

PURPOSE
PURPOSES
MOVES US



FY18 NIKE
Impact Report
NIKE, Inc.



FROM OUR CEO

FORWARD

SPORTS CAN MOVE THE WORLD FORWARD AS WELL AS 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 VP-level representation of women by 4% to 36% globally and 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



16.5M
KIDS ENCOURAGED TO
BE ACTIVE THROUGH MADE
TO PLAY COMMITMENT

UNLEASH

WE UNLEASH
HUMAN POTENTIAL



**Investing in Our
Communities**

\$7.5 million

The amount that NIKE employees, supported by the NIKE Foundation's matching gift program, contributed to charitable causes globally.

21,000

Community coaches supported through Made to Play.

\$79.4 million

Invested in communities around the world.



Leading with Employees

\$1 = \$1

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

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%.

10%

Of employees received an **adjusted base salary** as part of ongoing competitive pay management.



93%
OF CONTRACT FACTORIES
RATED BRONZE OR BETTER

WE TRANSFORM MANUFACTURING



Sourcing Sustainably

Tier 2

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

0

Findings of **child labor**.

1M

Contract factory workers in NIKE supply base.

471

Audits performed by, or on behalf of, NIKE.



Increasing Workforce Engagement

140,000

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



Accelerating Industry Change

+50%

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





75%

THE PERCENTAGE OF RENEWABLE ENERGY SECURED IN OUR OWNED OR OPERATED FACILITIES THROUGH OR EXISTING AGREEMENTS

MINIMIZE

WE MINIMIZE OUR ENVIRONMENTAL FOOTPRINT



More Sustainable Products

73%

Of NIKE footwear and apparel styles contain some **recycled materials**.



Recycled Materials

6.4 billion

Plastic bottles were transformed into recycled polyester footwear and apparel and **diverted from landfills** since 2010.



Reducing Waste

99.9%

Of footwear finished goods manufacturing waste was **recycled or converted into energy** in the fourth quarter of FY18.



Saving Water

32 billion

Liters of water saved by sourcing sustainable cotton.



Removing PFC

0

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



Using Energy Efficiently

90%

Of contract factories that successfully **improved their boiler systems**, creating an average energy saving of between 15 to 20 percent.



TARGET TARGET SUMMARY

Key	▲ Increase	▼ Decrease
Favorable	▲	▼
Unfavorable	△	▽

UNLEASH HUMAN POTENTIAL			
Metric	FY18	Change vs. Baseline	FY20 Target
Community Impact			
Annual Investments as % of Pre-Tax Income (PTI)	1.8%	N/A	1.5%

TRANSFORM MANUFACTURING			
Metric	FY18	Change vs. Baseline	FY20 Target
Manufacturing			
Factories Rated Bronze or Better	93%	44 p.p. (vs. FY11 BL)	100%
Factories with Excessive Overtime (EOT)	2.4%	▼ 0.9 p.p.	0%

MINIMIZE ENVIRONMENTAL FOOTPRINT			
Metric	FY18	Change vs. Baseline	FY20 Target
Product			
Average Product Carbon Footprint (kg CO2e/unit)	7.45	△ 2%	▼ 10%
Product Scored on Sustainability Performance	73%	▲ 46 p.p.	80%
Materials			
Increase Sustainable Materials - Apparel (AP)	34%	▲ 15 p.p.	▲
Increase Sustainable Materials - Footwear (FW)	31%	▲ 0 p.p.	▲
Cotton Sourced More Sustainably	58%	▲ 34 p.p.	100%
Energy & Emissions			
Renewable Energy – Owned or Operated	19%	▲ 5 p.p.	100%
Energy Consumption Per Unit – Key Operations (kWh/unit)	4.39	▼ 7%	▼ 25%
Carbon Emissions Per Unit – Key Operations (kg CO2e/unit)	1.71	▼ 2%	▼ 25%
Energy Consumption Per Kg – Textile Dyeing and Finishing (kWh/kg)	14.40	▼ 9%	▼ 35%
Carbon Emissions Per Kg – Textile Dyeing and Finishing (kg CO2e/ kg)	4.33	▼ 9%	▼ 35%
Waste			
Waste to Landfill – Footwear Manufacturing	1.8%	▼ 4.8 p.p.	0%
Waste Index – Footwear Manufacturing, Distribution Centers (DCs), and Headquarters (HQs)	103	△ 3 p.p.	▼ 10%
Increase Landfill Diversion - DCs and HQs	87%	▽ 1 p.p.	▲
Water			
Freshwater Use Per Kg – Textile Dyeing and Finishing (L/kg)	109.3	▼ 14%	▼ 20%
Chemistry			
Tested Material in Compliance with NIKE Restricted Substance List (RSL)	99%	N/A	100%
Compliance with the ZDHC Manufacturing Restricted Substances List (MRSL)	68%	N/A	100%
Focus Suppliers Meeting NIKE's Wastewater Quality Requirements – Textile Dyeing and Finishing	69%	▲ 11 p.p.	100%



Policies

FY18 Commitments

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.

[Learn more →](#)

Cotton Communique

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

[Learn more →](#)

Oregon Business Alliance 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.

[Learn more →](#)

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.

[Learn more →](#)

Disclosure Frameworks





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