chemistry Chemistry Playbook			
	103-3	Evaluation of the management approach	Purpose Committee: <i>page 6</i> Minimize Environmental Footprint: Chemistry: <i>pages 53–56</i>			
CHEMISTRY	N/A		Minimize Environmental Footprint: Chemistry: <i>pages 53–56</i>			
ACTIVE KIDS						
MATERIAL ASPECTS: Active Kids						
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundaries	Issue Prioritization: <i>page 8</i> Unleash Human Potential: Community Impact: <i>pages 19–22</i>			
	103-2	The management approach and its components	Unleash Human Potential: Community Impact: <i>pages 19–22</i> Community Impact			
	103-3	Evaluation of the management approach	Purpose Committee: <i>page 7</i> Unleash Human Potential: Community Impact: <i>pages 19–22</i>			
ACTIVE KIDS	N/A		Unleash Human Potential: Community Impact: <i>pages 19–22</i>			